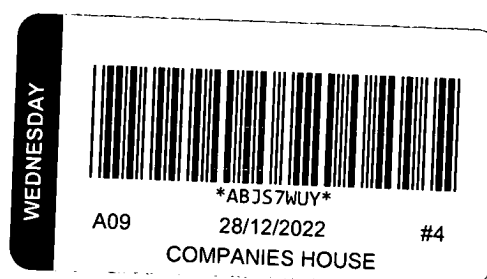


Arch Coal Europe Limited

**Annual report and financial statements
for the year ended 31 December 2021**



Arch Coal Europe Limited

Company information

Directors	J Drexler M Giljum R Klein P Lang B Top
Company secretary	R Klein
Registered number	07741004
Registered office	Bryan Cave Leighton Paisner LLP Governor's House 5 Laurence Pountney Hill London EC4R 0BR
Independent auditor	Ernst & Young LLP Statutory Auditor 1 More London Place London SE1 2AF

Arch Coal Europe Limited

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Arch Coal Europe Limited

Directors' report for the year ended 31 December 2021

The directors present their report and the audited financial statements of the company for the year ended 31 December 2021.

Principal activity

The principal activity of the company is to act as a service company to the Arch Resources, Inc., group.

Results and dividends

The profit for the year, after taxation, amounted to \$17,000 (2020: \$31,000).

The directors do not recommend the payment of a dividend (2020: \$Nil).

Going concern

The company acts as a service company to the Arch Resources, Inc. group. The directors have assessed working capital requirements for future periods and consider that the company has adequate resources to meet existing and future obligations as they fall due for a period to 31 December 2023 from the date of approval of the financial statements, being the going concern period.

As at 31 December 2021 the company was in a net current assets position of \$148,000 and held a cash balance of \$300,000 and as of 30 November 2022 the company's available cash amounted to \$320,000. As the company operates by providing services to Arch Resources, Inc., the parent company, any operating expenses incurred are monthly re-charged and recovered by way of funds received from the parent company. The company manages receipt of funds on a timely basis and keeps enough cash available to cover for any unexpected expenses. The directors are confident they will be able to maintain liquidity and continue as a going concern for a period to 31 December 2023 from the date of approval of the financial statements.

Directors

The directors who served during the year and up to the date of signing the financial statements, unless otherwise noted, are given below:

J Drexler
M Giljum
R Klein
P Lang
B Top (appointed 2 June 2021)
D Vanderkraats (resigned 1 March 2021)

Qualifying third party indemnity provisions

A qualifying third party indemnity provision as defined in Section 232(2) of the Companies Act 2006 is in force for the benefit of the directors in respect of liabilities incurred as a result of their office, to the extent permitted by law. In respect of those liabilities for which directors may not be indemnified, a directors' and officers' liability insurance policy was maintained by Arch Resources, Inc.

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Arch Coal Europe Limited

Directors' report (continued) for the year ended 31 December 2021

Auditors


The auditors, Ernst & Young LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

Small company exemption

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

The directors have also taken advantage of the small companies exemptions provided by section 414B of the Companies Act 2006 and not prepared a strategic report.

This report was approved by the board on *21 December 2022* 2022 and signed on its behalf by:



**J Drexler
Director**

Arch Coal Europe Limited

Directors' responsibilities statement for the year ended 31 December 2021

The directors are responsible for preparing the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" Section 1A, and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102 Section 1A, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 2006.

Independent auditor's report to the members of Arch Coal Europe Limited

Opinion

We have audited the financial statements of Arch Coal Europe Limited for the year ended 31 December 2021 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of changes in equity and the related notes 1 to 9, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 'The Financial Reporting Standard applicable in the UK (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period ending 31 December 2023 from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Independent auditor's report to the members of Arch Coal Europe Limited (continued)

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemptions in preparing the Directors' report and from the requirement to prepare a Strategic report.

