FAMUR

FAMUR Group
First Quarter 2020
Consolidated Report

Katowice, May 20th 2020

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DISCUSSION OF FINANCIAL AND OPERATING PERFORMANCE

Comment from the President of the Management Board on performance delivered by the Group

Talking about performance in the first quarter of 2020, Mirosław Bendzera, President of the Management Board, said: 'Our focus in the first quarter of 2020 was on two major events. In January, we developed a plan for capital support, reorganisation and, following negotiations with the TDJ Group, deconsolidation of the FAMAK Group, whereas in March we were faced with accelerating adverse effects of the economic turmoil triggered by the COVID-19 pandemic. First of all, we focused our efforts on keeping employees safe and implementing relevant procedures to maintain business continuity. The scale and pace of changes triggered by these unprecedented developments gave rise to numerous factors that were beyond our control. These included changes in the organisation of work at our customers, which led to reduced production volumes, downsizing, suspension or cancellation of planned investment projects, or even invocation of force majeure by major domestic trading partners, resulting in temporary suspension or limitation of contract performance. The challenging conditions on the market for thermal coal, whose price fell by approximately 50% from the peak in the third quarter of 2018, was further exacerbated by the COVID-19 pandemic. Severe restrictions on economic activity imposed by governments across countries in order to reduce epidemic risk brought about a progressive economic downturn. As a consequence, global demand for energy dropped 4% year on year in the first quarter of 2020 (according to the IEA), with coal demand down 8%[1]. Subdued activity in the mining sector has already translated into a drop in our aftermarket revenue.

The adverse impact of changes in the market environment caused by the COVID pandemic is increasingly affecting the domestic and international markets, as demonstrated by operating restrictions implemented by our companies in South Africa and Russia.

In a bid to adapt our business to the expected decline in the level and scope of investment in the mining sector and the difficult situation of the Polish coal sector that has been further aggravated by the COVID-19 pandemic, we are consistently strengthening our culture of cost control, flexibility and operational efficiency. In consultation with our social partners, we have implemented a 20% reduction in working time and pay from May to the end of July 2020, we have made a hard decision to wind up our branch in Rybnik and lose 204 FTEs and to reduce headcount in central support functions of FAMUR S.A. by 84 FTEs. We have implemented pay reductions and suspended bonus programmes for 2020 in respect of rank-and-file employees and executive personnel alike. These measures should generate around PLN 40m in cost savings this year. We are also diversifying our revenue sources, seeking out acquisition targets in mining and non-mining industries that could deliver market, manufacturing and technology synergies. We are building HRM capabilities and are currently conducting analyses of EU-based and North American-based entities that meet our preliminary investment criteria.

[1] https://www.iea.org/reports/global-energy-review-2020

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DISCUSSION OF FINANCIAL AND OPERATING PERFORMANCE

Overshadowed by the COVID-19 pandemic, the Group's revenue for the first quarter of 2020 was PLN 344m, with EBITDA margin at 32% and net profit at PLN 52m. Operating cash flow led to a PLN 92m surplus in cash over debt. Although the negative impact of the COVID-19 pandemic remains difficult to estimate accurately, I believe our first-quarter performance and strong financial position will help us meet the challenges arising from the current economic situation of the mining sector in Poland and globally. Given the specific nature of the contracts we perform, I must mention that the lion's share of revenue earned during the reporting quarter was from projects acquired back in 2019, before the COVID-19 pandemic started to negatively impact our operations.

To conclude, I would like to mention that the FAMUR Group, being a socially responsible organisation, donated over PLN 1.3m of in-kind and cash donations to several hospitals in Katowice (The Prof. K. Gibiński Teaching Hospital Centre of the Medical University of Silesia, The Brothers Hospitallers of Saint John of God Hospital, Murcki Hospital), Piotrków Trybunalski, Gorlice, Kraków, Tychy, Poznań, Bełchatów, Nowy Sącz, Zabrze, Mikołów, and Ruda Śląska, to support them in their battle with the SARS-CoV-2 coronavirus pandemic.

(PLNm)	3 months to March 31 2020	3 months to March 31st 2019	Change
Key financial ratios			
Revenue	344	470	-27%
EBITDA	109	135	-24%
Net profit	53	66	-27%
Consolidated cash flows from operating activities	280	201	+39%
% of net revenue from sale of products, merchandise and materials			
EBITDA	32%	29%	+1pp
Net profit	15%	14%	-

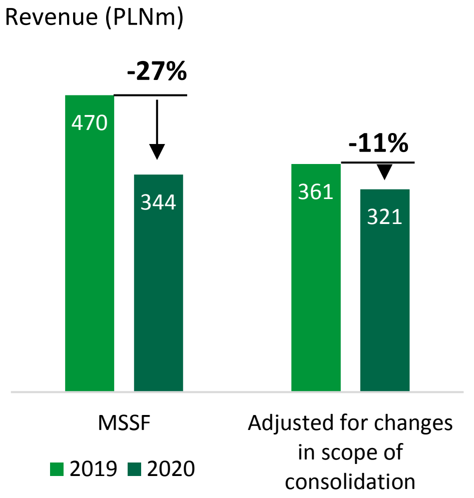
	As at Mar 31 2020	As at Dec 31 2019
Net debt (PLNm)	-92	220
Net debt/EBITDA	-0.2	0.5

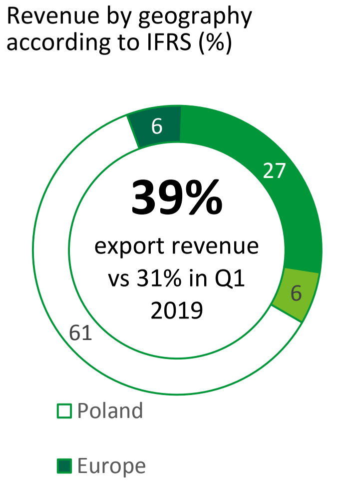
Factors and events with a material bearing on performance

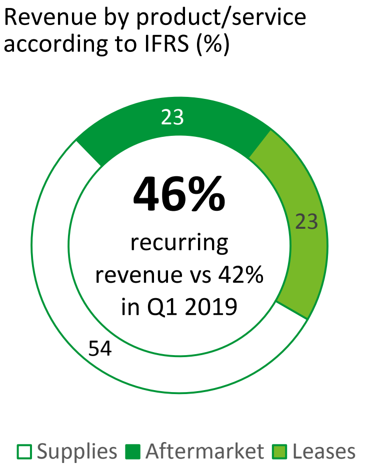
The following discussion of the results for the first quarter of 2020 should be read in conjunction with the condensed quarterly consolidated and separate financial statements of the FAMUR Group for the first quarter of 2020, prepared in accordance with International Financial Reporting Standards (IFRSs), including notes to those statements, the audited consolidated financial statements of the FAMUR Group and separate financial statements of FAMUR S.A. for the year ended December 31st 2019, prepared in accordance with IFRSs, and the Directors' Report on the operations of FAMUR S.A. and the FAMUR Group in 2019. The following discussion of the results achieved in the period is intended to provide the readers with information enabling them to understand changes in the selected key items of the financial statements and to present significant factors behind those changes. In its evaluation and discussion of the reported financial performance, financial position and cash flows, the FAMUR Group makes references to performance metrics other than those expressly defined or outlined in the applied financial reporting framework compliant with IFRS requirements, such as 'EBITDA', 'net debt', and 'working capital'. However, these metrics are calculated on the basis of information sourced from the financial statements prepared in accordance with IFRSs, with their definitions and calculations presented in the 'Alternative performance measures' section.

