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FAMUR Group Consolidated Report for 9M and Q3 2021

This document is a conversion to pdf format of the official DIRECTORS’ REPORT ON THE OPERATIONS OF THE FAMUR GROUP AND FAMUR S.A. Translation of FAMUR GROUP's report originally issued in Polish

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Summary of results for the nine and three months ended September 30th 2021

- PLN 756m in revenue for the first nine months of 2021, down 8% year on year. An increase in recurring revenue partly offset the declining revenue from the OEM market,
  - PLN 238m in revenue for the three months ended September 30th 2021, down 6% year on year. Approximately PLN 340m worth of new orders secured in the third quarter of 2021, a major increase from PLN 135m in the second quarter of 2021 and PLN 109m in the first quarter of 2021.
- EBITDA for the first nine months of 2021 at PLN 241m, representing 32% of revenue,
  - EBITDA for the third quarter of 2021 at PLN 80m, representing 34% of revenue.
- PLN 99m in net profit for the first nine of 2021, including PLN 38m for the three months ended September 30th 2021,
- Operating cash flow of PLN 106m for the first nine months of 2021,
- PLN 394m surplus of cash over gross debt as at September 30th 2021.

	9 months to			3 months to		
(PLNm)	**Sep 30 2021**	Sep 30 2020	**Change [%]**	**Sep 30 2021**	Sep 30 2020	**Change [%]**
Key financial ratios						
Revenue	756	821	-8%	238	254	-6%
EBITDA	241	341	-29%	80	123	-35%
Net profit	99	155	-36%	38	72	-47%
Cash flows from operating activities	106	504	-79%	70	104	-33%
as % of revenue						
EBITDA	32%	42%	-10pp	34%	48%	-14pp
Net profit	13%	19%	-6pp	16%	28%	-12pp

	As at	
	Sep 30 2021	Dec 31 2020
Net debt (PLNm)	-394	-420
Net debt/EBITDA	-1.2x	-1.0x

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DISCUSSION OF FINANCIAL AND OPERATING PERFORMANCE

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

Talking about performance in the first nine months of 2021, Mirosław Bendzera, President of the FAMUR S.A. Management Board, said: "In the third quarter of 2021, we continued to implement our modified strategic directions, focusing on objectives that advance us towards building a holding company investing in green transition projects.

As regards our Solar PV Segment, a new business line within the FAMUR Group, we completed the reorganisation of operating companies. The formal acquisition of control of the PST Group will take place once the changes are entered in the National Court Register. This report presents a detailed description of the steps we take to build the target operating structure of that segment. In the reporting period, the Group continued to acquire further solar PV projects (both solar PV projects and SPVs holding such projects). The total capacity of the projects in the Group's portfolio, which are at different stages of development, is approximately 1.4 GW, including nearly 250 MW with auctions won in 2019, 2020 and 2021. We are also building solar PV farms with a total capacity of more than 130 MW that won auctions organised by the Energy Regulatory Office (URE). An important factor that needs to be taken into account considering the current market landscape is the significant instability of supply chains, especially from China. The consequences of this situation include reduced availability of solar PV panels and the continuing disruptions in global container transport, which extends delivery deadlines and may increase the costs of projects already in progress.

In line with the updated strategic directions unveiled in May 2021, we intend to consistently strengthen the FAMUR Group's position in the renewables sector. In addition to the solar PV business, we plan to focus on defined sectors with the highest growth potential, which we believe can effectively benefit from the accelerating energy transition. Within those sectors, we have identified eight priority sectors, that is those of most interest in terms of potential mergers and acquisitions: solar PV, offshore and onshore wind power generation, energy storage facilities, HVAC, combined heat and power generation, energy transmission and distribution, energy metering (smart metering) and smart grids. We will invest in the other five sectors (biomass and biogas, energy service company (ESCO), electric mobility, recycling, and hydrogen) on an opportunistic basis, depending on the attractiveness of potential investment in a given area. The funds for implementing the growth strategy towards green transition were increased by an additional PLN 400m from the issue of green bonds.

In line with the announcement made along with the publication of the FAMUR Group's modified strategic directions, which entail, among others, a revision of the dividend policy, in September 2021 we carried out a share buyback programme. The main purpose of the programme was to enable the sale of Company shares (divestment) by those shareholders who had purchased them with a view to benefiting from the dividend policy adopted in the previous strategy. Few shareholders decided to participate in the programme (the tender offer was announced for 28 million shares and only approximately 82.5 thousand shares were bought back), which we consider as our shareholders' stamp of approval for the new strategic directions adopted by the FAMUR Group. Details of the programme are presented in this Report.

In addition to our compounded diversification efforts, we are seeking to consolidate our strong position as a global supplier of mining machinery and equipment. Since the beginning of the year, the FAMUR Group's core business segments have felt the benefit of coal price hikes across global markets. As the current ARA and Richards Bay – South Africa prices of coal are the highest in more than ten years, investment sentiment in the coal sector begins to improve, especially in foreign markets, where we are seeing a growing number of requests for proposals from our trading partners. In the third quarter of 2021, the Group's commercial efforts translated into approximately PLN 340m in newly secured orders in Poland and abroad. As at the end of September 2021, the total value of the order book (supplies of machinery and equipment and leases in accordance with contract duration) increased to approximately PLN 720m from about PLN 530m as at the end of June 2021.

