



Annual Report for FY2024

COAL ENERGY S.A., ANNUAL REPORT FY2024

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COAL ENERGY S.A., ANNUAL REPORT FY2024

Dear Shareholders,

Herewith we are presenting our audited consolidated financial report for FY2024 and 4Q FY2024, ended 30th June 2024. This was the year of the successful realization of our new business strategy.

Transferring operational activities to the European Union, using the knowledge and competence of the management staff in the search for and extraction of minerals other than coal are the most important elements of the new strategy.

Coal mining business remained negatively affected by on-going war in Ukraine, and mining operational activities were ceased. Thus, for the second half of FY2024 operating and financial results of the Company represented by new business segment – providing mining services to coal mining companies in Poland.

Summarized highlights of the 4Q FY2023 and FY2024 are presented below:

- ❖ **Revenue from service activities amounted to US\$2,466 thousand for the FY2024 and US\$1,235 thousand for the 4Q FY2024** representing consistent growth q-o-q.
- ❖ **EBITDA.** For the FY2024 the Company recorded negative EBITDA of US\$559 thousand as compared to US\$440 thousand of negative EBITDA in the FY2023. For the 4Q FY2024 negative EBITDA amounted to US\$885 thousand representing a decline from the positive EBITDA of US\$256 thousand for the 3Q FY2024. This decrease was primarily driven by losses incurred from foreign exchange rate differences on operational transactions, along with impairments of financial assets.

Despite all challenges in 2024FY we have continued to adhere to our long-term strategic objectives. We remain committed to identifying and capitalizing on emerging opportunities to ensure sustainable growth and create value for our shareholders in the years ahead.

With best regards,

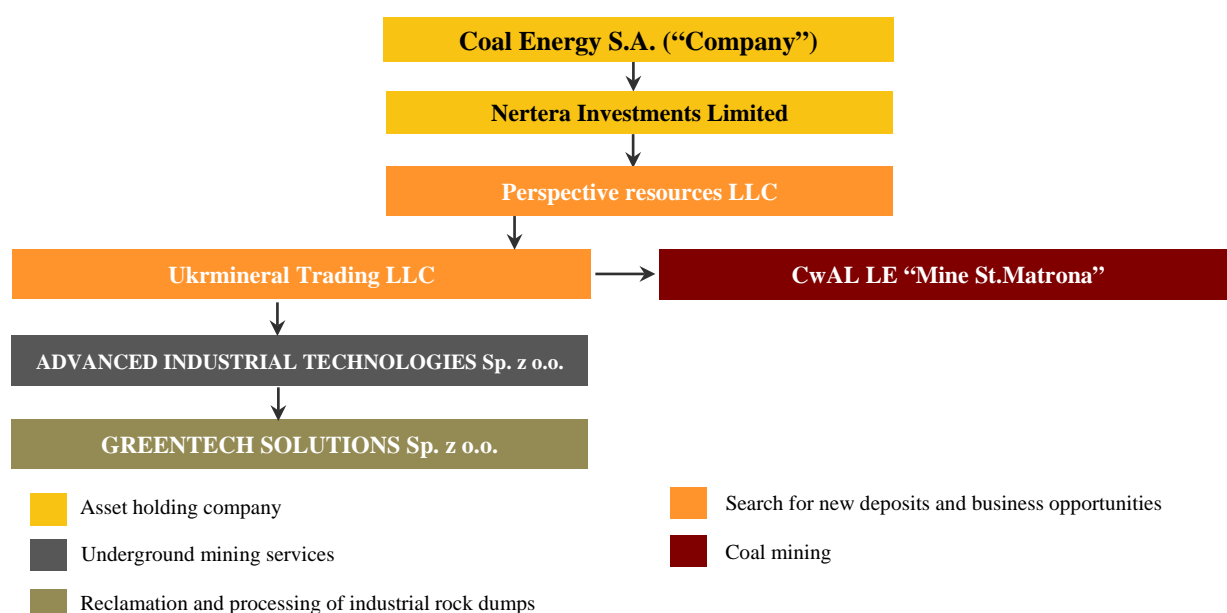
Viktor Vyshnevetsky

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 6 companies operating in the mining industry (as of the day of publication of this report). 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 in FY2024 was providing mining services to European companies. The war in Ukraine and the location of the Company's mine in the fighting area make it practically impossible for the Company to conduct mining and commercial activities. Therefore, in accordance with the decision adopted by the Management Board, the Company plans to use the intellectual potential and its employees to conduct business abroad.

