FAMUR

FAMUR Group
Consolidated Q1 2021 report

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Summary of Q1 2021 results

- PLN 274m in revenue for the three months ended March 31st 2021, down 20% year on year, mainly as a result of a major drop in orders on the OEM market, as well as changes in the Group's structure.
- EBITDA for the first three months of 2021 at PLN 91m, with EBITDA margin at 33% of revenue.
- PLN 39m in net profit for the three months ended March 31st 2021.
- Operating cash flow of PLN 91m for the three months to March 31st 2021.
- Cash surplus over gross debt of PLN 489m as at March 31st 2021.

	3 months to		
(PLNm)	**Mar 31 2021**	Mar 31 2020	Change [%]
Key financial metrics			
Revenue	274	344	-20%
EBITDA	91	109	-17%
Net profit	39	52	-25%
Operating cash flow	91	280	-68%
as % of revenue			
EBITDA margin	33%	32%	+1pp
Net profit margin	14%	15%	-1pp

	As at	
	Mar 31 2021	Dec 31 2020
Net debt (PLNm)	-489	-420
Net debt/EBITDA	-1.2	-1.0

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Comment from the President of the Management Board on the performance delivered by the Group
Commenting on the Group's performance in the first quarter of 2021, Mirosław Bendzera, President of the Management Board, said: "In the first quarter of 2021, the COVID-19 pandemic continued to have a major impact not only on the FAMUR Group's business environment, but also on its day-to-day operations. For this reason, we continued to focus on ensuring the safety of our staff, trading partners and contractors. By maintaining strict sanitary standards and efficient organisation of our operations, we were able to smoothly perform ongoing contracts and supply the machinery, equipment and services needed in our customers' business. However, the FAMUR Group's customers still tend to suspend or reduce their capital projects and postpone the completion of existing contracts. Examples include the contract for delivery of mining machinery to OOO UK KOLMAR's Inaglinsky coking coal mine in the Russian Federation, signed in December 2020. The contract was initially scheduled for completion in the fourth quarter of 2021, but was postponed by the Employer by at least six months due to the ongoing SARS-CoV-2 pandemic. Ultimately, the contract did not enter the execution phase, although it cannot be ruled out that it will be resumed on newly agreed terms in the future. In addition, the continuing restrictions on cross-border movement hindered the acquisition of new and execution of existing contracts on foreign markets, because dispatching maintenance teams abroad involved the need to keep them in self-isolation for many days (or many weeks in the case of China), to obtain special visas (consent) and to undergo a number of SARS-CoV-2 tests. A continuing rebound in the global prices of both thermal and metallurgical coal was a positive sign in the first quarter of the year. Moreover, according to the IEA, global demand for coal is forecast to grow by 4.5% in 2021 (topping the 2019 level), driven, among other things, by the post-pandemic economic recovery and an expected rise in gas[1] prices. The first quarter of 2021 was also a period of significant rises in the prices of materials, mainly steel and castings, but also electrical components and electronics, which may have an effect on profitability.

The first quarter of 2021 saw a continued decline in hard coal production on the Polish market (down 6% year on year), which – coupled with the prolonged negotiations between the government and trade unions over transformation plans for the hard coal mining sector and planned phase-out of mines – discouraged mine operators from making any investment decisions. In late April 2021, an agreement was initialled, now awaiting approval by the European Commission. The adopted 'Poland's Energy Policy until 2040' envisages a significant reduction in the share of conventional sources in power generation in favour of RES, natural gas and nuclear power. The cut-off date for the closure of thermal coal mines in Poland has been set for 2049. This means that for more than two decades both mining and mining-related companies will have to ensure the continuity of supplies of machinery, equipment and services for the gradually shrinking mines, while having to work hard on diversifying their businesses outside the mining sector relying, among other things, on support measures for Poland's energy transition.

Despite the challenging business environment, in March 2021 we signed a number of individual roadheader lease contracts with a company of the TAURON Group, for a total amount of approximately PLN 26m (VAT exclusive). In addition, in April 2021 LW Bogdanka selected the bid submitted by a consortium comprising the FAMUR Group (as the Consortium Leader) and Hydrotech S.A. for the upgrade and delivery of longwall system equipment, with the maximum price of approximately PLN 62m. In the first quarter of 2021, the FAMUR Group's commercial efforts translated into almost PLN 109m in newly secured orders from Poland and abroad. As a result, the total value of our backlog (understood as the supplies of machinery and equipment and leases in accordance with the contract terms) as at the end of March 2021 was approximately PLN 600m.

Changes in Poland's energy sector decarbonisation policy, effects of the COVID-19 crisis, and reduced market demand require the FAMUR Group to adapt its operational resources and cost base structure to the changing environment. In the first quarter of 2021, a decision was made to close down the Longwall Hydraulic Systems Branch in Zabrze, whose capabilities and part of the manufacturing processes will be transferred to the Gorlice Branch, while the remaining

[1] *https://www.iea.org/reports/global-energy-review-2021/coal*

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production will be discontinued. In addition, the FAMUR S.A. Longwall Systems Branch in Katowice will lay off approximately 85 FTEs and launch a voluntary redundancy programme.

The reorganisation of the FAMAK Group (Surface segment), undertaken together with TDJ more than a year ago, allowed us to optimise its operations and adapt its business profile to current market expectations, including by suspending its activity in machinery and equipment for the surface mining sector. The FAMAK Group's assets were streamlined and its staffing levels rightsized. Currently, the focus is on improving the profitability of its logistics and material handling sector, which should become a platform for its long-term growth. We expect the restructuring process to be completed by the end of 2021.

The FAMUR Group's reported revenue fell by 20% in the first quarter of 2021, and by approximately 15% after the elimination of consolidation changes, to PLN 274m. The largest year-on-year decline was recorded in revenue from the supply of machinery and equipment (down 37%), while revenue from aftermarket services and leases remained largely unchanged, at PLN 156m. EBITDA came in at PLN 91m. As at the end of March 2021, the FAMUR Group increased its cash surplus over gross debt to PLN 489m, and also had access to undrawn credit facilities totalling PLN 541m.

We expect that the current global megatrends, climate-related challenges and accelerated transition towards a low-carbon economy will prompt more and more countries to make further, far-reaching changes in their respective energy policies, which will directly affect the industries related to conventional power generation. In addition, since the beginning of 2020 there has been a growing pressure on reducing support and financing for projects directly or indirectly related to the conventional power generation sector within the OECD. In December 2020, the EU countries agreed to raise their CO_2 reduction target from the current 40% to no less than 55% by 2030 (relative to the 1990 levels). In February 2021, the Polish authorities officially adopted 'Poland's Energy Policy until 2040', which envisages, among other things, a reduction of the share of coal in the energy mix down to 11% in 2040 (from 69% in 2020) if the prices of CO_2 emission allowances remain high. The unprecedented structural change in the approach to shaping Poland's energy policy, combined with the plan to phase out the Polish thermal coal mining industry (currently, the cut-off date for closing down the last Silesian mine is the end of 2049), not only made it necessary for us to keep adjusting the current structure of our assets involved in the production of machinery and equipment for the sector, but also led us to thoroughly review our assumptions, risks and expected benefits of planned expansion into the hard rock mining (HRM) business. In 2019–2021, we analysed over twenty entities across the globe and carried out two due diligence processes at potential acquisition targets with revenues in excess of PLN 500m. Taking into account the scale and pace of changes in the entire mining sector, we decided against expanding into the HRM sector. Given the current situation, investment in that business area would trigger a number of risks that are unacceptable to the Group, including an increase in ESG risk, inability to achieve the required scale of diversification or sufficient technology and product synergies as a result of accelerated reduction of the coal mining sector's role in Poland and abroad, as well as inability to achieve a satisfactory level of profitability.