DISCUSSION OF FINANCIAL AND OPERATING PERFORMANCE

FAMUR Group's consolidated revenue for the first quarter of 2020







Market environment

A continued downtrend in coal prices and subdued coal demand, further exacerbated by the COVID-19 outbreak, caused mining companies to downscale, suspend or cancel new investment projects, limiting their orders to maintenance, spare parts and other expenditures related mainly to day-to-day operation, although the latter are also being reduced on the back of reduced output. The difficult situation on coal markets was cited by AO SUEK Russia in March 2020 as the reason for suspension of its ca. EUR 85m project for an indefinite period. FAMUR was selected as the contractor for the project in December 2019. No significant contracts for the supply of machinery and equipment were communicated in the first quarter of 2020, although the Group received smaller contracts, including in Mexico and Poland. The Group signed and reported one significant contract for the supply of 120 powered roof support systems to a customer in Russia, worth approximately PLN 69m.

Revenue development in the first quarter of 2020

In the first quarter of 2020, revenue according to International Financial Reporting Standards (IFRSs) fell by PLN 126m (-27%) year on year, to PLN 344m. The decline mainly followed from changes in the scope of consolidation. Namely, Przedsiębiorstwo Budowy Szybów was sold in May 2019, and its revenue of approximately PLN 57m was recognised in the FAMUR Group's revenue for the first quarter of 2019. Also, the Group lost control of the FAMAK Group in February 2020 and as of March 2020 its revenue is no longer included in the consolidated financial statements. The FAMAK Group contributed respectively ca. PLN 52m and PLN 23m to consolidated revenue for the first quarter of 2019 and the first quarter of 2020 (after consolidation adjustments). Adjusted for changes in the scope of consolidation, the FAMUR Group's revenue for the first quarter of 2020 would have amounted to PLN 321m, down by approximately 11% year on year on a comparable basis, as a result of lower revenue from the sale of aftermarket services, partially offset by a rise in revenue from the supply of machinery and equipment for the mining sector, driven by contracts signed in the preceding year.

Revenue by product

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(PLNm)	3 months to March 31 2020	3 months to March 31st 2019	Change
Supply of machinery and equipment	186	208	-11%
Aftermarket and lease revenue	156	197	-21%
Other	2	65	-97%
Total trade receivables	**344**	**470**	**-27%**

Supply of machinery and equipment

Revenue from the supply of machinery and equipment fell PLN 22m year on year in the first quarter of 2020, mainly on the back of two factors that partly offset each other. One was lower revenue in the FAMAK Group, reflecting deteriorating market conditions and the Group's deconsolidation in February 2020, which resulted in no revenue of the FAMAK Group recognised in March 2020. The other factor was higher revenue from the supply of machinery and equipment, mainly machinery and equipment for underground mining, as the Group performed foreign and domestic contracts signed in 2019 for the supply of longwall system components, including sale of powered roof support systems, shearer loaders, scraper conveyors, and belt conveyors.

Aftermarket and lease revenue

Revenue from aftermarket services and leases fell PLN 41m year on year in the first quarter of 2020, for a number of reasons. Firstly, a market downturn prompted customers in Poland and abroad to reduce production due to plummeting coal prices and lower coal and electricity demand, which was further exacerbated by the COVID-19 outbreak. Secondly, the base effect was relatively strong, as two major contracts with customers in Russia were performed in the first quarter of the prior year. Aftermarket services and leases contributed 45% to total revenue in the first quarter of 2020.

Other

Other revenue fell mainly as a result of sale of Przedsiębiorstwo Budowy Szybów S.A. (PBSz S.A.) in May 2019.

Key geographical markets in the first quarter of 2020

In the first quarter of 2020, the FAMUR Group's export sales accounted for approximately 39% of total revenue, versus 31% the year before. The increase in the share of export sales was led by a PLN 116m decline in domestic sales, to PLN 210m, following consolidation changes (mainly sale of PBSz), but also by performance of contracts with foreign customers in the underground mining sector, including in Russia, in the first quarter. Total export revenue earned in the first quarter of 2020 fell by just PLN 10m, to PLN 134m, as a drop in revenue from European customers was offset by a simultaneous growth in revenue from customers in all the other markets. Despite a reduction in investment by mining companies around the world, the FAMUR Group received orders for the supply of two more roadheaders to Mexico in the first quarter of 2020.

Its strong international position is also supported by the FAMUR Group's local subsidiaries in Russia and Kazakhstan, translating into an increased scale of maintenance and general aftermarket support. This year, TOO FAMUR Kazakhstan is to receive and start up machinery that will enable it to provide a complete range of services for the refurbishment of actuator-based hydraulic systems. The machinery will allow the company to fully meet local customer expectations and much more quickly respond to market requirements.

Due to the high unit value of contracts performed by the FAMUR Group, the shares of individual geographical markets in its total revenue may change by several percentage points. Sales on individual foreign markets may fluctuate from quarter to quarter.

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DISCUSSION OF FINANCIAL AND OPERATING PERFORMANCE

Profitability in the first quarter of 2020

	Operating profit (PLNm)	Depreciation and amortisation	PLNm	% of revenue
Gross profit				
2020			119	35%
2019			133	28%
EBITDA				
2020	62	47	109	32%
2019	88	47	135	29%
Net profit				
2020			52	15%
2019			66	14%

Gross profit
Year on year, gross profit for the first quarter of 2020 fell by PLN 13m, to PLN 120m, as a result of lower revenue. Gross margin improved by 7pp on the back of foreign contracts with attractive margins performed during the reporting period and sale of Przedsiębiorstwo Budowy Szybów, which generated lower margins compared with the FAMUR Group's average due to its business profile. Profitability improved also thanks to continuous cost base optimisation measures, particularly those implemented in respect of the organisational structure and under the Lean Management project.

Operating expenses
In the first quarter of 2020, distribution costs and administrative expenses rose by PLN 3m, with other operating expenses up PLN 10m, mainly reflecting a restructuring provision recognised in connection with measures seeking to optimise FAMUR S.A.'s central support functions and an increase in the provision for warranty repairs, driven by trading partners raising quality requirements and expanding the scope of work across projects.

EBITDA
In the first quarter of 2020, EBITDA fell by PLN 26m, to PLN 109m, on the back of a PLN 26m decrease in operating profit, with depreciation and amortisation flat. EBITDA as a percentage of revenue grew by 3pp, to 32%.

Net finance costs
Finance income declined by PLN 1m year on year in the first quarter of 2020, with finance costs up PLN 6m, mainly as a result of an adverse change (reflecting interest rate cuts in Poland) in the fair value measurement of a financial instrument (IRS) swapping the floating interest rate on Series B notes for a fixed rate.

Gain on disposal or partial disposal of shares in subordinates
The gain on disposal or partial disposal of shares in subordinates of PLN 12m reported in the first quarter of 2020 was a non-cash gain resulting from deconsolidation of the FAMAK Group after control of that Group was lost in February 2020.

Share in net profit/(loss) of equity-accounted subordinates
The share of net loss of equity-accounted subordinates of PLN 1m in the first quarter of 2020 reflected the FAMUR Group's 31.88% share of the FAMAK Group's loss for March 2020, which was the first month after the latter's deconsolidation resulting from the loss of control in February 2020.