In December 2023 the Company has signed an agreement on acquisition of 100% of shares of ADVANCED INDUSTRIAL TECHNOLOGIES Sp. z o.o. - company registered in Katowice, Poland. ADVANCED INDUSTRIAL TECHNOLOGIES Sp. z o.o. was established in 2018 and provides underground mining services to coal mines in Poland.

In January 2024 ADVANCED INDUSTRIAL TECHNOLOGIES Sp. z o.o. (Poland) jointly with DSB GROUP Sp. z o.o. have incorporated GREENTECH SOLUTIONS Sp. z o.o. in Poland. The authorized capital of the new Company is 100 000 PLN, each party holds 50% share. The main activity of the new company will be the reclamation and processing of industrial rock dumps and mine waste dumps, as well as the reclamation of lands disturbed by man-made activities.

Our markets (based on available statistical and media information)

Global Coal Demand and Trade Dynamics

In 2024, the global coal market continues to experience variability due to geopolitical tensions and shifting energy policies. According to the International Energy Agency (IEA), while coal demand remains strong due to ongoing energy security concerns, there is a visible trend toward stabilization as markets adjust to the new geopolitical landscape. Western countries' sanctions on Russian coal remain in effect, and alternative supply sources within the EU have become more prominent. The EU continues to diversify its energy mix, reducing reliance on coal, which aligns with broader decarbonization efforts.

Coal Mining in Ukraine

The Ukrainian coal industry persists under significant strain from war. However, production resilience is evident as the sector adapts to ongoing hostilities and logistic challenges. Despite war conditions, state-owned mines have sustained production improvements, assuring energy security via domestic supplies and strategic stockpiling.

Impact on Ukrainian Economy

Ukraine's economic landscape shows signs of gradual recovery. The National Bank of Ukraine projected GDP growth for 2024 at 3.7%, showcasing resilience amid adversity. Increased budget expenditures, an effective sea corridor for exports, and a high adaptability quotient within industries underpin this growth. Nevertheless, power outages and hostilities due to continued military actions challenged manufacturing and energy sectors.

Regional Service Operations in the EU

Poland remains one of the largest coal producers and consumers within the European Union, with significant domestic coal reserves, particularly for thermal coal used in power generation and industry. It is important to note that restrictions and policy measures primarily target energy coal as part of the EU's efforts to reduce greenhouse gas emissions and shift towards cleaner energy sources. In contrast, coking coal (metallurgical coal), which is vital for steel manufacturing, is included in the EU's list of critical raw materials, highlighting its strategic importance for the industrial sector.

The Polish government has committed to a just transition plan that balances energy security and decarbonization, aiming to gradually reduce coal dependence by 2040 while maintaining strategic reserves as an energy security measure. This transition opens opportunities for the ongoing modernization of coal mining operations, environmental upgrades, and infrastructure development, creating a demand for specialized mining and environmental services.

Looking Ahead

While the IEA indicates that global coal demand will soon peak, our strategic focus remains on adaptability and operational optimization. Real-cost inflation, heightened by geopolitical and market conditions, requires dynamic responses. Enhancing logistic capabilities and exploring new partnerships within the EU will be pivotal in 2024.

People

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In FY2024, the Group employed an average of 100 employees (weighted average headcount), reflecting a significant increase of 112.8% year-on-year. This growth aligns with the development of our new business segment, supported by expanding operational needs to serve our evolving business objectives and market opportunities.

| | FY 2024 | FY2023 |
|------------------------------------|------------|-----------|
| Mining | 75 | 4 |
| Support production | - | 30 |
| Administrative and sales personnel | 25 | 13 |
| Total | 100 | 47 |

Summary of payments to the Ukrainian authorities

The Company did not perform payments to authorities in FY2024.