Having analysed the prevailing development trends, we perceive the acceleration of Poland's energy transition not as a threat, but rather as an opportunity and catalyst for the FAMUR Group's growth. However, faced with the fast-changing business environment, we will have to rethink our strategic directions. Our unique capabilities in the industrial and energy sectors, operational scale and flexible business model make for an excellent development platform. If we add our strong cash position, access to EU funds and instruments designed to finance the green energy transition, as well as the support we get from TDJ as a stable, long-term investor, we have a unique opportunity to adapt our business profile to the changes taking place in our business environment, shaped in line with the New Green Deal Policy. Over the past months, based on a letter of intent with TDJ, we were working hard to build the foundations for our RES segment, with a particular focus on solar power generation (PV). These efforts included the acquisition of PV projects, securing access to components necessary for the implementation of solar farm projects, and provision of loans to special purpose vehicles for the construction of PV projects. Concurrently, we were working to finalise a cooperation agreement with

TDJ concerning a joint investment and building a major player in that promising market area based on our combined resources.

In the coming quarters, we will mainly focus on consistent development of the RES segment and further analysis of prospective industrial sectors to further diversify our operations, as well as the ongoing adjustment of our mining assets and operating activities to developments in the global mining sector. Maintaining adequate flexibility and cost competitiveness will also remain a challenge, especially amid sharp movements in the prices of components and services, mainly on the steel market, and the instability of supply chains seen across many areas. We will keep a close eye on developments caused by the pandemic and appropriately align our efforts to ensure the safety of our staff, dependably provide services and products to our customers, and minimise the risk of disruption to our operations."

Analysis of factors, events and the Company's achievements with material bearing on performance

The following discussion of the results for the three months ended March 31st 2021 should be read in conjunction with the condensed quarterly consolidated and separate financial statements of the FAMUR Group for the three months ended March 31st 2021, 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 2020, prepared in accordance with IFRSs, and the Directors' Report on the operations of FAMUR S.A. and the FAMUR Group in 2020. 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.

Market environment

To a large extent, the number of orders for mining equipment offered by the FAMUR Group reflects the currently prevailing and expected global trends, mainly in the prices of coal and other energy commodities. In the first quarter of 2021, the price of thermal coal (ARA 1Y) rose by almost 5%, but remains subdued, at about USD 72/tonne. The price of metallurgical coal also went up. However, the increasingly stringent decarbonisation policy and the ongoing pandemic have caused mining companies to either reduce or postpone for months their planned capital projects. Examples include the contract for delivery of mining machinery to OOO UK KOLMAR's Inaglinsky coking coal mine in the Russian Federation, signed by the FAMUR Group in December 2020 and scheduled for completion in the fourth quarter of 2021. In February 2021, the Employer notified the Company of postponing the contract completion date by at least six months due to the ongoing SARS-CoV-2 pandemic. Ultimately, the contract did not enter the execution phase as the Employer failed to make an advance payment, which was a precondition for commencing the production of equipment under the contract. However, the parties did not rule out joint implementation of the project in the future, on newly agreed contractual terms, subject to price updates and delivery date postponement by the end user.

In the first quarter of 2021, coal production in Poland fell 6% year on year. At the end of March 2021, coal stocks shrank by 7% relative to the end of December 2020.[2] The continuing decline in coal production, coupled with the prolonged negotiations between the government and trade unions over the planned phase-out of thermal coal mines, continued to affect the investment decisions of Polish coal producers. In late April 2021, an agreement providing for a gradual phase-out of thermal coal mines in Upper Silesia by the end of 2049 was initialled, and is now subject to final approval by the European Commission.

[2] *Source: in-house calculations based on data sourced from https://polskirynekwegla.pl/*

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Despite this challenging business environment, in March 2021 the FAMUR Group signed a number of individual roadheader lease contracts with the TAURON Group, for a total amount of approximately PLN 26m (VAT exclusive). Additionally, in May 2021 the Company (as the leader of a consortium comprising the FAMUR Group and Hydrotech S.A.) and Lubelski Węgiel Bogdanka S.A. signed a contract for the upgrade and delivery of longwall system equipment, with the maximum price of approximately PLN 62m. In the first quarter of 2021, the FAMUR Group's global commercial efforts translated into almost PLN 109m in newly secured orders for the supply of machinery and equipment and for aftermarket services. As at the end of March 2021, the total value of the FAMUR Group's backlog (supplies of machinery and equipment and leases in accordance with the contract terms) was approximately PLN 600m.

Revenue development

	3 months to	
(PLNm)	**Mar 31 2021**	**Mar 31 2020**
Supply of machinery and equipment	117	187
Revenue from aftermarket services and leases	156	156
Other	1	2
Total revenue	**274**	**344**

In the three months ended March 31st 2021, revenue according to International Financial Reporting Standards (IFRSs) fell by PLN 70m (-20%) year on year, to PLN 274m. The consolidation changes account for a ca. PLN 23m drop in revenue, as the comparative period still included a contribution from the FAMAK Group, which ceased to be consolidated under the full method in March 2020. Adjusted for the consolidation changes, the FAMUR Group's revenue for the three months to March 31st 2021 would have been lower by approximately 15% year on year.

Revenue from the supply of machinery and equipment in the three months ended March 31st 2021 was PLN 117m, having fallen PLN 70m (-37%) on the three months to March 31st 2020. Recurring revenue (aftermarket and leases) remained unchanged.

Sales by key geographies

In the first three months of 2021, the FAMUR Group's export sales accounted for approximately 45% of total revenue, vs 39% in the year before. Sales to foreign markets were mainly to Russia and CIS countries (approximately 38% of total revenue), and to a lesser extent Europe (approximately 3%). Asian, American and African countries combined accounted for about 4% of total revenue.

Profitability

	3 months to	
(PLNm)	**Mar 31 2021**	**Mar 31 2020**
Gross profit	80	120
Operating profit	44	62
EBITDA	91	109
Net profit	39	52

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Gross profit

In the three months to March 31st 2021, gross profit was PLN 80m, down PLN 40m (-33%) on the same period of 2020 as a result of lower revenue. Gross profit margin as a percentage of revenue in the first quarter of 2021 amounted to 29%.