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Income taxes

In the first quarter of 2020, the FAMUR Group's effective tax rate was 19% and equalled the nominal rate.

Net profit

The factors discussed above reduced net profit for the first quarter of 2020 by PLN 14m, to PLN 52m, with net profit margin at 15% of revenue.

Financial resources and liquidity position

The table below presents selected IFRS-compliant financial information and other measures of financial health, defined in the 'Alternative performance measures' section.

(PLNm)	As at Mar 31 2020	As at Dec 31 2019
Cash and cash equivalents	712	602
Gross debt	620	822
Net debt	-92	220
Working capital	724	1,029
Assets	2,650	2,975
Net debt/EBITDA	-0.2	0.5
Average working capital for the quarter as % of revenue	42%	50%

(PLNm)	3 months to March 31 2020	3 months to March 31st 2019
Cash flows from operating activities	280	201
Cash flows from investing activities	-33	-48
Cash flows from financing activities	-135	-6

Net debt

As at March 31st 2020, net cash exceeded borrowings and other debt instruments, notes and lease liabilities by PLN 92m. In the first quarter of 2020, total non-current and current borrowings and other debt instruments fell by PLN 179m, to PLN 574m, mainly reflecting repurchase of Series A notes of PLN 108m, a PLN 18m net decrease in credit facilities, and a change in the scope of consolidation resulting from the loss of control of the FAMAK Group. Lease liabilities fell by PLN 23m, to PLN 46m, mainly as a result of the change in the scope of consolidation and repayment of lease liabilities of PLN 5m.

Working capital

A decrease in working capital (defined as inventories and short-term trade receivables less short-term trade payables) was attributable to lower revenue, which caused mainly a significant drop in trade receivables as a result of contract settlement, and it was slightly offset by a decrease in trade payables. The average working capital to revenue ratio for the last 12 months improved, reaching 42%. Lower working capital requirements had a material effect on operating cash flow in the first quarter of 2020.

Assets

Assets fell by PLN 325m in the first quarter of 2020, with current assets down PLN 259m and non-current assets down PLN 66m. The decrease in assets was chiefly attributable to changes in the scope of consolidation resulting from the loss of control of the FAMAK Group in February 2020 and allocation of some cash to the repurchase of Series A notes.

Cash flows

DISCUSSION OF FINANCIAL AND OPERATING PERFORMANCE

Cash from operating activities of PLN 280m reported in the first quarter of 2020 was an effect of EBITDA of PLN 109m and released working capital of PLN 192m (PLN 208m in cash from accounts receivable, partly offset by negative changes in inventory and current liabilities, amounting to PLN 15m and PLN 1m, respectively). Other adjustments reconciling EBITDA to operating cash flow amounted to PLN -21m. Cash used in investing activities included primarily PLN 49m spent on property, plant and equipment and intangible assets, partially offset by PLN 7m in proceeds from the sale of non-operating assets. Other inflows from investing activities included repayment of a loan by the FAMAK Group, while other outflows were cash at the FAMAK Group as at the deconsolidation date. Cash used in financing activities, of PLN 135m, included repayment of Series A notes (PLN 108m), net decrease in borrowings (PLN 18m), and payment of interest and lease liabilities (PLN 5m).

Workforce

In the first quarter of 2020, the FAMUR Group had an average headcount of 3,787, compared with 4,636 in 2019. The decrease was attributable mainly to deconsolidation of PBSz resulting from the sale of its shares to JSW in May 2019, and deconsolidation of the FAMAK Group resulting from the loss of control of FAMAK to the TDJ Group in February 2020.

Measures designed to adjust the FAMUR Group's cost base structure to expected market conditions

In order to adjust its cost base structure to expected market demand resulting from the global economic slowdown and developments on the coal market, further compounded by the spread of the SARS-Cov-2 virus, in early 2020 the Management Board of FAMUR S.A. launched a cost review, covering the structure of employment within FAMUR S.A.'s central support functions. On March 13th 2020, employees were notified of planned collective redundancies covering 84 FTEs within FAMUR S.A.'s central support functions. After all the collective redundancy procedures required by applicable laws had been carried out, the first termination notices were given to employees at the end of March 2020. Expecting a major reduction in orders for scraper conveyors, on April 24th 2020 the Management Board passed a resolution to wind up the D450 branch in Rybnik (see Current Report No. 13/2020 of April 4th 2020. This will help optimise production processes by consolidating the scraper conveyor business within a single production plant, while retaining the technology and product capabilities enabling manufacture of scraper conveyors and peripheral equipment in line with the order book within the FAMUR Group. The decision will help mitigate the adverse impact of a reduction in orders caused by the global crisis triggered by the COVI-19 pandemic, which is forcing trading partners in Poland and abroad to postpone purchases of mining machinery and equipment, to the particular detriment of the scraper conveyor business line. Closing down of the branch will involve laying off 204 employees. Accordingly, on April 24th 2020 the Company notified its social partners of the reasons for the planned collective redundancies and notified the local job centre of its intention to carry out collective redundancies at the branch.

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CONDENSED QUARTERLY CONSOLIDATED FINANCIAL STATEMENTS

for the three months ended March 31st 2020, prepared in accordance with International Financial Reporting Standards (unaudited)

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Consolidated statement of profit or loss

for the three months ended March 31st 2020, prepared in accordance with IFRSs (unaudited)

in PLNm, except for earnings per share	3 months to March 31 2020	3 months to March 31st 2019
Revenue	**344**	**470**
Cost of sales	224	337
Gross profit	**120**	**133**
Distribution costs	10	6
Administrative expenses	34	35
Profit on sales	**76**	**93**
Other income	11	12
Gain on disposal of non-financial non-current assets	1	1
Other income, including:	10	11
reversed impairment losses on expected credit losses	-	*1*
Other expenses	25	16
Revaluation of non-financial assets	2	2
Other expenses	23	14
Operating profit	**62**	**88**
Finance income	11	12
Interest	5	5
Gain on disposal of investments	1	-
Other	5	7
Finance costs	20	14
Interest	6	7
Other	14	7
Gain/(loss) on disposal or partial disposal of shares in subordinates	12	-
Share in net profit/(loss) of equity-accounted subordinates	-1	-
Profit before tax	**64**	**86**
Income tax	12	20
Net profit from continuing operations	**52**	**66**
Discontinued operations	-	-
Net profit, attributable to:	**52**	**66**
Owners of the parent	52	65
Non-controlling interests	-	1
Earnings from continuing operations per ordinary share	0.09	0.11
Weighted average number of shares (millions)	575	575

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Consolidated statement of comprehensive income

for the three months ended March 31st 2020, prepared in accordance with IFRSs (unaudited)

(PLNm)	3 months to March 31 2020	3 months to March 31st 2019
Net profit	**52**	**66**
Other comprehensive income that may be reclassified to profit or loss in subsequent reporting periods:	**-23**	**5**
Cash flow hedges	-3	-
Exchange differences	-20	5
Other comprehensive income that will not be reclassified to profit or loss in subsequent reporting periods:	**-**	**-**
Total other comprehensive income, net of tax	**-23**	**5**
Total comprehensive income	**29**	**71**
attributable to owners of the parent	29	70
attributable to non-controlling interests	0	1