| <i>in thousand of US\$</i> | FY2024 | FY2023 |
|-----------------------------------|--------------|----------|
| Social Insurance Funds employer | 344 | - |
| Social Insurance Funds individual | - | - |
| Concession fee | 99 | - |
| Income tax | - | 7 |
| Natural resources payment | 660 | - |
| VAT | - | - |
| Environmental tax payments | 137 | - |
| Total | 1,240 | 7 |

Financial overview

The Company's operations were adversely impacted by the ongoing full-scale hostilities and invasion by the Russian Federation during the first half of FY2024. However, in the second half of FY2024, positive influence from the development of our new business segment in Poland contributed to improved performance. The following table provides a summary of the Group's key indicators for FY2024 and FY2023 (all figures are rounded):

| <i>in thousands of US\$</i> | FY2024 | FY2023 | Relative change y-o-y |
|-----------------------------|---------|----------|-----------------------|
| Revenue | 2,466 | 760 | 224.5% |
| Gross profit | 788 | (136) | n/a |
| EBIT | (559) | (589) | n/a |
| EBITDA | (559) | (440) | n/a |
| Net loss/profit | (2,130) | (13,690) | n/a |

Revenue

For FY2024, total revenue amounted to US\$2,466 thousand, compared to US\$760 thousand in FY2023, representing a substantial year-on-year increase. This growth reflects the successful launch of our new business segment — mining services for coal mining companies in Europe. Additionally, in 4Q FY2024, revenue reached US\$1,235 thousand, confirming positive quarter-over-quarter dynamics.

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In the FY2024 the Company generated revenues **from service activities**:

| <i>in thousand of US\$, except percentages</i> | FY2024 | FY2023 | change in % |
|--|---------------|---------------|--------------------|
| Revenue | | | |
| Revenue received from sale of finished goods | - | 760 | (100.0%) |
| Service activity | 2,466 | - | n/a |
| Other activity | - | 4 | (100.0%) |
| Total revenue | 2,466 | 764 | 222.8% |

Services rendered are represented by mining works related to the reconstruction of existing third-party coal mines, installation of appropriate repair kits, works on strengthening of inclined planes, excavation of new lines and other mining works related to maintenance of coal mines.

Gross loss/profit

The Company recorded a gross profit of US\$788 thousand for FY2024, compared to a gross loss of US\$136 thousand in FY2023. The improvement was primarily driven by the successful launch of our new services segment, which contributed significantly to revenue and profitability. In 4Q FY2024, gross profit amounted to US\$362 thousand, slightly declining from US\$397 thousand in 3Q FY2024 quarter-over-quarter.

Operating profit/ loss

For the FY2024 the Company recorded operating loss of US\$559 thousand, as opposed to US\$589 thousand of loss for the FY2023 reflecting considerable foreign exchange losses and increased administrative expenses. For the 4Q FY2024 operating loss amounted to US\$885 thousand versus US\$256 thousand of profit for the 3Q FY2024 due to foreign exchange losses and impairment of financial assets.

Financial costs

For FY2024 financial costs composed US\$665 thousand decreasing y-o-y as opposed to US\$768 thousand for the FY2023 and represent expenses on restructuring loans.

Net loss / profit

The Company recorded a net loss of US\$2,130 thousand for FY2024, compared to a net loss of US\$13,690 thousand in FY2023. The significant reduction in net loss was primarily due to the discontinuation of its main operational activities in the first half of FY2024 amidst ongoing war circumstances. For Q4 FY2024, the Company reported a loss of US\$1,765 thousand, compared to US\$476 thousand in Q3 FY2024. The increase in losses for the quarter was mainly due to additional corporate income tax accruals related to one of the assets.

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. But the

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company's financial results will increasingly depend on the situation on the coal market in the countries where the company will operate. In general, European countries are taking steps to slowly move away from coal mining, but at the same time, more and more attention is being paid to the extraction of other minerals that may also be of interest to the Company.

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

The Company's main expenses are salaries and consumables. Due to the company's new strategy, which provides for the transfer of operations abroad, it is expected that there will be additional costs related to starting operations in new markets, acquiring new entities and acquiring customers.

The Company's activity may be impacted by limited banking financing of its project

The Company's operations and growth initiatives could be significantly impacted by constrained access to banking financing for its projects. Such limitations in financing could restrict the Company's ability to fully implement its planned investment program, which is critical for achieving the strategic targets and ensuring the long-term sustainability of its business activities.