Independent auditor's report to the members of Arch Coal Europe Limited (continued)

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Independent auditor's report to the members of Arch Coal Europe Limited (continued)

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Explanation as to what extent the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those that relate to the reporting framework (FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice), Companies Act 2006, Bribery Act 2010 and relevant tax compliance regulations in the jurisdiction in which the company operates.
- We understood how the company is complying with those frameworks by making enquiries of management and observing the oversight of those charged with governance. We corroborated our enquiries through the reading of the following documentation:
 - all minutes of board meetings held during the period;
 - any relevant correspondence with local tax authorities;
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by gaining an understanding of the entity level controls and policies that the company applies. In doing so we focused on the revenue recognition risk associated with incorrect cut -off and completeness of expenses given these are charged on at a mark-up. We ensured that management had appropriate controls in place to address this risk and that we designed and executed additional audit procedures to address this risk.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved testing of journal entries, with a focus on journals indicating large or unusual transactions or meeting our defined risk criteria based on our understanding of the business, enquiries of management and those charged with governance.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Independent auditor's report to the members of Arch Coal Europe Limited (continued)

Ernst & Young LLP

Jacqueline Geary (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London

Date: 22 December 2022

Arch Coal Europe Limited

Profit and loss account for the year ended 31 December 2021

	2021 \$000	2020 \$000
Turnover	886	634
Administrative expenses	(843)	(598)
Operating profit	43	36
Tax on profit	(26)	(5)
Profit for the financial year	17	31

There were no recognised gains and losses for 2021 or 2020 other than those included in the profit and loss account. Therefore, a statement of other comprehensive income has not been presented.

The notes on pages 12 to 17 form part of these financial statements.

**Balance sheet
as at 31 December 2021**

	Note	2021 \$000	2021 \$000	2020 \$000	2020 \$000
Current assets					
Debtors	5	92		108	
Cash at bank and in hand		300		223	
		<u>392</u>		<u>331</u>	
Creditors: amounts falling due within one year	6	(244)		(200)	
Net current assets			148		131
Net assets			<u>148</u>		<u>131</u>
Capital and reserves					
Called up share capital			2		2
Retained earnings			<u>146</u>		<u>129</u>
Total equity			<u>148</u>		<u>131</u>

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on

21 December 2022.



**J Drexler
Director**

The notes on pages 12 to 17 form part of these financial statements.

Arch Coal Europe Limited

Statement of changes in equity for the year ended 31 December 2021

	Called up share capital \$000	Retained earnings \$000	Total equity \$000
At 1 January 2020	2	98	100
Profit for the financial year, representing total comprehensive income	-	31	31
At 1 January 2021	2	129	131
Profit for the financial year, representing total comprehensive income	-	17	17
At 31 December 2021	2	146	148

The notes on pages 12 to 17 form part of these financial statements.

Arch Coal Europe Limited

Notes to the financial statements for the year ended 31 December 2021

1. General information

The principal activity of Arch Coal Europe Limited ('the company') is to act as a service company to the Arch Resources, Inc. group.

The company is a private company limited by shares and is incorporated and domiciled in England. The address of its registered office is Bryan Cave Leighton Paisner LLP, Governor's House, 5 Laurence Pountney Hill, London, United Kingdom, EC4R 0BR.

2. Statement of compliance

The financial statements of the company have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") as amended by Section 1A "Small Entities" and the Companies Act 2006.

3. Accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

3.1 Basis of preparation of financial statements

The financial statements have been prepared on the going concern basis and under the historical cost convention.

The preparation of these financial statements is in conformity with FRS 102 as amended by Section 1A "Small Entities" and requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies.

3.2 Exemptions for qualifying entities under FRS 102

FRS 102 allows a qualifying entity certain disclosure exemptions. These exemptions are:

- disclosure of the number of shares outstanding at the beginning and end of the period;
- preparing a statement of cash flows;
- preparing certain financial instrument disclosures;
- disclosure of share based payments; and
- disclosure of key management personnel compensation in total.

The company has taken advantage of these exemptions on the basis that it meets the definition of a qualifying entity and its ultimate parent company, Arch Resources, Inc., includes the related disclosures in its own consolidated financial statements. Details of where those financial statements may be obtained can be found in note 9.

Other than the exemptions taken above, the company has applied the recognition, measurement and disclosure requirements of FRS 102.

Arch Coal Europe Limited

Notes to the financial statements for the year ended 31 December 2021

3. Accounting policies (continued)

3.3 Going concern

The company acts as a service company to the Arch Resources, Inc. group. The directors have assessed working capital requirements for future periods and consider that the company has adequate resources to meet existing and future obligations as they fall due for a period to 31 December 2023 from the date of approval of the financial statements, being the going concern period.

As at 31 December 2021 the company was in a net current assets position of \$148,000 and held a cash balance of \$300,000 and as of 30 November 2022 the company's available cash amounted to \$320,000. As the company operates by providing services to Arch Resources, Inc., the parent company, any operating expenses incurred are monthly re-charged and recovered by way of funds received from the parent company. The company manages receipt of funds on a timely basis and keeps enough cash available to cover for any unexpected expenses. The directors are confident they will be able to maintain liquidity and continue as a going concern for a period to 31 December 2023 from the date of approval of the financial statements.