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Consolidated statement of financial position

as at March 31st 2020 and December 31st 2019, prepared in accordance with IFRSs

Assets

(PLNm)	Note	Mar 31 2020 (unaudited)	Dec 31 2019 (audited)
Non-current assets		**870**	**936**
Intangible assets, including:		196	198
- goodwill		162	162
Property, plant and equipment		502	598
Property, plant and equipment		467	564
Property, plant and equipment under construction		35	34
Long-term receivables		3	4
Long-term investments		94	64
Property		39	43
Non-current financial assets		55	21
Other non-current assets (prepayments and accrued income)		1	1
Deferred tax assets		74	71
Current assets		**1,780**	**2,039**
Inventories		292	303
Short-term receivables		672	1,012
finance lease receivables		-	2
trade receivables		641	966
tax receivables, including:		3	12
current tax assets		2	4
other receivables		28	32
Other current financial assets		8	11
Attributable to Group entities		2	5
Attributable to other entities		6	6
Cash and cash equivalents		712	602
Other current assets (prepayments and accrued income)		8	12
Non-current assets classified as held for sale		88	99
Total assets		**2,650**	**2,975**

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Consolidated statement of financial position

as at March 31st 2020 and December 31st 2019, prepared in accordance with IFRSs

Equity and liabilities

(PLNm)	Note	Mar 31 2020 (unaudited)	Dec 31 2019 (audited)
Equity		**1,540**	**1,511**
Share capital		6	6
Statutory reserve funds		646	643
Revaluation reserve		-	3
Other capital reserves		114	114
Exchange differences on translating foreign operations		-24	-4
Retained earnings		844	795
Equity attributable to owners of the parent		1,586	1,557
Equity attributable to non-controlling interests		-46	-46
Liabilities and provisions for liabilities		**1,093**	**1,447**
Provisions for liabilities		89	121
Deferred tax liabilities		3	3
Provision for retirement and similar benefits		41	43
non-current		27	28
current		14	15
Other provisions		45	75
long-term		10	10
short-term		35	65
Non-current liabilities		453	485
Borrowings and other debt instruments		412	421
Non-current lease liabilities		40	61
Other non-current liabilities		1	3
Current liabilities		527	811
Trade payables		209	240
Wages and salaries		16	18
Tax payable, including:		84	91
Current tax liabilities		56	50
Current finance lease liabilities		6	8
Short-term borrowings and notes		162	332
Other		50	122
Other liabilities (accruals and deferred income)		24	30
Liabilities directly related to non-current assets classified as held for sale		**17**	**17**
Total equity and liabilities		**2,650**	**2,975**

Consolidated statement of changes in equity

for the three months ended March 31st 2020, prepared in accordance with IFRSs (unaudited)

(PLNm)	Share capital	Statutory reserve funds	Other capital reserves	Exchange differences on translating foreign operations	Revaluation reserve	Retained earnings	Equity attributable to non-controlling interests	Total equity
Jan 1 2020	**6**	**643**	**114**	**-4**	**3**	**795**	**-46**	**1,511**
Net profit	-	-	-	-	-	52	-	52
Other comprehensive income	-	-	-	-20	-3	-	-	-23
Other	3	-	-	-	-	-3	-	-
Mar 31 2020	**6**	**646**	**114**	**-24**	**-**	**844**	**-46**	**1,540**
Jan 1 2019	**6**	**796**	**114**	**-10**	**2**	**716**	**-37**	**1,587**
Net profit	-	-	-	-		65	1	66
Other comprehensive income	-	-	-	4	1			5
Other	-	-	-	-		3		3
Mar 31 2019	**6**	**796**	**114**	**-6**	**3**	**784**	**-36**	**1,661**

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Consolidated statement of cash flows

for the three months ended March 31st 2020, prepared in accordance with IFRSs (unaudited)

(PLNm)	3 months to March 31 2020	3 months to March 31st 2019
Cash flows from operating activities – indirect method		
Profit before tax	**64**	**86**
Total adjustments	**216**	**115**
Depreciation and amortisation	47	47
Foreign exchange (gains)/losses	-11	3
Interest and share of profit (dividend)	5	2
Gain/(loss) on investing activities	-14	-
Change in provisions	3	-8
Change in inventories	-15	-2
Change in receivables	208	115
Change in current liabilities	-1	-20
Income taxes paid	-6	-6
Change in accruals and prepaid expenses	-1	-17
Other adjustments	1	1
Net cash from operating activities	**280**	**201**
Cash flows from investing activities		
Cash provided by investing activities	33	7
Disposal of intangible assets and property, plant and equipment	7	1
Proceeds from financial assets, including:	26	5
- sale of financial assets	-	1
- repayment of long- and short-term loans	25	4
- interest	1	-
Cash used in investing activities	66	55
Purchase of intangible assets and property, plant and equipment	49	55
Payments for financial assets, including:	1	-
- long- and short-term loans	1	-
Other cash used in investing activities	16	-
Net cash from investing activities	**-33**	**-48**
Cash flows from financing activities		
Cash provided by financing activities	15	1
Borrowings	15	-
Other cash provided by financing activities	-	1
Cash used in financing activities	150	7
Repayment of borrowings	33	1
Repurchase of debt securities	108	
Payment of lease liabilities	5	2
Interest	4	3
Other cash used in financing activities	-	1
Net cash from financing activities	**-135**	**-6**
Total net cash flows from continuing operations	**112**	**147**
cash flows from discontinued operations with underlying assets not classified as assets held for sale	**-**	**-**
Total net cash flows	**112**	**147**
Net change in cash	110	148
- effect of exchange rate fluctuations on cash held	-2	2
Cash at beginning of period	602	298

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Consolidated statement of cash flows

for the three months ended March 31st 2020, prepared in accordance with IFRSs (unaudited) (continued)

Cash at end of period	**712**	446

1. FAMUR Group

FAMUR S.A. of Katowice ("FAMUR" or the "Company") is the parent of the FAMUR Group (the "Group" or the "FAMUR Group"). In August 2006, FAMUR (then FABRYKA MASZYN FAMUR Spółka Akcyjna) became a listed company, as its shares were floated on the Warsaw Stock Exchange (the "WSE") under the abbreviated name FAMUR and ticker symbol FMF.

The FAMUR Group is a leading global manufacturer of longwall machinery and systems for underground mining. The Group's product range encompasses longwall systems, roadheaders, conveyors with accessories, power supply and switchgear equipment for mining machinery, and development and supply of IT systems for end-to-end management of coal mining processes (from the face to the surface). Through its subsidiary PRIMETECH, the Group provides chiefly specialist borehole drilling services for various applications and offers drilling technology implementation services for engineering and geotechnical projects, which are rendered by a subsidiary trading under the name Dalbis.

The registered address of FAMUR SPÓŁKA AKCYJNA is ul. Armii Krajowej 51, Katowice, Poland.

2. Change in scope of consolidation

A list of companies included in the Group's condensed quarterly consolidated financial statements drawn up in accordance with International Financial Reporting Standards ("IFRSs") ("Condensed Quarterly Consolidated Financial Statements") as at March 31st 2020 and for the three months then ended is provided in Note 10 to the IFRS-compliant consolidated financial statements of the FAMUR Group for the year ended December 31st 2019. Following changes in the share capital structure of FAMUR FAMAK S.A. ("FAMAK"), a reduction and an increase in FAMAK's share capital, the Company's equity interest in FAMAK dropped to 31.88% in February 2020, which resulted in the loss of control of FAMAK and its subsidiaries. FAMAK and its subsidiaries thus became associated undertakings and, with significant influence retained by the Company, they have been consolidated with the equity method as of the date of loss of control. Also, share sale agreements were concluded in March 2020 in which FAMUR disposed all of the shares in K-Construction. The Company lost control of the company as a result of the transaction and ceased to consolidate its financial statements from the transaction date. For more information on transactions that led to changes in the scope of consolidation, see Note 7.