In the first nine months of 2021, the FAMUR Group's revenue was PLN 756m, down 8% year on year, while in the third quarter alone revenue fell by only 6% year on year, to PLN 238m. EBITDA for the first nine months of 2021 came in at PLN 241m.

In the coming quarters, in line with the new strategic directions we will continue our efforts to transform the FAMUR Group into a holding company investing in green transition projects. We will both strive to identify attractive acquisition targets in order to diversify revenue from new business areas and, with regard to our traditional business activities, i.e. the mining machinery segment, we will search for new markets and secure new orders, especially with respect to extraction of coking coal deposits, and we will consistently optimise our operational resources in line with anticipated market developments. In response to rapid price movements, growing labour costs and limited availability of certain components, we will continue to focus on maintaining appropriate cost discipline and exploring opportunities for continuous improvement of operational efficiency in each area of our business. We will keep a close eye on the epidemiological situation 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 business."

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

The following discussion of the results for the nine and three months ended September 30th 2021 should be read in conjunction with the condensed interim consolidated financial statements of the FAMUR Group and the condensed interim separate financial statements of FAMUR S.A. for the nine months ended September 30th 2021, prepared in accordance with International Financial Reporting Standards (IFRS), including notes to those statements, the audited consolidated financial statements of the FAMUR Group and the separate financial statements of FAMUR S.A. for the year ended December 31st 2020, prepared in accordance with IFRS, and the Directors' Report on the operations of 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.

Mining machinery market overview

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 nine months of 2021, the price of both thermal and coking coal trended upward.

In the reporting period, the coal price spikes to levels not seen in years and the continuing epidemiological risk had a bearing on investment decision making in the mining sector. While in the first half of 2021 the increasingly stringent decarbonisation policy and the ongoing pandemic caused mining companies to either reduce or postpone for months their planned capital projects and to focus on orders from the broadly-defined aftermarket, the third quarter witnessed a significant rebound and improvement in the investment sentiment, especially abroad, as demonstrated by an increase in requests for proposals from foreign markets where the FAMUR Group operates (Russia, China, the United States, Turkey, and Mexico).

Changes in global prices of coal and higher demand for this commodity continue to have a limited impact on mining companies' current investments in the domestic market. More important here are the following internal short- and long-term factors. In the short term, the postponement of investments is a consequence of the expected notification by the European Commission of a state aid scheme for the hard coal mining sector[1]. In the long term, investments in the Polish mining market will be driven by 'Poland's Energy Policy until 2040', officially adopted by the Polish authorities

[1] At the end of May, Poland (Office of Competition and Consumer Protection) submitted a pre-notification request to the European Commission concerning a hard coal mining industry transformation programme, which provides for its gradual phase-out by 2049. forsal.pl/gospodarka/polityka/artykuly/8174886,uokik-zlozyl-wniosek-prenotyfikacyjny-ws-gornictwa-do-komisji-europejskiej.html

on February 2nd 2021, 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[2], as well as the final version of 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). As a result, in the first nine months of 2021 coal production in Poland rose approximately 2% year on year. With growing demand for thermal coal, coal stocks in Poland at the end of September 2021 fell by about 40% relative to the end of December 2020.[3]

In the first nine months of 2021, the FAMUR Group secured orders for the supply of machinery and equipment and provision of aftermarket services totalling more than PLN 580m (including PLN 340m in the third quarter of 2021 alone). Below are specified significant contracts for the lease and supply of mining machinery concluded by the FAMUR Group in the first nine months of 2021.

- **March** – a number of individual roadheader lease contracts were signed with the TAURON Group, for a total amount of approximately PLN 26m (VAT exclusive) (*Current Report No. 11/2021 of March 24th 2021*),
- **May** – the Company (as the leader of a consortium with Hydrotech S.A.) and LW Bogdanka S.A. signed a contract for the upgrade and delivery of longwall system equipment for a price of PLN 62m (*Current Reports No. 17/2021 and 18/2021 of April 5th and April 6th 2021*),
- **August** – on August 11th 2021, Century Mining LLC of Volga, WV, USA, communicated binding acceptance of FAMUR S.A.'s proposal (which is equivalent to signing a contract) for the supply of a powered roof support system with a total value of approximately USD 28m, or PLN 111m, with the performance completion date in the first quarter of 2023 (*Current Report No. 39/2021 of August 11th 2021*). On August 19th 2021, the Company and AO SUEK-Kuzbass signed a contract for the supply of powered roof support sections, with a price of approximately EUR 20m (PLN 92m), to be completed in the first quarter of 2022 (*Current Report No. 43/2021 of August 19th 2021*),
- **September** – execution of a contract for the supply of machinery to a customer from Indonesia. The total value of the contract is approximately EUR 10m (PLN 46m). The equipment should be delivered within nine months of the effective date of the Contract *(Current Report No. 49/2021 of September 30th 2021)*

As at the end of September 2021, the total value of the FAMUR Group's backlog (supplies of machinery and equipment and leases in accordance with contract duration) was approximately PLN 720m.

Additionally, on November 5th 2021 the Company and a customer from China signed a contract for the supply of Mikrus low-seam underground hard coal mining equipment. The value of the contract is approximately EUR 15m (PLN 68m). The contract provides that the equipment must be delivered to the customer in the fourth quarter of 2022.