Operating profit and EBITDA

In the first quarter of 2021, operating profit and EBITDA stood at PLN 44m and PLN 91m, respectively. The PLN 18m decline in both operating profit and EBITDA in the three months to March 31st 2021 (-29% and -17%, respectively, in percentage terms relative to the same period of 2020) was driven by lower gross profit, partially offset by lower distribution costs, administrative expenses and other expenses. EBITDA margin, calculated as a percentage of revenue, grew by 1pp, to 33%.

Net profit

Net profit for the three months ended March 31st 2021 was PLN 39m, compared with PLN 52m (down 25%) posted for the same period of 2020.Net profit margin for the three months to March 31st 2021 came in at 14% of revenue, down from 15% in the comparative period.

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.

	As at	
(PLNm)	**Mar 31 2021**	**Dec 31 2020**
Cash and cash equivalents	961	899
Gross debt	472	479
Net debt	-489	-420
Working capital	525	533
Assets	2,513	2,492
Net debt/EBITDA	-1.2	-1.0
Average working capital for the quarter as % of revenue	49%	47%

	3 months to	
(PLNm)	**Mar 31 2021**	**Mar 31 2020**
Cash flows from operating activities	91	280
Cash flows from investing activities	-32	-33
Cash flows from financing activities	2	-135

Net debt

As at March 31st 2021, net cash exceeded borrowings and other debt instruments, notes and lease liabilities by PLN 489m. In addition, as at the end of March 2021, the Group had access to undrawn lines of credit totalling PLN 541m. In the three months ended March 31st 2021, total non-current and current liabilities under borrowings, other debt instruments, leases and purchase of receivables went down by PLN 7m, to PLN 472m, while cash increased by PLN 62m, to PLN 961m.

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Working capital

The PLN 8m decrease in working capital in the first quarter of 2021, to PLN 525m, was chiefly attributable to lower revenue. The working capital to revenue ratio for the last three months was 49%.

Assets

In the three months ended March 31st 2021, assets rose by PLN 21m, with current assets up PLN 32m and non-current assets up PLN 11m.

Cash flows

Cash from operating activities of PLN 91m reported for the three months ended March 31st 2021 was an effect of EBITDA of PLN 91m and released operating capital of PLN 17m (PLN 54m in cash inflows from accounts receivable and PLN 6m from a decrease in inventories, partly offset by payment of current liabilities of PLN 43m). Income tax paid was PLN 14m. Other adjustments reconciling EBITDA to operating cash flow amounted to PLN -3m. Cash from investing activities included mainly cash used on investments in property, plant and equipment of PLN 35m, cash advances paid and loans of PLN 8m made to third parties to finance the operations of special purpose vehicles active in the photovoltaics business. The total outflows from investing activities were partially offset by PLN 15m in proceeds from the sale of non-core assets. In the first quarter of 2021, cash flows from financing activities amounted to PLN 2m.

Measures taken in the three months ended March 31st 2021 to adjust the FAMUR Group's cost structure to expected market conditions

In order to adjust its operational resources and cost base structure to current and expected market demand reflecting the global economic slowdown, developments on the coal market and the COVID-19 crisis, in the first quarter of 2021 the Management Board of FAMUR S.A. took the following optimisation measures:

- close-down of the Longwall Hydraulic Systems Branch in Zabrze *(Current Report No. 8/2021 of February 15th 2021)*
- lay-off of approximately 85 FTEs and launch of a voluntary redundancy programme at the FAMUR S.A. Longwall Systems Branch in Katowice.

These measures have helped the FAMUR Group to adjust its operational resources to the current and expected market situation, while maintaining production, technical and technological competence and product know-how, so that the production is continued to fulfil any secured orders.

In the first quarter of 2021, the collective redundancy covered 21 FTEs. In the same period, total workforce was reduced by another 77 FTEs as a result of natural attrition and voluntary redundancies.

Workforce

In the three months ended March 31st 2021, the FAMUR Group had an average headcount of 2,494, compared with 2,969 in 2020.

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

The factors with potential bearing on the FAMUR Group's business are described in detail in the Section entitled 'Factors relevant to the development of the FAMUR Group' of the Directors' Report on the operations of FAMUR S.A. and the FAMUR Group in 2020. Moreover, a detailed description of the key risks that may affect the Group's operations and financial performance is provided in the Section entitled 'Material risks and threats', which also indicates the degree of the Company's exposure, as well as the implementable mitigation measures. The key factors include:

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- Impact of the COVID-19 pandemic on the FAMUR Group's business
- Conditions in the mining industry and accelerated transition towards a low-carbon economy worldwide
- Poland's energy transition and the planned phase-out of thermal coal mines
- Continuing significant reduction of new OEM investments in the coal mining sector (both in Poland and on export markets)
- Smooth and efficient implementation of revenue diversification projects

Presented below is an update on the effect of these factors triggered by developments in the first quarter of 2021.

Impact of the COVID-19 pandemic on the FAMUR Group's business

In the first quarter of 2021, Poland and other countries were hit by another wave of the COVID-19 pandemic, which resulted in maintaining, reintroducing or tightening of administrative restrictions intended to contain the virus spread. The Management Board maintained the preventive measures in place since the pandemic outbreak to ensure staff safety and continuity of the Group's operations (for details, see the Directors' Report on the operations of FAMUR S.A. and the FAMUR Group in 2020).

The pandemic crisis continues to make the FAMUR Group's customers suspend or reduce their capital projects and postpone the completion of existing contracts. Examples include the contract for delivery of mining machinery to OOO UK KOLMAR's Inaglinsky coking coal mine in the Russian Federation, signed in December 2020 and scheduled for completion in the fourth quarter of 2021. In February 2021, the Employer notified the Company of postponing the contract completion date by at least six months due to the ongoing SARS-CoV-2 pandemic. Ultimately, the contract did not enter the execution phase as the Employer failed to make an advance payment, which was a precondition for commencing the production of equipment under the contract. However, the parties do not rule out joint implementation of the project in the future, on newly agreed contractual terms, subject to price updates and delivery date postponement by the end user.

The cross-border movement restrictions maintained in the first quarter of the year hindered the performance of contracts on foreign markets. Dispatching maintenance teams abroad involved the need to keep them in self-isolation for many days (or many weeks in the case of China), to obtain special visas (consent) and to undergo a number of SARS-CoV-2 tests. All this had a significant impact on the amount and length of work performed by maintenance teams, and every business trip had to be planned well ahead and took much more time.

Despite the significant impact of the pandemic on the business and economic standing of the Group's customers, the Company did not observe any material deterioration in the quality of trade receivables. As a rule, Polish coal companies pay their liabilities towards the FAMUR Group in accordance with the agreed payment terms. PGG is an exception here as it delays the payment of amounts due to the Group (by up to 25 days), which is attributable to the payment policy in place at PGG.

It is currently impossible to accurately estimate the scale of the pandemic's impact on the business environment of the FAMUR Group in the coming quarters, and in particular on the demand for its products and services, as it is factor that remains beyond the FAMUR Group's control. The FAMUR Management Board is monitoring the threats posed by the COVID-19 crisis on an ongoing basis and is taking appropriate steps to ensure that the employees are safe, operations are not disrupted, liabilities are met, financial liquidity is maintained, and the negative impact of the situation on the Group's profitability is mitigated.

