commodities
for the future

Interim report 2021

HMS BERGBAU AG
commodities for the future

Group Key Figures

BALANCE SHEET FIGURES	30/06/2021 EUR thousand	31/12/2020 EUR thousand
Total assets	74,261	70,973
Non-current assets	21,507	21,273
Current assets	51,115	47,967
Shareholders' equity	17,946	17,605
Provisions	9,726	9,769
Liabilities	46,589	43,598

INCOME STATEMENT FIGURES	30/06/2021 TEUR	30/06/2020 TEUR
Sales	164,914	129,531
EBITDA	944	552
Net profit*	381	121

**2021 net profit of EUR 867,676.03 excluding EUR 486,374.16 of pension provisions (30/06/2020: pension provisions of EUR 486,374.16)*

Financial Calendar

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

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Letter to Shareholders

LADIES AND GENTLEMEN

The first half of 2021 was characterised by a variety of regulatory measures and restrictions due to the corona pandemic, similar to what was experienced in the 2020 financial year. In contrast to 2020, when lockdowns and border closures had still led to negative economic trajectories, internationally successful vaccination campaigns and the prospect of the pandemic's relative manageability paved the way for a strong global economic recovery. Coupled with sharply higher government spending, the projections for economic growth were raised by both the IMF and OECD.

This positive market environment, which has seen rising demand for raw materials, has resulted in a steady recovery in the raw material markets since the middle of 2020. This recovery continued at an accelerated pace in the first eight months of the current 2021 financial year. The API-2 coal price index alone recorded an increase of more than 70 per cent per ton from the beginning of January to the end of August 2021. Thus the international energy commodity markets recorded the highest prices since the year 2008.

As an international commodity trader, we were able to take advantage of developments in the international markets over the past several months, which benefitted HMS Bergbau AG. As part of our internationalisation strategy, we traded not only coal but also other raw materials such as various ores (e.g. lithium and beryllium) or cement and fertilizers during the first eight months of the current financial year. At the same time, we succeeded in strengthening the trading business operated by HMS Bergbau AG in Asia and Africa, turning over more than 90 per cent of its traded volumes.

Overall, we are satisfied with the business performance in 2021. During the first six months of 2021, the Group's total turnover increased by 27.3 per cent over the same period in the prior year. In addition to the increase in sales from EUR 35.4 million to around EUR 164.9 million, which was driven by higher volumes and price increases, the earnings situation also improved. EBITDA amounted to around EUR 944 thousand in the first half of 2021, compared to EUR 552 thousand in the first half of 2020.

As part of our strategy of becoming a vertically integrated, international raw materials trading group, we acquired a 51 per cent interest in Maatla Resources (Pty.) Ltd, a project company in Botswana, in April 2021. In addition to deepening the value chain by mining its own raw material deposits amounting to 1.2 million tons of coal per year, HMS Bergbau AG also secured the global marketing rights.

We continued to advance the business and project development of the subsidiary Silesian Coal International Group of Companies S.A. Here we continue to target annual production of approximately 1.5 million tons of coking coal, which has been designated by the European Union since 2014 as a critical raw material. In addition, a bond totalling EUR 8 million was placed as part of a private placement. The proceeds from this placement are to be invested primarily in operating activities as well as in new and existing projects.

The HMS Bergbau AG Group will continue to operate in a sustainable and responsible manner in 2021. As in the previous year, the entire HMS Group offset its administrative and internal operating CO_2 emissions by investing in international climate protection projects. The Group's goal is to reduce greenhouse gases on a sustainable basis, which has earned HMS Bergbau AG certification as a CO_2-friendly company since 2020. In achieving this goal, HMS Bergbau AG takes the Paris Climate Agreement into account in conducting its operational activities and will also continue to make an active contribution to climate protection by supporting international climate protection projects.

The HMS Group believes it is well positioned with its global activities with on-site presence in a market with steadily increasing world energy consumption. China, Indonesia, and India will continue to be significant consumers of coal. Coal tends to provide flexible power production and supply for these developing countries and others. Without coal these countries would have lower levels of prosperity and economic growth.

Overall, the management of HMS Bergbau AG views the medium-term outlook as positive. Accordingly, the Group aims for higher earnings and sales volumes in the years ahead.

Berlin, September 2021

DENNIS SCHWINDT
Chief Executive Officer

JENS MOIR
Chief Financial Officer

DENNIS SCHWINDT
CHIEF EXECUTIVE OFFICER

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

JENS MOIR
CHIEF FINANCIAL OFFICER

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

Members of the Supervisory Board

HEINZ SCHERNIKAU
CHAIRMAN OF THE SUPERVISORY BOARD

DR. H. C. MICHAEL BÄRLEIN
DEPUTY CHAIRMAN OF THE SUPERVISORY BOARD

PATRICK BRANDL
MEMBER OF THE SUPERVISORY BOARD

Macroeconomic development

According to OECD analysts, the global economic outlook has steadily improved in 2021. The recovery of the national economies, on the other hand, greatly varies. The OECD argues that the effectiveness of vaccination campaigns and health policies have an especially strong influence on the economic development of individual countries. Korea and the United States, for example, have already returned to pre-pandemic per capita income levels after only about 18 months. This could only occur in some parts of Europe, as well as in Mexico and South Africa, after a period of 3-5 years. Nevertheless, the OECD, like the IMF, is once again raising its global economic outlook for 2021 and 2022.

The IMF revised its forecasts again with the publication of its global economic outlook at the end of July 2021. According to the IMF, global economic output will grow by 6.0 per cent year-on-year in 2021. In the following year, 2022, global economic output is expected to grow by 4.9 per cent. The USA and China are seen as the main growth drivers, not least due to their higher government spending. The IMF is now forecasting growth of 7.0 per cent for the USA and 8.1 per cent for China in 2021. The economic growth forecasts for 2022 are 4.9 per cent for the USA and 5.7 per cent for China. For the eurozone, IMF analysts foresee an improvement in economic output of 4.6 per cent in 2021 and 4.3 per cent in 2022.

The IMF's prediction for growth in Germany is 3.6 per cent for the current year, with a potential rise to 4.1 per cent in 2022.

Like the OECD, the IMF also sees the pandemic as today's greatest economic risk. Aggressive COVID mutations could burden the global economy for years to come. Even industrialised nations with higher rates of vaccination would not be able to return to normal as long as the pandemic in other countries was not being successfully mitigated to the same extent.