Revenue development

	9 months to		3 months to	
(PLNm)	**Sep 30 2021**	Sep 30 2020	**Sep 30 2021**	Sep 30 2020
Supply of machinery and equipment	237	409	58	122
Revenue from aftermarket services and leases	443	408	153	131
Other	76	4	27	1
Total trade receivables	**756**	**821**	**238**	**254**

In the nine months ended September 30th 2021, revenue fell PLN 65m (-8%) year on year, to PLN 756m. Revenue from the supply of machinery and equipment for the period was PLN 237m, a drop of PLN 172m (-42%) on the nine months to September 30th 2020, with recurring revenue (aftermarket services and leases) up PLN 35m (+9%), to PLN 443m. The

[2]https://www.gov.pl/web/klimat/polityka-energetyczna-polski-do-2040-r-przyjeta-przez-rade-ministrow
[3] in-house calculations based on data sourced from https://polskirynekwegla.pl/

increase in other revenue was mainly attributable to transactions involving key components for solar PV farm construction projects entered into with related SPVs and operating companies implementing the projects. In line with the strategy to build a PV segment within the FAMUR Group, the SPVs and operating companies will be fully consolidated following formal acquisition of control. From then on, the transactions will become intra-group transactions subject to elimination in the consolidated financial statements of the FAMUR Group and will not distort the economic analysis of changes in revenue and profitability. In the third quarter of 2021, the SPVs became controlled entities, while the operating companies will be formally acquired following registration of changes in the National Court Register (for details, see 'Entry into the solar PV sector').

In the third quarter of 2021 alone, revenue amounted to PLN 238m, down PLN 16m (-6%) year on year. The revenue decline is in the first place a consequence of a PLN 64m (-52%) decrease in revenue from the supply of machinery and equipment, offset by a PLN 22m (+17%) increase in revenue from aftermarket services and leases and a PLN 26m increase in other revenue.

Sales by key geographies

In the first nine months of 2021, the FAMUR Group's export sales accounted for approximately 31% of total revenue. The share of exports in the FAMUR Group's total revenue fell by 6%. Sales to foreign markets were mainly to Russia and CIS countries (approximately 22% of total revenue), with other Asian, American and African countries combined representing about 6% of total revenue.

Key profitability ratios of the FAMUR Group

	9 months to		3 months to	
(PLNm)	**Sep 30 2021**	Sep 30 2020	**Sep 30 2021**	Sep 30 2020
Gross profit	231	299	76	100
Operating profit	110	208	39	79
EBITDA	241	341	80	123
Net profit	99	155	38	72

Gross profit

In the first nine months of 2021, gross profit was PLN 231m, down PLN 68m year on year, with gross profit for the third quarter at PLN 76m, down PLN 24m year on year.

Gross profit margin as a percentage of revenue declined 5pp year on year, to 31%, in the first nine months of 2021. The analysis of profitability is distorted by transactions involving key components for solar PV farm construction projects, entered into with related SPVs and operating companies implementing the projects. Excluding the effect of the above transactions, the gross profit margin would have decreased to approximately 34% vs approximately 36% in the comparative period due to pressure on margins in the OEM market.

Operating profit

Operating profit for the first nine months of 2021 amounted to PLN 110m, down PLN 98m on the previous year, mainly on account of lower gross profit. In addition, operating expenses were relatively lower in the comparative period due to the following factors: wage subsidies received under the Anti-Crisis Shield Act[4], a 20% working time and pay reduction effective from May to July 2020, suspension of bonus schemes in the application of measures provided for in the Act Amending the Act on Special Measures Related to Preventing, Counteracting and Combating COVID-19 (the 'Anti-Crisis

[4]The Act Amending the Act on Special Measures Related to Preventing, Counteracting and Combating COVID-19.

Shield Act'), and reversal, in the third quarter of 2020, of the provision for tax risk following the receipt of a favourable tax decision to discontinue a CIT investigation.

In the third quarter of 2021, operating profit reached PLN 39m, having decreased PLN 40m year on year.

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.

	9 months to		3 months to	
(PLNm)	**Sep 30 2021**	Sep 30 2020	**Sep 30 2021**	Sep 30 2020
Operating profit	110	208	39	79
Depreciation and amortisation	131	133	41	44
EBITDA	**241**	**341**	**80**	**123**

EBITDA for the first nine months of 2021 came in at PLN 241m, down PLN 100m on the previous year. The drop was attributable to a decrease in operating profit and in depreciation and amortisation. The decrease in operating profit and, consequently, EBITDA, was caused by the comparative period events discussed earlier: wage subsidies received under the Anti-Crisis Shield Act, a 20% working time and pay reduction effective from May to July 2020, suspension of bonus schemes in the application of measures provided for in the Act Amending the Act on Special Measures Related to Preventing, Counteracting and Combating COVID-19 (the 'Anti-Crisis Shield Act'), and reversal, in the third quarter of 2020, of the provision for tax risk following the receipt of a favourable tax decision to discontinue a CIT investigation. In the third quarter of 2021, EBITDA was PLN 80m, down PLN 43m year on year.