3. Statement of compliance and basis of preparation of the financial statements

Basis of preparation

These unaudited Condensed Quarterly Consolidated Financial Statements have been prepared in accordance with International Accounting Standard ("IAS") No. 34 *Interim Financial Reporting* ("IAS 34") and in compliance with all accounting standards applicable to interim financial reporting as endorsed by the European Union, published and effective at the time of preparation of these Condensed Quarterly Consolidated Financial Statements (see also Note 4).

These Condensed Quarterly Consolidated Financial Statements do not include all the information and disclosures required in full-year financial statements and should therefore be read in conjunction with the Company's audited consolidated financial statements for the financial year ended December 31st 2019, prepared in accordance with IFRSs.

These Condensed Quarterly Consolidated Financial Statements have been prepared on the assumption that the Group will continue as a going concern for the foreseeable future. As at the date of authorisation of these financial statements for issue, no circumstances were identified which would indicate any threat to the Group companies continuing as going concerns.

Notes to the condensed consolidated financial statements

These Condensed Quarterly Consolidated Financial Statements comprise the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of changes in equity, consolidated statement of cash flows, and selected notes.

These Condensed Quarterly Consolidated Financial Statements are presented in millions of złoty, and they were authorised by the Management Board for issue on May 20th 2020.

4. Declaration concerning accounting policies

The accounting policies and calculation methods applied in the preparation of these Condensed Quarterly Consolidated Financial Statements are consistent in all material respects with the policies described in Notes 5 to 8 to the audited consolidated financial statements of the Group for the year ended December 31st 2019, except for the application of new or amended standards and interpretations effective for annual periods beginning on or after January 1st 2020.

On January 1st 2020, the following amendments to standards came into force:

- Interest Rate Benchmark Reform amendments to IFRS 9, IAS 39 and IFRS 7.

- amendments to IAS 1 and IAS 8 clarifying the definition of 'material' to enhance the relevance of the disclosures in the notes to the financial statements.

- Amendments to References to the Conceptual Framework References in IFRS Standards.

The amendments listed above had no material effect on these financial statements.

5. Segment revenue and performance

Changes in segment presentation

Until the end of 2019, the Group reported the following four business segments:

- Underground – manufacture of longwall system components, roadheaders, underground means of transport, belt conveyors and supporting equipment, and provision of related services
- Surface – manufacture of loading and hoisting equipment and provision of related services, provision of design, construction and engineering services for the general mining industry
- Electrical Equipment – design and manufacture of power supply and switchgear equipment for mining machinery, electronic components, development and deployment of IT solutions, implementation of industrial automation systems, development of technical systems and devices, and integration of power and automation systems.
- Mining Services – mining design and construction services and drilling services, including surface drilling and underground drilling.

Following the sale of Przedsiębiorstwo Budowy Szybów S.A. ("PBSz") to a buyer outside the FAMUR Group in May 2019 and the loss of control of FAMUR FAMAK S.A. and its subsidiaries ("FAMAK Group") in February 2020, these segments ceased to be considered material by the FAMUR Group. Following the sale of PBSz, the Mining Services segment's share of total revenue fell below 2% in the second half of 2019, compared with 12% in the first half of 2019 and 13% in FY2018. The loss of control of the FAMAK Group, which comprised the Surface segment, resulted in no revenue and operating expenses of the FAMAK Group recognised in the FAMUR Group's operating results since March 2020. Electrical Equipment's share of consolidated revenue in 2019 was 7%. A large portion of the segment's revenue was generated under contracts concluded by the Underground segment with its own trading partners. These changes in the ownership structure and the strong correlation of the segment's revenue with Underground operations drove a significant change in decision making concerning resource allocation, shifting reliance to consolidated operating performance. In light of the foregoing, the Group reports one operating segment as of 2020.

Segment performance

The segment's performance is evaluated by reference to consolidated revenue, consolidated EBITDA, consolidated net profit, consolidated net debt, consolidated net debt/ EBITDA ratio calculated based on LTM EBITDA. EBITDA is the main operating profit metric used by the Management Board, representing operating profit before depreciation and impairment of non-current assets. Net debt and the net debt to EBITDA ratio are the key metrics used by the Management Board to measure debt and liquidity. Net debt is a debt measure used by the Management Board, representing the sum of long-term and short-term borrowings, notes outstanding and non-current and current lease liabilities, less cash and cash equivalents.

The table below presents the segment's key financial information:

(PLNm)	3 months to March 31 2020	3 months to March 31st 2019
Revenue	344	470
EBITDA	109	135
Net profit	52	66

	As at Mar 31 2020	As at Dec 31 2019
Net debt (PLNm)	**-92**	**220**
Net debt/EBITDA	-0.2	0.5

The table below presents revenue by geography

(PLNm)	3 months to March 31 2020	3 months to March 31st 2019
Geographical region		
Poland	210	326
Russia and CIS	93	78
European Union	20	49
Other Europe	1	-
Other (America, Asia, Africa, Australia)	20	17
Total trade receivables	**344**	**470**

6. Discontinued operations

The FAMUR Group identified discontinued operations. The Group withdrew from the Serbian and Indonesian markets and discontinued coal trading operations and manufacturing for the construction market.

(PLNm)	3 months to March 31 2020	3 months to March 31st 2019
Revenue	4	10
Cost of sales	3	8
Gross profit/(loss)	**1**	**2**
Distribution costs	-	-
Administrative expenses	1	2
Profit/(loss) on sales	**-**	**-**
Other income	-	-
Other expenses	-	-
Operating profit/(loss)	**-**	**-**
Finance income	-	-
Finance costs	-	-
Profit/(loss) before tax	**-**	**-**
Income Taxes	-	-
Net profit	**-**	**-**
Cash flows from operating activities	**1**	**1**
Cash flows from investing activities	**-**	**-1**
Cash flows from financing activities	**-**	-
Total cash flows from discontinued operations	**1**	**-**

7. Events affecting assets, liabilities, equity, net profit or cash flows that are unusual because of their nature, size or incidence

On January 13th 2020, being the redemption date specified in the relevant note terms, the Company repurchased all of the 108,000 outstanding Series A notes, with a nominal value of PLN 1,000 per note and a total nominal value of PLN 108m, assigned ISIN code PLFAMUR00038 by the Central Securities Depository of Poland, and paid PLN 2.6m of interest accrued in respect of the final interest period.

On January 8th 2020, the Company's Management Board made a decision to invite TDJ Equity I Sp. z o.o. ("TDJ Equity I") to acquire a controlling interest or to subscribe for new shares in its subsidiary FAMUR FAMAK S.A. ("FAMAK") and to commence negotiations with TDJ Equity I concerning acquisition TDJ Equity I of control over FAMAK and making a capital contribution to the company. The purpose of the negotiations was to confirm the intentions of both parties regarding acquisition by TDJ Equity I of control over FAMAK and to carry out a restructuring of FAMAK and its subsidiaries intended to stabilise their financial and operating positions.