Shifting towards a low-carbon economy worldwide and energy transition in Poland

The transition towards a low-carbon economy has been gathering momentum worldwide, especially recently. Examples include the agreement between EU countries to raise their CO_2 reduction target from the current 40% to no less than

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55% by 2030 (relative to the 1990 levels)[3]. In February 2021, the Polish authorities officially adopted 'Poland's Energy Policy until 2040', which envisages, among other things, a reduction of the share of coal in Poland's energy mix down to 11% in 2040 (from 69% in 2020) if the prices of CO_2 emission allowances remain high.[4] In late April 2021, an agreement between the government and miners providing for a gradual phase-out of thermal coal mines by the end of 2049 was initialled, and is now subject to final approval by the European Commission. In April 2021, the Ministry of State Assets submitted a proposal to separate coal assets from the energy companies owned by the State Treasury. The proposal provides for establishment of the National Energy Security Agency (NESA). The State Treasury would acquire coal-fired power generation assets. The project to separate coal assets is to be included on the government's agenda in the fourth quarter of 2021.[5]

In the first quarter of 2021, the economic situation of Poland's hard coal mining sector was still difficult, especially at Polska Grupa Górnicza (PGG), which accounted for 22% of the FAMUR Group's revenue in the three months ended March 31st 2021. As at March 31st 2021, the FAMUR Group's total invoiced receivables from PGG stood at approximately PLN 218m, including past due receivables of approximately PLN 21m, attributable to the payment policy in place at PGG. 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 445m.

Stepping up diversification efforts

Structural changes in the thermal coal market, and particularly the accelerated transition towards a low-carbon economy both in Poland and worldwide, led us to thoroughly review our assumptions, risks and expected benefits of planned expansion into the hard rock mining (HRM) business. In 2019–2021, the Company analysed over twenty entities across the globe and carried out two detailed due diligence processes at potential acquisition targets with revenues in excess of PLN 500m. As a result, a number of risks were identified, including an increase in ESG risk, inability to achieve the required scale of diversification or sufficient technology and product synergies as a result of accelerated reduction of the coal mining sector's role in Poland and abroad, as well as inability to achieve a satisfactory level of profitability. Therefore, a decision was made to abandon the plans of expansion into the HRM sector.

Instead, the FAMUR Group will seek to leverage Poland's energy transition to further grow its business. This requires us to rethink our strategic directions. Considering the FAMUR Group's capabilities in the industrial sector, links with the power generation sector, operational scale and flexible business model, coupled with its strong cash position, access to EU funds and instruments designed to finance the green energy transition, as well as the support from TDJ as a stable, long-term investor, the Group has a unique opportunity to become successful in that area and adapt its business profile to the business environment, shaped in line with the New Green Deal Policy. Between January and May 13th 2021, the following steps were taken to build the FAMUR Group's RES segment:

- Finalisation of a cooperation agreement with TDJ concerning a joint investment and building a major player in the promising area of solar power generation based on combined resources.
- Acquisition of photovoltaic projects at various stages of development, with a total capacity of more than 85 MW.
- Provision of loans to PV companies for the construction of photovoltaic farms. These are short- and medium-term loans that will be repaid with proceeds from external financing raised by those companies under the Project Finance model.
- Leveraging its scale, efficiency and experience in supply logistics management, the FAMUR Group secured the supplies of necessary photovoltaic components, such as panels, container transformer stations, inverters,

[3] *https://businessinsider.com.pl/wiadomosci/ue-zwiekszenie-celu-redukcji-emisji-co2-z-40-do-55-proc-w-2030-r/r4je99j*
[4] *https://www.gov.pl/web/klimat/polityka-energetyczna-polski-do-2040-r-przyjeta-przez-rade-ministrow*
[5] *https://biznesalert.pl/narodowa-agencja-bezpieczenstwa-energetycznego-nabe-zalozenia-energetyka-wegiel/*

structures and wiring, which are then resold to special purpose vehicles for the purpose of constructing photovoltaic farms.

Following the acquisition of projects, grant of loans to the SPVs and costs incurred on the construction of PV farms, as at May 13th 2021 the FAMUR Group's 'on-balance-sheet' capital commitment, i.e. the amount committed and already spent on the PV segment development project, was approximately PLN 107m. This amount will change depending on further development of the FAMUR Group's RES segment.

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CONDENSED QUARTERLY CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

for the three months ended March 31st 2021, 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 2021, prepared in accordance with IFRSs (unaudited)

in PLNm, except for earnings per share	3 months to	
	Mar 31 2021	**Mar 31 2020**
Revenue	**274**	**344**
Cost of sales	194	224
Gross profit	**80**	**120**
Distribution costs	4	10
Administrative expenses	26	34
Other income	11	11
Other expenses	17	25
Operating profit	**44**	**62**
Gains (losses) on expected credit loss allowances	1	-
Finance income	6	11
Finance costs	5	20
Gains (losses) recognised when control of subsidiary is lost	-	12
Share in net profit/(loss) of equity	3	-1
Profit before tax	**49**	**64**
Income taxes	10	12
Net profit from continuing operations	**39**	**52**
Discontinued operations	-	-
Net profit, attributable to:	**39**	**52**
owners of the parent	39	52
non-controlling interests	-	-

Earnings per share

Earnings per ordinary share (PLN)	0.07	0.09
Diluted earnings per ordinary share (PLN)	0.07	0.09

Consolidated statement of comprehensive income

for the three months ended March 31st 2021, prepared in accordance with IFRSs (unaudited)

(PLNm)	3 months to	
	Mar 31 2021	Mar 31 2020
Net profit	**39**	**52**
Other comprehensive income that may be reclassified to profit or loss in subsequent reporting periods:	**5**	**-23**
Cash flow hedges	4	-3
Exchange differences	1	-20
Other comprehensive income that will not be reclassified to profit or loss in subsequent reporting periods:	**-**	-
Total other comprehensive income, net of tax	**5**	**-23**
Total comprehensive income	**44**	**29**
including income attributable to non-controlling interests	**-**	-

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Consolidated statement of financial position

as at March 31st 2021, prepared in accordance with IFRSs (unaudited)

Assets

(PLNm)	As at	
	Mar 31 2021	Dec 31 2020
Non-current assets	**763**	**774**
Goodwill	162	162
Other intangible assets	21	23
Property, plant and equipment	420	441
Long-term receivables	2	2
Investment property	62	62
Investments in subsidiaries and associates	41	37
Other non-current financial assets	8	8
Deferred tax assets	47	39
Current assets	**1,750**	**1,718**
Current assets other than assets classified as held for sale	**4,025**	**3,981**
Inventories	238	229
Short-term trade and other receivables	484	520
Current tax assets	6	5
Other current financial assets	9	2
Cash and cash equivalents	961	899
Non-current assets classified as held for sale	**52**	**63**
Total assets	**2,513**	**2,492**

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Consolidated statement of financial position

as at March 31st 2021, prepared in accordance with IFRSs (unaudited)

