COAL ENERGY S.A.

Annual Report for FY2022

Content

Dear Shareholders,

Herewith we are presenting our unaudited consolidated financial report for FY2022 and 4Q FY2022, ended 30th June 2022. In February, 2022 the company faced the extreme conditions of full scale military invasion from Russia, massive artillery shelling and rocket attacks, occupation of certain regions of Ukraine and significant civilian casualties. Thus in this circumstances the priority of the Management of the Company was on people's safety. Russia's aggression was in fact continuation, which began in 2014, radically changed the business conditions of our Company.

Under the conditions of ongoing hostilities work of the Company's mines was extremely complicated. Maintaining the life of the mine in the face of power outages and the danger of rocket attacks required significant financial resources. In this regard, by the end of 2022 calendar year the Company sold 79.92% of shares in the Svyato-Pokrovska mine (Tekhinovatsiya LLC), that was mining thermal coal. Thus by the date of publication of this report the group composed of: "CwAL LE Mine St.Matrona Moskovskaya" (mining coking coal) and LLC "Perspective resources"(perspective deposits).

The operation of enterprises in a combat zone is associated with all sorts of restrictions related to the need to protect the lives of employees, power outages, disruption of railway communications and difficulties in the movement of civilians in the combat zone. Mine St.Matrona was working on dewatering mode, maintaining systems and ensuring safety and security of facilities of the site during second half of FY2022. Nevertheless coking coal mining remains a priority for the Company for the future, and resumption of coking coal mining after cease of military operations is included in Company's development strategy.

Summarized highlights of the 4Q FY2022 and FY2022 are presented below:

- **Total output.** Mining output of thermal and coking coal in the 4Q FY2022 composed 5.4 thousand tonnes, as opposed to 10.9 thousand tonnes in 3Q FY2022 or decreased by 50.5% q-o-q. Annual mining underground output in FY2022 amounted to 25.3 thousand tonnes as compared to 2.5 thousand tonnes in FY2021, increasing 10 times y-o-y.
- **Coal volume sales.** In the 4Q FY2022 total coal volume sales composed 6.3 thousand tonnes decreasing by 29.2% q-o-q (8.9 thousand tonnes in 3Q FY2022).For the FY2022 coal volume sales composed 22.8 thousand tonnes or increased by 82.4% y-o-y (12.5 thousand tonnes for FY2021).
- **Revenue from coal sales.** In the 4Q FY2022 coal sales revenue composed US$0.4 million demonstrating decrease from US$0.8 million in 3Q FY2022. For the FY2022 revenue from coal sales composed US$2.3 million as opposed to US$0.6 million for FY2021.
- **EBITDA.** In the 4Q FY2022 the Company recorded EBITDA of US$0.07 million, while for FY2022 EBITDA composed US$0.8 million.

The recovery of Company's business surely highly depends on resolution of military actions, further macroeconomic stabilization in Ukraine. Management anticipates cessation of hostilities and withdrawal of Russian troops from the territory of Ukraine.

However new development strategy is aimed at expanding the Company's business beyond the negative impact of military operations, which should have a positive impact on the Company's work. In line with the approved development strategy the Company plans to provide mining services in Europe and engage in development of critical raw minerals mining in Europe and Ukraine. This action is intended to diversify the geographical risk of the company's activities and ensure continuity of operation in the event of an ongoing conflict with the Russian Federation.

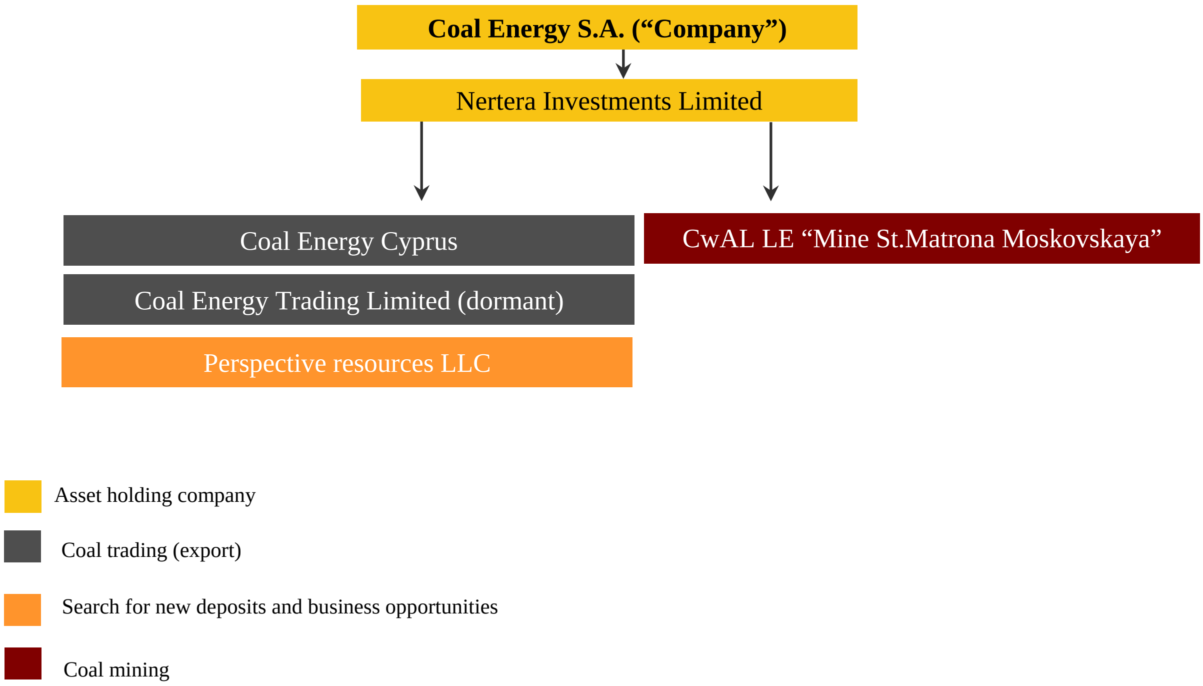
We are convinced that the adoption of a new strategy will allow us to use not only the intellectual, but also the business potential of our company for the benefit and protection of shareholders and all stakeholders of Coal Energy S.A.

Viktor Vyshnevetskyy
Chairman of the Board of Directors and Chief Executive Officer

Business overview

Coal Energy S.A. (hereinafter “Coal Energy” or “the Company” or “the Group”) incorporated in the Grand Duchy of Luxembourg is a holding company for a group of 5 companies operating in the mining industry. In July 2011 the Group placed 25% of its shares on the Warsaw Stock Exchange via initial public offering.

Structure of the Coal Energy S.A. Group



The Company’s principal business comprises of underground coal mining and sale of coking coal.

On December 22, 2022, the Company sold 79.92% of shares in the "Svyato-Pokrovska" mine to the LLC "Shidna Vugledobuvna Grupa". The transaction value is USD 1.3 million. The proceeds from the sale of shares in the mine are divided into tranches. The last tranche will be transferred to the company in June 2024. At the same time, after the end of hostilities in Ukraine and the implementation of the mine modernization project, for each ton of coal mined by the buyer, Coal Energy will be entitled to a so-called “royalty” in the amount of $2 per tonne.

Production overview/ Coal mining

Coal output for the FY2022 composed 25.3 thousand tonnes, and managed to increase volumes of output y-o-y.
The table below shows mining volumes by each legal entity that operates the Group’s mines (numbers are rounded):

in thousand of tonnes	FY2022	FY2021
Thermal coal	19.7	2.5
Coking coal	5.6	-
Total mining	**25.3**	**2.5**

Our markets (based on available statistical and media information)

In FY2022 Ukrainian economy was affected by military invasion and hostilities from Russian Federation, starting February 2022.

After the start of the full-scale invasion coal mining in Ukraine decreased, due to the fact that a significant number of mines ended up in the temporarily occupied territory or zone hostilities. At the same time in 2022, Ukraine reduced the import of hard coal and anthracite by 4.2 times to 4,6 million tonnes.

Metallurgy, which has historically been among the locomotives of the Ukrainian economy and exports in particular, incurred the most extensive losses with loss of the assets located mainly in the East and South of the country. In 2022, Ukrainian metallurgists reduced steel production by 70.7% compared to 2021 - to 6.26 million tonnes. Moreover, Russia has withdrawn shipping safety guarantees in the Black Sea, arranging a sea blockade for Ukrainian products, including metallurgy. Alongside with that for further recovery, Ukraine will need a significant amount of steel, the production of which will primarily involve Ukrainian coking coal.

Ukraine has always been a net importer of coking coal grades. The vast majority of European countries are working on the abandonment of Russian fossil fuels, in particular, from August 10, 2022, within the framework of sanctions restrictions; the import of Russian coal is prohibited to EU. This according to the experts could be a driver for the medium-term development of the Ukrainian coal industry

Prices for coking coal in Australia (FOB Australia), according to S&P Global, in the week of September 21-28, 2023, increased by 2.7%, or 8.7$/t, compared to the previous week - to 333$/t. Overall, the index has increased by 24.2% since the beginning of September. As of 31 August 2023, prices were 268$/t FOB Australia. Coking coal in China was offered at 280$/t as of September 28, 2023, up from 273$/t on September 21.

Thus, we can note a steady trend of growth in the volume of coking coal consumption in the global balance of resources, but also an expected rise in prices in the long term forecasts.The international rating agency Fitch Ratings has raised its forecasts for world prices for coking coal due to global growth in steel consumption. In particular, in 2023 the price of coking coal is projected at US$250 per tonne (previously - US$220 per tonne), in 2024 - US$190 per tonne (previously - US$150 per tonne), in 2025 - US$180 per tonne (previously - US$150 per tonne), in 2026 - US$170 per tonne (previously - US $140 per tonne). At the same time, the increase in the forecast for 2024-2026 reflects rising expected production costs, according Fitch forecasts that the energy transition will not have a significant impact on coking coal demand over the next decade.

People

In FY2022 the Group employed 67 employees (weighted average headcount) demonstrating a decrease by 49.2% y-o-y. As the operations facilities were in the sustained/idled mode the headcount of personnel is declining. The Company used subcontractor services for underground mining thus headcount of mining personnel also decreased.
Additional information concerning the average number of the Group’s employees by category for FY2022 and FY2021 is set forth in the table below:

	FY2022	FY2021
Mining	4	7
Support production	45	92
Administrative and sales personnel	18	33
Total	**67**	**132**

Summary of payments to the Ukrainian authorities

The Company did not perform payments to authorities in FY2022.

in thousand of US$	FY2022	FY2021
Social Insurance Funds employer	-	-
Social Insurance Funds individual	-	-
Concession fee	-	27
Income tax	-	-
Natural resources payment	-	14
VAT	-	-
Environmental tax payments	-	1
Total	**-**	**42**

Financial overview

Business of the Company was adversely affected by the on-going full-scale hostilities and invasion from Russian Federation. The following table summarizes the Group's key indicators for FY2022 and FY2021 (numbers are rounded):

in million of US$	FY2022	FY2021	Relative change y-o-y
Revenue	2.3	0.9	155.6%
Gross profit	0.2	(0.005)	*n/a*
EBIT	(0.1)	(2.5)	*n/a*
EBITDA	0.8	(0.9)	*n/a*
Net loss/profit	(0.7)	47.6	*n/a*

Revenue

For the FY2022 total revenue composed U$2.3 million as compared to the US$0.9 million for the FY2021 improving by 155.6% y-o-y due to recovering of Company's business after business restructuring in 1H FY2022. While for the 4Q FY2022 revenue composed US$0.4 million as opposed to US$0.8 million for the 3Q FY2022 thus demonstrating decline q-o-q under discontinuation of operation activity.

Revenues in FY2022 are presented in the table below:

in thousand of US$, except percentages	FY2022	FY2021	change in %
Revenue			
Revenue received from sale of finished goods	2,284	552	313.8%
Trade activity	-	146	*n/a*
Other activity	7	152	(95.4%)
Total revenue	**2,291**	**850**	**169.5%**

There were no export operations during the reporting period. Coal sales volumes are presented in the table below:

in thousand tonnes	FY2022	FY2021	change in %
Thermal	17	4	330.0%
Coking	6	8	(30.0%)
Total	**23**	**12**	**90.0%**

In line with production levels growth total coal sales also increased by 90.0% y-o-y. At the same time Company's sales results on quarterly basis declined in 4Q FY2022 total sales comprised 6.2 thousand tonnes as opposed to 8.9 thousand tonnes in 3Q FY2022.

Company's weighted average sales prices for FY2022 for thermal coal price composed 820-6180 UAH/tonne, for coking coal 3987-4000 UAH/tonne (for FY2021 prices were in following ranges: thermal – 1256-2350 UAH/tonne; coking – 830-2550 UAH/tonne).

Cost of sales and cash cost of production

The following table demonstrates cost of sales of the Company in the FY2022 and the FY2021:

in thousand of US$	FY2022	FY2021
Cost of sales	**2,106**	**855**
Less:		
Cost of merchandising inventory	-	309
Change in inventories	(190)	285
Cost of other services	542	31
Depreciation and amortization	727	102
Total cash cost of production	**1,027**	**128**
Including:		
Total cash cost of mining	*1,027*	*128*
in US$ per tonne		
Cash cost of mining per 1 tonne of ROM coal	40.6	51.2

Cash cost of mining in FY2022 composed US$40.6/ tonne and decreased by 20.7% as opposed to FY2021 under influence of fixed costs per 1 tonne of coal and conditionally fixed expenditures.

Gross loss/profit

The Company recorded gross profit of US$0.2 million for the reporting FY2022 as opposed to gross loss of US$0.005 for the FY2021, due to increase in production and sales volumes.

Operating expenses

General and administrative expenses

General and administrative expenses composed US$0.1 million in FY2022 and remained flat y-o-y.