On February 10th 2020, the Company was notified that TDJ Equity I accepted its proposal to acquire a controlling interest in FAMAK in the form of newly issued shares. Among the arrangements negotiated between the parties were a reduction of FAMAK's share capital by PLN 69.6m by reducing the par value of its shares from PLN 1.00 to PLN 0.32 in order to cover the company's losses, with a concurrent increase of the share capital by PLN 70m through the issue of Series F shares by way of a private placement, with the pre-emptive rights of the existing shareholder waived, and acquisition of shares in the increased share capital by TDJ Equity I.

On February 11th 2020, the Extraordinary General Meeting of FAMAK passed resolutions to effect the equity changes specified above, i.e. to reduce FAMAK's share capital by PLN 69.6m, with a concurrent increase of its share capital by PLN 70m through the issue of Series F shares.

On February 25th 2020, the District Court in Opole, 8th Commercial Division, registered the reduction and increase in FAMAK's share capital. As a result, the Company's shareholding in FAMAK fell to 31.88%.

Following the transactions described above, the Group recognised a gain on the loss of control.

(PLNm)	
Fair value of shares disclosed in consolidated financial statements	35
less net assets of subsidiaries	-23
Gain on the loss of control	**12**

In share sale agreements concluded on March 20th 2020, FAMUR disposed of all the shares in K-Construction. Ownership of the shares was transferred to the buyers on March 20th 2020. The sale price was paid in the form of advance payments before the transaction. The company's assets were presented under assets classified as held for sale and the company's liabilities – under liabilities directly related to those assets. The Group's gain on the loss of control that occurred upon the transaction was immaterial.

8. Seasonal or cyclical operations

Neither FAMUR S.A.'s nor the Group's operations were subject to any seasonal or cyclical changes in the reporting period. It should be noted, however, that given the significant value of individual contracts whose performance may last more than one quarter the Group's quarterly revenues and profits may fluctuate.

9. Fair value of financial instruments

After initial recognition, derivatives are measured at fair value. The fair values of derivatives are determined using the method set out in Note 49 to the IFRS-compliant consolidated financial statements for the year ended December 31st 2019. Interest rate swaps (IRS) are initially recognised at fair value net of transaction costs and subsequently, as at each reporting date, are measured at fair value, with the effect of measurement recognised in profit or loss. The fair values of financial derivatives such as forwards, which are used to lock in exchange rates, are estimated for a level 2 asset of the fair value hierarchy described in Note 49.1.

The carrying amount of the Group's financial instruments, excluding lease liabilities, approximates their fair value. As at March 31st 2020, the total value of future cash flows at the forward rate under the Group's derivative instruments and their market value were PLN 314m and PLN 326m, respectively.

10. Dividend

Given a significant increase in economic uncertainty caused by the COVID-19 pandemic in Poland and globally, which has prompted mining companies to downscale operations and reduce or delay investment plans, and further given a deteriorating liquidity position of the Company's trading partners, the Management Board has reasonably resolved to recommend to the Company's Annual General Meeting that the entire net profit for 2019 be retained in order to strengthen the Group's financial position and secure funds for potential acquisitions that could help the Group largely diversify its revenue streams if attractive targets, suitable in terms of their business profile and financial position, are identified (see Current Report No. 11/2020 of April 21st 2020).

11. Contingent liabilities

(PLNm)	As at Mar 31 2020	As at Dec 31 2019
Contingent liabilities	**178**	**142**
- guarantees issued, including:	177	141
- bid bonds	17	15
- performance bonds	108	102
- other	52	24
- other	1	1

In line with the arrangements made in respect of acquisition of control of FAMAK S.A.("FAMAK") by TDJ Equity I from the Company, a PLN 21m revolving guarantee facility was provided by the Company to its associate FAMAK in February 2020. Also, FAMUR S.A. took over from FAMAK balances outstanding under existing bank guarantees, of approximately PLN 46m, that will expire on schedule. The bank guarantee facilities are made available to associates on an arm's length basis.

12. Related-party transactions

Material related-party transactions are described in Note 52 to the IFRS-compliant consolidated financial statements for the year ended December 31st 2019. The related-party transactions concluded in the first quarter of 2020 were executed on an arm's length basis and, in the opinion of the Management Board, were typical and routine transactions.

13. Events occurring after the reporting date

On April 24th 2020, the Company's Management Board passed a resolution to wind up the D450 branch in Rybnik (see Current Report No. 13/2020 of April 24th 2020). This will optimise production processes by consolidating the scraper conveyors business within a single production plant, while retaining the technology and product capabilities enabling manufacture of scraper conveyors and peripheral equipment in line with the order book within the FAMUR Group. This decision will help mitigate the adverse effects of order reductions made in the wake of the global crisis caused by the COVID-19 pandemic, prompting trading partners in Poland and abroad to refrain from purchasing mining machinery and equipment, which has had particularly severe consequences for the scraper conveyor business. Closing down of the branch will involve laying off 204 employees. Accordingly, on April 24th 2020 the Company notified its social partners of the reasons for the planned collective redundancies and will notify the local job centre of its intention to carry out collective redundancies at the branch.

Following the liquidation of the Rybnik branch, the FAMUR Group's net profit or loss for the second quarter of 2020 will be reduced by restructuring costs of ca. PLN 7m, comprising provisions for severance payments for employees and impairment losses on the branch's non-current and current assets.

Separate statement of profit or loss

for the three months ended March 31st 2020, prepared in accordance with IFRSs (unaudited)

in PLNm, except for earnings per share	3 months to March 31 2020	3 months to March 31st 2019
Revenue	**286**	**296**
Cost of sales	182	195
Gross profit	**104**	**101**
Distribution costs	5	1
Administrative expenses	21	20
Profit on sales	**78**	**80**
Other income	10	8
Gain on disposal of non-financial non-current assets	1	1
Other income, including:	9	7
- reversal of impairment losses on receivables	2	1
Other expenses	24	16
Revaluation of non-financial assets	2	1
Other expenses	22	15
Operating profit	**64**	**72**
Finance income	7	4
Interest	4	3
Gain on disposal of investments	1	-
Other	2	1
Finance costs	18	7
Interest	7	5
Other	11	2
Profit before tax	**53**	**69**
Income Taxes	11	15
Net profit	**42**	**54**
Earnings from continuing operations per ordinary share	0.07	0.09
Weighted average number of shares (millions)	575	575

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Separate statement of comprehensive income

for the three months ended March 31st 2020, prepared in accordance with IFRSs (unaudited)

(PLNm)	3 months to March 31 2020	3 months to March 31st 2019
Net profit	**42**	54
Other comprehensive income that may be reclassified to profit or loss in subsequent reporting periods:	**-2**	1
Cash flow hedges	-3	1
Income tax on other comprehensive income	1	-
Other comprehensive income that will not be reclassified to profit or loss in subsequent reporting periods:	**-**	-
Total other comprehensive income, net of tax	**-2**	1
Total comprehensive income	**40**	55