Equity and liabilities

(PLNm)	As at	
	Mar 31 2021	**Dec 31 2020**
Equity	**1,726**	**1,682**
Share capital	6	6
Other components of equity	915	910
Retained earnings	833	794
Equity attributable to owners of the parent	1,754	1,710
Equity attributable to non-controlling interests	-28	-28
Liabilities	**787**	**810**
Non-current liabilities	**267**	**468**
Long-term provisions	29	30
Deferred tax liabilities	1	1
Other non-current financial liabilities	237	437
Current liabilities	**520**	**342**
Current liabilities other than liabilities included in disposal groups classified as held for sale	**508**	**330**
Short-term provisions	23	21
Short-term trade and other payables	242	266
Current tax liabilities	8	1
Other current financial liabilities	235	42
Liabilities included in disposal groups classified as held for sale	**12**	**12**
Equity and liabilities	**2,513**	**2,492**

FAMUR

Consolidated statement of cash flows

for the three months ended March 31st 2021, prepared in accordance with IFRSs (unaudited)

	Share capital	Other capital reserves	Retained earnings	Equity attributable to owners of FAMUR S.A	Equity attributable to non-controlling interests	Total equity
Jan 1 2021	**6**	**910**	**794**	**1,710**	**-28**	**1,682**
Net profit	-	-	39	39	-	39
other comprehensive income	-	5	-	5	-	5
total comprehensive income	**-**	**5**	**39**	**44**	**-**	**44**
changes in equity in the period	**-**	**5**	**39**	**44**	**-**	**44**
Mar 31 2021	**6**	**915**	**833**	**1,754**	**-28**	**1,726**

	Share capital	Other capital reserves	Retained earnings	Equity attributable to owners of FAMUR S.A	Equity attributable to non-controlling interests	Total equity
Jan 1 2020	**6**	**756**	**795**	**1,557**	**-46**	**1,511**
Net profit	-	-	52	52	-	52
other comprehensive income	-	-23	-	-23	-	-23
total comprehensive income	**-**	**-23**	**52**	**29**	**-**	**29**
changes in equity in the period	**-**	**-20**	**49**	**29**	**-**	**29**
Mar 31 2020	**6**	**736**	**844**	**1,586**	**-46**	**1,540**

FAMUR

Consolidated statement of cash flows

for the three months ended March 31st 2021, prepared in accordance with IFRSs (unaudited)

(PLNm)	3 months to	
	Mar 31 2021	Mar 31 2020
Cash flows from operating activities – indirect method		
Profit before tax	**49**	**64**
Total adjustments, including	**56**	**222**
Inventories	6	-15
trade receivables	36	208
other operating receivables	18	-1
trade payables	-24	-1
other operating payables	-19	-
depreciation and amortisation	47	47
impairment loss (reversal of impairment loss) recognised in profit or loss		
provisions	-2	3
exchange differences	-	-11
undistributed profits of associates	-3	-
(gain)/loss on disposal of non-current assets	-5	-14
Other adjustments producing cash effects in the form of investing or financing cash flow	2	6
other adjustments to reconcile profit (loss)	-	-
total gross profit and adjustments	**105**	**286**
Income tax paid (refunded)	**14**	**6**
Net cash from operating activities	**91**	**280**
Cash flows from investing activities		
Cash flows from losing control of subsidiaries	-	-16
Proceeds from sale of property, plant and equipment	15	7
Purchase of property, plant and equipment	-35	-49
Purchase of intangible assets	-	-
Cash advances and loans made to third parties	-8	-
Cash receipts from repayment of advances and loans made to other parties	-	25
Dividends received	-	-
Interest received	-	1
Other inflows (outflows) of cash	-4	-1
Net cash from investing activities	**-32**	**-33**
Cash flows from financing activities		
Proceeds from borrowings and other debt instruments	7	15
Repayment of borrowings and other debt instruments	2	141
Payment of lease liabilities	2	5
Dividends paid	-	-
Interest paid	-	4
Other inflows (outflows) of cash	-1	-
Net cash from financing activities	**2**	**-135**
Increase (decrease) in cash and cash equivalents before effect of exchange rate changes	**61**	**112**
Effect of exchange rate changes on cash and cash equivalents	1	-2
Increase (decrease) in cash and cash equivalents	**62**	**110**
Cash and cash equivalents at beginning of period	899	602
Cash and cash equivalents at end of period	**961**	**712**

Notes to the condensed consolidated financial statements

Notes to the condensed consolidated financial statements

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 mainly specialist services for continued post-mining operation of mining units at potassium chloride mines and borehole drilling services for various applications and offers drilling technology implementation services for engineering and geotechnical projects (through Śląskie Towarzystwo Wiertnicze Dalbis Sp. z o.o.).

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

2. Change in scope of consolidation

The table below presents the FAMUR Group’s structure as at March 31st 2021.

Company name	FAMUR S.A.’s interest (held indirectly and directly) (%)	Interest of entity exercising direct control (%)	Name of entity exercising direct control	City, Country
OOO FAMUR Russia	100.0			Novokuznetsk, Russia
TOO FAMUR Kazakhstan	100.0			Karaganda, Kazakhstan
Dams GMBH	100.0			Velbert, Germany
Ex-Coal Sp. z o.o.	100.0			Przeciszów, Poland
Taian Famur Coal Mining Machinery Co., Ltd.	100.0			Tai’an, China
Polskie Maszyny Górnicze S.A.	100.0			Katowice, Poland
Famur Institute Sp. z o.o.	100.0			Katowice, Poland
Famur Finance & Restructuring Sp. z o.o.	100.0			Katowice, Poland
DE Estate sp. z o.o.	100.0			Katowice, Poland
Invest PV 1 Sp. z o.o.	100.0			Katowice, Poland
Invest PV 2 Sp. z o.o.	100.0			Katowice, Poland
Invest PV 3 Sp. z o.o.	100.0			Katowice, Poland
Invest PV 4 Sp. z o.o.	100.0			Katowice, Poland
Invest PV 5 Sp. z o.o.	100.0			Katowice, Poland
Invest PV 6 Sp. z o.o.	100.0			Katowice, Poland
Invest PV 7 Sp. z o.o.	100.0			Katowice, Poland
Invest PV 8 Sp. z o.o.	100.0			Katowice, Poland
Invest PV 9 Sp. z o.o.	100.0			Katowice, Poland
Invest PV 10 Sp. z o.o.	100.0			Katowice, Poland
Invest PV 11 Sp. z o.o. (formerly: Ekoolesnopv Sp. z o.o.)	100.0			Katowice, Poland
MOS3 Sp. z o.o.	100.0			Szczecin, Poland
Agro Bio Energy Sp. z o.o.	100.0			Szczecin, Poland
SPV Solar 10 Sp. z o.o.	100.0			Rzeszów, Poland