Idle capacity expenses

Idle capacity expenses decreased y-o-y amounting to US$0.1 million for the FY2021 as opposed to US$2.4 million for the FY2021 as after completion of restructuration idled subsidiaries were excluded from Group.

Operating loss

For the FY2022 the Company recorded operating loss of US$0.1 million, as opposed to US$2.5million of loss for the FY2021 reflecting recovery of operational activity in the 1H FY2022 received. For the 4Q FY2022 operating loss amounted to US$0.1 million versus US$0.03 million of profit for the 3Q Y2022.

Financial costs

For the FY2021 financial costs composed US$0.2 million decreasing y-o-y as opposed to US$3.4 million for the FY2021 in line with decreased debt obligations.

Net loss / profit

The Company recorded US$0.7 million of net loss for FY2022 as opposed to US$47.6 million of profit for the FY2021 due to the discontinuation of its main operational activities in the 2H FY2022 under the circumstances of war. For the 4Q FY2022 the Company recorded loss of US$0.3 million versus US0.002 million losses for the 3Q FY2022.

Risks and uncertainties

The Company's financial performance is dependent on the global price of and demand for coal

The Company's business is dependent on the global market price of coal. Sale prices and volumes in the worldwide coal market depend predominantly on the prevailing and expected levels of demand for and supply of coal, mainly from energy and steel manufacturers. Though Ukrainian coal market is a bit isolated, still global financial and economic crises may influence the Ukrainian coal prices.

To mitigate the price risk and risk of lowering demand, the Company endeavours to diversify its customer base both on local and export markets and aims to sign long-term framework contracts for coal supply. While prices are beyond control of the Company we constantly strive to lower and maintain low cost of production with the same level of operations quality.

The Company is subject to particular demands from customers which vary from customer to customer from product to product and from time to time

As the customer may require coal with higher efficiency characteristics the increased demand for higher grade coal may reduce demand and contract prices for coal with reduced energy efficiency.

The Company's production costs and costs of technologies applied by the Company may increase

The Company's main production expenses are energy costs, salaries and consumables. Changes in costs of the Group's mining and processing operations could occur as a result of unforeseen events and consequently result in changes in profitability or the feasibility and cost expectations in mining and processing existing reserves. Many of these changes may be beyond the Company's control.

Cost of mining operations per tonne as conditionally fixed (energy, water drainage, ventilation system, etc.) can not be reduced proportionally with the reduction of coal sales as the case may be. These costs need to be incurred in order to maintain certain safety of operations and to secure the Company's ability to increase production after the market revival. If sales for some particular coal grades from a particular asset are not expected to regain back their volume and price the Company may take decision to postpone mining operations on that asset and incur repairing and supportive works and hence incurring idle capacity expenses. Returning to the previous production levels may require additional capital investments amount of which can not be estimated reliably at the moment.

The risk has been realized as most of the Company's assets incurred various levels of damage due to heavy on-going military conflict at assets' locations. Hence various level of reconstruction for renovation of mining and coal waste processing will be needed. Exact amounts are still to be estimated.

Due to the on-going military conflict in the region there is a lack of strong supervision from the local authorities over the businesses as well as over any illegal mining activities in the region which may increase following the coal deficit in the market. Coal from such activities being cheaper in price may create further barriers for coal production restoration at state and privately held mines.

The Company's activity may be impacted by limited banking financing for its projects and operating activity as well as local currency devaluation

In order to continue investment program at the levels which would allow reaching the expected targets the Company needs external financing. Macroeconomic and political instability in the country make the banks reassess their country risk policies and they may either stop providing new financing to customers or even lower their credit exposures.

Macroeconomic instability could also push the population to transfer their savings into US$ (creating devaluating pressure on the local currency) and/or even to take their savings away from the banking system which may additionally squeeze the banking system's liquidity.

During the last years foreign currency loans had a more attractive interest rate, had longer tenors of financing and were easier available than local currency (hryvnia) loans, hence foreign currency loans may be more attractive in general.

Nevertheless foreign currency loans expose to the exchange rate risks which may inflate liabilities denominated in the foreign currencies in case of local currency devaluation. In order to fulfil obligations under the conditions of limited export proceeds restructuring may be needed with the goal of extending maturities and postponing interest payments until the markets rebound and sufficient resources are accumulated to cover the realized risk.

The risk has been realized: during 2014-2015 local currency has devaluated in more than 3.5 times. Exchange rate remains volatile; this increases the devaluation expectations even higher.

Such situation caused huge instability and uncertainty in banking sector; new loan facilities are very limited. Company maintains a constant dialog with its existing creditors. The majority of existing loan facilities is either in the process of restructuring or in the "on hold" status.

The Company's activity may be influenced by political instability and/or uncertainty and escalation of military conflict in Ukraine

The risk has been realized: the ongoing war with Russian Federation may lead to damages to assets and inventories in scope which will make it impossible or economically not viable to restore them.

Mitigation of the risk is mainly outside of control of the Company on macro level at the same time the company has set a course to diversify its business outside of Ukraine (outside the military conflict).

Liquidity risk

As one of the major consequences of decreasing prices and lowering demand for coal is that the Company may need additional means to promote sales, i.e. providing customers with favourable trade credit terms, hence increasing working capital tied up mostly in the trade account receivables. If financial resources from lending institutions are available these additional working capital amounts could be financed respectively. The Company is in constant dialogue with its current financing banks in order to secure timely rolling over and extending of the credit facilities. Nevertheless the ability of banking institutions to lend depends highly on country risks of Ukraine and there own liquidity (UAH liquidity is formed mainly from the deposits of the local individuals and enterprises) which diminishes dramatically in the times of macroeconomic and political instability. In the situation of absence of bank financing to cover the increased trade credit conditions the Company will be forced to decrease sales.

The Company is cooperating with a number of private commercial banks which are subject to the regulations of the Ukrainian authorities. Banks' ability to perform in accordance with such regulations is out of control of the Company. Nevertheless if banks fail to comply with the Ukrainian legislation the regulator may impose various sanctions against them which may influence the ability of such banks to provide financing resources or might force the banks to draw back the financial resources provided to the Company if the Company does not fulfil obligations according to the loan agreements.

The Company can not mitigate the risk that the banks may demand early repayment and the Company will not be able to fund refinancing for such funds.

Corporate Governance

The Company has decided to observe the majority of the WSE Corporate Governance Rules included in the Code of Best Practice for WSE Listed Companies to the form and extent determined by the Resolution No. 19/1307/2012 of the Exchange Supervisory Board dated November 21, 2012. However, certain principles apply to the Company accordingly, with due observance of Luxembourg corporate law and the Company's corporate structure, especially the single board structure as opposed to the two-tier system that the WSE Corporate Governance Rules assume. The Company does not have two separate governing bodies (supervisory board and management board) which are obligatory in Polish joint stock companies. Instead, the Board of Directors of the Company performs both the management and supervisory functions. As a result, the Company applies those principles of the WSE Corporate Governance Rules which refer to relations between supervisory board and management board not directly, but accordingly. In all cases, the Company endeavours to create procedures maintaining the spirit of all rules applied accordingly. Therefore, the Company is of an opinion that it complies with the rules that refer to relations between supervisory board and management board or to the functioning of those bodies.

RULE	STATUS IN THE COMPANY
I. Recommendations for Best Practice for Listed Companies	
1. A company should pursue a transparent and effective information policy using both traditional methods and modern technologies and latest communication tools ensuring fast, secure and effective access to information. Using such methods to the broadest extent possible, a company should in particular: - maintain a company website whose scope and method of presentation should be based on the model investor relations service available at http://naszmodel.gpw.pl/; - ensure adequate communication with investors and analysts, and use to this purpose also modern methods of Internet communication.	The Company made the broad use of both traditional and modern methods /i.e. Internet tools/ to ensure effective communication and access to information for shareholders, analysts and investors. The Company's website is not identical with the scope and method of presentation specified by naszmodel.gpw.pl, however the Company has launched website which in Company's opinion meets the requirements for fast and secure communication with stakeholders and is designed to pursue effective information policy.
3. A company should make every effort to ensure that any cancellation of a General Meeting or change of its date should not prevent or restrict the exercise of the shareholders' right to participate in a General Meeting	Complies
4. Where securities issued by a company are traded in different countries (or in different markets) and in different legal systems, the company should strive to ensure that corporate events related to the acquisition of rights by shareholders take place on the same dates in all the countries where such securities are traded	Not applicable, the Company's securities are listed and traded on the WSE only
5. A company should have a remuneration policy and rules of defining the policy. The remuneration policy should in particular determine the form, structure, and level of remuneration of members of supervisory and management bodies. Commission Recommendation of 14 December 2004 fostering an appropriate regime for the remuneration of directors of listed companies (2004/913/EC) and Commission	Currently, the Company does not have a remuneration policy adopted. The Company does not exclude that the remuneration policy will be adopted by the General Meeting in the future

Recommendation of 30 April 2009 complementing that Recommendation (2009/385/EC) should apply in defining the remuneration policy for members of supervisory and management bodies of the company.	
6. A member of the Supervisory Board should have appropriate expertise and experience and be able to devote the time necessary to perform his or her duties. A member of the Supervisory Board should take relevant action to ensure that the Supervisory Board is informed about issues significant to the company	Complies with the reservation that according to the Luxembourg corporate law there is a single board structure in the Company.
7. Each member of the Supervisory Board should act in the interests of the company and form independent decisions and judgments, and in particular: - refuse to accept unreasonable benefits which could have a negative impact on the independence of his or her opinions and judgments; - raise explicit objections and separate opinions in any case when he or she deems that the decision of the Supervisory Board is contrary to the interest of the company.	Complies with the reservation that according to the Luxembourg corporate law there is a single board structure in the Company.
8. No shareholder may be given undue preference over other shareholders with regard to transactions and agreements made by the company with shareholders and their related entities	Complies
9. The WSE recommends to public companies and their shareholders that they ensure a balanced proportion of women and men in management and supervisory functions in companies, thus reinforcing the creativity and innovation of the companies' economic business	Currently, the Company does not comply with this recommendation. The Company supports this recommendation however the members of the Board of Directors are appointed by the General Meeting of Shareholders and therefore the compliance with this recommendation depends on the shareholders' future decisions
10. If a company supports different forms or artistic and cultural expression, sport activities, educational or scientific activities, and considers its activity in this area to be a part of its business mission and development strategy, impacting the innovativeness and competitiveness of the enterprise, it is good practice to publish, in a mode adopted by the company, the rules of its activity in this area.	Complies
11. As part of a listed company's due care for	Complies

the adequate quality of reporting practice, the company should take a position, expressed in a communication published on its website, unless the company considers other measures to be more adequate, wherever with regard to the company: - published information is untrue or partly untrue from the beginning or at a later time; - publicly expressed opinions are not based on material objective grounds from the beginning or as a result of later circumstances. This rule concerns opinions and information expressed publicly by company representatives in the broad sense or by other persons whose statements may have an opinion-making effect, whether such information or opinions contain suggestions advantageous or disadvantageous to the company	
A company should enable its shareholders to exercise the voting right during a General Meeting either in person or through a plenipotentiary, outside the venue of the General Meeting, using electronic communication means.	Currently, the Company complies with this recommendation partially. Articles of Association of the Company provide that all the meetings take place in Luxembourg, in the place specified in the convening note and the Company has not implemented the technology enabling electronic communication. The Company however supports its shareholders to exercise their voting rights by authorizing the proxies who are bound by instruction or a third party. The Company does not preclude the possibility of providing shareholders with electronic communication tools during General Meetings in the future.
II. Best Practice for Management Boards of Listed Companies	
1. A company should operate a corporate website and publish on it, in addition to information required by legal regulations: 1) basic corporate regulations, in particular the statutes and internal regulations of its governing bodies; 2) professional CVs of the members of its governing bodies; 2a)on an annual basis, in the fourth quarter – information about the participation of women and men respectively in the Management Board and in the Supervisory Board of the	Complies with the reservation that according to the Luxembourg corporate law there is a single board structure in the Company. Currently, the Company has not adopted rules of changing the company authorized to audit financial statements - rule II.1.14). The Company does not exclude that the rules will be adopted in the future. The Company has not implemented registration of General Meetings in audio or video format, nonetheless the Company does not exclude that such rule will be adopted in the future.

company in the last two years; 3) current and periodic reports; 4) *deleted* 5) where members of the company's governing body are elected by the General Meeting – the basis for proposed candidates for the company's Management Board and Supervisory Board available to the company, together with the professional CVs of the candidates within a timeframe enabling a review of the documents and an informed decision on a resolution; 6) annual reports on the activity of the Supervisory Board taking account of the work of its committees together with the evaluation of the internal control system and the significant risk management system submitted by the Supervisory Board; 7) shareholders' questions on issues on the agenda submitted before and during a General Meeting together with answers to those questions; 8) information about the reasons for cancellation of a General Meeting, change of its date or agenda together with grounds; 9) information about breaks in a General Meetings and the grounds of those breaks; 9a) a record of the General Meeting in audio or video format; 10) information on corporate events such as payment of the dividend, or other events leading to the acquisition or limitation of rights of a shareholder, including the deadlines and principles of such operations. Such information should be published within a timeframe enabling investors to make investment decisions; 11) information known to the Management Board based on a statement by a member of the Supervisory Board on any relationship of a member of the Supervisory Board with a shareholder who holds shares representing not less than 5% of all votes at the company's General Meeting; 12) where the company has introduced an	

employee incentive scheme based on shares or similar instruments – information about the projected cost to be incurred by the company from its introduction; 13) a statement on compliance with the corporate governance rules contained in the last published annual report, as well as the report referred to in § 29.5 of the Exchange Rules, if published; 14) information about the content of the company's internal rule of changing the company authorized to audit financial statements or information about the absence of such rule.	
2. A company should ensure that its website is also available in English, at least to the extent described in section II.1.	Complies
3. Before a company executes a significant agreement with a related entity, its Management Board shall request the approval of the transaction/agreement by the Supervisory Board. This condition does not apply to typical transactions made on market terms within the operating business by the company with a subsidiary where the company holds a majority stake.	Not applicable. According to the Luxembourg corporate law there is a single board structure in the Company.
4. A member of the Management Board should provide notification of any conflicts of interest which have arisen or may arise, to the Management Board and should refrain from taking part in the discussion and from voting on the adoption of a resolution on the issue which gives rise to such a conflict of interest.	Complies with the reservation that according to the Luxembourg corporate law there is a single board structure in the Company. The Articles of Association address the conflict of interest issue in article 14.
6. A General Meeting should be attended by members of the Management Board who can answer questions submitted at the General Meeting.	Complies with the reservation that according to the Luxembourg corporate law there is a single board structure in the Company.
7. A company shall set the place and date of a General Meeting so as to enable the participation of the highest possible number of shareholders.	Complies
8. If a company's Management Board is informed that a General Meeting has been summoned pursuant to Article 399 § 2–4 of the Code of Commercial Partnerships and Companies, the company's Management Board shall immediately perform the actions	Complies with the reservation that the Code of Commercial Partnerships and Companies is not applicable to the Luxembourg based companies and according to the Luxembourg corporate law there is a single board structure in the Company.