IMPACT OF THE COVID-19 PANDEMIC ON THE ENERGY MARKETS IN 2020

The impact of the COVID-19 pandemic on energy markets was dramatic. Both primary energy consumption and CO_2 emissions have recorded their highest rates of decline since World War II. Primary energy consumption, for example, decreased by 4.5 per cent in 2020. The main driver of the decline in energy consumption was oil, which accounted for nearly three-quarters of the total decline in energy demand. Natural gas and coal also experienced significant declines in demand. While oil consumption fell by 9.1 million barrels per day, or 9.3 per cent, natural gas consumption fell by 81 bcm (billion m3), or 2.3 per cent. Coal consumption fell by 6.2 exajoules (EJ), or 4.2 per cent. The largest declines were in the United States and India. China and Malaysia, who had increased their consumption by 0.5 EJ and 0.2 EJ, respectively, were notable exceptions.

HIGH ENERGY DEMAND EXPECTED IN 2021

Following the dramatic declines in 2020, a significant increase in demand in the energy sector is expected as a result of a significant global economic recovery. Accordingly, global energy demand is projected to increase by 4.6 per cent in 2021, more than offsetting the 2020 decline and driving demand 0.5 per cent above 2019 levels. Emerging and developing economies account for nearly 70 per cent of the projected global energy demand growth. Demand in these economies is expected to be 3.4 per cent higher than in 2019. Energy consumption in the advanced economies is expected to stagnate at around 3 per cent below pre-COVID levels, according to IEA experts.

Despite the positive economic outlook, global oil demand is expected to remain around 3 per cent below 2019 levels. This expectation is based on two key factors. The first is the expectation that oil consumption in road transport will not reach pre-COVID levels before the end of 2021. The second is that oil consumption by the aviation sector will still be about 20 per cent below 2019 levels, even at the end of 2021.

Coal demand, on the other hand, is projected to rise by around 4.5 per cent in 2021. More than 80 per cent of the growth in demand is expected to stem from Asia, and especially China. Coal demand in the United States and the European Union should also continue to recover but is still expected to remain well below pre-crisis levels. Due to the rapid increase in coal-fired power generation in Asia, that region's power sector is expected to fuel 80 per cent of the recovery in demand in 2021.

Driven by growing demand in Asia, the Middle East, and the Russian Federation, natural gas demand is projected to increase by about 3.2 per cent in 2021 –
more than 1 per cent above 2019 levels. Nearly three-quarters of the global growth in demand is projected to come from the industrial and building sectors. Electricity generation from natural gas, on the other hand, is expected to remain below the 2019 level.

Overall, however, electricity demand should increase by an estimated 4.5 per cent, or over 1,000 TWh, in 2021. Emerging and developing countries are expected to account for almost 80 per cent of the projected increase in demand in 2021. The People's Republic of China alone is expected to be responsible for half of the global growth, whereas the demand from advanced economies is projected to be below the level recorded in 2019.

Renewable energy demand increased by 3 per cent in 2020 and is projected to increase in 2021 by another 8 per cent, or 8,300 TWh, across all key sectors - electricity, heat, industry and transport. In terms of electricity generation, China is expected to generate over 900 TWh from photovoltaic and wind in 2021, the European Union around 580 TWh and the USA 550 TWh. Together, they would represent almost three quarters of the world's photovoltaic and wind power.

DEVELOPMENT OF THE HWWI ENERGY COMMODITY PRICE INDEX

The positive outlook in the battle against the coronavirus since autumn 2020 and the accompanying global economic recovery have had a significant impact on price developments on the international energy commodity markets since the third quarter of 2020.

The strong increase in global economic activity largely boosted demand for energy commodities. The HWWI energy commodities sub-index, for example, gained around 44.7 points, or 46.1 per cent, in the period from January (96.9 points) to June 2021. The coal and natural gas markets recorded particularly strong price increases, which continued after 30 June 2021. Crude oil prices rose again in July 2021, exceeding the previous month's level by 1.5 per cent. The price of Brent crude, the European reference grade, was USD 75 per barrel. The price of US reference grade WTI was just under USD 74 per barrel at the end of July 2021.

The markets for coal continued to record strong price increases in July 2021. While South African coal prices increased by an average of 8.7 per cent month-on-month, marking a new 10-year high, Australian coal prices increased by as much as 16.4 per cent on average in July2021. As a result, Australian coal prices in July 2021 averaged 179.3 per cent higher than in July 2020, approaching a 2008 all-time high for the first time. Coal prices in July 2021 were driven primarily by robust demand from China. According to the experts at the HWWI, the high demand for coal stemmed from drought-related outages in hydropower production, high global natural gas prices, and outages in coal production in Indonesia due to heavy rains.

RAW MATERIALS

Global economic performance recovered alongside the growing success in the fight against the pandemic, above all due to vaccination campaigns. The demand for raw materials improved and brought a corresponding increase in prices. While the price of Brent crude oil, the European reference grade, was still USD 51.3 per barrel on 1 January 2021, it stood at USD 73.02 at the end of 31 August 2021, which was around 42 per cent higher than the price level at the beginning of the year.

In response to the sharp rise in prices, OPEC+ decided in July 2021 to continuously increase oil supply starting in August. As a result, the production of the OPEC+ states is to be expanded by 400,000 barrels per day per month. This would virtually eliminate as of September 2022 the existing production cuts imposed by OPEC+ in the spring of 2020 to stabilise prices due to the corona pandemic.

The price of the fossil fuel coal has also been following the positive price development of the general commodity markets since the fourth quarter of 2020. According to the API-2 coal price index, the price per tonne of coal has increased steadily since the beginning of 2021. While the price per tonne was still quoted at just under USD 70 at the beginning of January 2021, it has risen rapidly throughout the course of 2021. At the end of September 2020, a tonne of coal was trading at over USD 170, which corresponds to a price increase of more than 70 per cent.

PRIMARY ENERGY CONSUMPTION

The increase in the global trade in goods and their steadily growing production, as well as uninterrupted population growth, have all led to a sharp rise in global energy consumption. In the last four decades alone, consumption has more than doubled. Not only has the absolute consumption of the respective energy sources changed but so has the energy mix, among other things due to an increase in renewable energies.

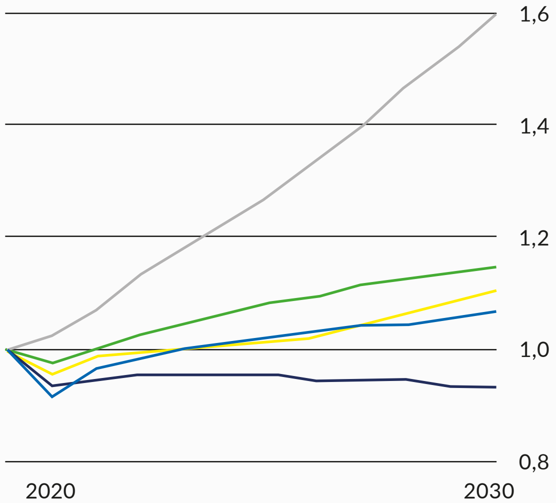
The IEA is forecasting a 19 per cent increase in global primary energy consumption by 2040 compared to the level in 2019, which is a significantly lower increase than the experts had calculated in the World Energy Outlook 2019. The focus of consumption continues to shift towards Asia. According to the study, the share of the EU-27 countries in global primary energy consumption will fall from 9.7 per cent in 2019 to 6.4 per cent in 2040. The decline in primary energy consumption in the EU, which is distributed across all conventional energy sources, will amount to 21 per cent in the period mentioned.