To continue funding its development plans at the levels required, the Company will need to seek alternative sources of external finance. These may include a broader range of financial instruments and capital-raising opportunities available to publicly listed companies, such as issuing bonds, equity or debt offerings in the capital markets, private placements, or seeking financing through international financial institutions and development agencies.

The Company can mitigate this risk by exploring alternative external financing options and utilizing other financial instruments available to publicly listed companies, such as equity or debt offerings, bond issuance, or government grants, to secure the necessary capital.

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. 13/1834/2021 of the Exchange Supervisory Board dated 29 March 2021. 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.

| <i>RULE</i> | <i>STATUS IN THE COMPANY</i> |
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| 1. DISCLOSURE POLICY, INVESTOR COMMUNICATIONS | |
| 1.1. Companies maintain efficient | The Company's website is not identical with |

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| communications with capital market participants and provide fair information about matters that concern them. For that purpose, companies use diverse tools and forms of communication, including in particular the corporate website where they publish all information relevant for investors | 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. |
| 1.2. Companies make available their financial results compiled in periodic reports as soon as possible after the end of each reporting period; should that not be feasible for substantial reasons, companies publish at least preliminary financial estimates as soon as possible. | Complies |
| 1.3. Companies integrate ESG factors in their business strategy, including in particular: 1.3.1. environmental factors, including measures and risks relating to climate change and sustainable development. 1.3.2. social and employee factors, including among others actions taken and planned to ensure equal treatment of women and men, decent working conditions, respect for employees' rights, dialogue with local communities, customer relations. | Partially complies - The focus at this stage is on stabilizing the new business activities and ensuring sustainable growth, which temporarily limits the scope of ESG disclosures |
| 1.4. To ensure quality communications with stakeholders, as a part of the business strategy, companies publish on their website information concerning the framework of the strategy, measurable goals, including in particular long-term goals, planned activities and their status, defined by measures, both financial and non-financial. ESG information concerning the strategy should among others: 1.4.1. explain how the decision-making processes of the company and its group members integrate climate change, including the resulting risks; 1.4.2. present the equal pay index for employees, defined as the percentage difference between the average monthly pay (including bonuses, awards and other benefits) of women and men in the last year, and present information about actions taken to eliminate any pay gaps, including a presentation of related risks and the time horizon of the equality target. | The Company considers communication with stakeholders as an integral part of its business strategy and publicly discloses relevant information concerning its strategic framework, including long-term goals and updates on ongoing activities, both on its website and through the stock exchange (ESPI). This aligns with the requirements of the Code of Best Practice for Warsaw Stock Exchange-listed companies. However, the Company does not presently disclose ESG-related information, such as climate change risk management and gender pay gap analysis, in accordance with the outlined recommendations. This is due to the Company's ongoing strategic adjustments, as it has been compelled to relocate its operations from a conflict-affected area and is actively developing new business segments within European countries. The focus at this stage is on stabilizing the new business activities and ensuring sustainable growth, which temporarily limits the scope of ESG disclosures. |

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| 1.5. Companies disclose at least on an annual basis the amounts expensed by the company and its group in support of culture, sports, charities, the media, social organisations, trade unions, etc. If the company or its group pay such expenses in the reporting year, the disclosure presents a list of such expenses | Complies |
| 1.6. Companies participating in the WIG20, mWIG40 or sWIG80 index hold on a quarterly basis and other companies hold at least on an annual basis a meeting with investors to which they invite in particular shareholders, analysts, industry experts and the media. At such meetings, the management board of the company presents and comments on the strategy and its implementation, the financial results of the company and its group, and the key events impacting the business of the company and its group, their results and outlook. At such meetings, the management board | Does not comply, currently Company's ongoing strategic adjustments, as it has been compelled to relocate its operations from a conflict-affected area and is actively developing new business segments within European countries. Nonetheless the Company considers that such rule will be adopted in the future. |
| 1.7. If an investor requests any information about a company, the company replies immediately and in any case no later than within 14 days. | Complies |
| 2. MANAGEMENT BOARD, SUPERVISORY BOARD | |
| Companies should have in place a diversity policy applicable to the management board and the supervisory board, approved by the supervisory board and the general meeting, respectively. The diversity policy defines diversity goals and criteria, among others including gender, education, expertise, age, professional experience, and specifies the target dates and the monitoring systems for such goals. With regard to gender diversity of corporate bodies, the participation of the minority group in each body should be at least 30%. | The Company supports diversity including gender, education, expertise, age, professional experience, however currently the Company does not fully comply with this recommendation in terms of gender diversity. Board of Directors are appointed by the General Meeting of Shareholders and therefore the compliance with this recommendation depends on the shareholders' future decisions |
| 2.2. Decisions to elect members of the management board or the supervisory board of companies should ensure that the composition of those bodies is diverse by appointing persons ensuring diversity, among others in order to achieve the target minimum participation of the minority group of at least 30% according to the goals of the established diversity policy referred to in | 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 |