it is required to take in connection with organizing and conducting a General Meeting. This rule shall also apply if a General Meeting is summoned on the basis of authorization given by the registration court pursuant to Article 400 § 3 of the Code of Commercial Partnerships and Companies.	Nonetheless the Articles of Association in article 15.3. states that shareholders representing one tenth of the subscribed share capital may, in compliance with the law of 10 August, as amended, on commercial companies, request the Board of Directors to call a General Meeting of shareholders.
III. Best Practice for Supervisory Board Members	
1. In addition to its responsibilities laid down in legal provisions the Supervisory Board should: 1) once a year prepare and present to the Ordinary General Meeting a brief assessment of the company's standing including an evaluation of the internal control system and the significant risk management system; 2) *deleted* 3) review and present opinions on issues subject to resolutions of the General Meeting.	Not applicable. According to the Luxembourg corporate law there is a single board structure in the Company. The Board of Directors reports are available together with the auditor report and the annual accounts prior to the Annual General Meeting.
2. A member of the Supervisory Board should submit to the company's Management Board information on any relationship with a shareholder who holds shares representing not less than 5% of all votes at the General Meeting. This obligation concerns financial, family, and other relationships which may affect the position of the member of the Supervisory Board on issues decided by the Supervisory Board.	Not applicable. According to the Luxembourg corporate law there is a single board structure in the Company.
3. A General Meeting should be attended by members of the Supervisory Board who can answer questions submitted at the General Meeting.	Complies
4. A member of the Supervisory Board should notify any conflicts of interest which have arisen or may arise to the Supervisory Board and should refrain from taking part in the discussion and from voting on the adoption of a resolution on the issue which gives rise to such a conflict of interest.	Complies with the reservation that according to the Luxembourg corporate law there is a single board structure in the Company. The Articles of Association address the conflict of interest issue in article 14.
5. A member of the Supervisory Board should not resign from this function if this action could have a negative impact on the Supervisory Board's capacity to act, including the adoption of resolutions by the Supervisory Board.	Complies with the reservation that according to the Luxembourg corporate law there is a single board structure in the Company.

6. At least two members of the Supervisory Board should meet the criteria of being independent from the company and entities with significant connections with the company. The independence criteria should be applied under Annex II to the *Commission Recommendation of 15 February 2005 on the role of non-executive or supervisory directors of listed companies and on the committees of the (supervisory) board*. Irrespective of the provisions of point (b) of the said Annex, a person who is an employee of the company or an associated company cannot be deemed to meet the independence criteria described in the Annex. In addition, a relationship with a shareholder precluding the independence of a member of the Supervisory Board as understood in this rule is an actual and significant relationship with any shareholder who has the right to exercise at least 5% of all votes at the General Meeting.	Complies with the reservation that according to the Luxembourg corporate law there is a single board structure in the Company. 2 members of the Board of Directors are independent.
8. Annex I to the *Commission Recommendation of 15 February 2005 on the role of non-executive or supervisory directors…* should apply to the tasks and the operation of the committees of the Supervisory Board.	Complies partially. The Board of Directors established from among its members the Audit Committee. The Company did not establish the Remuneration Committee. The tasks and duties contemplated by a remuneration committee and selection and appointment committee were performed by the entire Board of Directors
9. Execution by the company of an agreement/ transaction with a related entity which meets the conditions of section II.3 requires the approval of the Supervisory Board.	Not applicable. According to the Luxembourg corporate law there is a single board structure in the Company.
IV. Best Practices of Shareholders	
1. Presence of representatives of the media should be allowed at General Meetings.	Complies
2. The rules of General Meetings should not restrict the participation of shareholders in General Meetings and the exercising of their rights. Amendments of the rules should take effect at the earliest as of the next General Meeting.	Complies
4. A resolution of the General Meeting concerning an issue of shares with subscription rights should specify the issue price or the mechanism of setting it or obligate the competent body to set it before	Complies

the date of subscription rights within a timeframe enabling an investment decision.	
5. Resolutions of the General Meeting should allow for a sufficient period of time between decisions causing specific corporate events and the date of setting the rights of shareholders pursuant to such events.	Complies
6. The date of setting the right to dividend and the date of dividend payment should be set so to ensure the shortest possible period between them, in each case not longer than 15 business days. A longer period between these dates requires detailed grounds.	Complies
7. A resolution of the General Meeting concerning a conditional dividend payment may only contain such conditions whose potential fulfillment must take place before the date of setting the right to dividend.	Complies
9. A resolution of the General Meeting to split the nominal value of shares should not set the new nominal value of the shares at a level which could result in a very low unit market value of the shares, which could consequently pose a threat to the correct and reliable valuation of the company listed on the Exchange.	Complies
10. A company should enable its shareholders to participate in a General Meeting using electronic communication means through: 1) real-life broadcast of General Meetings; 2) real-time bilateral communication where shareholders may take the floor during a General Meeting from a location other than the General Meeting.	Currently, the Company complies with this recommendation partially. Articles of Association of the Company provide that all the meetings take place in Luxembourg, in the place specified in the convening note and the Company has not implemented the technology enabling real-life broadcasting or real-time bilateral communication. The Company however supports its shareholders to exercise their voting rights by authorizing the proxies who are bound by instruction or a third party. The company does not preclude the possibility of providing shareholders with real-time bilateral communication during General Meetings in the future.

Board of Directors

The Company has a one-tier corporate governance structure and is administered and managed by the Board of Directors.
In FY2022 Company’s Board of Directors composed of 4 directors. The information below sets forth the names, positions, election date, and terms of office of the members of the Board of Directors, discharging their responsibilities as for reporting date of 30th June 2022.

Name	Position/ Function	Class
Viktor Vyshnevetskyy	Chairman of the Board of directors, executive director	Class A director
Oleksandr Reznyk	Executive director	Class A director
Arthur David Johnson	Non-executive independent director	Class A director
Diyor Yakubov	Non-executive independent director	Class B director

The business address for all directors is: 41 rue du Puits Roman, L-8070 Bertrange

According to Articles of Association the number of directors is fixed by General Meeting of Shareholders. The General Meeting of Shareholders may decide to appoint Directors of two different classes, being class A Director(s) and class B Director(s). Any such classification of Directors shall be duly recorded in the minutes of the relevant meeting and the Directors be identified with respect to the class they belong. The Directors are to be appointed by the General Meeting of Shareholder for a period not exceeding six years until their successors are elected. Decision to suspend or dismiss a Director must be adopted by the General Meeting of Shareholders with a majority of more than one-half of all voting rights present or represented.

Committees of the Board of Directors

In FY2011, the Board of Directors has established from among its members the Audit Committee. The Company did not establish the Remuneration Committee. The tasks and duties contemplated by a remuneration committee and selection and appointment committee were performed by the entire Board of Directors.

General Meeting of Shareholders

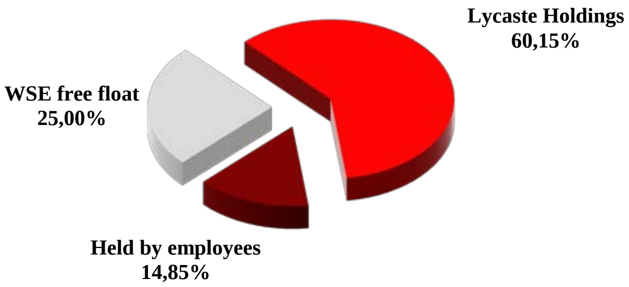
Due to the exceptional circumstances associated with Russia war against Ukraine, escalation of the military actions the Company decided to postpone Annual General meeting in 2022 calendar year until stabilization of the situation. As of the date of publication of this report the Company plans to hold general meeting of shareholders on December 2023.

Equity and ownership structure of the parent company

As at the report's publication date and on the June 30, 2022, share capital of Coal Energy S.A. comprised 45,011,120 shares.

The following changes in the ownership structure occurred during FY2022:

Ownership structure of significant blocks of shares (at least 5% of the total number of votes at the Shareholder Meeting of Coal Energy S.A.) as of the date of releasing this financial report is as follows:



There are no restrictions on transferability of the Company's Shares. According to Articles of Association any transfer of registered shares shall be recorded in the register by the delivery to the Company of an instrument of transfer satisfactory to the Company. There are no holders with special control rights. As at the date of this report there are no agreements between shareholders which are known to the company and may result in restrictions on the transfer of securities or voting right.

The Company may acquire its own Shares to the extent permitted by law. To the extent permitted by Luxembourg law the Board of Directors or as the case may be the Sole Director, is irrevocably authorized and empowered to take any and all steps to execute any and all documents and to do and perform any and all acts for and in the name and on behalf of the Company which may be necessary or advisable in order to effectuate the acquisition of the Shares and the accomplishment and completion of all related action. There are no agreements between the company and its board members or employees providing for compensation if they resign or are made redundant without valid reason or if their employment ceases because of a takeover bid.

COAL ENERGY S.A.

2022FY

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

Coal Energy S.A.

2022FY

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STATEMENT OF MANAGEMENT RESPONSIBILITY

To the best of our knowledge, the consolidated financial statements as of 30 June 2022 of Coal Energy S.A.(the "Group") which have been prepared in accordance with the international financial reporting standards, give a true and fair view of the assets, liabilities, financial position and result of its operations for the year ended 30 June 2022 as required under article 3(2)c) of the Transparency Law. The annual management report includes a fair review of the information required under article 3(3) of the Transparency Law.

While preparing these consolidated financial statements, the Management bears responsibility for the following issues:

- selection of the appropriate accounting policies and their consistent application;
- making judgments and estimates that are reasonable and prudent;
- adherence to IFRS concepts or disclosure of all material departures from IFRS in the consolidated financial statements;
- preparation of the consolidated financial statements on the going concern basis.

Management confirms that it has complied with the above mentioned principles in preparing the consolidated financial statements of the Group.

The Management is also responsible for:

- keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Group;
- taking reasonable steps to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

On behalf of management:

Directors A:

__________signed_____________
Chairman of the Board of Directors
Viktor Vyshnevetskyy

__________signed_____________
Business Development Director
Oleksandr Reznyk

__________signed_____________
Independent Non-executive Director
Arthur David Johnson

Directors B:

__________signed_____________
Independent Non-executive Director
Diyor Yakubov

Luxembourg, 17 November 2023

MANAGEMENT REPORT

Management of the Group hereby presents the consolidated financial statements for the year ended 30 June 2022.

1. Results and developments during the year ended 30 June 2022
For the year ended 30 June 2022, the Group recorded EBITDA amounted USD 769 thousand (EBITDA loss for the year ended 30 June 2021 – USD 895 thousand). After depreciation, amortization, finance costs and finance income, net loss for the year ended 30 June 2022 after taxation was USD 695 thousand (profit for the year ended 30 June 2021 – net profit USD 47,640 thousand).

2. Future developments of the Group
The Group is optimizing internal reserves and is considering remaining options for funding its operations to cover liquidity needs in the environment of continuing military conflict in the Eastern Ukraine.

3. Activity in the field of research and development
The Group is not involved in any activity in the field of research and development.

4. Own shares
During the year ended 30 June 2022, the Group and its affiliates have not repurchased shares of Coal Energy S.A.

5. Group's internal control
Management is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.
Our internal control over financial reporting includes those policies and procedures that:

- pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Group;
- provide reasonable assurance that transactions are recorded, as necessary, to permit preparation of financial statements in accordance with IFRS;
- provide reasonable assurance that receipts and expenditures of the Group are made in accordance with authorizations of Group's management and directors; and
- provide reasonable assurance that unauthorized acquisition, use or disposition of Group's assets that could have a material effect on the financial statements would be prevented or detected on a timely basis.

Because of its inherent limitations, internal control over financial reporting is not intended to provide absolute assurance that a misstatement of our financial statements would be prevented or detected. In addition, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

6. Risk Management
The Group has implemented policies and procedures to manage and monitor financial market risks. Financial market activities are overseen by the CFO and the Group Management Board.

7. Other information
Having in mind safety of people and being not able to provide the auditors with necessary access to the assets and documentation and other logistical obstacles (including hostilities, military checkpoints on the roads, absence of electricity, etc.) the Company, took the decision to postpone the annual audit procedure until the military unrests are resolved. The Group does not use hedging derivatives.

On behalf of management:

Directors A:

__________signed_____________
Chairman of the Board of Directors
Viktor Vyshnevetskyy

__________signed_____________
Business Development Director
Oleksandr Reznyk

__________signed_____________
Independent Non-executive Director
Arthur David Johnson

Directors B:

__________signed_____________
Independent Non-executive Director
Diyor Yakubov

Luxembourg, 17 November 2023

(all amounts in USD thousand, unless otherwise stated)

Coal Energy S.A.