Separate statement of financial position

as at March 31st 2020 and December 31st 2019, prepared in accordance with IFRSs

Assets

(PLNm)	Mar 31 2020 (unaudited)	Dec 31 2019 (audited)
Non-current assets	**958**	**951**
Intangible assets, including:	193	194
- goodwill	162	162
Property, plant and equipment	461	457
Property, plant and equipment	427	425
Property, plant and equipment under construction	34	32
Long-term receivables	1	1
Long-term investments	209	209
Property	31	31
Non-current financial assets	178	178
Other non-current assets (prepayments and accrued income)	1	1
Deferred tax assets	93	89
Current assets	**1,565**	**1,670**
Inventories	222	210
Short-term receivables	612	797
trade receivables	604	783
tax receivables, including:	1	4
current tax assets	1	1
other receivables	7	10
Other current financial assets	19	45
Cash and cash equivalents	624	528
Other current assets (prepayments and accrued income)	6	7
Non-current assets classified as held for sale	82	83
Total assets	**2,523**	**2,621**

Separate statement of financial position

as at March 31st 2020 and December 31st 2019, prepared in accordance with IFRSs

Equity and liabilities

(PLNm)	Mar 31 2020 (unaudited)	Dec 31 2019 (audited)
Equity	**1,209**	**1,169**
Share capital	6	6
Statutory reserve funds	780	780
Revaluation reserve	1	3
Other capital reserves	162	162
Retained earnings	260	218
Liabilities and provisions for liabilities	**1,314**	**1,452**
Provisions for liabilities	75	76
Provision for retirement and similar benefits	36	36
non-current	24	25
current	12	11
Other provisions	39	40
non-current	9	6
current	30	34
Non-current liabilities	458	471
Borrowings and other debt instruments	412	421
Non-current lease liabilities	45	49
Other non-current liabilities	1	1
Current liabilities	758	880
Trade payables	192	191
Wages and salaries	12	11
Tax payable, including:	79	78
Current tax liabilities	56	48
Current lease liabilities	20	18
Short-term borrowings and notes	395	521
Other	60	61
Other liabilities (accruals and deferred income)	23	25
Total equity and liabilities	**2,523**	**2,621**

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Separate statement of changes in equity

for the three months ended March 31st 2020, prepared in accordance with IFRSs (unaudited)

(PLNm)	Share capital	Statutory reserve funds	Revaluation reserve	Other capital reserves	Retained earnings	Total equity
Jan 1 2020	**6**	**780**	**3**	**162**	**218**	**1,169**
Net profit	-	-	-	-	42	42
Other comprehensive income	-	-	-2	-	-	-2
Mar 31 2020	**6**	**780**	**1**	**162**	**260**	**1,209**
Jan 1 2019	6	931	2	162	211	1,312
Net profit	-	-	-	-	54	54
Other comprehensive income	-	-	1	-	-	1
Mar 31 2019	6	931	3	162	265	1,367

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Separate statement of cash flows

for the three months ended March 31st 2020, prepared in accordance with IFRSs (unaudited)

(PLNm)	3 months to March 31 2020	3 months to March 31st 2019
Cash flows from operating activities – indirect method		
Profit before tax	**53**	**69**
Total adjustments	**192**	**103**
Depreciation and amortisation	44	37
Interest and share of profit (dividend)	5	3
Gain/(loss) on investing activities	-2	-1
Change in provisions	-	-2
Change in inventories	-12	1
Change in receivables	166	72
Change in current liabilities (net of borrowings)	-3	-6
Income taxes paid	-6	-1
Net cash from operating activities	**245**	**172**
Cash flows from investing activities		
Cash provided by investing activities	**33**	**11**
Disposal of intangible assets and property, plant and equipment	7	1
Proceeds from financial assets, including:	26	10
- repayment of long- and short-term loans	26	10
Cash used in investing activities	**46**	**51**
Purchase of intangible assets and property, plant and equipment	46	46
Payments for financial assets, including:	-	5
- long- and short-term loans	-	5
Net cash from investing activities	**-13**	**-40**
Cash flows from financing activities		
Cash provided by investing activities	**14**	**-**
Borrowings	14	-
Cash used in investing activities	**150**	**54**
Repayment of borrowings	33	50
Repurchase of debt securities	108	-
Payment of finance lease liabilities	5	-
Interest	4	4
Net cash from financing activities	**-136**	**-54**
Total net cash flows	**96**	**78**
Net change in cash	96	78
Cash at beginning of period	528	127
Cash at end of period	**624**	**205**

OTHER INFORMATION TO THE CONSOLIDATED QUARTERLY REPORT

Factors which the FAMUR Group believes may affect its performance in the following quarter or future periods

Key factors and risks with a potential bearing on the FAMUR Group's financial performance in the following quarter or future periods are described in the 'External and internal factors relevant to the Company's and the FAMUR Group's development' and 'Material risk factors and threats with bearing on the Company's business' sections of the Directors' Report on the operations of FAMUR S.A. and the FAMUR Group in 2019. The referenced reports are available on the Company's website at https://famur.com. Other significant factors are discussed below.

– Some domestic trading partners issued notices of temporary suspension of performance of selected contracts, including shearer loader and roadheader leases, citing COVID-19 as a force majeure event. Depending on the trading partner, the performance of lease contracts was suspended for a month, one day a week for three months or for an indefinite period. The factor with the biggest impact on the Company's revenue will be the announced suspension of performance by Polska Grupa Górnicza (PGG) of selected roadheader lease contracts for a month (May 1st–May 31st 2020), which may lead to a loss of lease income and related revenue from aftermarket services of approximately PLN 7m (see Current Report No. 12/2020 of April 23rd 2020). The estimated effect of contract suspension by other entities on revenue during the entire period indicated by those entities is below PLN 2m. Also, Polska Grupa Górnicza notified the Company of suspension for a month (from May 1st to May 31st 2020) of performance of selected contracts for the supply of belt and scraper conveyors, suspended monorail systems and powered roof supports with a value of ca. PLN 103m (see Current Report No. 12/2020 of April 23rd 2020). Given that Polska Grupa Górnicza represents a significant share of the FAMUR Group's total turnover, the Company announces that as at the date of this report the FAMUR Group's total receivables from PGG stood at ca. PLN 180m, including past due receivables of ca. PLN 32m. The total exposure, including invoiced revenue, recourse rights relating to receivables sold, and other payments under the contracts in progress (including, but not limited to, the outstanding payments for the lease of shearer loaders and roadheaders), is approximately PLN 600m.

– A significant increase in economic uncertainty caused by the COVID-19 pandemic and the spread of the SARS-CoV-2 virus in Poland and around the world is reflected in reduced operations of mining companies and challenging conditions faced by Poland's coal mining industry, Polska Grupa Górnicza in particular. Also, other industry players, including Tauron Wydobycie, Jastrzębska Spółka Węglowa and Węglokoks Kraj, have publicly announced their intention to downscale operations in response to the pandemic. All these factors, compounded by the unfolding epidemic, may affect the Company's financial position in the coming quarters of 2020. As at the date of issue of this interim report, the Company was unable to reliably estimate the potential adverse impact of these developments on its performance in the following quarters.

– As a result of restrictions imposed by the governments in Russia and South Africa, the Company's local subsidiaries had to significantly reduce their operations, which may affect aftermarket revenue but also, in the case of the South African subsidiaries, may adversely impact revenue from the sale of machinery and equipment.

– COVID-19-related restrictions on cross-border travel, combined with restrictions on mining operations implemented in the countries affected by the pandemic, are hindering performance of the final stages of contracts for the supply of machinery, which may cause delays in contract performance (and, consequently, may delay the billing process and operating cash flows). The restrictions on mine operations are causing output to fall, thus leading to a reduction in purchase orders for aftermarket services.