Notes to the condensed consolidated financial statements

Company name	FAMUR S.A.'s interest (held indirectly and directly) (%)	Interest of entity exercising direct control (%)	Name of entity exercising direct control	City, Country
PV Ostrowąsy Sp. z o.o	52.0			Łódź, Poland
Mining Equipment Finance Sp. z o.o.	51.0			Katowice, Poland
Stadmar Sp. z o.o.	50.0			Radziszów, Poland
Shandong Tagao Mining Equipment Manufacturing Co.Ltd.	50.0			Tai'an, China
Polska Technika Górnicza S.A.	33.3			Katowice, Poland
PT. Kopex Mining Contractors	100.0			Jakarta, Indonesia
Anhui Long Po Electrical Co., Ltd.	20.0			Huaibei, China
Famur Finance Sp. z o.o.	100.0			Katowice, Poland
FAMUR INVEST Sp. z o.o.	100.0	100.0	Famur Finance Sp. z o.o	Katowice, Poland
Elgór+Hansen S.A.	100.0	83.60	Hansen Sicherheitstechnik AG	Chorzów, Poland
Hansen Sicherheitstechnik AG	100.0			Munich, Germany
Kopex Africa Pty Ltd.	100.0	100.0	Hansen Sicherheitstechnik AG	Benoni, South Africa
Hansen And Genwest Pty Ltd.	74.9	74.9	Kopex Africa Pty Ltd.	Benoni, South Africa
Air Reliant Pty Ltd	74.9	100.0	Hansen And Genwest Pty Ltd.	Benoni, South Africa
Primetech S.A.	81.2			Katowice, Poland
Śląskie Towarzystwo Wiertnicze Dalbis Sp. z o.o.	81.2	100.0	Primetech S.A.	Tarnowskie Góry, Poland
Famak S.A. (formerly: Famur Famak S.A.)	31.9			Kluczbork, Poland
Pemug Sp. z o.o.	100.0	100.0	Famak S.A.	Katowice, Poland
Fugo II Sp. z o.o.	31.9	100.0	Famak S.A.	Konin, Poland
Biuro Projektowe Biprocemwap Sp. z o.o.	31.9	99.9	Pemug Sp. z o.o	Kraków, Poland
BPiRI Separator Sp. z o.o.	31.6	99.0	Pemug Sp. z o.o.	Katowice, Poland
Famak India Private Limited	31.6	99.0	Fugo II Sp. z o.o.	New Delhi, India

Presented below are changes in the FAMUR Group's structure that took place in the first quarter 2020:

- Kopex MIN Fitip (register number: 07583168) was dissolved and deleted from the National Court Register on January 12th 2021, following a resolution to that effect passed by the company's Extraordinary General Meeting on November 6th 2020.
- WAMAG sp. z o.o. w likwidacji w upadłości (in liquidation bankruptcy) (National Court Register No.: 0000060368) was deleted from the National Court Register on January 5th 2021, after the decision of the District Court in Wałbrzych, 6th Commercial Division, case No. VI GUp 84/16, dated June 9th 2020, to close the company's bankruptcy proceedings had been carried into effect.

Notes to the condensed consolidated financial statements

Equity interests acquired by FAMUR S.A. in PV companies as at March 31st 2021 are presented below:

Company name	FAMUR S.A.'s interest	National Court Register No.
Invest PV 11 Sp. z o.o. (formerly Ekoolesnopv Sp. z o.o.)	100%	0000840444
MOS3 Sp. z o.o	100%	0000829093
Agro Bio Energy Sp. z o.o.	100%	0000507743
SPV Solar 10 Sp. z o.o.	100%	0000824366
PV Ostrowąsy Sp. z o.o.	52%	0000852418

New entities established by FAMUR S.A. as at March 31st 2021 are presented in the table below:

Company name	FAMUR S.A.'s interest	National Court Register No.
Invest PV 1 Sp. z o.o.	100%	0000879459
Invest PV 2 Sp. z o.o.	100%	0000879450
Invest PV 3 Sp. z o.o.	100%	0000879476
Invest PV 4 Sp. z o.o.	100%	0000879446
Invest PV 5 Sp. z o.o.	100%	0000879527
Invest PV 6 Sp. z o.o.	100%	0000879522
Invest PV 7 Sp. z o.o.	100%	0000879452
Invest PV 8 Sp. z o.o.	100%	0000879457
Invest PV 9 Sp. z o.o.	100%	0000879416
Invest PV 10 Sp. z o.o.	100%	0000879455

The table below contains 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") for the three months ended March 31st 2021, i.e. FAMUR S.A. as the parent and its consolidated subsidiaries, along with information on the applied consolidation method.

Company name	Consolidation method
OOO FAMUR Russia	full
TOO FAMUR Kazakhstan	full
Ex-Coal Sp. z o.o.	full
Taian Famur Coal Mining Machinery Co., Ltd.	full
Polskie Maszyny Górnicze S.A.	full
Famur Finance & Restructuring Sp. z o.o.	full
DE Estate sp. z o.o.	full
Invest PV 1 Sp. z o.o.	full
Invest PV 2 Sp. z o.o.	full
Invest PV 3 Sp. z o.o.	full
Invest PV 4 Sp. z o.o.	full
Invest PV 5 Sp. z o.o.	full
Invest PV 6 Sp. z o.o.	full
Invest PV 7 Sp. z o.o.	full
Invest PV 8 Sp. z o.o.	full
Invest PV 9 Sp. z o.o.	full
Invest PV 10 Sp. z o.o.	full
Invest PV 11 Sp. z o.o. (formerly: Ekoolesnopv Sp. z o.o.)	full

Notes to the condensed consolidated financial statements

Company name	Consolidation method
MOS3 Sp. z o.o.	full
Agro Bio Energy Sp. z o.o.	full
SPV Solar 10 Sp. z o.o.	full
Mining Equipment Finance Sp. z o.o.	equity
PT. Kopex Mining Contractors	full
Famur Finance Sp. z o.o.	full
FAMUR INVEST Sp. z o.o.	full
Elgór+Hansen S.A.	full
Hansen Sicherheitstechnik AG	full
Kopex Africa Pty Ltd.	full
Hansen And Genwest Pty Ltd.	full
Air Reliant Pty Ltd	full
Primetech S.A.	full
Śląskie Towarzystwo Wiertnicze Dalbis Sp. z o.o.	full
Famak S.A. (formerly: Famur Famak S.A.)	equity
Fugo II Sp. z o.o.	equity

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 3).

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 2020, 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.

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 25th 2021.

3. Declaration concerning accounting policies

The accounting policies applied to prepare these interim financial statements are consistent with those applied to draw up the Company's financial statements for the year ended December 31st 2020. For detailed information, see Note 7 to the consolidated financial statements for 2020.

Notes to the condensed consolidated financial statements

4. Segment revenue and performance

Currently, the Group reports one operating segment, as decisions on resource allocation and performance assessment are based on consolidated data.

Segment performance

The Company operates in Poland, Russia, the European Union and other countries. The table below presents the Group's markets, irrespective of the country of origin of its products and services.