EBITDA, calculated as a percentage of revenue, for the first nine months of 2021 fell by 10pp, to 32% as an effect of a lower cost base in the comparative period, described above. The analysis of profitability in the first nine months and the third quarter of 2021 is also distorted by transactions involving key components for solar PV farm construction projects, entered into with related SPVs and operating companies implementing the projects. These companies are fully consolidated as of the date of assuming formal control. From that moment, the transactions become intra-group transactions subject to elimination in the consolidated financial statements of the FAMUR Group and do not distort the economic analysis of changes in revenue and profitability. Adjusted for the transactions with the SPVs, the EBITDA margin for the nine and three months to September 30th 2021 would have been around 36% and 38%, respectively.

Net finance income/costs

The table below presents key items of finance costs.

	9 months to		3 months to	
(PLNm)	**Sep 30 2021**	Sep 30 2020	**Sep 30 2021**	Sep 30 2020
Finance income	20	21	11	16
Finance costs	-15	-44	-5	-4
Net finance costs	5	-23	6	12
Gains (losses) on expected credit loss allowances	3	3	1	-
Gain/(loss) on disposal or partial disposal of shares in subordinates	-	12	-	-
Share in net profit/(loss) of equity-accounted subordinates	6	-9	2	-5
Net finance income/costs	**14**	**-17**	**9**	**7**

In the first nine months of 2021, net finance income was PLN 14m, compared with a loss of PLN 17m the year before. The key changes concerned the following items:

- Lower finance costs due to lower interest expense and a high comparative base. In the comparative period, finance costs were increased by, among others, an impairment loss on the shares in the associate FAMAK S.A. and a negative change in the fair value measurement (following interest rate cuts in Poland) of a financial instrument (IRS), which economically exchanged the floating interest rate on Series B notes for a fixed rate.
- Gain on disposal of subordinated entities in 2020 was a non-cash item recognised on deconsolidation of the FAMAK Group following loss of control of the FAMAK Group in February 2020.
- Share of net profit of equity-accounted subordinated entities of PLN 6m reported for the first three quarters of 2021 reflected the FAMUR Group's 31.88% share of the FAMAK Group's profit earned thanks to successful implementation of the restructuring process of the FAMAK Group commenced in 2020. In the comparative period, the FAMAK Group reported a loss, with the share of the loss allocated to the FAMUR Group pro rata to its interest amounting to PLN -9m.

Net profit

Net profit for the first nine months of 2021 was PLN 99m compared with PLN 155m in the corresponding period of the previous year, a decrease of PLN 56m representing a combined effect of lower operating profit and a positive contribution of net finance income. In the third quarter of 2021, net profit reached PLN 38m, having decreased PLN 34m year on year, mainly due to lower operating profit.

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)	**Sep 30 2021**	Dec 31 2020
Cash and cash equivalents	885	899
Gross debt	491	479
Net debt	-394	-420
Working capital	566	533
Assets	2,657	2,492
Net debt/EBITDA	-1.2x	-1.0x
Average working capital for the quarter as % of revenue	53%	47%

	9 months to	
(PLNm)	**Sep 30 2021**	Sep 30 2020
Cash flows from operating activities	106	504
Cash flows from investing activities	-186	-89
Cash flows from financing activities	65	-267

Net debt

As at September 30th 2021, net cash exceeded borrowings, other debt instruments and lease liabilities by PLN 394m. In addition, as at the end of September 2021 the Group had access to undrawn lines of credit totalling PLN 535m. In the nine months ended September 30th 2021, total non-current and current liabilities under borrowings, other debt instruments, leases and debt sale agreements went up by PLN 12m, to PLN 491m, while cash decreased by PLN 14m, to PLN 885m.

Working capital

In the first three quarters of 2021, working capital increased by PLN 33m, to PLN 566m, mainly reflecting expenditure incurred to develop the FAMUR Group's PV business. The working capital to revenue ratio for the last 12 months was 53%.

Assets

Assets rose by PLN 165m in the first nine months of 2021, with current assets up PLN 175m and non-current assets down PLN 10m.

Cash flows

In the first nine months of 2021, cash from operating activities amounted to PLN 106m. It was mainly an effect of EBITDA of PLN 241m and higher operating capital requirement (PLN 124m), chiefly attributable to the development of the PV segment as a new business line of the FAMUR Group (a PLN 179m increase in expenditure on inventory and a PLN 58m negative change in liabilities partially offset by inflows of PLN 113m from receivables). Income tax paid in the first nine months of 2021 was PLN 26m. Other adjustments reconciling EBITDA to operating cash flow amounted to PLN +15m.

Cash used in investing activities totalled PLN 186m, and comprised mainly expenditure on property, plant and equipment and intangible assets of PLN 77m, partially offset by PLN 28m in proceeds from sale of non-core assets (result of the ongoing non-core asset optimisation programme), PLN 118m of loans advanced to finance the operations of

special purpose vehicles active in the PV business, and loans advanced to TDJ Equity I sp. z o.o. under an agreement signed in 2021 (see Current Reports No. 15/2021 and No. 34/2021), and other outflows, which include expenditure to acquire shares in and increase the share capital of Projekt Solartechnik S.A. (PST), less cash from acquired SPVs in the PV segment. Upon registration of the share capital increase and acquisition of control over PST, the expenditure on PST shares will be reclassified following the full consolidation of PST.
Cash provided by financing activities, totalling PLN 65m, comprised proceeds from debt sale, borrowings, and non-controlling shareholders' contributions towards share capital increase at the PV segment companies, as well as outflows on payment of borrowings, interest and lease liabilities.