Société anonyme
Registered address: 41 rue du Puits Romain, L-8070 Bertrange, Luxembourg,
the Grand Duchy of Luxembourg
R.C.S. Luxembourg: B 154144
(the "**Company**")

CORPORATE GOVERNANCE STATEMENT

Directors:

Name	Date of Appointment	Date of Resignation
Vyktor Vyshnevetskyy – Director A	17 May 2011	-
Oleksandr Reznyk – Director A	17 May 2011	-
Arthur David Johnson – Director A	10 June 2011	-
Diyor Yakubov - Director B	1 August 2016	-

Audit Committee:

Name	Date of Appointment	Date of Resignation
Oleksandr Reznyk – Director A	17 May 2011	-
Ihor Nikitenko	16 Mar 2019	-
Arthur David Johnson – Director A	10 June 2011	-

The Board of Directors (the "Board") states its application of Warsaw Stock Exchange corporate governance rules included in the "Code of Best Practice for WSE Listed Companies" to the form and extent determined by the Resolution No. 20/1287/2011 of the Exchange Supervisory Board dated 19 October 2011. Code of Best Practice for WSE Listed Companies is available at the official website of the Warsaw Stock Exchange: **www.corp-gov.gpw.pl.**

The Board is responsible for establishing and maintaining adequate internal and risk management systems for the Company in relation to the financial reporting process. Such systems are designed to manage rather than eliminate the risk of failure to achieve the Company's financial reporting objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board has established processes regarding internal control and risk management systems to ensure its effective oversight of the financial reporting process. These include appointing an independent administrator (the "Administrator") to maintain the accounting records of the Company independent of Coal Energy S.A. The Administrator has a duty of care to maintain proper books and records and prepare for review and approval by the Board the financial statements intended to give a true and fair view. The Board has appointed Wetrust Luxembourg S.A. as Administrator.

The Board is responsible for assessing the risk of irregularities whether caused by fraud or error in financial reporting and ensuring that the processes are in place for the timely identification of internal and external matters with a potential effect on financial reporting. The Board has also put in place processes to identify changes in accounting rules and recommendations and to ensure that these changes are accurately reflected in the Company's financial statements.

The Board maintains control structures designed and aimed to manage the risks, which are significant for internal control over financial reporting. These control structures include segregation of responsibilities and specific control activities aimed at detecting or preventing the risk of significant deficiencies in financial reporting for every significant account in the financial statements and the related notes in the Company's annual report.

The Group's policies and the Board's instructions with relevance for financial reporting are updated and communicated via appropriate channels, such as e-mail, correspondence and meetings to ensure that all financial reporting information requirements are met in a complete and accurate manner. The Board has an annual process to ensure that appropriate measures are taken to consider and address the shortcomings identified and measures recommended by the independent auditors.
There are no restrictions on voting rights.

The Group's internal control over financial reporting includes those policies and procedures that pertain to the maintenance of financial records that, in reasonable detail, accurately and fairly reflect the transactions and disposals of the assets of the Company; provide reasonable assurance that the transactions are recorded as necessary to permit preparation of financial statements in accordance with Luxembourg legal and regulatory requirements, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposals of the Company's assets that could have a material effect on the financial statements.

In order to ensure, that established controls over financial reporting system worked effectively during the year ended 30 June 2022, a summary of the work performed by the internal audit department was reviewed by the Audit Committee.

No person has any special rights of control over the Company's share capital.

Appointment and replacement of Directors and amendments to the Articles of Association
Regarding the appointment and replacement of Directors, the Company is governed by its Articles of Association (hereafter referred as the "Articles of Association") and Luxembourg Companies Law 1915. The Articles of Associations may be amended from time to time by a general meeting of the shareholders under the quorum and majority requirement provided for by the law of 10 August 1915 on commercial companies in Luxembourg, as amended.

Powers of Directors
The Board is responsible for managing the business affairs of the Company within the clauses of the Articles of Association. The Directors may only act at duly convened meetings of the Board of Directors or by written consent in accordance with article 9 of Articles of Association.

Rights of the shareholders
The operation of the shareholders meetings and their key powers, description of their rights is governed by Articles of Association and national laws and regulation.

Transfer of shares
Transfer of shares is governed by Articles of Association of the Company.

On behalf of management:

Directors A:

__________signed_____________
Chairman of the Board of Directors
Viktor Vyshnevetskyy

__________signed_____________
Business Development Director
Oleksandr Reznyk

__________signed_____________
Independent Non-executive Director
Arthur David Johnson

Directors B:

__________signed_____________
Independent Non-executive Director
Diyor Yakubov

Luxembourg, 17 November 2023

(all amounts in USD thousand, unless otherwise stated)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	Year ended 30 June 2022 (unaudited)	Year ended 30 June 2021 (unaudited)
Revenue	5	2,291	850
Cost of sales	6	(2,106)	(855)
GROSS PROFIT/(LOSS)		**185**	**(5)**
General and administrative expenses	7	(129)	(124)
Selling and distribution expenses	8	-	(1)
Other operating income/(expenses), net	9	302	26
Recovery/(impairment) of financial assets		(275)	-
Idle capacity expenses	10	(145)	(2,398)
OPERATING PROFIT/(LOSS)		**(62)**	**(2,502)**
Other non-operating income/(expenses), net	11	29	(53,694)
Finance income	13	11	8,626
Finance expenses	14	(170)	(3,352)
Disposal of subsidiaries	34	-	99,319
PROFIT/(LOSS) BEFORE TAX		**(192)**	**48,397**
Income tax benefit/(expenses), net	15	(503)	(757)
NET PROFIT/(LOSS)		**(695)**	**47,640**
NET PROFIT/(LOSS) ATTRIBUTABLE TO:			
Equity holders of the parent		(696)	47,746
Non-controlling interests		1	(106)
OTHER COMPREHENSIVE INCOME/(LOSS)			
Disposal of subsidiaries	34	-	(4,528)
Effect of currency translation		(428)	1,889
TOTAL OTHER COMPREHENSIVE INCOME/(LOSS)		**(428)**	**(2,639)**
TOTAL COMPREHENSIVE INCOME/(LOSS)		**(1,123)**	**45,001**
TOTAL COMPREHENSIVE INCOME/(LOSS) ATTRIBUTABLE TO:			
Equity holders of the parent		(1,135)	45,009
Non-controlling interests		12	(8)
EARNINGS PER SHARE			
Weighted average number of ordinary shares		45,011,120	45,011,120
BASIC PROFIT/(LOSS) PER ORDINARY SHARE (USD cents)		**(1.55)**	**106.08**

Basic profit/(loss) per ordinary share is equal to diluted profit/(loss) per ordinary share.

Notes on pages 11 to 33 are an integral part of these consolidated financial statements.

(all amounts in USD thousand, unless otherwise stated)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	30 June 2022 (unaudited)	Restated 30 June 2021 (unaudited)
ASSETS			
Non-current assets			
Property, plant and equipment	16	9,227	10,678
Intangible assets	17	103	125
Right-of-use assets	26	3,974	4,026
Financial assets	18	872	872
Deferred tax assets	15	-	36
		14,176	**15,737**
Current assets			
Inventories	19	2,076	1,930
Trade and other receivables	20	1,978	320
Prepayments and prepaid expenses	21	1	-
Other taxes receivables	22	653	538
Cash and cash equivalents	23	3	3
		4,711	**2,791**
TOTAL ASSETS		**18,887**	**18,528**
EQUITY			
Share capital	24	450	450
Share premium		77,578	77,578
Retained earnings		(1,532)	(836)
Currency translation reserve		(73,902)	(73,463)
Equity attributable to equity holders of the parent		**2,594**	**3,729**
Non-controlling interest		(129)	(141)
TOTAL EQUITY		**2,465**	**3,588**
LIABILITIES			
Non-current liabilities			
Lease liabilities	26	2,085	1,849
Defined benefit obligation	27	623	863
Provisions	28	1,042	972
Deferred tax liabilities	15	195	55
		3,945	**3,739**
Current liabilities			
Loans and borrowings	25	934	925
Lease liabilities	26	409	362
Defined benefit obligation	27	1,197	1,096
Trade and other payables	29	5,698	5,224
Income tax payables	15	2,542	2,233
Provisions	28	-	-
Other tax payables	22	1,697	1,361
		12,477	**11,201**
TOTAL LIABILITIES		**16,422**	**14,940**
TOTAL EQUITY AND LIABILITIES		**18,887**	**18,528**

Notes on pages 11 to 33 are an integral part of these consolidated financial statements.

(all amounts in USD thousand, unless otherwise stated)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Equity attributable to equity holders of the parent						
	Share capital	Share premium	Retained earnings	Currency translation reserve	Total	Non-controlling interest	Total equity
30 June 2020	**450**	**77,578**	**(47,452)**	**(70,726)**	**(40,150)**	**(869)**	**(41,019)**
Profit/(loss) for the year	-	-	47,746	-	**47,746**	(106)	**47,640**
Other comprehensive income/(loss)	-	-	-	1,791	**1,791**	98	**1,889**
Disposal of subsidiaries	-	-	(736)	(4,528)	**(5,264)**	736	**(4,528)**
30 June 2021	**450**	**77,578**	**(442)**	**(73,461)**	**4,123**	**(141)**	**3,982**
Effect of misstatements correction	-	-	(394)	-	**(394)**	-	**(394)**
Restated 30 June 2021	**450**	**77,578**	**(836)**	**(73,463)**	**3,729**	**(141)**	**3,588**
Profit/(loss) for the year	-	-	(696)	-	**(696)**	1	**(695)**
Other comprehensive income/(loss)	-	-	-	(439)	**(439)**	11	**(428)**
Disposal of subsidiaries	-	-	-	-	-	-	-
30 June 2022	**450**	**77,578**	**(1,532)**	**(73,902)**	**2,594**	**(129)**	**2,465**

Notes on pages 11 to 33 are an integral part of these consolidated financial statements.

(all amounts in USD thousand, unless otherwise stated)

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	Year ended 30 June 2022 (unaudited)	Year ended 30 June 2021 (unaudited)
OPERATING ACTIVITIES			
Profit/(loss) before tax		(192)	48,397
Adjustments to reconcile profit before tax to net cash flows:			
Depreciation and amortization expenses	12	831	1,607
Finance income	13	(11)	(8,626)
Finance expenses	14	170	3,352
Expenses for doubtful debts	9	(46)	-
Impairment of non-current loans issued	11	-	55,801
(Profit)/Loss from disposal of property, plant and equipment	16	26	267
Impairment of current assets	11	-	8,442
Accounts payable write-off		(241)	(8,420)
Recovery of previously impaired assets		-	(2,089)
Impairment/(recovery) of financial assets		275	-
(Profit)/Loss from exchange differences	9	-	-
Changes in defined benefit obligations	27	-	191
Disposal of subsidiaries	34	-	(99,319)
		812	**(397)**
Working capital adjustments:			
Change in trade and other receivables		(2,005)	681
Change in advances made and deferred expenses		45	340
Change in inventories		(146)	1,518
Change in trade and other payables		1,081	(3,728)
Change in tax balances		213	1,642
		-	**56**
Income tax paid	15	-	-
Net cash flow from operating activity		**-**	**56**
INVESTING ACTIVITIES			
Purchase of property, plant and equipment and intangible assets		-	(75)
Net cash flow from investing activity		**-**	**(75)**
FINANCING ACTIVITIES			
Repayment of loans and borrowings		-	-
Net cash flow from financial activity		**-**	**-**
NET CASH FLOWS		**-**	**(19)**
Cash and cash equivalents at the beginning of the period		**3**	**16**
Cash disposed with subsidiaries	34	-	(3)
Cash received as consideration of subsidiaries disposal	34	-	9
Effect of currency translation		-	
Cash and cash equivalents at the end of the period		**3**	**3**

Notes on pages 11 to 33 are an integral part of these consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

1 GENERAL INFORMATION

For the purposes of theses consolidated financial statements, Coal Energy S.A. ("Parent company") and its subsidiaries have been presented as the Group as follows:

Parent company and its subsidiaries	Country of incorporation	Group shareholding, % as of	
		30 June 2022	30 June 2021
Coal Energy S.A.	Luxembourg	Parent	Parent
Nertera Investments Limited	Cyprus	100,00	100,00
C.E.C. Coal Energy Cyprus Limited	Cyprus	100,00	100,00
Coal Energy Trading Limited	British Virgin Islands	100,00	100,00
Tekhinovatsiya LLC	Ukraine	99,92	99,92
CwAL LE "Mine St.Matrona Moskovskaya"	Ukraine	99,00	99,00
Perspective resources LLC**	Ukraine	100,00	100,00

The parent company, Coal Energy S.A., was incorporated in Luxembourg as a joint stock company on 17 June 2010. The registered office is located at 41 rue du Puits Romain, L-8070 Bertrange, Luxembourg and the Company number with the Registre de Commerce is B 154144. Principal activities of the Group are coal mining, coal beneficiation, waste dumps processing and sales of marketable coal. Major production facilities are located in Donetsk region of Ukraine.

1.2. Operating environment

As of 24 February 2022, the Russian Federation launched a large-scale military invasion of Ukraine. Russian missiles began to hit locations across Ukraine as well as Russian ground forces entered the country.

During the year ended 30 June 2022, Ukrainian hryvna officially devaluated by 8% against USD. National Bank of Ukraine increased key rate from 9% up to 25% and issued numerous currency restrictions to stabilize foreign exchange market and inflation rates.

2 BASIS OF PREPARATION OF THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

2.1 Basis of preparation

The preparation of financial statements in accordance to International Financial Accounting Standards (IFRS) as adopted by European Union requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying of the Group`s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

These consolidated financial statements are presented in thousands of USD, unless otherwise stated.