3.4 Turnover

Turnover comprises the recharge of costs to the parent company, Arch Resources, Inc., based on a cost plus margin of 5.1% (2020: 6.5%). Turnover is recognised on an annual basis when the expenses for the year have been determined.

3.5 Foreign currency

(i) Functional and presentational currency

The company's functional and presentational currency is the United States Dollar. All financial information presented in dollars has been rounded to the nearest thousand dollars.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account.

3.6 Employee benefits

The company provides a range of benefits to employees, including annual bonus arrangements, paid holiday arrangements, share based payments and defined contribution pension plans.

(i) Short term benefits

Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

Arch Coal Europe Limited

Notes to the financial statements for the year ended 31 December 2021

3. Accounting policies (continued)

3.6 Employee benefits (continued)

(ii) Defined contribution pension plan

The company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payment obligations.

(iii) Annual bonus plan

The company operates an annual bonus plan for employees. An expense is recognised in the profit and loss account when the company has a legal or constructive obligation to make payments under the plan as a result of past events and a reliable estimate of the obligation can be made.

(iv) Share-based payments

The company participates in a share-based payment arrangement established by the parent company, Arch Resources, Inc. The company takes advantage of the alternative treatment allowed under Section 26 of FRS 102. The company has calculated its allocation of the parent company's total share-based payment expense based on the fair value of vested options of all employees who have spent time working for the company in the year.

3.7 Taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the profit and loss account, except to the extent that it relates to items recognised directly in equity. In this case, tax is also recognised directly in equity.

(i) Current tax

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(ii) Deferred tax

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements.

Deferred tax is recognised on all timing differences at the reporting date except for certain exceptions. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

Arch Coal Europe Limited

Notes to the financial statements for the year ended 31 December 2021

3. Accounting policies (continued)

3.8 Cash and cash equivalents

Cash and cash equivalents includes cash in hand and deposits held with banks. Bank overdrafts are shown within borrowings in current liabilities.

3.9 Financial instruments

The company has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

(i) Financial assets

Basic financial assets, including trade and other debtors, amounts owed by group undertakings and cash and bank balances are initially recognised at transaction price.

Such assets are subsequently carried at amortised cost using the effective interest method. At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the profit and loss account.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in the profit and loss account.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

(ii) Financial liabilities

Basic financial liabilities, including trade and other creditors and amounts owed to group undertakings are initially recognised at transaction price.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Creditors are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

(iii) Offsetting

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Arch Coal Europe Limited

Notes to the financial statements for the year ended 31 December 2021

3. Accounting policies (continued)

3.10 Provisions for liabilities

Provisions are made where an event has taken place that gives the company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the profit and loss account in the year that the company becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

3.11 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

3.12 Operating leases

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Payments under operating leases are charged to the profit and loss account on a straight-line basis over the period of the lease.

4. Employees

The average monthly number of employees, including directors, during the year was 6 (2020: 6).

5. Debtors

	2021 \$000	2020 \$000
Due after more than one year		
Other debtors	4	4
Deferred tax asset	15	31
	<u>19</u>	<u>35</u>
Due within one year		
Amounts owed by group undertakings	59	67
Corporation tax receivable	6	-
Other debtors	6	4
Prepayments and accrued income	2	2
	<u>92</u>	<u>108</u>

Amounts owed by group undertakings are unsecured, interest free and repayable on demand.

Arch Coal Europe Limited

Notes to the financial statements for the year ended 31 December 2021

6. Creditors: amounts falling due within one year

	2021 \$000	2020 \$000
Corporation tax payable	-	15
Other taxation and social security	14	13
Accruals and deferred income	230	172
	<u>244</u>	<u>200</u>

7. Commitments under operating leases

At 31 December the company had future minimum lease payments due under non-cancellable operating leases as follows:

	2021 \$000	2020 \$000
Not later than 1 year	26	7
Later than 1 year and not later than 5 years	13	-
	<u>39</u>	<u>7</u>

8. Related party transactions

The company is exempt from disclosing related party transactions with other companies that are wholly owned within the Arch Resources, Inc. group.

9. Immediate parent company and ultimate controlling party

The immediate and ultimate parent undertaking is Arch Resources, Inc., a company incorporated in The United States of America. Arch Resources, Inc. is the largest and only group which includes the company and for which the group financial statements are prepared.

Copies of the group financial statements are available from the registered office at: One City Place Drive, Suite 300, St.Louis, MO 63141, USA.