Measures taken in the first nine months of 2021 to adjust the FAMUR Group's cost base 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 nine months 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*)
- the collective redundancy process and the launch of a voluntary redundancy programme at the FAMUR S.A. Longwall Systems Branch in Katowice were completed after the reporting date,
- conclusion of individual working time and pay reduction agreements between the Glinik branch and its employees in May 2021.

These measures help 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.

Workforce

In the first nine months of 2021, the FAMUR Group had an average workforce of 2,348 people, compared with 2,969 in 2020 and 3,251 in the first nine months of 2020. The decrease in employment was mainly attributable to measures taken to adapt the FAMUR Group's cost structure to expected market conditions, and in the first nine months of 2021 comprised 149 FTEs reduced as part of collective redundancies and 142 FTEs reduced as a result of voluntary redundancies and natural attrition.

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

For key factors with a potential bearing on the FAMUR Group's financial performance in the following quarter or future periods, see '*Factors important for the development of the FAMUR Group*' in the Directors' Report on the operations of FAMUR S.A. and the FAMUR Group in 2020, Available in the Investor Relations section of the Company's website at https://famur.com/raporty.

Factors of key importance for the development of the FAMUR Group:

- Modification of the Group's strategic direction towards a holding company investing in green transition projects and entry into the PV sector as the first step of the process.
- Price growth and limited availability of certain components, higher freight rates and supply chain disruptions,
- Wage pressures and planned amendments to tax regulations under the Polish Deal,
- Shifting towards a low-carbon economy worldwide and energy transition in Poland,
- Conditions in the mining industry and accelerated transition towards a low- and net-zero emissions economy worldwide,
- Impact of the COVID-19 pandemic on the FAMUR Group's business.

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

Modification of the FAMUR Group's strategic direction towards a holding company investing in green transition

The current megatrends and the globally accelerating transition towards low-carbon economies induce significant changes in Poland's Energy Policy, with the pace of the changes considerably increasing since the beginning of 2020. The planned phasing out of the coal mining industry in Poland by 2049 and 'Poland's Energy Policy until 2040' adopted by the Council of Ministers in February 2021 envisage, among other things, that the share of coal in Poland's energy mix will be reduced from 69% in 2020 to approximately 11% in 2040 under the high CO_2 price scenario. As a major part of the FAMUR Group's revenue is generated from sales of products and services to the Polish thermal coal mining industry (approximately 64% in 2020 and 44% in the first nine months of 2021), the Management Board of FAMUR decided to modify the Strategy 2019–2023 announced on September 26th 2018 (see *Current Report No. 51/2018 of September 26th 2021*) and the dividend policy contained therein as the original revenue targets set in the strategy are impossible to achieve in the face of a significant structural shift in the business environment.

In late May 2021, the Management Board modified the strategic directions in order to capitalise on the potential and opportunities arising from Poland's energy transition. The new strategic directions will focus on:

- Generating cash from the mining assets by concentrating on the most profitable and stable product areas and continuously adapting the structure of operating assets to the directions of Poland's energy transition, while retaining the competence and know-how to be able to participate in selected mining projects in Poland and export markets on an opportunistic.
- Repurposing selected production plants, e.g. under the strategic partnership model (JV, license agreements, etc.) in the industrial sectors that are oriented particularly towards manufacturers of machinery and equipment for RES, transport, logistics and infrastructure.
- Evolving into a holding that invests in green transition projects, in the first place by entering the segment of photovoltaic projects offering end-to-end solutions for the B2B market.
- Consistently searching for attractive investment opportunities in RES and other promising industries.

The competencies built by the FAMUR Group in the industry and energy sector, the scale of its projects, unique resource base and strong financial position will allow the Group to adjust its business profile to the economic environment evolving in line with the New Green Deal.

The FAMUR Group's entry into the new sectors and rapid achievement of an operating scale will be supported by cooperation with the TDJ Group, a stable and long-term investor in FAMUR S.A.

The modification of strategic directions and their adaptation to changes in the external environment are aimed at transforming the FAMUR Group into a holding that invests in green transition projects and other promising industries. Thanks to these measures, the estimated share of revenues related to the thermal coal sector should fall below 30% by 2024.

The development in new areas will be financed from profits, available EU funds and other financial instruments supporting green energy.

The first stage of the FAMUR Group's expansion into new directions will require profit reinvestment, which necessitates a change of the dividend policy. The dividend, if any, will depend on profits earned in a given year, the investment attractiveness of new projects and growth prospects, as well as the financial and liquidity situation of the FAMUR Group.

The modified strategy, and thus the possibility of achieving the assumed benefits, may be affected by the following factors: a significant deterioration of the macroeconomic environment, major change in the announced energy transition of Poland, considerable acceleration of the programme to phase out thermal coal mines in Poland, other extraordinary one-off events with a bearing on the FAMUR Group's business, and significant changes in laws and regulations currently in force. The Management Board of FAMUR S.A. monitors the current market situation on an ongoing basis, adjusting the operating activities accordingly and analysing their impact on the development directions taken.

Following the announcement of new strategic directions of the FAMUR Group, which entail a change of the dividend policy, the FAMUR Management Board recommended that the General Meeting allocate PLN 70m to the buyback of Company shares by way of a tender offer with a price of PLN 2.50 per share, assuming that the total number of tendered shares will not exceed 5% of the share capital.