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| principle 2.1. | |
| 2.3. At least two members of the supervisory board meet the criteria of being independent referred to in the Act of 11 May 2017 on Auditors, Audit Firms and Public Supervision, and have no actual and material relations with any shareholder who holds at least 5% of the total vote in the company. | 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. |
| 2.4. The supervisory board and the management board vote in an open ballot unless otherwise required by law. | Complies with the reservation that according to the Luxembourg corporate law there is a single board structure in the Company. |
| 2.5. Members of the supervisory board and members of the management board who vote against a resolution may have their dissenting vote recorded in the minutes. | Complies with the reservation that according to the Luxembourg corporate law there is a single board structure in the Company. |
| 2.6. Functions on the management board of a company are the main area of the professional activity of management board members. Management board members should not engage in additional professional activities if the time devoted to such activities prevents their proper performance in the company. | Complies |
| 2.7. A company's management board members may sit on corporate bodies of companies other than members of its group subject to the approval of the supervisory board. | Complies with the reservation that according to the Luxembourg corporate law there is a single board structure in the Company. |
| 2.8. Supervisory board members should be able to devote the time necessary to perform their duties | Complies with the reservation that according to the Luxembourg corporate law there is a single board structure in the Company. |
| 2.9. The chair of the supervisory board should not combine this function with that of chair of the audit committee of the supervisory board. | Complies with the reservation that according to the Luxembourg corporate law there is a single board structure in the Company. |
| 2.10. Companies allocate administrative and financial resources necessary to ensure efficient functioning of the supervisory board in a manner adequate to their size and financial standing | Complies with the reservation that according to the Luxembourg corporate law there is a single board structure in the Company. |
| 2.11. In addition to its responsibilities laid down in the legislation, the supervisory board prepares and presents an annual report to the annual general meeting once per year. Such report includes at least the following: 2.11.1. information about the members of the supervisory board and its committees, | Not applicable. According to the Luxembourg corporate law there is a single board structure in the Company. |

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| <p>including indication of those supervisory board members who fulfil the criteria of being independent referred to in the Act of 11 May 2017 on Auditors, Audit Firms and Public Supervision and those supervisory board members who have no actual and material relations with any shareholder who holds at least 5% of the total vote in the company, and information about the members of the supervisory board in the context of diversity;</p> <p>2.11.2. summary of the activity of the supervisory board and its committees; 7</p> <p>2.11.3. assessment of the company's standing on a consolidated basis, including assessment of the internal control, risk management and compliance systems and the internal audit function, and information about measures taken by the supervisory board to perform such assessment; such assessment should cover all significant controls, in particular reporting and operational controls;</p> <p>2.11.4. assessment of the company's compliance with the corporate governance principles and the manner of compliance with the disclosure obligations concerning compliance with the corporate governance principles defined in the Exchange Rules and the regulations on current and periodic reports published by issuers of securities, and information about measures taken by the supervisory board to perform such assessment;</p> <p>2.11.5. assessment of the rationality of expenses referred to in principle 1.5;</p> <p>2.11.6. information regarding the degree of implementation of the diversity policy applicable to the management board and the supervisory board, including the achievement of goals referred to in principle 2.1.</p> | |
| <p>3. INTERNAL SYSTEMS AND FUNCTIONS</p> | |
| <p>3.1. Listed companies maintain efficient internal control, risk management and compliance systems and an efficient internal audit function adequate to the size of the company and the type and scale of its</p> | <p>Complies</p> |