Around two-thirds of the increase in global primary energy consumption is targeted to be covered by renewable energies. Accordingly, renewable energies is expected to increase their share of global primary energy consumption from 14 per cent in 2019 to 22 per cent by 2040. The consumption curve for oil will flatten significantly, while natural gas consumption worldwide will increase by almost 30 per cent by 2040. Although absolute volumes in coal consumption are steadily increasing, coal‘s share of global primary energy consumption will decline from 26 per cent in 2019 to 19 per cent in 2040 but in absolute terms stay constant. Nevertheless, fossil fuels (oil, natural gas and coal) will continue to account for 73 per cent of global primary energy consumption in 2040, down from 81 per cent in 2019 while increasing in absolute terms, while nuclear energy‘s share is expected to increase by 23 per cent, maintaining a constant 5 per cent share of primary energy consumption.

The IEA experts foresee a sharp increase in world electrification. According to the report, global electricity generation is expected to grow by 49 per cent between 2019 and 2040, more than twice as fast as primary energy consumption. The difference in global electricity generation between 2019 and 2040 has a dimension equivalent to the sum of the electricity generation of the United States, China and India in 2019.

PRIMARY ENERGY CONSUMPTION WORLDWIDE BY ENERGY SOURCE

INDEXED TO 2019 LEVELS

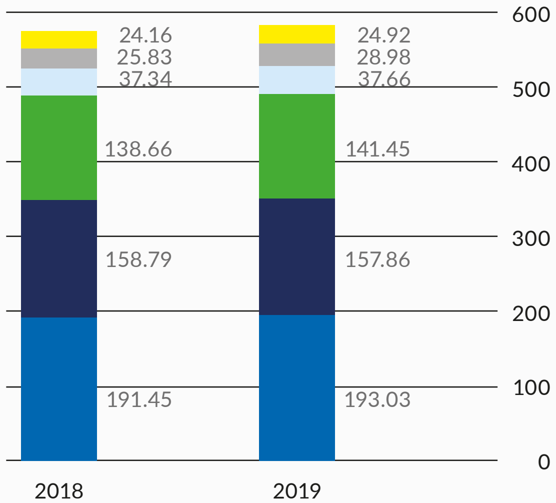


Coal | Oil | Natural gas
Renewable energy | Nuclear energy

Source: IEA 2020

PRIMARY ENERGY CONSUMPTION WORLDWIDE BY ENERGY SOURCE

EXAJOULE

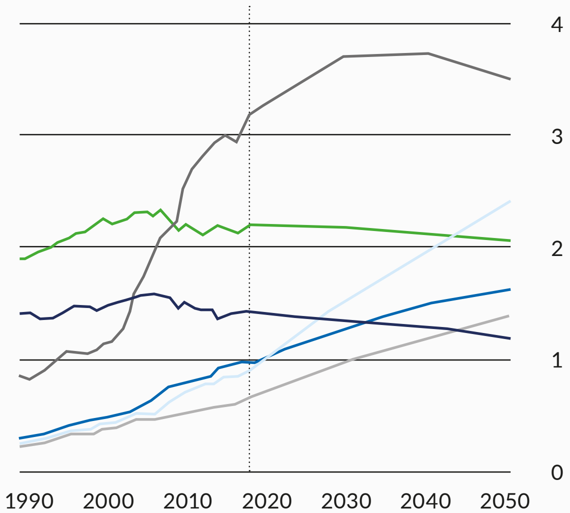


Oil | Coal | Natural gas | Hydropower
Renewable energy | Nuclear energy

Source: Statista 2021

PRIMARY ENERGY CONSUMPTION WORLDWIDE BY REGION

BILLION TONNES OF OIL EQUIVALENT

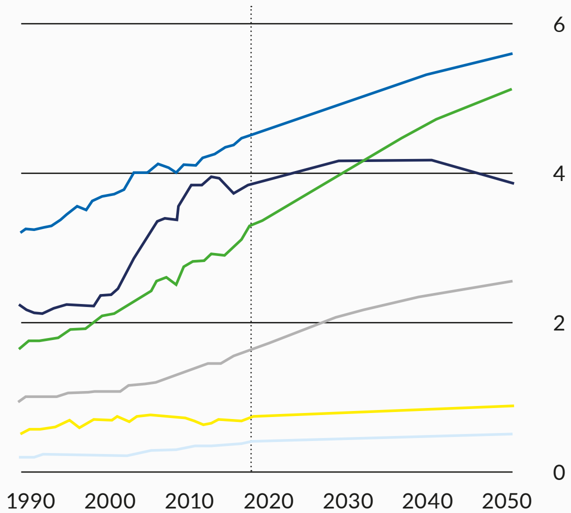


EU | China | India |
ASEAN | MENA | USA

Source: IEEJ 2021

PRIMARY ENERGY CONSUMPTION WORLDWIDE BY ENERGY SOURCE

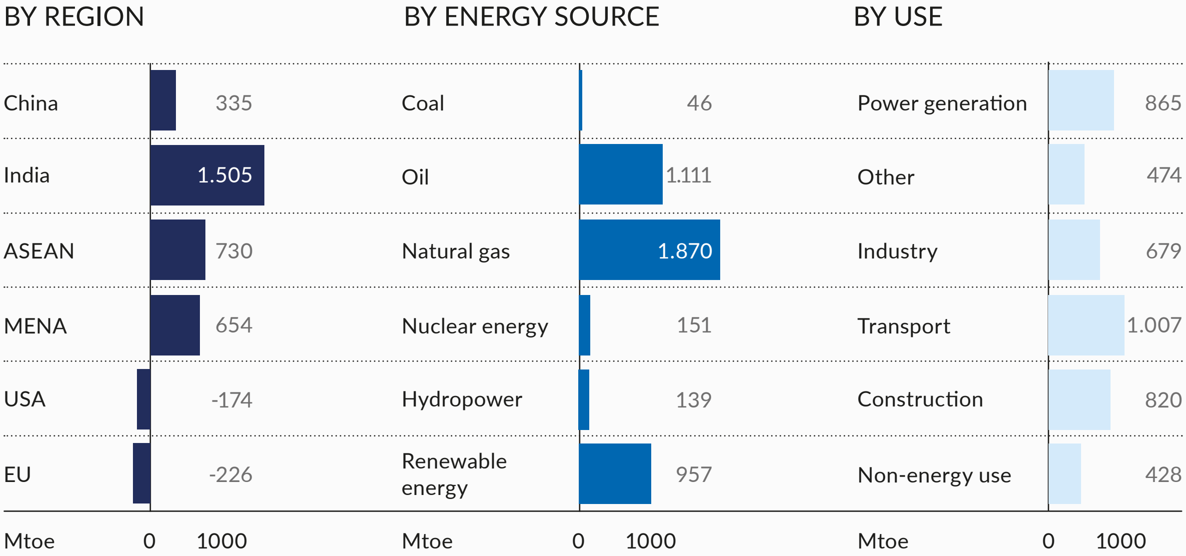
BILLION TONNES OF OIL EQUIVALENT



Oil | Coal | Natural gas | Hydropower
Renewable energy | Nuclear energy

Source: IEEJ 2021

CHANGE IN PRIMARY ENERGY CONSUMPTON (REFERENCE SCENARIO 2018-2050)



Source: IEEJ 2021

In the IEEJ Reference Scenario, global primary energy consumption is affected by Covid-19 in the short term and shows a decrease in 2020. In the long term, however, primary energy consumption is expected to increase by 1.3 times compared to 2018. As countries improve energy efficiency and reduce energy intensity, annual growth in energy consumption should fall by a full per cent from 1.8 per cent in 1990 to 2018 to 0.8 per cent in 2019 to 2050.

Emerging and developing countries remain drivers of the overall growth in global primary energy consumption. Their share of global primary energy consumption is anticipated to increase from 60.0 per cent in 2018 to 70.5 per cent in 2050.