2 BASIS OF PREPARATION OF THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.2 Statement of compliance

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU).

2.3 Going concern

During the year ended 30 June 2022, the Group recorded USD 695 thousand of net loss (during the year ended 30 June 2021, the Group recorded USD 47,640 thousand of net profit). The Group suspended operation activity of CwAL LE "Mine St.Matrona Moskovskaya" and limited activity of Tekhinovatsiya LLC since the full-scale war actions in Ukraine.

As of the date of publication of these financial statements, the Management has no ability to accurately evaluate losses caused by invasion factors. Management makes the best possible steps to maintain suspended activity.

These consolidated financial statements are prepared on a going concern basis, which contemplates the realisation of assets and the settlement of liabilities in the normal course of business.

2.4 Basis of consolidation

(a) Subsidiaries

Subsidiaries are entities over which the Group has the power to govern the financial and operating policies. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

(all amounts in USD thousand, unless otherwise stated)

2 BASIS OF PREPARATION OF THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued, and liabilities incurred or assumed at the date of exchange. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

The excess of the cost of acquisition over the fair value of the group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly in the statement of comprehensive income. Costs appeared in connection with the purchase of subsidiaries are recognized as expenses.

Intragroup transactions, balances and unrealized gains on transactions between Group companies are eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group. A change in the ownership interest of a subsidiary, without a change of control, is accounted for as an equity transaction. Subsequent to the loss of control of a subsidiary the value of remained share is revalued at fair value that influences the amount of income/loss from the disposal.

Before June 30, 2010 the Parent company did not have direct or indirect ownership interest in consolidated entities included in the consolidated financial statements. The pooling of interest method was applied for business combinations under common control for the earlier periods.

Financial statements of Parent company and its Subsidiaries, which are used while preparing the consolidated financial statements, should be prepared as at the same date on the basis of consistent application of accounting policy for all companies of the Group.

(b) Transactions with non-controlling interests

The Group applies a policy of treating transactions with non-controlling interests as transactions with parties external to the Group. The result of disposals to non-controlling interests being the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary are reflected in statements of changes in equity. Losses are attributed to the non-controlling interests even if that results in a deficit balance.

Non-controlling interests are derecognized when purchased, a subsidiary sold or liquidated and profit or loss on de-recognition is recorded in the consolidated statements of changes in equity.

2.5 Changes in accounting policy and disclosures

The Group has not applied the following standards and IFRIC interpretations and amendments to them that have been issued but are not yet effective:

- IFRS 17 “Insurance Contracts” (effective for annual periods beginning on or after 1 January 2023);
- IAS 1 “Presentation of Financial Statements” (Amendments): Classification of Liabilities as Current or Non-Current (effective for annual periods beginning on or after 1 January 2023);

The Group anticipates that the adoption of these standards and amendments in future periods will have no material impact on its financial statements. The Group currently does not plan early application of the above standards and interpretations.

2.6 Correction of misstatements

During the preparation of the consolidated financial statements for three months ended 30 September 2021, the Group identified a computational misstatement in calculations of deferred tax assets and liabilities, as well as in valuation of the right-of-use assets existed as of 30 June 2021. Abovementioned misstatements resulted understatement of right-of-use assets and overstatement of deferred tax assets and liabilities. Misstatements have been corrected by restating of the affected consolidated financial statement items as of 30 June 2021 as follows:

Corrected items in the statement of financial position	30 June 2021	Correction	Restated 30 June 2021
Right-of-use assets	3,730	296	4,026
Deferred tax assets	738	(702)	36
Deferred tax liabilities	54	1	55
Defined benefit obligation	876	(13)	863
Retained earnings	(442)	(394)	(836)

The correction further affected some of the amounts disclosed in appropriate notes to the consolidated financial statements.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Currency translation

(a) Functional and presentation currency

All items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entities operate (the "functional currency"). The national currency of Ukraine, Ukrainian Hryvnia ("UAH") is the functional currency for the Group's entities that operate in Ukraine. For the entities that operate in Cyprus, Luxembourg and British Virgin Islands (BVI) the functional currency is US dollar ("USD"). These consolidated financial statements are presented in thousands of US dollars, unless otherwise stated.

(b) Foreign currency transactions

Exchange rates used in the preparation of these in interim consolidated financial statements were as follows:

Date/period	UAH/USD
As of:	
- 30 June 2022	29.2549
- 30 June 2021	27.1763
Average for the:	
- three months ended 30 June 2022	29.2549
- three months ended 31 March 2022	28.5545
- three months ended 31 December 2021	26.6808
- three months ended 30 September 2021	26.9110
- three months ended 30 June 2021	27.5910
- three months ended 31 March 2021	27.9694
- three months ended 31 December 2020	28.2678
- three months ended 30 September 2020	27.5996

(c) Translation into presentation currency

- all assets and liabilities, both monetary and non-monetary, are converted at closing exchange rates at the dates of each statements of financial position presented;
- income and expense items are converted at the average exchange rates for the period, unless exchange rates fluctuate significantly during the period, in which case exchange rates at the date of transactions are used;
- all equity items are converted at the historical exchange rates;
- all resulting exchange differences are recognized as a separate component in other comprehensive income;
- in the consolidated statements of cash flows, cash balances and beginning and end of each period presented are converted at exchange rates at the respective dates. All cash flows are converted at the average exchange rates for the periods presented. Resulting exchange differences are presented as effect of conversion to presentation currency.

3.2 Revenue from contracts with customers

The Group mines and sells coal commodities. Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

Revenue from rendering services is recognized based on the stage of work completion under each contract. When financial result can be measured reliably, revenue is recognized only to the extent of the amount of incurred charges, which can be recovered.

3.3 Income tax expense

Income tax expense represents the sum of the tax currently payable and deferred tax.

Income tax is recognized as an expense or income in profit and loss in the consolidated statements of comprehensive income, except when it relates to items recognized directly in other comprehensive income, or where they arise from the initial accounting for a business combination.

(a) Current tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to estimate the amount are those that are enacted or substantively enacted, by the reporting date, in the countries where the Group operates and generates taxable income. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:
- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized except:
- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

3.4 Property, plant and equipment

Property, plant and equipment are stated at cost, net of accumulated depreciation and/or accumulated impairment losses, if any. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the statements of comprehensive income during the financial period in which they are incurred. Major renewals and improvements are capitalized, and the assets replaced are retired. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized in item 'Other non-operating income (expenses)' in the statement of comprehensive income.

Depreciation is calculated using the straight-line method over their estimated useful lives, as follows:

Underground mining	40 - 80 years
Buildings and constructions	35 - 50 years
Machinery, equipment and vehicles	5 - 10 years
Other	3 - 5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each financial year end.

Mine development costs are capitalized and classified as capital construction-in-progress. Mine development costs are transferred to mining assets when a new mine reaches commercial production quantities. Capital construction-in-progress comprises costs directly related to construction of buildings, infrastructure, machinery and equipment. Cost also includes finance charges capitalized during construction period where such costs are financed by borrowings. Depreciation of these assets commences when the assets are put into operation

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.5 Lease

All leases are accounted for by recognizing a right-of-use asset and a lease liability except for:
– Leases of low-value assets;
– Leases with a duration of twelve months or less.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the Group's incremental borrowing rate on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

On initial recognition, the carrying value of the lease liability also includes:
– Amounts expected to be payable under any residual value guarantee;
– The exercise price of any purchase option granted in favor of the Group if it is reasonable certain to assess that option;
– Any penalties payable for terminating the lease, if the term of the lease has been estimated based on termination option being exercised.

Right-of-use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

– Lease payments made at or before commencement of the lease;
– Initial direct costs incurred;
– The amount of any provision recognized where the Group is contractually required to dismantle, remove or restore the leased asset.

Subsequent to initial measurement lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortized on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term.

When the Group revises its estimate of the term of any lease (because, for example, it re-assesses the probability of a lessee extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted at the same discount rate that applied on lease commencement. The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised. In both cases an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortized over the remaining (revised) lease term.

3.6 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.
Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

3.7 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in profit or loss in the period in which the expenditure is incurred. Research costs are recognized as an expense as incurred. Costs incurred on development (relating to the design, construction and testing of new or improved devices, products, processes or systems) are recognized as intangible assets only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of adequate resources to complete the development, and the ability to measure reliably the expenditure during the development. Other development expenditures are recognized as an expense as incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. Amortization is charged on a straight-line basis over the following economic useful lives of these assets:

Licenses, special permissions and patent rights	5 - 20 years
Other intangible assets	5 - 10 years

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash generating unit level.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.8 Impairment of non-current assets

The carrying amounts of the Group's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Recoverable amount is the higher of fair value less cost to sell and value-in-use.

An impairment loss is recognized whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognized in the consolidated statements of comprehensive income.

Where an impairment loss subsequently reversed, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the original carrying amount that would have been determined had no impairment loss been recognized in prior periods. A reversal of an impairment loss is recognized in the consolidated statements of the comprehensive income.

3.9 Financial assets

Initial recognition and measurement

The Group classifies its financial assets as financial assets at fair value through profit or loss; loans and receivables; held-to-maturity investments; available for-sale financial assets. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of financial assets at initial recognition and re-evaluates this designation at every reporting date. The Group's financial assets include cash and short-term deposits, trade and other receivables, loan and other receivables. All financial assets are recognized initially at fair value plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. Fair value at initial recognition is best evidenced by the transaction price. A gain or loss on initial recognition is only recorded if there is a difference between fair value and transaction price which can be evidenced by other observable current market transactions in the same instrument or by a valuation technique whose inputs include only data from observable markets. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognized on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:
(a) Financial assets at fair value through profit or loss. This category includes financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term.
(b) Loans and receivables. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Receivables include trade and other receivables. Loans are financial assets arising as a result of provision of funds to borrower.
(c) Held-to-maturity investments. Investments with fixed or determinable payments and fixed maturity that management has the positive intent and ability to hold to maturity, other than loans and receivables originated by the Group, are classified as held-to-maturity investments. Such investments are included in non-current assets, except for maturities within twelve months from the reporting date, which are classified as current assets.
(d) Available-for-sale financial assets. Investments intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, are classified as available-for-sale; these are included in non-current assets unless management has the express intention of holding the investment for less than 12 months from the reporting date or unless they will need to be sold to raise operating capital, in which case they are included in current assets. Available-for-sale financial assets are accounted at fair value through equity.

Subsequent to initial recognition all financial assets at fair value through profit or loss and all available-for-sale instruments are measured at fair value, except that any instrument that does not have a quoted market price in an active market and whose fair value cannot be reliably measured is stated at cost, including transaction costs, less impairment losses.

Loans and receivables and held-to-maturity assets are measured at amortized cost less impairment losses. Amortized cost is calculated using the effective interest rate method. Premiums and discounts, including initial transaction costs, are included in the carrying amount of the related instrument and amortized based on the effective interest rate of the instrument.

Receivables are accounted at net realizable value, less the allowance for doubtful debts. The amount of allowance for doubtful debts is accounted by using the method of total amount of doubtful debts.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of financial assets

The Group assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortized cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of receivables, loans issued where the carrying amount is reduced through the use of an allowance for impairment. When a trade or other or loans issued receivables is considered uncollectible, it is written off against the allowance. On basis of the facts confirming that receivables or loans issued, previously recognized as doubtful, at the reporting date are not doubtful, the amount of previously charged reserve is reflected in income of the reporting period. Except for available-for-sale assets, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss reverses directly through profit and loss account. The reversal shall not result in a carrying amount of the financial asset that exceeds what the amortized cost would have been had the impairment not been recognized at the date the impairment is reversed.

When a decline in fair value of an available-for-sale investment has been recognized directly in other comprehensive income and there is objective evidence that investment is impaired, the cumulative loss that had been recognized directly in other comprehensive income is removed from other comprehensive income and recognized in profit or loss in the consolidated statements of comprehensive income even though the investment has not been derecognized. Impairment losses previously recognized through profit or loss in the consolidated statements of comprehensive income are not reversed. Any increase in fair value subsequent to an impairment loss is recognized directly in other comprehensive income.

Derecognition of financial assets

The Group derecognizes financial assets when:
- the assets are redeemed or the rights to cash flows from the assets have otherwise expired;
- or the Group has transferred substantially all the risks and rewards of ownership of the assets;
- or the Group has neither transferred not retained substantially all risks and rewards of ownership but has not retained control. Control is retained if the counterparty does not have the practical ability to sell the asset in its entirety to an unrelated third party without needing to impose additional restrictions on the sale.

3.10 Financial liabilities

Initial recognition and measurement

The Group classifies its contractual obligations as financial liabilities at fair value through profit or loss, loans and borrowings. The Group classifies its financial liabilities at initial recognition. Financial liabilities, including borrowings, are initially measured at fair value, net of transaction cost. The Group's financial liabilities include trade and other payables, bank overdraft, loans and borrowings.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:
(a) Financial liabilities at fair value through profit or loss. Financial liabilities at fair value through profit or loss include financial liabilities held for trading and those designated at initial recognition as liabilities at fair value through profit or loss;
(b) Loans and borrowings. Loans and borrowings are financial liabilities which the Group has after borrowings attraction. Loans and borrowings are classified as current liabilities except when the Group has unconditional right to delay settlement of obligation at least for 12 months.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized through profit or loss.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.11 Inventories

Inventories are recorded at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale. The cost of inventories is assigned by using the FIFO cost formula.

The cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. The cost of work in progress and finished goods includes costs of raw materials, direct labor and other direct productions costs and related production overheads (based on normal operating capacity).