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| activity; the management board is responsible for their functioning. | |
| 3.2. Companies' organisation includes units responsible for the tasks of individual systems and functions unless it is not reasonable due to the size of the company or the type of its activity. | Complies |
| 3.3. Companies participating in the WIG20, mWIG40 or sWIG80 index appoint an internal auditor to head the internal audit function in compliance with generally accepted international standards for the professional practice of internal auditing. In other companies which do not appoint an internal auditor who meets such requirements, the audit committee (or the supervisory board if it performs the functions of the audit committee) assesses on an annual basis whether such person should be appointed. | Not applicable |
| 3.4. The remuneration of persons responsible for risk and compliance management and of the head of internal audit should depend on the performance of delegated tasks rather than short-term results of the company. | Complies |
| 3.5. Persons responsible for risk and compliance management report directly to the president or other member of the management board. | Complies |
| 3.6. The head of internal audit reports organisationally to the president of the management board and functionally to the chair of the audit committee or the chair of the supervisory board if the supervisory board performs the functions of the audit committee | Complies |
| 3.7. Principles 3.4 to 3.6 apply also to members of the company's group which are material to its activity if they appoint persons to perform such tasks | Complies |
| 3.8. The person responsible for internal audit or the management board if such function is not performed separately in the company reports to the supervisory board at least once per year with their assessment of the efficiency of the systems and functions referred to in principle 3.1 and tables a relevant report | Complies with the reservation that according to the Luxembourg corporate law there is a single board structure in the Company |

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| <p>3.9. The supervisory board monitors the efficiency of the systems and functions referred to in principle 3.1 among others on the basis of reports provided periodically by the persons responsible for the functions and the company's management board and makes annual assessment of the efficiency of such systems and functions according to principle 2.11.3. Where the company has an audit committee, the audit committee monitors the efficiency of the systems and functions referred to in principle 3.1, which however does not release the supervisory board from the annual assessment of the efficiency of such systems and functions</p> | <p>Complies with the reservation that according to the Luxembourg corporate law there is a single board structure in the Company</p> |
| <p>3.10. Companies participating in the WIG20, mWIG40 or sWIG80 index have the internal audit function reviewed at least once every five years by an independent auditor appointed with the participation of the audit committee.</p> | <p>Not applicable</p> |
| <p style="text-align: center;">4. GENERAL MEETING, SHAREHOLDER RELATIONS</p> | |
| <p>4.1. Companies should enable their shareholders to participate in a general meeting by means of electronic communication (e-meeting) if justified by the expectations of shareholders notified to the company, provided that the company is in a position to provide the technical infrastructure necessary for such general meeting to proceed.</p> | <p>The Company has not implemented registration of General Meetings by means of electronic communication (e-meeting), nonetheless the Company does not exclude that such rule will be adopted in the future.</p> |
| <p>4.2. Companies set the place and date and the form of a general meeting so as to enable the participation of the highest possible number of shareholders. For that purpose, companies strive to ensure that the cancellation of a general meeting, change of its date or break in its proceedings take place only if justified and do not prevent or limit the exercising of the shareholders' rights to participate in the general meeting.</p> | <p>Complies</p> |
| <p>4.3. Companies provide a public real-life broadcast of the general meeting.</p> | <p>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</p> |

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| | <p>Company however supports its shareholders to exercise their voting rights by authorizing the proxies who are bound by instruction or a third party.</p> <p>The company does not preclude the possibility of providing shareholders with real-time bilateral communication during General Meetings in the future.</p> |
| 4.4. Presence of representatives of the media is allowed at general meetings. | Complies |
| 4.5. If the management board becomes aware a general meeting being convened pursuant to Article 399 § 2 – 4 of the Commercial Companies Code, the management board immediately takes steps which it is required to take in order to organise and conduct the general meeting. The foregoing applies also where a general meeting is convened under authority granted by the registration court according to Article 400 § 3 of the Commercial Companies Code. | <p>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.</p> <p>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.</p> |
| 4.6. To help shareholders participating in a general meeting to vote on resolutions with adequate understanding, draft resolutions of the general meeting concerning matters and decisions other than points of order should contain a justification, unless it follows 11 from documentation tabled to the general meeting. If a matter is put on the agenda of the general meeting at the request of a shareholder or shareholders, the management board requests presentation of the justification of the proposed resolution, unless previously presented by such shareholder or shareholders | Complies |
| 4.7. The supervisory board issues opinions on draft resolutions put by the management board on the agenda of the general meeting. | Complies with the reservation that according to the Luxembourg corporate law there is a single board structure in the Company. |
| 4.8. Draft resolutions of the general meeting on matters put on the agenda of the general meeting should be tabled by shareholders no later than three days before the general meeting | Complies |
| 4.9. If the general meeting is to appoint members of the supervisory board or members of the supervisory board for a new | Complies with the reservation that according to the Luxembourg corporate law there is a single board structure in the Company. |