The Asian countries of China, India and the ASEAN region will significantly increase their share of total energy consumption in emerging and developing countries from 36.0 per cent in 2018 to 42.4 per cent in 2050.

In the future, India and ASEAN countries are set to replace China as the main primary energy consumers in emerging and developing Asia. As primary energy consumption in China will decline in the second half of the 2040s, its consumption growth for the period 2018-2050 will be limited to 1.1 times. In contrast, India and ASEAN will increase their primary energy consumption by 2.6 times and 2.1 times, respectively. The reason will be the anticipated average GDP growth between 2018 and 2050, which is projected to be 5.6 per cent in India and 4.1 per cent in ASEAN, while China's GDP growth is set to slow to 4.0 per cent, with services being the dominant factor.

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

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

Fossil fuels (oil, natural gas and coal) will continue to play an essential role in satisfying global energy consumption. Among energy sources, natural gas will see the greatest growth in consumption in the period 2018 to 2050. Natural gas consumption will increase by 1.4 per cent annually – mainly to support the power generation sector. Oil will have the second-largest consumption growth, increasing at an annual rate of 0.7 per cent, primarily in the transport sector (including automobiles, aircraft and ships). Coal consumption is set to peak in the mid-2030s as the world tries to keep coal consumption low in the face of climate change. The share of fossil fuels in global energy consumption in 2050, although falling from 81.2 per cent in 2018, should still be 78.8 per cent. Globally, it will not be easy to meet the steadily increasing energy demand without fossil fuels.

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

DEVELOPMENT OF COAL ENERGY CONSUMPTION

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

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

Coal remains a cheap resource worldwide. The decline in coal demand in industrialised nations will be offset by increased demand in emerging economies such as China or India. While coal's share of primary energy sources will decrease from 27 per cent in 2018 to about 21 per cent in 2040, absolute consumption will continue to increase slightly due to rising energy demand.

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

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

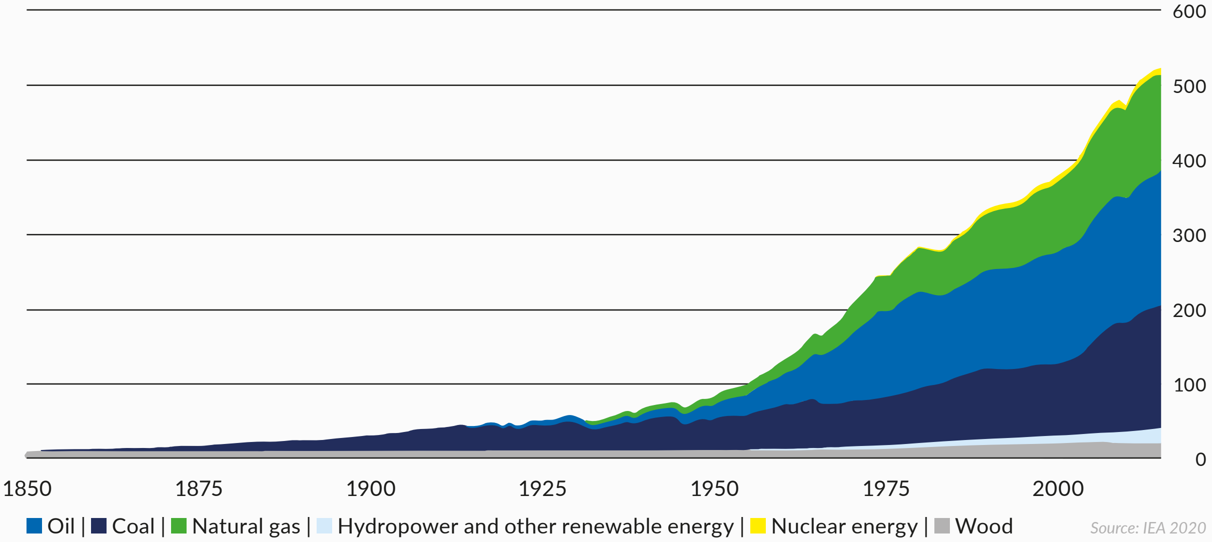
At the same time, the coal markets are expected to show a high degree of stability for the next five years, which, according to the International Energy Agency, is mainly due to robust growth in the most important Asian markets. The experts expect stable coal demand of around 7.4 billion tonnes per year.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