Few shareholders decided to participate in the programme (the tender offer was announced for 28 million shares, and only approximately 82.5 thousand shares were tendered, to be subsequently bought back for PLN 2.50 per share), which the Company considers its shareholders' stamp of approval for the new, updated strategic directions adopted by the FAMUR Group. On September 27th 2021, the Management Board of FAMUR S.A. passed a resolution to end the Company's share buyback programme as of that date. (*For details of the programme, see* '*Dividend and the share buyback programme*').

Entry into the solar PV sector

The first step of the FAMUR Group's transformation towards an integrated provider of advanced, environmentally friendly energy transition solutions is to enter the large-scale PV sector and the segment of end-to-end solutions for PV projects on the B2B market. Main efforts will focus on positioning the Group as an end-to-end provider of solutions for large-scale PV projects, which should drive up profitability, mainly through planned integration of most elements of the B2B PV value chain. Further investment in integrated provision of advanced and environmentally friendly energy solutions may include co-generation, energy storage, Smart Grid and HVAC projects, with the Group simultaneously working to identify new, promising areas.

Today, Poland's installed PV capacity is among the lowest in the EU. According to data published on the website of the International Renewable Energy Agency (IRENA), Poland's installed PV capacity was approximately 4 GW in 2020. To compare, Germany's and Italy's installed capacity was approximately 54 GW and 22 GW, respectively[5]. In its 'Poland's photovoltaic market in 2020' report of May 2021, the Institute for Renewable Energy (IEO) predicts a significant increase in installed PV capacity in Poland. The authors expect Poland's installed solar capacity will increase to almost 15 GW in 2025 compared with ca. 4 GW in 2020.

The RES Act was amended in October 2021. The amended Act extends, among others, the existing public aid schemes for renewable energy producers. The proposed amendments will make it possible to extend the auction aid system until

[5] irena.org/Statistics/View-Data-by-Topic/Capacity-and-Generation/Country-Rankings

December 31st 2027. The Act also introduces provisions that reduce the licensing obligations for businesses undertakings with respect to small RES installations.[6]

The key opportunities offered by the PV sector in its current stage of development are as follows:

- Expected strong growth of the large-scale solar PV farm segment,
- Development of PPA and CPPA projects in the prosumer segment in line with trends seen in countries with highly advanced PV solutions,
- Early stage of the market development,
- Expected increase in electricity prices,
- EU funding for businesses,
- Accelerating energy transition driven by increasingly ambitious climate objectives (negotiations to launch the 'Fit for 55' package are in progress),
- Prices of EUA CO2 emission allowances, which are significantly above forecasts and push out conventional energy sources,
- Transition to financing low- and net-zero emissions sources instead of conventional energy sources.

Investing in this sector also involves the following risks, which are closely monitored by the FAMUR Group to ensure an appropriate adaptation of the Group's operations:

- Dependence on the regulatory environment;
- Insufficient adaptation of distribution networks to rapid growth in RES capacity and longer waiting periods for newly-built projects to be connected to the operators' networks;
- Market competition;
- Legal defects/improper location of photovoltaic farms;
- Temporary disruptions in the availability of electronic and electric components and PV panels causing fluctuations in their prices and affecting farm construction completion time;
- Technical lifetime of equipment and capacity of transmission networks;
- Disruptions in the supply chains of key components and in transport logistics;
- Higher salary expectations of employees.

In order to tap the opportunities arising from the expected rapid growth of the PV sector, the FAMUR Group, TDJ S.A. (TDJ) and Projekt Solartechnik S.A. (PST) decided to implement a joint PV project. The combination of complementary resources, capabilities and sources of competitive advantage should allow the FAMUR Group, TDJ and PST to quickly and successfully become a leader in end-to-end implementation of large-scale solar photovoltaic farm projects (solar power plants) and medium-sized PV installations (for corporate customers/businesses). To that end, on May 25th 2021 FAMUR S.A. (FAMUR) and TDJ signed an investment agreement ("Investment Agreement") on a joint PV project (Current Report No. 24/2021 of May 25th 2021).

In the reporting period and by the date of issue of this interim report, the following steps were taken to build the Solar PV Segment at the FAMUR Group, in accordance with the Investment Agreement:

- FAMUR SOLAR Sp. z o.o. ("FAMUR SOLAR") was established and entered in the National Court Register under entry No. 906516 on June 15th 2021;
- The Projekt Solartechnik Fund FUNDUSZ INWESTYCYJNY ZAMKNIĘTY closed-end investment fund (the "FUND") was established to manage the PV portfolio. The investment certificates of the FUND are held by FAMUR SOLAR (51%) and Maciej Marcjanik (49%). On June 24th 2021, the Management Board of the Central Securities

[6]https://www.gov.pl/web/klimat/nowelizacja-ustawy-o-odnawialnych-zrodlach-energii-oraz-niektorych-innych-ustaw-podpisana-przez-prezydenta-rp

Depository of Poland (CSDP) passed resolution No. 844/2021 to grant the FUND the CSDP participation status of issuer. The Fund is controlled by FAMUR (51%).