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| <p>term of office:</p> <p>4.9.1. candidates for members of the supervisory board should be nominated with a notice necessary for shareholders present at the general meeting to make an informed decision and in any case no later than three days before the general meeting; the names of candidates and all related documents should be immediately published on the company's website;</p> <p>4.9.2. candidates for members of the supervisory board make a declaration concerning fulfilment of the requirements for members of the audit committee referred to in the Act of 11 May 2017 on Auditors, Audit Firms and Public Supervision and having actual and material relations with any shareholder who holds at least 5% of the total vote in the company.</p> | |
| <p>4.10. Any exercise of the rights of shareholders or the way in which they exercise their rights must not hinder the proper functioning of the governing bodies of the company</p> | Complies |
| <p>4.11. Members of the management board and members of the supervisory board participate in a general meeting, at the location of the meeting or via means of bilateral real-time electronic communication, as necessary to speak on matters discussed by the general meeting and answer questions asked at the general meeting. The management board presents to participants of an annual general meeting the financial results of the company and other relevant information, including non-financial information, contained in the financial statements to be approved by the general meeting. The management board presents key events of the last financial year, compares presented data with previous years, and presents the degree of implementation of the plans for the last year.</p> | Complies |
| <p>4.12. Resolutions of the general meeting concerning an issue of shares with subscription rights should specify the issue price or the mechanism of setting the price or authorise the competent body to set the price prior to the subscription right record</p> | Complies |

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| date within a timeframe necessary for investors to make decisions | |
| 4.13. Resolutions concerning a new issue of shares with the exclusion of subscription rights which grant pre-emptive rights for new issue shares to selected shareholders or other entities may pass subject at least to the following three criteria: a) the company has a rational, economically justified need to urgently raise capital or the share issue is related to rational, economically justified transactions, among others such as a merger with or the take-over of another company, or the shares are to be taken up under an incentive scheme established by the company; b) the persons granted the pre-emptive right are to be selected according to objective general criteria; c) the purchase price of the shares is in a rational relation with the current share price of the company or is to be determined in book-building on the market. | Complies |
| 4.14. Companies should strive to distribute their profits by paying out dividends. Companies may retain all their earnings subject to any of the following criteria: a) the earnings are minimal and consequently the dividend would be immaterial in relation to the value of the shares; b) the company reports uncovered losses from previous years and the earnings are used to reduce such losses; c) the company can demonstrate that investment of the earnings will generate tangible benefits for the shareholders; d) the company generates insufficient cash flows to pay out dividends; e) a dividend payment would substantially increase the risk to covenants under the company's binding credit facilities or terms of bond issue; f) retention of the company's earnings follows recommendations of the authority which supervises the company by virtue of its business activity. | Complies |
| 5. CONFLICT OF INTEREST, RELATED PARTY TRANSACTIONS | |
| 5.1. Members of the management board and members of the supervisory board notify the management board or the supervisory board, respectively, of any conflict of interest which has arisen or may arise, and refrain | Complies with the reservation that according to the Luxembourg corporate law there is a single board structure in the Company. |