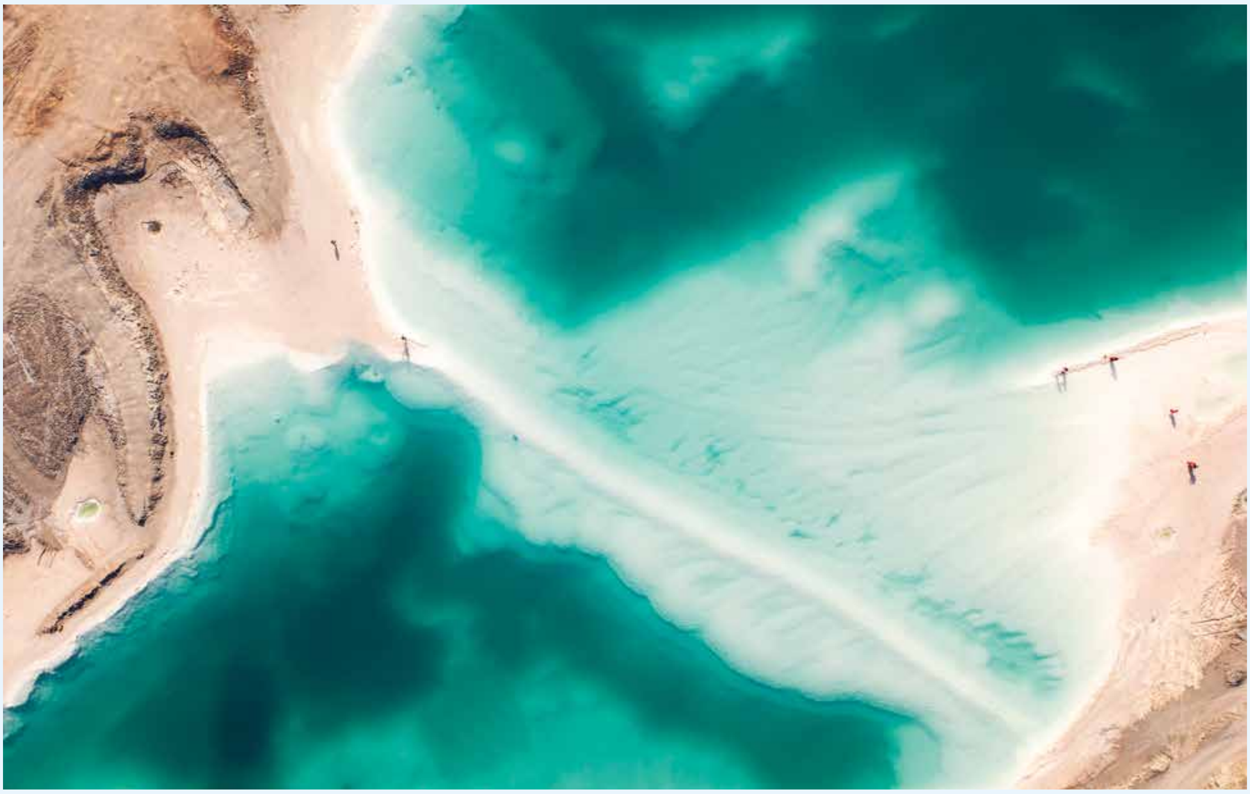
The country with the greatest increase will probably remain India, with an annual growth rate of 4.6 per cent. The IEA also classifies Indonesia, Vietnam, Malaysia, Pakistan and the Philippines as significant additional consumers. Asia's steady growth in demand has seen the region's share of global coal production rise from just over 20 per cent in 1990 to nearly 80 per cent in 2019. As in previous years, the report finds that countries in South and Southeast Asia – such as India, Indonesia and Vietnam – continue to rely on coal to fuel their economic growth, despite growing renewable energy. While natural gas and oil have traditionally been the primary sources of electricity supply in Pakistan, the country recently commissioned 4 gigawatts (GW) of coal-fired capacity, with at least another 4 GW expected to come online in the next few years. In Bangladesh, where natural gas has long provided most of the electricity supply, the share of coal will also increase in the years ahead based on the 10 GW of capacity in the pipeline.

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

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

PRIMARY ENERGY CONSUMPTION WORLDWIDE BY ENERGY SOURCE
EXAJOULES





Investor Relations

DEVELOPMENT OF THE CAPITAL MARKETS IN THE FIRST HALF OF 2021

Despite significant uncertainty at the start of the year as to the further course of the COVID-19 pandemic, particularly in connection with the spread of the so-called Delta variant, as well as related uncertainties surrounding global economic development, the mood on the stock markets in the first several months of the current 2021 financial year was clearly positive. This optimism was largely fuelled by the approval of COVID-19 vaccines and the prospect of an end to the pandemic. Contributing to the generally positive development of the stock markets was the continued expansive monetary policies of both the ECB and the Fed, as well as persistently high levels of economic aid and extensive economic stimulus packages. The upward trend in global capital markets did not slow down even in the face of renewed lockdowns in many countries in 2021 due to the sharp increase in COVID-19 infections and record levels of government debt and increased social spending to cushion the severe humanitarian and economic impact of the COVID-19 crisis.

Investors continued to focus on the steadily improving economic forecasts in the course of 2021. The OECD's outlook, which was revised again in May 2021, forecasts global GDP growth of 5.8 per cent for the current year and 4.4 per cent in 2022. These forecasts are based, among other things, on an anticipated upswing in the United States and China, both of which are being supported by government economic stimuli and seen by the OECD as the primary growth drivers.

The forecasts for economic development in the eurozone assume an increase in gross domestic product of 3.9 per cent in 2021, following a slump of 6.8 per cent in 2020. Significant GDP growth is also expected in Germany where the growth forecast for 2021 is 3.3 per cent and 4.4 per cent in 2022.

Although many countries – particularly those with relatively low vaccination rates, will need years to recover their pre-crisis GDP per capita, global economic activity has already returned to pre-crisis levels, according to the OECD.