Revenue	3 months to	
	Mar 31 2021	**Mar 31 2020**
Poland	151	210
Russia and CIS	104	93
European Union	9	20
Other Europe	-	1
Other (America, Asia, Africa, Australia)	10	20
Total	**274**	**344**
Total exports	123	134
Poland	151	210

5. Discontinued operations

The Famur Group identified discontinued operations. The Group discontinued operations through subsidiaries on the Serbian and Indonesian markets and discontinued coal trading activities and manufacturing for the construction market.

Discontinued operations	3 months to	
	Mar 31 2021	**Mar 31 2020**
Cash flows from operating activities	-	1
Cash flows from investing activities	-	-
Cash flows from financing activities	-	-
Total cash flows from discontinued operations	**-**	**1**

Notes to the condensed consolidated financial statements

Discontinued operations	3 months to	
	Mar 31 2021	Mar 31 2020
Revenue	**-**	4
Cost of sales	-	3
Gross profit/(loss)	**-**	1
Distribution costs	-	-
Administrative expenses	-	1
Profit/(loss) on sales	**-**	-
Other income	-	-
Other expenses	-	-
Operating profit/(loss)	**-**	-
Finance income	-	-
Finance costs	-	-
Profit/(loss) before tax	**-**	-
Income taxes	-	-
Net profit	**-**	-

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

The FAMUR Group began to develop a new operating segment to be engaged in the RES business. Accordingly, it acquired shares in special purpose vehicles holding projects and documentation based on which the RES business can be developed, established the first special purpose vehicles and was exploring new projects to further develop the segment.

7. Seasonal or cyclical operations

Neither FAMUR S.A.'s nor the FAMUR 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 revenue and profits may fluctuate.

8. 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 46 to the IFRS-compliant consolidated financial statements for the year ended December 31st 2020. 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 IRS and forwards, which are used to lock in exchange rates, are estimated for a level 2 asset of the fair value hierarchy described in Note 46.

The derivative instruments are shown in the table below:

List of derivatives:

Derivatives (groups of instruments)	Planned settlement date	Value of future cash flows at forward rate	Market value as at Mar 31 2021	Hedged risk
Forward – sale of EUR	Q2 2021	6	6	currency risk
Forward – sale of EUR	Q3 2021	4	4	currency risk
Forward – sale of EUR	Q4 2021	1	1	currency risk
Forward – sale of EUR	Q1 2022	1	1	currency risk
IRS	Q2 2024	200	207	interest rate risk
Total		**212**	**220**	

9. Dividend

The Management Board of FAMUR recommended that the Company's General Meeting (see *Current Report No. 12/2021 of March 30th 2021)* allocate the entire profit for 2020, i.e. PLN 169.5m, to statutory reserve funds and, consequently, waive dividend payment for 2020. The Company's Management Board is of the opinion that it is reasonable and justified to retain the Company's profit for 2020 and not pay dividend for 2020 in order to ensure appropriate liquidity of the Company in the demanding period of transformation of the Polish mining industry and secure financing for diversification projects indespensable for further growth of the FAMUR Group. A final decision on the allocation of profit for 2020 will be made by the Annual General Meeting.

10. Contingent liabilities

	As at	
	Mar 31 2021	**Mar 31 2020**
Contingent liabilities	**113**	**178**
guarantees issued, including:	**113**	**177**
bid bonds	12	17
performance bonds	56	108
other	45	52
Other	**-**	**1**

As at the end of the reporting period, the Group's total contingent liabilities were approximately PLN 65m lower than at the end of 2020. In line with the arrangements made with respect to the acquisition from FAMUR S.A. of control of FAMAK S.A. ("FAMAK") by TDJ Equity I, in February 2020 the Company provided a PLN 36m revolving guarantee facility to its associate FAMAK and assumed FAMAK's liabilities towards banks resulting from the issue, for the benefit of its customers, of letters of credit/bank guarantees (non-revolving limits) with a total value of ca. PLN 16m as at March 31st 2021. Bank guarantee facilities are made available to associates on an arm's length basis.

Notes to the condensed consolidated financial statements

11. Related-party transactions

Material related-party transactions are described in Note 48 to the IFRS-compliant consolidated financial statements for the year ended December 31st 2020. The related-party transactions concluded in the first quarter of 2021 were executed on an arm's length basis and, in the opinion of the Management Board, were typical and routine transactions.

12. Events occurring after the reporting date

The following material events occurred after the reporting date:

- Execution on May 6th 2021 of a loan agreement with TDJ Equity I Sp. z o.o. (as the Borrower), with a limit of PLN 100m. The limit expires on April 30th 2022, with an early repayment option. The interest rate was set at 3M WIBOR plus a margin based on market prices. The agreement is secured by a declaration on submission to enforcement under Art. 777 of the Code of Civil Procedure. The other terms and conditions of the agreement do not differ from standard terms applied in agreements of such type. The agreement was concluded in view of the excess of free cash over debt, the risk of incurring fees for holding cash in bank accounts and a limited offering of safe options for short-term investing of free cash on favourable terms (see *Current Report No. 15/2021 of May 5th 2021)*.
- Execution of a number of loan agreements with Special Purpose Vehicles from outside the FAMUR Group, related to the TDJ Group, implementing PV farm construction projects (the "Special Purpose Vehicles"), as the Borrowers, with an aggregate limit of PLN 35m. The limit expires on December 31st 2021, with an early repayment option. The interest rate was set at 3M WIBOR plus a margin. The agreements are secured with a registered pledge over a set of movable assets or rights constituting an economic unit and assignment of rights under an insurance contract. The terms and conditions of the agreements do not differ from standard market terms applied in agreements of such type. The agreements were concluded to provide financing for the construction of photovoltaic farms by the Special Purpose Vehicles until they contract a bank loan facility (see *Current Report No. 19/2021 of May 11th 2021*).

FAMUR

Separate statement of profit or loss

for the three months ended March 31st 2021, prepared in accordance with IFRSs (unaudited)

(PLNm)	3 months to	
	Mar 31 2021	Mar 31 2020
Revenue	**231**	**286**
Cost of sales	163	182
Gross profit	**68**	**104**
Distribution costs	3	5
Administrative expenses	19	21
Other income	10	8
Other expenses	19	24
Operating profit	**37**	**62**
Expected credit loss allowances	-1	-2
Finance income	5	7
Finance costs	5	18
Profit before tax	**38**	**53**
Income taxes	8	11
Net profit	**30**	**42**

Earnings per share

Earnings per ordinary share (PLN)	0.05	0.07
Diluted earnings per ordinary share (PLN)	0.05	0.07

FAMUR

Separate statement of comprehensive income

for the three months ended March 31st 2021, prepared in accordance with IFRSs (unaudited)

(PLNm)	3 months to	
	Mar 31 2021	Mar 31 2020
Net profit	**30**	42
Other comprehensive income that may be reclassified to profit or loss in subsequent reporting periods:	**1**	-2
Cash flow hedges	1	-2
Other comprehensive income that will not be reclassified to profit or loss in subsequent reporting periods:	**-**	-
Actuarial gains/(losses)	-	-
Total other comprehensive income, net of tax	**1**	-2
Total comprehensive income	**31**	40