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| from discussions on the issue which may give rise to such a conflict of interest in their case | |
| 5.2. Where a member of the management board or a member of the supervisory board concludes that a decision of the management board or the supervisory board, respectively, is in conflict with the interest of the company, he or she should request that the minutes of the management board or supervisory board meeting show his or her dissenting opinion | Complies with the reservation that according to the Luxembourg corporate law there is a single board structure in the Company. |
| 5.3. No shareholder should have preference over other shareholders in related party transactions. The foregoing also concerns transactions concluded by the company's shareholders with members of the company's group | Complies |
| 5.4. Companies may buy back their own shares only in a procedure which respects the rights of all shareholders. | Complies |
| 5.5. If a transaction concluded by a company with its related party requires the consent of the supervisory board, before giving its consent the supervisory board assesses whether to ask a prior opinion of a third party | Complies with the reservation that according to the Luxembourg corporate law there is a single board structure in the Company. |
| 5.6. If a related party transaction requires the consent of the general meeting, the supervisory board issues an opinion on the rationale of such transaction. In that case, the supervisory board assesses whether to ask a prior opinion of a third party referred to in principle 5.5. | Complies with the reservation that according to the Luxembourg corporate law there is a single board structure in the Company. |
| 5.7. If a decision concerning the company's significant transaction with a related party is made by the general meeting, the company should give all shareholders access to information necessary to assess the impact of the transaction on the interest of the company before the decision is made, including an opinion of the supervisory board referred to in principle 5.6. | Complies |
| 6. REMUNERATION | |
| 6.1. The remuneration of members of the management board and members of the supervisory board and key managers should | Complies |

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| be sufficient to attract, retain and motivate persons with skills necessary for proper management and supervision of the company. The level of remuneration should be adequate to the tasks and responsibilities delegated to individuals and their resulting accountability. | |
| 6.2. Incentive schemes should be constructed in a way necessary among others to tie the level of remuneration of members of the company's management board and key managers to the actual long-term standing of the company measured by its financial and non-financial results as well as long-term shareholder value creation, sustainable development and the company's stability. | Complies |
| 6.3. If companies' incentive schemes include a stock option programme for managers, the implementation of the stock option programme should depend on the beneficiaries' achievement, over a period of at least three years, of pre-defined, realistic financial and non-financial targets and sustainable development goals adequate to the company, and the share price or option exercise price for the beneficiaries cannot differ from the value of the shares at the time when such programme was approved. | Complies |
| 6.4. As the supervisory board performs its responsibilities on a continuous basis, the remuneration of supervisory board members cannot depend on the number of meetings held. The remuneration of members of committees, in particular the audit committee, should take into account additional workload on the committee. | Complies with the reservation that according to the Luxembourg corporate law there is a single board structure in the Company. |
| 6.5. The level of remuneration of supervisory board members should not depend on the company's short-term results | Complies with the reservation that according to the Luxembourg corporate law there is a single board structure in the Company. |

Board of Directors

The Company has a one-tier corporate governance structure and is administered and managed by the Board of Directors.

In FY2024 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 2024.

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| Name | Position/ Function | Class |
|----------------------|--|------------------|
| Viktor Vyshnevetsky | Chairman of the Board of directors, executive director | Class A director |
| Oleksandr Reznik | 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: 33 rue du Puits Roman, L-8070 Bertrange, Luxembourg.

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

The General Meeting of Shareholders has the powers conferred upon it by the Luxembourg act dated 10 August 1915 on commercial companies as amended.

In 2023 calendar year the Company had postponed the Annual General meeting in 2023 and held Extraordinary General Meeting of Shareholders subsequently on 31st July 2024.

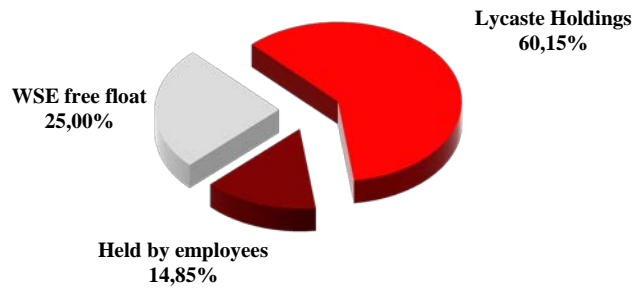
Equity and ownership structure of the parent company

As at the report's publication date and on the June 30, 2024, share capital of Coal Energy S.A. comprised 45,011,120 shares.

The following changes in the ownership structure occurred during FY2024:

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:

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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.