The Group periodically analyses inventories to determine whether they are damaged, obsolete or slow-moving or if their net realizable value has declined and makes an allowance for such inventories. If such situation occurred, the sum remissive the cost of inventories should be reflected in statements of comprehensive income. If the circumstances that caused the write-down no longer exist, the amount of the write-down is reversed.

At the date of financial statements preparation, the Group estimates the balances of finished products to determine whether there is any evidence of impairment. Amount of impairment is measured based on the analysis of prices in the market of such inventories, existed at the reporting date and issued in official sources.

3.12 Value added tax

Value added tax (VAT) output equals the total amount of VAT collected within a reporting period and arises on the earlier of the date of shipping goods to a customer or the date of receiving payment from the customer. VAT input is the amount that a taxpayer is entitled to offset against his VAT liability in a reporting period. Rights to VAT input arise on the earlier of the date of payment to the supplier or the date goods are received. Revenue, expenses and assets are recognized less VAT amount, except cases, when VAT arising on purchases of assets or services, is not recoverable by tax authority; in this case VAT is recognized as part of purchase costs or part of item of expenses respectively. Net amount of VAT, recoverable by tax authority or paid, is included into accounts receivable and payable, reflected in consolidated statements of financial position.

3.13 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of six months or less.

For the purpose of the consolidated statements of cash flows, cash and cash equivalents comprise cash and short-term deposits as defined above, net of outstanding bank overdrafts.

3.14 Share capital

Ordinary shares are classified as equity. Nominal value of share capital of Parent company is specified in Note 24.

3.15 Legal reserve

Luxembourg companies are required to allocate to a legal reserve a minimum of 5% of the annual net income, until this reserve equals 10% of the subscribed share capital. This reserve may not be distributed.

3.16 Defined benefits plan obligations

The Group contributes to the Ukrainian state pension scheme, social insurance and employment funds in respect of its employees. The Group's pension scheme contributions are expensed as incurred. The contributions are included in expenses for wages and salaries. Companies comprising the Group provide additional post-employment benefits to those employees who are engaged in the industry with particularly detrimental and oppressive conditions of work. Under the Ukrainian legislation employees engaged in hazardous industry may retire earlier than usual terms stipulated by Employee Retirement Income Security Law. The Group reimburses to the State Pension Fund all pension payments which are to be paid to the employees until usual statutory date of retirement. In addition, according to the legislation, the Group makes payments related to providing the employees with domestic fuel (coal). The Group recognizes the liabilities in amount of this payment.

The liability recognized in the statement of financial position in respect of post-employment benefits is the present value of the defined benefit obligation at the balance sheet date together with adjustments for unrecognized actuarial gains or losses. The cost of providing benefits under the defined benefit plans is determined using the projected unit credit method. Actuarial gains and losses are recognized in the other comprehensive income statements in the period in which they occur.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.17 Provisions

Provisions are recognized when the Group has legal or constructive obligations as the result of past event for which it is probable that an outflow of economic benefits can be required to settle the obligations, and the amount of the obligations can be reliably estimated. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the statement of financial position date, considering the risks and uncertainties surrounding obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, it's carrying amount is the present value of those cash flows. Use of discounting results in recognition of financial expenses and increase in provision.

Management created provision for the payment of potential tax liabilities related to settlement of financial assets and liabilities. Though if the controlling authorities classify such transactions as a subject of taxation and apply such classification to the companies of the Group, actual taxes and penalties may differ from the Management assessment.

3.18 Environmental obligations

Environmental obligations include decommissioning and land restoration costs. The Group evaluates the provisions associated with ecological problems separately on every occasion taking into account the requirements of the relevant legislative acts.

Future decommissioning costs, discounted to net present value, are capitalized and the corresponding decommissioning obligations are raised as soon as the constructive obligation to incur such costs arises and the future decommissioning cost can be reliably estimated. Decommissioning costs are provided at the present value of expected costs to settle the obligation using estimated cash flows and are recognized as part of the cost of the asset.

The cash flows are discounted at a current pre-tax rate that reflects the risks specific to the decommissioning liability. The unwinding of the discount is expensed as incurred and recognized in the comprehensive income statement as a finance cost. The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate. Changes in the estimated future costs or in the discount rate applied are added to or deducted from the cost of the asset. The amount deducted from the cost of the asset shall not exceed it's carrying amount. If a decrease in the liability exceeds the carrying amount of the asset, the excess shall be recognized immediately in profit or loss.

Provision for land restoration, representing the cost of restoring land damage after the commencement of commercial production, is estimated at net present value of the expenditures expected to settle the obligation. Change in provision and unwinding of discount on land restoration are recognized in the consolidated statements of comprehensive income. Ongoing rehabilitation costs are expensed when incurred.

3.19 Financial guarantee contracts

Management on annual basis assesses probability of risks that can be arising in relation of financial guarantee contracts through financial analysis of counterparties. If the risk is significant – financial guarantee contracts must be recognized as liabilities in notes to consolidated financial statements in accordance with IAS 37. Otherwise – if risk is insignificant – financial guarantee contracts liabilities must be disclosed as off-balance sheet liabilities.

4 SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

In the process of applying the Group's accounting policies, management has made the following judgments, estimates and assumptions, which have the most significant effect on the amounts recognized in these consolidated financial statements:

Remaining useful life of property, plant and equipment

Management assesses the remaining useful life of property, plant and equipment in accordance with the current technical conditions of assets and estimated period when these assets bring economic benefit to the Group.

Impairment of non-current assets

An impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The recoverable amount is most sensitive to the growth rate used for extrapolation purposes (coal price, sales volume) and to the discount rate used for the discounted cash flow model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

4 SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES (CONTINUED)

Defined benefits plan obligations

For the purpose of estimation of defined benefit obligation, the projected unit credit method was used, which includes the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

In determining the appropriate discount rate, management considers the interest rates of high-quality government bonds with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. Future salary increases and pension increases are based on expected future inflation rates.

Environmental obligations

The Group's mining and processing activities are susceptible to various environmental laws and regulations changes. The Group estimates environmental obligations based on management's understanding of the current legal requirements, terms of the license agreements and internally generated estimates. Provision is made, based on net present values, for decommissioning and land restoration costs as soon as the obligation arises. Actual costs incurred in future periods could differ materially from the amounts provided. Additionally, future changes to environmental laws and regulations, life of mine estimates and discount rates could affect the carrying amount of this provision.

Income taxes

The Group is subject to income taxes in numerous jurisdictions. Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. The differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective Group company's domicile.

Deferred tax assets are recognized for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits together with future tax planning strategies. If actual results differ from these estimates or if these estimates must be adjusted in future periods, the financial position and results of operations may be negatively affected.

Idle capacity expenses

Due to volatility of the coal market production capacity of the Group's individual Companies in some periods could be operated not according to its normal capacity of the production facilities. In the case of significant deviation of the actual capacity from the normal capacity, part of the fixed production overheads is reflected in item "Idle capacity expenses".
Management of the Group uses estimations and judgments to determine the following items: normal capacity of the individual companies, the period of the partial exploitation of the production capacity, amount of overheads that should be allocated.

Expected credit losses measurement

Measurement of expected credit losses (ECL) is a significant estimate that involves determination methodology, models and data inputs. The Group regularly reviews and validates the models and inputs to the models to reduce any differences between expected credit loss estimates and actual credit loss experience.

Legal proceedings

The Group's management applies significant assumptions in measurement and reflection of reserves and risks of exposure to contingent liabilities, related to existing legal proceedings and other unsettled claims, and also other contingent liabilities. Management's judgment is required in estimating the probability of a secured claim against the Group or incurring material liabilities, and in determining feasible amount of the final settlement or liabilities. Due to uncertainty inherent to the process of estimation, actual expenses may differ from the initial estimates. Such preliminary estimates may alter as far as new information is received, from internal specialists within the Group, if any, or from third parties, such as lawyers. Revision of such estimates may have significant effect on the future results of operating activity.

Contingent liabilities

Contingent liabilities are determined by the occurrence or non-occurrence of one or more future events. Measurement of contingent liabilities is tightly connected with development of significant judgments and estimates relating to the consequences of such future events.

(all amounts in USD thousand, unless otherwise stated)

5 INFORMATION ON OPERATING SEGMENTS

The group defines the following business segments that include goods and services distinguished by the level of risk and terms of income:
- mineral resource and processing industry — includes income from sale of own coal products and income from coal beneficiation;
- trade activity - includes income from sale of merchandises;
- other activity - includes income from rendering of other works and services.

Management controls the results of operating segments separately for the purpose of decision making about allocation of resources and performance measurement. The results of segments are estimated on profit/(loss) before tax.

Information about the segments of business for the year ended 30 June 2022:

	Business segments				
	Mineral resource and processing industry	**Trade activity**	**Other activity**	**Assets and liabilities not included in segments**	**Total**
Revenue					
Sales to external customers	2,284	-	7	-	**2,291**
	2,284	**-**	**7**	**-**	**2,291**
Profit/(loss) before tax of the segment	**(80)**	**-**	**(112)**	**-**	**(192)**
Depreciation and amortization expenses	(831)	-	-	-	**(831)**
Defined benefits plan obligations expenses	-	-	-	-	**-**
Operational assets	**17,359**	**-**	**-**	**1,528**	**18,887**
Operational liabilities	**10,571**	**51**	**1,366**	**4,434**	**16,422**
Disclosure of other information					
Capital expenditure	83	-	-	-	**83**

As of 30 June 2022, assets of segments don't include financial assets (USD 872 thousand), cash (USD 3 thousand), other taxes receivable (USD 653 thousand) and deferred tax assets (USD null thousand), since management of these assets is carried out at the Group level.

As of 30 June 2022, liabilities of segments do not include deferred tax liabilities (USD 195 thousand), other taxes payable (USD 1,697 thousand), income tax payables (USD 2,542 thousand), since management of these liabilities is carried out at the Group level.

Information about the segments of business for the year ended 30 June 2021:

	Business segments				
	Mineral resource and processing industry	**Trade activity**	**Other activity**	**Assets and liabilities not included in segments**	**Total**
Revenue					
Sales to external customers	552	146	152	-	**850**
	552	**146**	**152**	**-**	**850**
Profit/(loss) before tax of the segment	**(8,285)**	**(59)**	**56,741**	**-**	**48,397**
Depreciation and amortization expenses	(1,607)	-	-	-	**(1,607)**
Defined benefits plan obligations expenses	(200)	-	-	-	**(200)**
Operational assets	**16,783**	**-**	**-**	**2,151**	**18,934**
Operational liabilities	**9,952**	**51**	**1,300**	**3,649**	**14,952**
Disclosure of other information					
Capital expenditure	75	-	-	-	**75**

As of 30 June 2021, assets of segments don't include financial assets (USD 872 thousand), cash (USD 3 thousand), other taxes receivable (USD 538 thousand) and deferred tax assets (USD 738 thousand), since management of these assets is carried out at the Group level.

As of 30 June 2021, liabilities of segments do not include deferred tax liabilities (USD 55 thousand), other taxes payable (USD 1,361 thousand), income tax payables (USD 2,233 thousand), since management of these liabilities is carried out at the Group level.

(all amounts in USD thousand, unless otherwise stated)

	Year ended 30 June 2022	Year ended 30 June 2021
Revenue received from sale of finished goods	2,284	552
Revenue from trading activity	-	146
Revenue from other activity	7	152
	2,291	**850**

During the reviewed periods sales were performed on the territory of Ukraine exclusively.

All non-current assets of the Group are located in Ukraine.

6 COST OF SALES

	Year ended 30 June 2022	Year ended 30 June 2021
Cost of merchandising inventory	-	(309)
Raw materials	(7)	(1)
Wages and salaries of operating personnel	(106)	(2)
Change in finished goods	190	(285)
Energy supply	(785)	(90)
Depreciation and amortization expenses	(727)	(102)
Subcontractors services	(542)	(31)
Other expenses	(129)	(35)
	(2,106)	**(855)**

7 GENERAL AND ADMINISTRATIVE EXPENSES

	Year ended 30 June 2022	Year ended 30 June 2021
Subcontractors services	(61)	(18)
Wages and salaries of administrative personnel	(60)	(86)
Depreciation and amortization expenses	(1)	(10)
Other expenses	(7)	(10)
	(129)	**(124)**

8 SELLING AND DISTRIBUTION EXPENSES

	Year ended 30 June 2022	Year ended 30 June 2021
Delivery costs	-	-
Subcontractors services	-	(1)
Wages and salaries of distribution personnel	-	-
Depreciation and amortization expenses	-	-
	-	**(1)**

9 OTHER OPERATING INCOME/EXPENSES, NET

	Year ended 30 June 2022	Year ended 30 June 2021
Doubtful debts income/(expenses)	46	-
Writing-off of VAT	(2)	(10)
Income from lease	34	22
Accounts payable write-off	241	-
Other operating expenses	(17)	-
Other operating income	-	14
	302	**26**

10 IDLE CAPACITY EXPENSES

	Year ended 30 June 2022	Year ended 30 June 2021
Depreciation and amortization expenses	(103)	(1,495)
Wages and salaries	(4)	(427)
Energy supply	(33)	(262)
Other expenses	(5)	(214)
	(145)	**(2,398)**

(all amounts in USD thousand, unless otherwise stated)

11 OTHER NON-OPERATING INCOME/EXPENSES, NET

	Year ended 30 June 2022	Year ended 30 June 2021
Impairment of non-current loans issued	-	(55,801)
Depreciation of non-operating property, plant and equipment	-	(7)
Income/(Expenses) attributable to allowance for receivables on sale of PPE	-	56
Other non-operating income	29	45
Other non-operating expenses	-	(5)
	29	**(53,694)**

12 DEPRECIATION AND AMORTIZATION EXPENSES

	Year ended 30 June 2022	Year ended 30 June 2021
Depreciation		
Idle capacity: depreciation expenses	(102)	(1,392)
Cost of sales	(713)	(98)
Selling and distribution expenses	-	-
General and administrative expenses	(1)	(10)
	(816)	**(1,500)**
Amortization		
Idle capacity: amortization expenses	(1)	(103)
General and administrative expenses	-	-
Cost of sales	(14)	(4)
	(15)	**(107)**
	(831)	**(1,607)**

13 FINANCE INCOME

	Year ended 30 June 2022	Year ended 30 June 2021
Gain from non-operational exchange differences	-	539
Income from measurement of financial instruments at amortized cost	11	11
Income from loans restructuring	-	8,076
	11	**8,626**

14 FINANCE EXPENSES

	Year ended 30 June 2022	Year ended 30 June 2021
Interest expenses	-	(653)
Loss from non-operational exchange differences	-	(2,394)
Expenses from measurement of financial instruments at amortized cost	(170)	(305)
	(170)	**(3,352)**

15 INCOME TAX

	Year ended 30 June 2022	Year ended 30 June 2021
Current income tax	(309)	(502)
Deferred tax	(194)	(255)
Income tax expenses	**(503)**	**(757)**
At the beginning of the year	**2,233**	**1,420**
Current income tax charge	309	502
Disposal of subsidiaries	-	28
Effect of translation to presentation currency	-	283
At the end of the year	**2,542**	**2,233**
Effect		
Profit/(Loss) before tax	(192)	49,367
Income tax (18%)	35	(8,886)
Disposal of subsidiaries effect	-	17,877
Effect of different statutory tax rates of overseas jurisdictions	12	(7,730)
Tax effect of permanent differences	(356)	(1,763)
Income tax income/(expenses)	**(309)**	**(502)**

According to the Tax Code of Ukraine, a tax rate of 18% is applied starting from 1 January 2014.