FAMUR

Separate statement of financial position

as at March 31st 2021, prepared in accordance with IFRSs (unaudited)

Assets

(PLNm)	As at	
	Mar 31 2021	**Dec 31 2020**
Non-current assets	**863**	**863**
Goodwill	162	162
Other intangible assets	18	20
Property, plant and equipment	378	402
Long-term receivables	1	1
Investment property	5	5
Investments in subsidiaries and associates	241	223
Other non-current financial assets	17	16
Deferred tax assets	41	34
Current assets	**1,254**	**1,261**
Inventories	141	164
Short-term trade and other receivables	437	500
Current tax assets	5	1
Other current financial assets	32	8
Cash and cash equivalents	609	557
Non-current assets classified as held for sale	30	31
Total assets	**2,117**	**2,124**

Separate statement of financial position

as at March 31st 2021, prepared in accordance with IFRSs (unaudited)

Equity and liabilities

(PLNm)	As at	
	Mar 31 2021	**Dec 31 2020**
Equity	**1,369**	**1,338**
Share capital	6	6
Other components of equity	1,104	1,103
Retained earnings	259	229
Non-current liabilities	**257**	**461**
Long-term provisions	26	27
Deferred tax liabilities	-	-
Other non-current financial liabilities	231	434
Current liabilities	**491**	**325**
Short-term provisions	19	17
Short-term trade and other payables	215	252
Current tax liabilities	7	-
Other current financial liabilities	250	56
Total equity and liabilities	**2,117**	**2,124**

Separate statement of changes in equity

for the three months ended March 31st 2021, prepared in accordance with IFRSs (unaudited)

(PLNm)	Share capital	Other components of equity	Retained earnings	Total equity
As at Jan 1 2021	**6**	**1,103**	**229**	**1,338**
Net profit	-	-	30	30
Other comprehensive income	-	1	-	1
Profit distribution	-	-	-	-
As at Mar 31 2021	**6**	**1,104**	**259**	**1,369**

As at Jan 1 2020	6	945	218	1,169
Net profit	-	-	42	42
Other comprehensive income	-	-2	-	-2
Dividend	-	-	-	-
As at Mar 31 2020	6	943	260	1,209

Separate statement of cash flows

for the three months ended March 31st 2021, prepared in accordance with IFRSs (unaudited)

(PLNm)	3 months to	
	Mar 31 2021	**Mar 31 2020**
Cash flows from operating activities – indirect method		
Profit before tax	**38**	**53**
Total adjustments	**76**	**192**
Depreciation and amortisation	47	44
interest and share of profit (dividend)	2	5
gain/(loss) on investing activities	-5	-2
change in provisions	1	-
change in inventories	23	-12
change in receivables	60	166
change in current liabilities (net of borrowings)	-40	-3
income tax paid	-12	-6
change in accruals and deferrals	-	-
Net cash from operating activities	**114**	**245**
Cash flows from investing activities		
Disposal of intangible assets and property, plant and equipment	4	7
Dividends and other profit distributions received	-	-
Sale of financial assets	-	-
Repayment of loans	-	26
Payment of interest	-	-
Purchase of intangible assets and property, plant and equipment	-24	-46
Purchase of financial assets	-18	-
Loans	-26	-
Other cash flows from investing activities	-	-
Net cash from investing activities	**-64**	**-13**
Cash flows from financing activities		
Proceeds from borrowings	7	14
Issue of debt securities	-	-
Dividend	-	-
Repayment of borrowings	-	-33
Repurchase of debt securities	-	-108
Payment of finance lease liabilities	-5	-5
Interest paid	-	-4
Net cash from financing activities	**2**	**-136**
Total net cash flows	**52**	**96**
Net change in cash	52	96
Cash at beginning of period	557	528
Cash at end of period	**609**	**624**

FAMUR

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 2021.

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

To the best of the Company's knowledge, the Company's shareholding structure as at the date of issue of this quarterly report for the three months ended March 31st 2021 was the same as its shareholding structure as at the date of issue of the periodic report for the twelve months ended December 31st 2020, and was as follows:

FAMUR S.A. shareholding structure as at January 18th 2021

Shareholder	Number of shares held	Number of voting rights at GM	Equity interest
TDJ Equity I Sp. z o.o.	271,853,785	271,853,785	47.3%
Nationale-Nederlanden OFE*	61,799,000	61,799,000	10.8%
FAMUR S.A.**	4,616	4,616	0.0%
Other shareholders***	241,105,811	241,105,811	41.9%
Total	**574,763,212**	**574,763,212**	**100%**

Source: The Company's knowledge acquired during the most recent Extraordinary General Meeting of January 18th 2021 (Current Report No. 4/2021)
** Aggregate value for accounts of OFE and DFE funds managed by NN PTE.*
*** Indirectly through subsidiaries.*
**** Total other shareholders holding less than 5% of total voting rights.*

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 2021 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 2021 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

Apart from the events described in Note 10 (Contingent liabilities) to the condensed consolidated financial statements, concerning a revolving guarantee facility granted by the Company to its associate FAMAK for the FAMAK Group companies and simultaneous assumption by the Company of the existing letters of credit/bank guarantees issued by banks at FAMAK's instructions, in the three months to March 31st 2021, 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.

Alternative performance measures

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.

	3 months to	
(PLNm)	**Mar 31 2021**	Mar 31 2020
Operating profit	44	62
Depreciation and amortisation	47	47
EBITDA	91	109

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.

Alternative performance measures

Working capital and working capital as % of revenue

	As at	
(PLNm)	**Mar 31 2021**	Dec 31 2020
Inventories	238	229
Short-term trade receivables	449	481
Subtotal	687	710
Less short-term trade payables	101	-97
Less prepayments received	61	-80
Working capital	525	533
Working capital as % of revenue	49%	47%

LTM revenue according to IFRSs

(PLNm)	Revenue
12 months of 2019	1,139
Less 3 months to Mar 31 2020	-344
9 months to Dec 31 2020	795
3 months to Mar 31 2021	274
LTM to Mar 31 2021	**1,069**
Working capital as at Mar 31 2021	525
Working capital in the quarter as % of LTM revenue	**49%**

Alternative performance measures

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.

	As at	
(PLNm)	**Mar 31 2021**	**Dec 31 2020**
Non-current financial liabilities	**237**	**437**
bank borrowings	2	-
other debt instruments	199	401
leases	25	26
purchase of receivables	11	8
Current financial liabilities	**235**	**42**
bank borrowings	-	2
other debt instruments	203	-
leases	3	5
purchase of receivables	29	35
Gross debt	**472**	**479**
less cash and cash equivalents	-961	-899
Net debt	**-489**	**420**
Net debt/EBITDA	**-1.2**	**-1.0**

LTM EBITDA

(PLNm)	EBITDA
12 months of 2020	416
Less 3 months to Mar 31 2020	-109
9 months to Dec 31 2020	307
Plus 3 months to Mar 31 2021	91
LTM to Mar 31 2021	**398**

Net debt as at Mar 31 2021	**-489**
Net debt/EBITDA	**-1.2**

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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	…………………………………………………………