– A difficult economic situation of hard coal mining companies in Poland, further exacerbated by the COVID-19 pandemic, necessitates recovery measures. The scope, scale and method of potential restructuring of the Polish coal mining sector are unknown, yet considering a major share of the Group's turnover is generated under contracts with Polish mining companies and a significant portion of the trade receivables shown in the Group's balance sheet are from mining companies, the effects of potential restructuring could strongly affect the Company's future results.

OTHER INFORMATION TO THE CONSOLIDATED QUARTERLY REPORT

Management Board's position on the previously published annual financial forecasts

The Management Board decided not to release forecasts for 2020.

Shareholders holding directly or indirectly (through subsidiaries) at least 5% of total voting rights at the General Meeting of FAMUR S.A. as at the issue date of this interim report and changes in the shareholding structure occurring after the issue of the previous quarterly report

According to the Company's knowledge, the Company's shareholding structure as at the date of issue of this interim report for the three months to March 31st 2020 was the same as the shareholding structure as at April 21st 2020, which was the date of issue of the full-year report for the 12 months ended December 31st 2019.

Shareholder	Number of shares held	Number of voting rights at the General Meeting	Equity interest
TDJ Equity I Sp. z o.o.*	271,853,785	271,853,785	47.30%
Nationale-Nederlanden OFE*	59,300,000	59,300,000	10.32%
AVIVA OFE*	55,400,000	55,400,000	9.64%
FAMUR S.A.**	4,616	4,616	0.00%
Other	188,204,811	188,204,811	32.74%
Total	**574,763,212**	**574,763,212**	**100%**

** Data as at June 17th 2019 (AGM).*

*** Indirectly through subsidiaries.*

Members of the management or supervisory personnel holding FAMUR S.A. shares or rights to FAMUR S.A. shares, and changes in their holdings after the issue of the previous report, according to FAMUR S.A.'s knowledge

According to the Company's knowledge, no FAMUR S.A. shares were held by the Company's management or supervisory personnel as at March 31st 2020 and as at the date of issue of this report; with the proviso that during the reporting period and as at the date of issue of this report a majority interest in the Company was held by Tomasz Domogała, who owned the interest indirectly through TDJ S.A.'s subsidiary TDJ Equity I Sp. z o.o., remaining a major shareholder in the Company.

Material proceedings pending before courts, arbitration or public administration bodies

In the first quarter of 2020 and as at the issue date of this report, there were no court, arbitration or administrative proceedings pending that would be material from the perspective of the Company or its Group.

Loan sureties and guarantees issued by FAMUR S.A. or its subsidiary where the aggregate value of such outstanding sureties and guarantees issued to a single entity or its subsidiary is significant

Except for the events discussed in Note 11 'Contingent liabilities' to the condensed consolidated financial statements (the Company providing a revolving guarantee facility to FAMAK Group companies and concurrently taking over the letters of credit/bank guarantees already issued by the banks on instruction from FAMAK), in the three months to March 31st 2020 no loan sureties or guarantees were issued by the Company or its subsidiary to any entity or its subsidiary, whose aggregate value would be significant.

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OTHER INFORMATION TO THE CONSOLIDATED QUARTERLY REPORT

Alternative performance measures

In its evaluation and discussion of the reported financial performance, financial position and cash flows, the FAMUR Group makes references to alternative performance measures (APM) other than those expressly defined or outlined in the applied financial reporting framework compliant with IFRS requirements. However, these metrics are calculated on the basis of information sourced from the financial statements prepared in accordance with IFRSs. APMs are consistent with the standards applied by the FAMUR Management Board in measuring and evaluating the Group's performance for internal management accounting purposes, provide a useful tool for presenting the Group's financial and operating position, and facilitate analysis and assessment of the Group's performance for internal purposes and external needs in discussions with financial analysts, potential investors, shareholders, noteholders, and institutions financing the FAMUR Group's operations.

The alternative performance measures presented by the FAMUR Group are standard metrics and indicators commonly used in financial analysis and are typically used to discuss performance of manufacturers of mining machinery and equipment. The selection of the alternative performance measures was preceded by an analysis of their usefulness in providing investors with helpful information on financial position, cash flows and financial efficiency, and – in the Company's opinion – the selected APMs enable an optimum assessment of financial performance.

In accordance with the ESMA Guidelines on Alternative Performance Measures, the following list sets out the definitions of the alternative performance measures used by the FAMUR Group and reconciliations to the data disclosed in the consolidated financial statements prepared in accordance with International Financial Reporting Standards.

EBITDA

EBITDA is the main operating profit metric used by the Management Board, representing operating profit before depreciation/amortisation and impairment of non-current assets. The method of calculating EBITDA is not defined in IFRSs, and the methodology adopted by the Group is presented below.

(PLNm)	3 months to March 31 2020	3 months to March 31st 2019
Operating profit	62	88
Depreciation and amortisation	47	47
EBITDA	**109**	**135**

Working capital and working capital as % of revenue

Working capital is the metric used by the Management Board to assess the amount of capital needed to perform contracts. Working capital as a percentage of revenue shows the efficiency of managing the operating cash conversion cycle. The method of calculating working capital is not defined in IFRSs, and the methodology applied by the Group is presented below.

(PLNm)	As at Mar 31 2020	As at Dec 31 2019
Inventories	292	303
Short-term trade receivables	641	966
Subtotal	933	1,269
Less short-term trade payables	-209	-240
Working capital	**724**	**1,029**

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OTHER INFORMATION TO THE CONSOLIDATED QUARTERLY REPORT

LTM revenue according to IFRSs

(PLNm)	Revenue
Jan–Dec 2019	2,165
Less 3 months to Mar 31 2019	-470
9 months to Mar 31 2019	1,695
Plus 3 months to Mar 31 2020	344
LTM to Mar 31 2020	**2,039**
Working capital as at Mar 31 2019	976
Working capital as at Mar 31 2020	724
Average working capital in the period	**850**
Average working capital in the quarter as % of revenue	**42%**

Net debt

Net debt is a debt metric used by the Management Board. The method of calculating net debt is not defined in IFRSs, and the methodology applied by the Group is presented below.

(PLNm)	As at Mar 31 2020	As at Dec 31 2019
Long-term borrowings	412	421
Short-term borrowings	162	332
Non-current lease liabilities	40	61
Current lease liabilities	6	8
Gross debt	**620**	**822**
Less cash and cash equivalents	-712	-602
Net debt	**-92**	**220**

LTM EBITDA

(PLNm)	EBITDA
Jan–Dec 2019	451
Less 3 months to Mar 31 2019	-135
9 months to Dec 31 2019	316
Plus 3 months to Mar 31 2020	109
LTM to Mar 31 2020	**425**
Net debt as at Mar 31 2020	**-92**
Net debt/EBITDA	**-0.2**

FAMUR

……………………………………………………….
Signature of the person responsible for
preparation of the financial statements
Marcin Pietrzak

Signatures of members of the Management Board of FAMUR S.A.

Mirosław Bendzera	……………………………………………………….
Beata Zawiszowska	……………………………………………………….
Dawid Gruszczyk	……………………………………………………….
Tomasz Jakubowski	……………………………………………………….
Ireneusz Kazimierski	……………………………………………………….
Adam Toborek	……………………………………………………….