(all amounts in USD thousand, unless otherwise stated)

15 INCOME TAX (continued)

Deferred tax assets and liabilities are measured at the income tax rates, which are expected to be applied in the periods when an asset is realized, or liability is calculated in accordance with the tax rates provided by the Tax Code.

	30 June 2021	Recognized in profit/(loss)	Disposal of subsidiary	Effect of currency translation	30 June 2022
Effect of temporary differences on deferred tax assets					
Intangible assets	17	(2)	-	-	15
Provisions	175	(175)	-	-	-
Defined benefit plan obligations	37	(3)	-	-	34
Folded on individual Companies level	(193)	144	-	-	(49)
Total deferred tax assets	**36**	**(36)**	**-**	**-**	**-**
Effect of temporary differences on deferred tax liabilities					
Property, plant and equipment	(248)	(14)	-	10	(244)
Netting on subsidiary level	193	(144)	-	-	49
Total deferred tax liabilities	**(55)**	**(158)**	**-**	**10**	**(195)**
Net deferred tax asset/(liability)	**(19)**	**(194)**	**-**	**10**	**(195)**

	30 June 2020	Recognized in profit/(loss)	Disposal of subsidiary	Restated	Effect of currency translation	30 June 2021
Effect of temporary differences on deferred tax assets						
Property, plant and equipment	247	21	256	(535)	11	-
Intangible assets	6	(3)	13	-	1	17
Inventories	66	(4)	(57)	-	(5)	-
Provisions	491	19	(288)	(13)	(34)	175
Defined benefit plan obligations	1,615	(219)	(1,313)	37	(83)	37
Charged vacation expenses	26	(27)	(3)	-	4	-
Netting on subsidiary level	(3)	1	-	(191)	-	(193)
Total deferred tax assets	**2,448**	**(212)**	**(1,392)**	**(702)**	**(106)**	**36**
Effect of temporary differences on deferred tax liabilities						
Property, plant and equipment	(14)	(42)	-	(192)	-	(248)
Netting on subsidiary level	3	(1)	-	191	-	193
Total deferred tax liabilities	**(11)**	**(43)**	**-**	**(1)**	**-**	**(55)**
Net deferred tax asset/(liability)	**2,437**	**(255)**	**(1,392)**	**(703)**	**(106)**	**(19)**

(all amounts in USD thousand, unless otherwise stated)

16 PROPERTY, PLANT AND EQUIPMENT

Historical cost	Underground mining	Buildings and constructions	Machinery, equipment, vehicles	Other	Construction in progress	Total
30 June 2020	**33,190**	**7,095**	**10,684**	**509**	**277**	**51,755**
Additions	50	-	40	-	3,251	**3,341**
Disposals	-	-	(9)	(1)	(265)	**(275)**
Disposal of subsidiaries	(23,976)	(4,095)	(6,837)	(396)	-	**(35,304)**
Effect of currency translation	(2,125)	(1,449)	(1,771)	(35)	50	**(5,339)**
30 June 2021	**7,139**	**1,551**	**2,107**	**77**	**3,304**	**14,178**
Additions	58	-	-	-	25	**83**
Disposals	-	-	(49)	-	-	**(49)**
Effect of currency translation	(512)	(110)	(146)	(6)	(397)	**(1,171)**
30 June 2022	**6,685**	**1,441**	**1,912**	**71**	**2,932**	**13,041**
Accumulated depreciation						
30 June 2020	**(12,823)**	**(3,269)**	**(9,523)**	**(495)**	**-**	**(26,110)**
Depreciation charge for the period	(900)	(175)	(218)	(6)	-	**(1,299)**
Disposals	-	-	7	1	-	**8**
Disposal of subsidiaries	10,144	2,047	6,777	393	-	**19,361**
Effect of currency translation	2,064	823	1,619	34	-	**4,540**
30 June 2021	**(1,515)**	**(574)**	**(1,338)**	**(73)**	**-**	**(3,500)**
Depreciation charge for the period	(340)	(102)	(171)	(2)	-	**(615)**
Disposals	-	-	23	-	-	**23**
Effect of currency translation	125	45	102	6	-	**278**
30 June 2022	**(1,730)**	**(631)**	**(1,384)**	**(69)**	**-**	**(3,814)**
Net book value						
30 June 2020	**20,367**	**3,826**	**1,161**	**14**	**277**	**25,645**
30 June 2021	**5,624**	**977**	**769**	**4**	**3,304**	**10,678**
30 June 2022	**4,955**	**810**	**528**	**2**	**2,932**	**9,227**

As of 30 June 2022 and 30 June 2021, property, plant and equipment were not pledged under loans agreements. During the years ended 30 June 2022 and 30 June 2021 there were no capitalized borrowing costs. During the years ended 30 June 2022 and 30 June 2021 there were no capitalized research and development costs. The Group’s mining activity currently relates to exploitation of the existing mines and mined beds. As of 30 June 2022 and 30 June 2021, contractual commitments for property, plant and equipment of the Group were immaterial.

As of the date of publication of these financial statements, the Group`s management has no possibility to estimate impact of military conflict on impairment of property, plant and equipment considering uncertainties of their future economic benefits.

(all amounts in USD thousand, unless otherwise stated)

17 INTANGIBLE ASSETS

Historical cost	Licenses, special permissions and patent rights	Other intangible assets	Other projects and permissions	Total
30 June 2020	**3,231**	**16**	**33**	**3,280**
Disposal of subsidiaries	(2,787)	(4)	(19)	**(2,810)**
Effect of currency translation	(157)	(1)	(13)	**(171)**
30 June 2021	**287**	**11**	**1**	**299**
Effect of currency translation	(20)	(1)	-	**(21)**
30 June 2022	**267**	**10**	**1**	**278**
Accumulated amortization				
30 June 2020	**(2,737)**	**(16)**	**(32)**	**(2,785)**
Amortization charge for the period	(107)	-	-	**(107)**
Disposal of subsidiaries	2,519	4	17	**2,540**
Effect of currency translation	163	1	14	**178**
30 June 2021	**(162)**	**(11)**	**(1)**	**(174)**
Amortization charge for the period	(15)	-	-	**(15)**
Effect of currency translation	13	1	-	**14**
30 June 2022	**(164)**	**(10)**	**(1)**	**(175)**
Net book value				
30 June 2020	**494**	**-**	**1**	**495**
30 June 2021	**125**	**-**	**-**	**125**
30 June 2022	**103**	**-**	**-**	**103**

Licenses, special permissions and patent rights are represented by special permission for subsurface use # 5098 as at 30 December 2009 issued by Ministry of ecology and natural resources of Ukraine for 20 years.

As of 30 June 2022 and 30 June 2021, there were no pledged intangible assets. As of 30 June 2022 and 30 June 2021, there were no contractual commitments for intangible assets of the Group.

18 FINANCIAL ASSETS

	30 June 2022	30 June 2021
Non-current financial assets		
Held-to-maturity investments	152	152
Loans issued	720	720
	872	**872**
Current financial assets		
Loans issued	-	-
Allowance for loans issued	-	-
	-	**-**

Held-to maturity investments are non-interest notes, issued to related parties and discounted using effective interest rate of 18%. Management of the Group has the intention to hold these notes to maturity. Loans issued are interest-free loans issued to related parties.

19 INVENTORIES

	30 June 2022	30 June 2021
Merchandise	4	4
Finished goods	238	60
Raw materials	1,272	932
Spare parts	555	926
Other inventories	7	8
	2,076	**1,930**

As of 30 June 2022 and 30 June 2021, loans were not secured by inventories. As of the date of publication of financial statements, Management has no possibility to assess inventory damage and theft probability.

(all amounts in USD thousand, unless otherwise stated)

20 TRADE AND OTHER RECEIVABLES

	30 June 2022	30 June 2021
Trade receivables	4,102	2,513
ECL allowance for trade receivables	(2,124)	(2,193)
Other receivables	4,969	1,837
ECL allowance for other receivables	(4,969)	(1,837)
	1,978	**320**

As of 30 June 2022 and 30 June 2021, loans were not secured by trade receivables.

Changes in allowance for trade and other receivable are presented as follows:

	30 June 2022	30 June 2021
Balance as of the beginning of the period	**(4,030)**	**(3,497)**
(Accrual)/reverse	(3,345)	(2,702)
Disposal of subsidiaries	-	1,989
Use of allowances		-
Effect of currency translation	282	180
Balance as of the end of the period	**(7,093)**	**(4,030)**

21 PREPAYMENTS AND PREPAID EXPENSES

	30 June 2022	30 June 2021
Advances paid	2,220	5,968
Allowances for advances paid	(2,219)	(5,968)
	1	**-**

22 TAXES RECEIVABLE AND PAYABLE

	30 June 2022	30 June 2021
Current taxes receivable		
VAT recoverable	653	538
Prepayments for other taxes	-	-
	653	**538**
Current taxes payable		
VAT payable	648	360
Payable for wages and salaries related taxes	623	617
Payables for other taxes	426	384
	1,697	**1,361**

23 CASH AND CASH EQUIVALENTS

	30 June 2022	30 June 2021
Cash in bank	2	2
Cash in hand	1	1
	3	**3**

24 SHARE CAPITAL

	30 June 2022		30 June 2021	
	%	Amount	%	Amount
Lycaste Holding Limited *	60.15	271	75.00	338
Free float	25.00	112	25.00	112
Management of subsidiaries	14.85	67	-	-
	100.00	**450**	**100.00**	**450**

As of 15 December 2021, Lycaste Holdings Limited transferred 14.85% of total shares as bonus remuneration to the five Management members of the Ukrainian subsidiaries.

During the years ended 30 June 2022 and 30 June 2021, quantity of shares has not been changed.

(all amounts in USD thousand, unless otherwise stated)

25 LOANS AND BORROWINGS

	30 June 2022	30 June 2021
Current loans and borrowings		
Current borrowings	864	864
Notes issued	70	61
Total current loans and borrowings	**934**	**925**

Notes issued are presented by the interest-free notes. These notes are reflected at amortized cost using effective interest rate of 18%.

Terms of current loans and borrowings

	30 June 2022	30 June 2021
On demand	934	925
Within 3 months	-	-
From 3 to 12 months	-	-
	934	**925**

26 LEASE

Lease liabilities

	30 June 2022	30 June 2021
Due within 1 year	409	362
From 1 to 5 years	1,066	945
More than 5 years	1,019	904
	2,494	**2,211**

There are fixed payments on this contract, but each consequent lease payment is determined by correction of previous month payment on current month inflation rate. Amendments, addendums or cancellation of this contract are possible under agreement of both parties.

Right-of-use assets

Historical cost	**Total**
30 June 2020	**7,163**
Remeasurement	**306**
Disposals	**(38)**
Disposal of subsidiaries	**-**
Effect of currency translation	**188**
30 June 2021	**7,619**
Remeasurement	**376**
Disposals	**(118)**
Effect of currency translation	**(482)**
30 June 2022	**7,395**
Accumulated depreciation	
30 June 2020	**(3,477)**
Depreciation charge for the period	**(201)**
Disposals	**38**
Disposal of subsidiaries	**-**
Effect of currency translation	**47**
30 June 2021	**(3,593)**
Depreciation charge for the period	**(201)**
Disposals	**101**
Effect of currency translation	**272**
30 June 2022	**(3,421)**
Net book value	
30 June 2020	**3,686**
30 June 2021	**4,026**
30 June 2022	**3,974**

(all amounts in USD thousand, unless otherwise stated)

27 DEFINED BENEFIT OBLIGATIONS

	30 June 2022	30 June 2021
Discounted further retirement benefits	623	863
Current liabilities to statutory fund	1,197	1,096
	1,820	**1,959**

Changes in defined benefit obligations are presented as follows:

	30 June 2022	30 June 2021
Balance as of the beginning of the period	**1,959**	**8,970**
Disposal of subsidiaries	-	(6,793)
Repayments	-	(9)
Retirement benefits revaluation	-	200
Effect of currency translation	(139)	(409)
Balance as of the end of the period	**1,820**	**1,959**

Valuation of further retirement benefits is based on the following key actuary assumptions:

	30 June 2022	30 June 2021
Discount factor	n/a	13%
Salaries growth ratio	n/a	5%
Employee turnover ratio	n/a	10-20%
Inflation ratio	n/a	5%
Pensions indexation ratio	n/a	5-11%

Sensitivity analysis of the key actuary assumptions is presented as follows:

	Changes	30 June 2022	30 June 2021
Discount factor	+1%/(1%)	n/a	(6-9%)/7-10%
Salaries growth ratio	+1%/(1%)	n/a	2-5%/(2-5%)
Employee turnover ratio	+1%/(1%)	n/a	-
Inflation ratio	+1%/(1%)	n/a	up to 2%/(1%)
Pensions indexation ratio	+1%/(1%)	n/a	3-4%/(2-3%)

28 PROVISIONS

Non-current provisions	30 June 2022	30 June 2021
Provision for land restoration	1,024	955
Dismantling provision	18	17
	1,042	**972**
Current provisions		
Provision on tax liabilities	-	-
	-	**-**

The Group liabilities, connected with environmental restoration, notably decommission of property, plant and equipment and land restoration under waste dumps. Estimation of liability bases on estimated prices of decommissions of property, plant and equipment and land restoration under waste dumps procedures. Discount rate used by the Group is 18%.