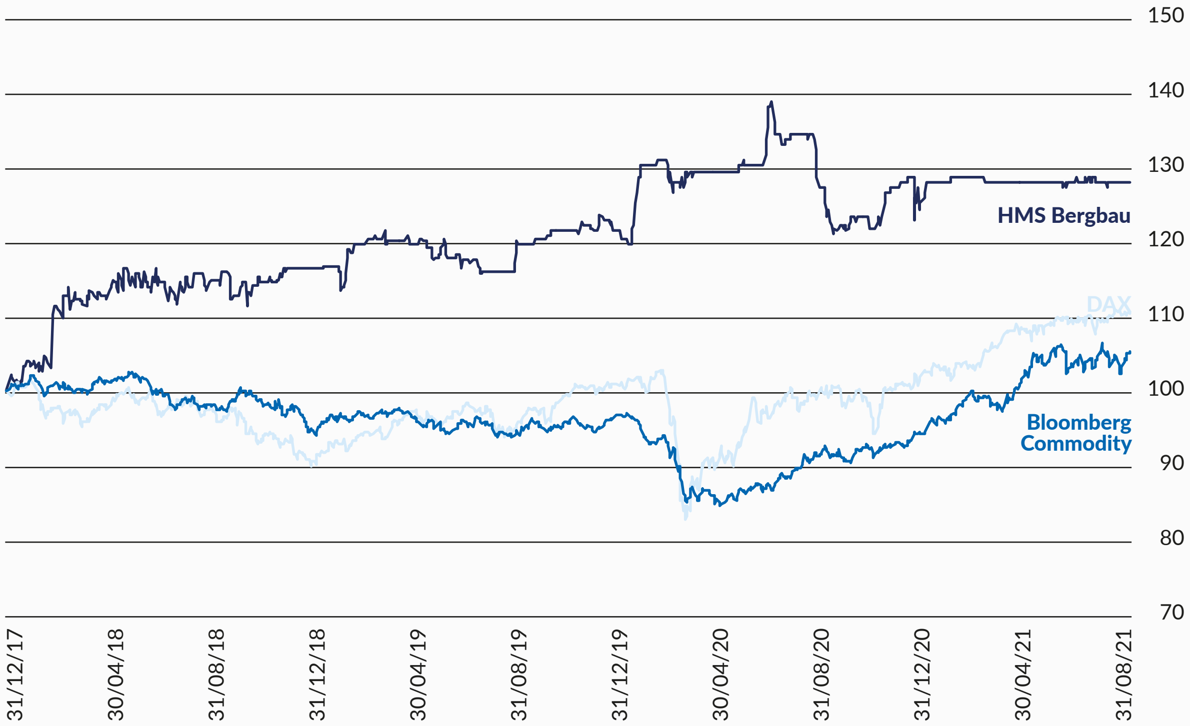
DEVELOPMENT OF THE STOCK MARKETS

The Dow Jones Index began the 2021 trading year at 30,606 points and trended steadily higher. Not even global pandemic-related lockdowns and inflationary tendencies were able to stop the US benchmark's positive performance until the end of August 2021. The Dow Jones closed at around 35,400 points on 31 August 2021, which amounted to a sharp gain of 12 per cent since the start of the year and near its all-time high.

The performance of the European stock exchanges was similar to that of the Dow Jones, with the EuroStoxx 50 also rising steadily over the course of the year. As at 31 August 2021, the EuroStoxx 50 had closed at 4,196 points – a remarkable 15.6 per cent higher than at the beginning of the year – and close to its all-time high.

The DAX, Germany's benchmark index, began the 2021 trading market year at 13,719 points and closed on 31 August at 15,837 points. A few days earlier, the DAX had marked a new high of 15,977 points. As at 31 August 2021, the index had increased roughly 13.2 per cent compared to the start of the year.

PERFORMANCE OF THE HMS SHARES VERSUS THE DAX AND BLOOMBERG COMMODITY INDICES FROM THE BEGINNING OF 2018 TO AUGUST 2021



Source: Finanzen.net, HMS Bergbau AG

PERFORMANCE OF THE HMS SHARE

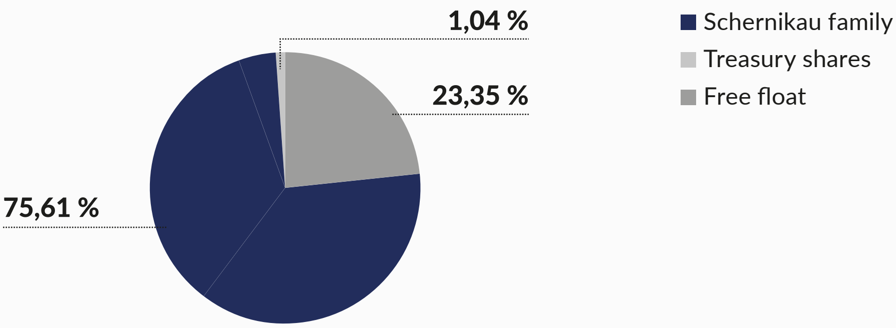
The HMS Bergbau AG share continued its solid performance in the reporting period. After starting the year at EUR 20.60, the share traded around 3.9 per cent higher on 30 June 2021, closing at EUR 21.40. In comparison to the DAX and the Bloomberg Commodity Index, the HMS Bergbau AG share showed relative weakness, mainly as a result of the recovery of the aforementioned indices, which had fallen sharply at the beginning of the pandemic.

The market capitalisation of HMS Bergbau AG amounted to EUR 94.6 million at the end of the 2020 trading year. At the beginning of 2021, the share price increased again and closed at EUR 21.40 at the end of June. Overall, the HMS Bergbau share continued the positive performance trend that it has sustained for years.

SHARE PRICE OF HMS BERGBAU AG 2017 TO JUNE 2021

Source: Deutsche Börse AG, HMS Bergbau AG

SHAREHOLDER STRUCTURE AS AT 30 JUNE 2021



Source: HMS Bergbau AG

As at 30 June 2021, the share capital of HMS Bergbau AG consisted of 4,590,588 shares with a nominal value of EUR 1.00 each, for a total of EUR 4,590,588.00. ERAG Energie und Rohstoff AG holds 36.98 per cent of the shares, and LaVo Verwaltungsgesellschaft mbH 34.28 per cent. The Schernikau family holds 4.36 per cent, and 1.05 per cent continues to be held as treasury shares by HMS Bergbau AG. A total of 23.34 per cent of the share capital is in free float.

ANNUAL GENERAL MEETING 2021

HMS Bergbau AG's Annual General Meeting was again held as a virtual annual general meeting on 26 August 2021 due to the pandemic. The agenda included the proposed resolutions on the appropriation of unappropriated retained earnings, the ratification of the actions of the Management Board and Supervisory Board and the election of the auditor. The agenda also included a resolution on increasing the remuneration of the Supervisory Board with a corresponding amendment to the Articles of Association as well as an amendment to the Articles of Association to provide for the broadcast of the Annual General Meeting. All agenda items received 100 per cent, or close to 100 per cent, approval of the votes cast by shareholders.