Management recognized provision for the payment of potential tax liabilities. However, if the tax authorities classify such transactions as subject to taxation and apply such classification to the companies of the Group, actual taxes and penalties may differ from the Management assessment

Changes in non-current provisions are presented as follows:

	Provision for land restoration	Dismantling provision	Total
30 June 2020	**2,337**	**392**	**2,729**
Disposal of subsidiaries	(1,347)	(400)	**(1,747)**
Revaluation of further costs	(87)	16	**(71)**
Unwinding of discount	39	2	**41**
Effect of currency translation	13	7	**20**
30 June 2021	**955**	**17**	**972**
Unwinding of discount	144	1	**145**
Effect of currency translation	(75)	-	**(75)**
30 June 2022	**1,024**	**18**	**1,042**

(all amounts in USD thousand, unless otherwise stated)

29 TRADE AND OTHER PAYABLES

	30 June 2022	30 June 2021
Trade payables	3,592	3,070
Payables for unused vacations	27	33
Payables for wages and salaries	969	940
Other payables	1,059	1,036
Advances received	51	145
	5,698	**5,224**

30 TRANSACTIONS WITH RELATED PARTIES

According to existing criteria of determination of related parties, the related parties of the Group are divided into the following categories:
- Entities - related parties under common control with the Companies of the Group;
- Entities - related parties, which have joint key management personnel with the Companies of the Group.

Ultimate controlling party is Mr. Vyshnevetskyy V.
The sales of finished goods, merchandises and rendering of the services to related parties are made at terms equivalent to those that prevail in arm's length transactions on market price basis. Provision of loans and operations with notes are made at terms different from the transactions with independent parties.
Transactions between related parties attributable to the second category are occasional and not significant, thus, they are not disclosed in these consolidated financial statements.

Details of transactions between entities - related parties under common control with the Companies of the Group are disclosed below:

	Year ended 30 June 2022	Year ended 30 June 2021
Income from sales of finished products, goods	-	660
Income from rendering of services	54	36
Purchases of inventories	-	(146)

Details of balances between entities - related parties under common control with the Companies of the Group are disclosed below:

	30 June 2022	30 June 2021
Held-to-maturity investments	152	152
Trade receivables	1	1,723
Allowances for trade receivables	(1)	(1,638)
Advances paid	19	1,201
Allowances for advances paid	(19)	(1,201)
Other receivables	1,236	1,837
Allowance for other receivables	(1,236)	(1,837)
Advances received	-	-
Other payables	298	330
Current notes issued	70	61
Trade payables	3	121

Remuneration of key management personnel

	Year ended 30 June 2022	Year ended 30 June 2021
Wages and salaries	26	32
Contribution to Pension Fund and other social taxes	-	2
	26	**34**
The average number of key management personnel, persons	**6**	**6**

For the years ended 30 June 2022 and 30 June 2021 there were no other benefits to key management personnel except above listed.

Remuneration of personnel

	Year ended 30 June 2022	Year ended 30 June 2021
Wages and salaries of operating personnel	106	2
Wages and salaries of administrative personnel	60	86
Wages and salaries of distribution personnel	-	-
Wages and salaries of idle capacity personnel	4	228
	170	**316**
The average number of employees, persons	**67**	**132**

(all amounts in USD thousand, unless otherwise stated)

31 FINANCIAL RISKS MANAGEMENT

Operating environment

The operations and earnings of the Group are affected by political, legislative, fiscal and regulatory developments. It is impossible to predict the nature and frequency of these developments and events associated with these risks as well as their effect on future operations and earnings of the Group.

Ukrainian tax legislation is characterized by frequent changes is subject to controversial interpretations. Tax authorities may be taking a more assertive position in their interpretation of the legislation and tax assessments. Such cases create a taxation risk exposure which considerably exceeds that of the countries with more advanced tax systems. Management believes that its interpretation of the relevant legislation as of 30 June 2022 is appropriate and all of the Croup's tax will be sustainable. Though, amount of VAT recoverable, as well as terms of such refunds substantially depends on the position of tax authorities.

The Group is continuing to be subject to reform initiatives in the Ukraine. The future direction and effects of any reforms are the subject of political considerations, which could have a significant but undeterminable, effect on entities operating in the Group.

Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign currency risk, interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management focuses on the unpredictability of financial markets and seeks to reduce potential adverse effects on the financial performance of the Group. Risks are managed centrally. This note presents information about Group's exposure of each type of risks, objectives of risk management, policy and procedures of assessment and management, as well as approaches to capital management. Additional qualitative and quantitative information are disclosed through overall consolidated financial statements.

Credit risk

Credit risk is a risk of financial loss to the Group, which results from failure of a buyer or a contractor under the financial instrument to fulfill its contractual obligations. Credit risk arises from cash and cash equivalents, deposits in banks as well as credit exposures to customers, including outstanding receivables.

Financial assets are subject to the credit risk of the Group. Management of the Group assesses the credit risk as for financial assets on the year basis considering counterparties financial position, credit reputation, background cooperation and other factors.

The Group recognizes allowance for receivables to secure trade and other receivables. The calculation of the allowance’s amount is based on individual assessment of the financial position of the contractor. Group’s Management performs monitoring of payback period. In case of delay in payment, its reasons are clarified, and the decision whether to implement a sanction or provide a short time delay of payment is made. It should be noted that the average delay period in payment for main debtors is 90 days.

Even though the current business environment may have influence on the customer`s ability to redeem their debts, management considers that recognized allowance for receivables is sufficient.

The maximum exposure to credit risk at the reporting date is represented by the carrying amount of each class of financial assets. Group estimates the concentration of risk in respect of the trade and other receivables as high.

Specific of the Group’s activity implies that trade receivables are composed of receivables due from wholesale customers.

Carrying amount of financial assets reflect maximum exposure credit risk is presented as follows:

	30 June 2022	30 June 2021
Trade receivables	1,978	320
Other receivables	-	-
Held-to-maturity investments	152	152
Loans issued	720	720
Cash and cash equivalents	3	3
	2,853	**1,195**

For general evaluation of potential customers Group judges’ ratings of companies based on public information (if any) from all available sources of information, as well previous experience of business partnership with counterparty is taken for evaluation purposes.
Apart from general evaluation made by management, there is an approval procedure which each potential customer must follow.
Customer reliability is evaluated and approved by following departments:

- department, which initiated cooperation with counterparty (usually Sales department or Purchase department);
- Financial department;
- Analytical department;
- Audit department;
- Legal department.

As a result of evaluation procedures, approval sheet is completed with signoffs and comments if any of all stated above departments.

After Management’s approval and clarifications of all responsible departments’ comments approval sheet is completed. Consequently, of asserted Approval sheet, department which initiated cooperation with the counterparty is entitled to sign an agreement.

(all amounts in USD thousand, unless otherwise stated)

31 FINANCIAL RISKS MANAGEMENT (continued)

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. Approach of the Group to the liquidity management lies in providing, as much as possible, permanent availability of the liquid funds, sufficient for the repayment of liabilities in time, not allowing losses and not exposing to risk of the Group.

Liquidity risk management implies maintaining the availability of funding through an adequate amount of committed credit facilities. Management analyses regularly terms of settlement of obligations and receipts from financial assets, monitors the expected cash flows from operating activities.

Market risk

Market risk is a risk that fair value of future cash flows from financial instrument will fluctuate as a result of changes in market prices. There are 3 types of market risk within the Group's activity:
- commodity price risk;
- foreign currency risk;
- interest rate risk.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expenses are denominated in a different currency from the Group's functional currency). Such transactions are carried out mainly in USD and rarely in EUR. The Group's exposure to foreign currency changes for all other currencies is not material.

	30 June 2022	Increase/decreases in exchange rate	Effect on profit before tax
Loans and borrowings	934	+20%	(187)
		-5%	47
Trade and other payables	461	+20%	(92)
		-5%	23
Total effect of changes in exchange rate		**+10%**	**(279)**
		-10%	**70**

	30 June 2021	Increase/decreases in exchange rate	Effect on profit before tax
Loans and borrowings	864	+10%	(86)
		-10%	86
Trade and other payables	362	+10%	(36)
		-10%	36
Total effect of changes in exchange rate		**+10%**	**(122)**
		-10%	**122**

Commodity price risk

Commodity price risk is the risk or uncertainty arising from possible movements in prices for mine and related products, and their impact on the Group's future performance and results of the Group's operations. A decline in the prices could result in a decrease in net income and cash flows. An extended period of low prices could precipitate a decrease in mining activities and ultimately impact the Group's ability to settle own contractual obligations.

Group regularly assesses the potential scenarios of future prices fluctuation in cost of sales components and its influence on operating and investment decisions. The risks of changes in the prices of raw materials and electricity are the most significant risks of the Group, as they are essential cost of sales components.

It should be taken into account that in the current economic situation, Management`s estimates may differ from the actual impact of price’s changes on the cost of finished goods and the financial position of the Group.

(all amounts in USD thousand, unless otherwise stated)

31 FINANCIAL RISKS MANAGEMENT (continued)

For the purpose of the commodity price risk assessment Management has used composite index that covers inflation rate, business environment and other factors. Composite index for 2022 financial year was estimated as 20%. Commodity price risk and its influence on main financial indicators for the year ended 30 June 2022 is presented below:

		Change of composite index	
	Current results	**+20%**	**-20%**
Revenue	2,291	2,749	1,833
Cost of sales	(2,106)	(2,527)	(1,685)
Gross profit	**185**	**222**	**148**
Administrative expenses	(129)	(129)	(129)
Selling expenses	-	-	-
Other operation expenses	302	302	302
Recovery/(impairment) of financial assets	(275)	(275)	(275)
Idle capacity expenses	(145)	(145)	(145)
Operating loss	**(62)**	**(25)**	**(99)**
Other non-operating expenses	29	29	29
Financial income	11	11	11
Financial costs	(170)	(170)	(170)
Profit before tax	**(192)**	**(155)**	**(229)**
Income tax	(503)	(503)	(503)
Net profit for the year	**(695)**	**(658)**	**(732)**
EBITDA/(loss)	**769**	**806**	**732**

Interest rate risk

The Group is not exposed to the effects of fluctuations in interest rates which may negatively affect the financial results of the Group because of absence of loans attracted with floating interest rates.

Financial instruments

Set out below is a comparison by category of carrying amounts and fair values of financial instruments:

	Carrying amount		Fair value	
	30 June 2022	**30 June 2021**	**30 June 2022**	**30 June 2021**
Financial assets				
Notes receivable	152	152	152	152
Loans issued	720	720	720	720
Trade and other receivables	1,978	320	1,978	320
Cash and cash equivalents	3	3	3	3
Financial liabilities				
Loans and borrowings	934	925	934	925
Trade and other payables	4,651	4,106	4,651	4,106

The following methods and assumption were used to estimate fair values:

Cash and deposits, trade receivables, trade payables approximate their carrying amounts largely due to the short-term maturities of these instruments. Receivables are evaluated by the Group based on individual creditworthiness. Based on this evaluation, allowances are taken to account for the expected losses of these receivables. As of each reporting date, the carrying amounts of such receivables, net of allowances, are not materially different from their calculated fair values. The fair value of unquoted instruments, loans from banks, long-term promissory notes issued, obligations under finance leases as well as other financial liabilities is estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities.

32 CONTINGENT ASSETS AND LIABILITIES

In 2021 the Group has been involved in legal processes regarding non-compliance with the lease agreement terms by CwAL LE "Mine St.Matrona Moskovskaya" due to overdue payables for salaries and related contributions.

33 OFF-BALANCE SHEET LIABILITIES

Subsidiaries of the Group were engaged in indemnity contracts and guarantee contracts to secure liabilities of third parties.

As of 31 June 2021, loan of LLC "Vugleenergozbut" and LLC "Vugleenergotrading" were guaranteed by the Group's property, plant and equipment amounted USD 143 thousand.

34 ESTABLISH OF SUBSIDIARIES

During the year ended 30 June 2021, the Group established new subsidiary – Perspective resources LLC for searching for new deposits of coking coal with registration of mining licenses as well as study of business opportunities, related to other minerals (ore and other minerals, mining and chemical raw materials, etc.) with the subsequent registration of licenses for the extraction and development of deposits.

35 SUBSEQUENT EVENTS

As of 22 December 2022, the Group had sold 79.92% of shares in Tekhinovatsiya LLC for consideration amounted USD 1,300 thousand and Tekhinovatsiya LLC has been disposed from the Group. Detailed description of the following disposal will be presented in the appropriate financial statements.

As of 31 January 2023, the Supreme Court completely rejected the legal claim to the Group, described in the Note 32.