INVESTOR RELATIONS ACTIVITIES

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

KEY SHARE DATA AS AT 30 JUNE 2021

BASIC DATA

ISIN/WKN	DE0006061104/606110
Ticker symbol	HMU
Bloomberg symbol:	HMU GY
Reuters symbol	HMUG.DE
Market segment /Transparency level	Open Market / Basic Board
Designated sponsor/Listing partner	ODDO BHF Aktiengesellschaft
Investor relations	GFEI Aktiengesellschaft
Share capital	4,590,588.00 Euro
Number of shares	4,590,588
Free float	23.35 %

PERFORMANCE DATA

Share price as at 31 December 2020 (Xetra closing price)	EUR 20.60
Share price as at 30 June 2021 (Xetra closing price)	EUR 21.40
Market capitalisation as at 31 December 2020	EUR 94,566,113
Market capitalisation as at 30 June 2021	EUR 98,138,583

MANAGEMENT REPORT

OPERATIONAL OVERVIEW

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

In the first half of 2021, HMS Bergbau AG continued its strategy of expanding its business activities to include other raw materials such as various ores (e.g. lithium and beryllium), cement, fertilizers, clinker and phosphates and is increasingly developing into a diversified, international raw materials trading group. The focus of its activities however remains the coal business. HMS Bergbau AG has spent decades building up its widely recognised expertise throughout the entire value chain, from mining and logistics to customer deliveries. A total of 90 per cent of the coal traded by HMS Bergbau AG is used in industrial applications. The main users are steel and cement producers, followed by customers in the areas of glassworks, paper mills and waste processing plants, among others. Our customer base consists of private and state-owned companies from Asia, Europe, the Middle East and Africa. Only about 10 per cent of HMS's coal trading volumes are used to generate electricity in power plants.

VERTICAL INTEGRATION

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

HORIZONTAL INTEGRATION

The expansion of global trading to include other raw materials is to be another important pillar of HMS Bergbau AG in the medium term. The constantly growing demand for a wide variety of raw materials from existing and potential new customers is to be offered and covered via the HMS Bergbau structures. New markets, especially in the USA, Asia, Africa and the Middle East, are more in focus than ever.

The existing network and know-how built up over the years, as well as the proven transport capabilities, are not only used for the Company's coal activities but also increasingly for other raw materials and products such as various ores, metals, cement products, and petcoke. This strategy offers the advantage of higher utilisation of existing capacities while offering attractive opportunities to diversify risk and increase gross margins.

The share of deliveries to non-power plant customers is also steadily increasing. In 2020, more than 90 per cent of deliveries were made to industries in which coal or its ashes are used as materials and can therefore be substituted to only a limited extent. The steel and cement industries are of overriding importance to the customer portfolio.

RESPONSIBILITY OF HMS BERGBAU AG – SUSTAINABLE ACTION

CO_2 compensation for own activities

HMS Bergbau AG had its operating activities certified as climate-friendly in September 2020. For this purpose, independent analysts determined the CO_2 footprint of the HMS Group as well as the CO_2 balance of all locations. The CO_2 emissions determined with this approach, which considered factors such as energy and water consumption, travel expenses, the company's own transport of goods, and the commuting habits of the approximately 40 employees, have been compensated annually as of the past financial year. To achieve compensation, shares are acquired in international climate protection projects that are designated in accordance with gold standards and aim to sustainably reduce greenhouse gases while supporting the climate goals of the UN at the same time.

GROUP STRUCTURE

The HMS Bergbau Group has established an international network of long-term business partners and consistently pursues its philosophy of building long-term and profitable business relationships with international producers and consumers. The Group's internationality is also a result of its subsidiaries HMS Bergbau Africa (Pty) Ltd., HMS Bergbau Singapore Pte Ltd., PT. HMS Bergbau Indonesia and HMS Bergbau USA Corp. The Group structure of HMS Mining Group and its major investments as at 30 June 2021 are presented below.

CORPORATE STRUCTURE AS AT 30 JUNE 2021

Share	Company	Location
	HMS BERGBAU AG commodities for the future	Berlin, Germany
100 %	HMS BERGBAU SINGAPORE commodities for the future	Singapore
100 %	HMS BERGBAU INDONESIA commodities for the future	Jakarta, Indonesia
100 %	HMS BERGBAU AFRICA commodities for the future	Johannesburg, South Africa
100 %	HMS BERGBAU USA commodities for the future	Miami, USA
55,85 %	HMS SILESIAN COAL commodities for the future	Katowice, Poland

Source: HMS Bergbau AG

GROUP RESULTS OF OPERATIONS

The **results of operations** of the HMS Group for the first half of 2021 compared to the same period of 2020 are as follows:

	30/06/2021 EUR thousand	%	30/06/2020 EUR thousand	%	Change EUR thousand	%
TOTAL PERFORMANCE	**164,914**	**100**	**129,531**	**100**	**35,383**	**27**
Cost of materials	160,647	97	125,807	97	34,840	28
Personnel costs	1,128	1	1,166	1	-38	-3
Depreciation and amortisation	191	0	40	0	151	> 100.0
Other operating expenses						
,/, other operating earnings	2,084	1	1,894	2	190	10
Taxes (excluding income taxes)	2	0	2	0	0	0
TAX EXPENSES	**164,052**	**100**	**128,909**	**100**	**35,143**	**27**
OPERATING RESULT	**862**	**1**	**622**	**1**	**240**	**39**
Earnings from investment and financial result	-305		-342		37	11
Sale of shares	0		0		0	
Allocation to pension provisions (1/15 of allocation under German Accounting Law Modernisation Act [BilMoG])	-111		-111		0	0
EARNINGS BEFORE INCOME TAXES	**446**		**169**		**277**	**> 100**
Extraordinary expense	0		0		0	
Income taxes	-65		-48		-17	-35
NET PROFIT*	**381**		**121**		**260**	**> 100**

**2021 net profit of EUR 867,676.03 excluding EUR 486,374.16 of pension provisions (30/06/2020: pension provisions of EUR 486,374.16)*

The results of operations of the HMS Group were stronger in the first half of 2021 than in the same prior-year period. Rising raw material prices were the main contributor to the sales increase of roughly 27 per cent. As a result, the HMS Mining Group's sales rose 27.3 per cent from EUR 129.5 million to EUR 164.9 million in the reporting period. The cost of materials amounted to EUR 160.6 million in the reporting period (cost of materials ratio: 97.4 per cent), compared to EUR 125.8 million (ratio: 97.1 per cent) in the first half of 2020. Despite the significant increase in trading volumes, personnel costs declined slightly to EUR 1,128 thousand in the first six months of the current 2021 financial year, compared to EUR 1,166 thousand in the same period of the previous year. As at 30 June 2021, the HMS Group generated a positive net profit of EUR 381 thousand, compared to EUR 121 thousand in the first half of 2020.

GROUP NET ASSETS

The **net assets** of the HMS Group as at 30 June 2021 compared to 31 December 2020 are summarised as follows:

	30/06/2021 EUR thousand	%	31/12/2020 EUR thousand	%	Change EUR thousand	%
ASSETS						
Non-current assets	21,507	29	21,273	30	234	1
Inventories	0	0	0	0	0	
Receivables	34,782	47	38,576	54	-3,794	-10
Cash and cash equivalents	15,066	20	6,211	9	8,855	> 100.0
Other assets	2,906	4	4,913	7	-2,007	-41
	74,261	**100**	**70,973**	**100**	**3,288**	**5**
CAPITAL						
Shareholders' equity	18,360	25	18,011	25	349	2
Own shares	-414	-1	-405	-1	-9	2
Non-current liabilities	16,660	22	8,954	13	7,706	86
Current liabilities	39,655	53	44,414	63	-4,759	-11
	74,261	**100**	**70,973**	**100**	**3,288**	**5**

The total assets of HMS Bergbau AG amounted to EUR 74.3 million as at the 30 June 2021 reporting date, which was approximately EUR 3.3 million higher than the amount as at 31 December 2020 (EUR 71.0 million).

Non-current assets amounted to EUR 21.5 million as at 30 June 2021 (31 December 2020: EUR 21.3 million). The current assets of the HMS Group increased slightly to EUR 52.8 million as at the 30 June 2021 reporting date (31 December 2020: EUR 49.7 million). This was due to several factors, including a reduction in receivables of around EUR 3.8 million and a decline in other assets of roughly EUR 2.0 million. Cash and cash equivalents, in contrast, increased by EUR 8.9 million as a result of a bond issue to EUR 15.1 million as at 30 June 2021, compared to EUR 6.2 million as at 31 December 2020.

On the liabilities side, equity remained almost unchanged at EUR 17.9 million as at 30 June 2021 (31 December 2020: EUR 17.6 million). The equity ratio decreased slightly from 25.4 per cent to 24.7 per cent as at the reporting date. There was also a significant change in current liabilities, which declined by EUR 4.8 million to EUR 39.7 million (31 December 2020: EUR 44.4 million). In addition, non-current liabilities increased by around EUR 7.7 million, resulting from the placement of a bond.

All other balance sheet items underwent only slight changes due to reporting date-related postings, which were largely annually recurring effects.

EVENTS AFTER THE BALANCE SHEET DATE

There were no significant events after the balance sheet date.

Financial statement as of 30 June 2021

PROVISIONAL BALANCE SHEET (UNAUDITED / COMMERCIALLY ROUNDED)

ASSETS

		EUR	30/06/2021 EUR	31/12/2020 EUR
A,	**NON-CURRENT ASSETS**			
I,	**Intangible assets**			
	1, Licences, industrial property rights, similar rights and values and licences in such rights and values	366		1,364
	2, Company value	2,824,099		2,975,997
			2,824,465	**2,977,361**
II,	**Fixed assets**			
	1, Other equipment, office and factory equipment	46,485		41,687
	2, Plant and Machinery	271,410		284,358
	3, Advance payments and assets under construction	7,422,703		7,070,460
			7,740,597	**7,396,505**
III,	**Financial assets**			
	1, Shares in associated companies	141,284		137,309
	2, Other loans receivable	10,800,948		10,762,185
			10,942,232	**10,899,494**
			21,507,294	**21,273,361**
B,	**CURRENT ASSETS**			
I,	**Inventories**			
	1, Products		0	0
II,	**Receivable and other assets**			
	1, Trade receivables	34,782,112		38,575,913
	2, Receivables from associates	136,622		126,863
	3, Other assets	1,129,865		3,052,543
			36,048,600	**41,755,320**
II,	**Cash and cash equivalents**		15,066,370	6,211,430
			51,114,969	**47,966,750**
C,	**ACCRUALS AND DEFERRALS**		**88,501**	**182,571**
D,	**DEFERRED TAX ASSETS**		**1,550,650**	**1,550,650**
			74,261,413	**70,973,332**

SHAREHOLDERS‘ EQUITY AND LIABILITIES

		EUR	30/06/2021 EUR	31/12/2020 EUR
A.	**SHAREHOLDERS‘ EQUITY**			
I.	**Subscribed equity**	**4,542,270**		**4,542,820**
II.	**Capital reserve**	**9,674,107**		**9,657,480**
			14,216,377	**14,200,300**
III.	**Profit reserves**			
	1. Statutory reserve	5,113		5,113
	2. Other profit reserves	273,158		273,158
			278,271	**278,271**
IV.	**Contributions made for implementing resolution to increase capital**		0	0
V.	**Consolidated net profit/loss**	1,948,937		1,568,984
VI.	**Exchange differences**	-1,226,731		-1,170,135
VII.	**Minority interests on shareholders‘ equity**	2,729,641		2,728,292
			3,451,847	**3,127,141**
			17,946,495	**17,605,712**
B.	**DIFFERENCE AMOUNT OF CAPITAL CONSOLIDATION**		**0**	**0**
C.	**PROVISIONS**			
	1. Pension provisions and similar obligations	8,659,978		8,293,603
	2. Tax provisions	860,358		1,224,038
	3. Other provisions	206,057		251,611
			9,726,393	**9,769,252**
D.	**LIABILITIES**			
	1. Liabilities Bonds (convertible)	8,000,000		0
	2. Liabilities to banks	10,564,665		5,880,054
	3. Prepayments received on orders	80,637		785,506
	4. Trade payables	25,672,995		34,824,891
	5. Liabilities to Shareholder	1,066,294		1,690,049
	6. Other liabilities	1,203,934		417,868
			46,588,525	**43,598,367**
E.	**ACCRUALS AND DEFERRALS**		**0**	**0**
			74,261,413	**70,973,332**

Financial statement as of 30 June 2021

PROVISIONAL INCOME STATEMENT (UNAUDITED / COMMERCIALLY ROUNDED)

	30/06/2021 EUR	30/06/2020 EUR
1. Sales	**164,914,384**	**129,530,732**
2. Other operating earnings	37,979	28,432
	164,952,363	**129,559,164**
3. Cost of materials		
Costs for raw materials and supplies and for goods	-160,646,667	-125,806,844
Costs for services purchased	0	0
	-160,646,667	**-125,806,844**
4. Personnel costs		
a) Wages and salaries	-957,527	-1,084,075
b) Social security costs and pension support costs	-170,784	-82,214
	-1,128,311	**-1,166,289**
5. Amortisation		
Amortisation of intangible assets and fixed assets	-190,969	-39,972
6. Other operating expenses	-2,233,360	-2,033,658
7. Other interest and similar earnings	227,295	186,981
8. Depreciation of financial assets and securities held as current assets	0	0
9. Interest and similar expenses	-531,667	-528,918
10. EARNINGS FROM ORDINARY ACTIVITIES	**448,684**	**170,463**
11. Income taxes	-65,067	-47,888
12. Other taxes	-2,315	-1,821
13. NET PROFIT FOR THE PERIOD	**381,302**	**120,755**
Earnings Before Interest, Taxes, Depreciation and Amortisation (EBITDA)	944,025	552,373

**2021 net profit of EUR 867,676.03 excluding EUR 486,374.16 of pension provisions (30/06/2020: pension provisions of EUR 486,374.16)*

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