- Pursuant to the Investment Agreement, on July 13th 2021 the share capital of FAMUR SOLAR was increased through cash contributions of PLN 69m (with FAMUR S.A. contributing PLN 35m, or 51% of the total, and TDJ contributing PLN 34m, or 49% of the total). The cash contributions to FAMUR SOLAR totalled PLN 70m (with 51% contributed by FAMUR and 49% by TDJ). Pursuant to the Investment Agreement and the Articles of Association of FAMUR SOLAR, the Company has full corporate power and authority over FAMUR SOLAR, and it fully consolidates the results of the company and its subsidiaries.
- In order to secure sufficient funding to support a rapid growth of the solar PV segment being built within the FAMUR Group, on July 16th 2021 an annex to the Investment Agreement was signed between TDJ's subsidiary and Maciej Marcjanik (the "Parties") in consultation with the Company. Pursuant to the annex, the rights and obligations of TDJ's subsidiary under the amended Investment Agreement were transferred to FAMUR SOLAR. FAMUR SOLAR agreed to provide funding (directly or through a related party) in the form of loans or other type of financial assistance to support the development of the Solar PV Segment (to be repaid by December 31st 2023 at the latest) up to a maximum amount of PLN 400m. The amount comprises total funding that may be provided by FAMUR SOLAR (directly or through a related party) to companies of the FAMUR Group operating in the Solar PV Segment. The rate of interest on the funds provided to companies operating in the Solar PV Segment has been set on an arm's length basis as 3M WIBOR plus margin.
  Within the above limit, FAMUR SOLAR also agreed to provide a loan (directly or through a related party), to be disbursed in one or more tranches, to Maciej Marcjanik as the Borrower (the "Loan") to fund the acquisition of investment certificates of the FUND allocated to the Borrower (the "Certificates"), with its key terms listed below: the maximum Loan amount is PLN 150m, the Loan bears interest at a fixed rate determined on an arm's length basis, the final repayment date of the Loan is July 31st 2022 (for the first tranche of the Loan) and the first anniversary of each subsequent tranche (for the other tranches of the Loan), with an early repayment option. The repayment of each tranche of the Loan will be secured by a registered pledge over the Certificates subscribed for with funds provided under a given tranche of the Loan *(Current Report No. 34/2021 of July 16th 2021)*.
- On July 20th 2021, the Company advanced a PLN 69m loan to FAMUR SOLAR to support the delivery of the objectives set out in its Articles of Association, particularly to fund the acquisition of investment certificates issued by the FUND.
- On July 20th 2021, the Company and Maciej Marcjanik signed a loan agreement to finance the acquisition of investment certificates issued by the FUND. The first tranche of PLN 69m was disbursed under the loan on July 21st 2021.
- On July 21st 2021, FAMUR SOLAR acquired Series B investment certificates issued by the FUND for a total amount of PLN 89m, representing 51% of all certificates. The remaining portion of the certificates was acquired by Maciej Marcjanik for PLN 86m.
- On July 26th 2021, in accordance with the main terms of the Investment Agreement between FAMUR and TDJ, shares in companies holding PV projects were sold by FAMUR, TDJ and PST to the FUND. The list of companies transferred to the FUND is provided below under *Changes in scope of consolidation*. The companies sold to the FUND held in their portfolios photovoltaic projects with a total capacity of approximately 100 MW (with auctions won in 2019 and 2020) in the case of TDJ, and approximately 164 MW (including approximately 104 MW with auctions won in 2020s and 2021) in the case of FAMUR.
- On July 20th 2021 and September 17th 2021, FAMUR SOLAR and Maciej Marcjanik signed agreements to sell to FAMUR SOLAR some of the Series A and Series B shares in PST's share capital. On November 3rd 2021, a transfer of Series B shares acquired by FAMUR SOLAR was entered in the register of shareholders of PST, following which the aggregate share of Series A and Series B shares acquired by FAMUR SOLAR in the share capital of PST reached 22%. Furthermore, on September 16th 2021 FAMUR SOLAR and PST signed an agreement on FAMUR SOLAR's subscription for new Series C shares in PST's share capital. On November 10th 2021, an increase in the share capital of PST following the issue of Series C shares was registered and as of that day FAMUR SOLAR's equity interest in PST is 51%. Following the execution of the above agreements, the

aggregate amount allocated by FAMUR SOLAR to purchase some of the Series A and Series B shares and take up Series C shares in PST's share capital reached approximately PLN 48m.

The operating steps undertaken to date to drive the development of the Solar PV Segment were as follows:

- PV projects at various stages of development were acquired.
- All PV projects entered by the FAMUR Group, with a total capacity of 103 MW, won the renewable energy auction held by the Energy Regulatory Office in June 2021.
- Over 130 MW of total solar PV capacity is currently under construction. However, completion deadlines for some projects are being postponed due to limited availability of certain electronic components, insufficient adaptation of distribution networks to the swift growth in renewable energy capacity, longer waiting periods for the projects to be connected to the operators' networks, etc. The construction of the farms may be affected by Trina's (supplier of photovoltaic panels to the FAMUR Group) failure to perform the contract (see Current Report No. 53/2021 of October 29th 2021) with respect to some of the contracted deliveries and their completion dates. As the Parties were unable to reach an agreement on the final delivery of the delayed orders and the terms and conditions of their further cooperation, the Company has made a claim for liquidated damages against the Seller and issued a final notice thereto to promptly fulfil the orders in question. FAMUR will seek any relief available under law to safeguard its interests, and in the event of Trina's continuing failure to promptly make the delayed deliveries, it will file its claim with the competent court as provided for in the Contract. In order to ensure continued implementation of its photovoltaic projects, the FAMUR Group has commenced talks with alternative suppliers of PV panels.
- On August 2nd 2021, FAMUR was notified that the SPVs operating in the PV segment and controlled by the FUND accepted a binding offer made by ENERGA-OBRÓT S.A. of Gdańsk to purchase electricity generated by the offerees from renewable sources and fed into the DSO's distribution network on the terms and conditions specified in the offer, together with a balancing service, for a definite term until December 31st 2024. Accepting the offer was equivalent to signing a contract for the sale of electricity and a balancing service in accordance with the offer and the draft contracts attached thereto, which were signed on a later date only to confirm the terms binding on the parties. In accordance with the binding terms of the offer, the remuneration of the sellers under the contracts signed as a result of accepting the offer is estimated at approximately PLN 143m over their respective terms. It was calculated as per the formula set out in the draft contracts attached to the offer for the relevant settlement periods *(Current Report No. 38/2021 of August 2nd 2021).*
- The total capacity of the projects in the portfolio of the PV Segment, which are at different stages of development, is currently estimated at approximately 1.4 GW, including almost 250 MW with auctions won in 2019, 2020 and 2021.

As a result of the acquisition of projects, loans granted to the SPVs and costs incurred on the construction of solar PV farms, as at September 30th 2021 FAMUR's spending on the PV segment development project was approximately PLN 340m. The above amount will change in line with the FAMUR Group's efforts to develop the RES segment, within the agreed maximum limit of PLN 400m of financial support from FAMUR for the development of the PV Segment (repayable by the end of 2023).

Price increases, limited availability of certain components and employees' growing salary expectations

The nine months to September 30th 2021 saw a continuation of the upward trend (commenced in late 2020) in prices of energy and raw materials, particularly steel and semi-finished steel products (such as forgings and castings), a steep rise in the prices of freight rates in container shipping by sea, limited availability of electronic and electrical components, as well as higher prices and limited availability of PV panels. Also, salary expectations are growing among employees. These factors may increase operating expenses and affect lead times.

Increase in steel and energy prices

Prices of steel grades purchased by the Company have been growing significantly since the end of 2020. The average prices of selected steel grades used by the FAMUR Group rose, on average, by almost 40% compared with January 2021, with prices of certain grades up by even 60%. The rising steel prices affect the prices of machinery and equipment offered by the FAMUR Group, powered roof supports and scraper conveyors in particular. This may cause customers to reduce or halt investment and may increase operating expenses incurred by the FAMUR Group. Higher steel prices also increase the cost of structural profiles used to construct solar PV farms.

The increase in electricity and gas prices has a limited impact on the FAMUR Group's profitability as this cost represents less than 2% of the FAMUR Group's total product costs. Electricity and gas prices are fixed under contracts until the end of 2021 and will not change. In view of the clear increase in prices of utilities, the terms of their supply for the next year are currently being negotiated.

Growing freight rates

The year 2021 has seen a significant increase in freight rates in container transport by sea, which was more pronounced for imports from China than imports from Europe.

The increase in freight rates is having a limited impact on the FAMUR Group's mining machinery segment as most of the components used to build shearers/roadheaders and powered roof supports (e.g. steel) are sourced from European manufacturers. Freight costs represent a minor fraction of the cost of complete mining machinery delivered to end customers.

In contrast, the cost of photovoltaic panels and inverters, most of which are imported from China, represents a major item of expenditure, which may affect the overall construction costs of a solar PV farm, because the cost of importing a container is several times higher than the cost of its exporting. The FAMUR Group is party to a contract guaranteeing it a fixed price until the end of 2021, but prices quoted in negotiations for the coming year are much higher, reaching even 2.5x of the 2021 prices.

Limited availability of electronic and electrical components

The market is witnessing limited availability and longer delivery times of selected electrical and electronic components, a vital element of the shearer/roadheader building process. Although the components are relatively small cost items, any shortages cause the time to manufacture a shearer/roadheader to lengthen. Given the problems with timely delivery of components, we have identified risks arising from longer production times and postponed deliveries of selected products to customers.The FAMUR Group's production process is largely based on cooperation with external partners. Any disruptions in production at such partners or suppliers of raw materials and feedstocks, or lower access to raw materials or merchandise required to perform orders for the FAMUR Group's customers, may adversely affect the Group's ability to meet its obligations towards customers. The limited availability of certain electronic components (semiconductors) also affects the implementation of solar PV farm projects. Although these components account for a relatively small share of the overall costs, any shortages cause the completion time of a solar PV farm to lengthen.

Price growth and limited availability of photovoltaic panels

The availability of photovoltaic panels, which are mainly produced in China, is currently limited. In view of the growing prices of semiconductors in China and their insufficient supply, prices of PV modules are also on a rise. The insufficient supply of panels on the market may extend the construction time for PV projects. The average price increase per PV panel was around 30% in the nine months to September 30th 2021. Given the material share of panel costs in the overall expenditure on the construction of a PV farm, a significant rise in panel prices may increase the overall expenditure on the construction of PV systems.

Wage pressures and planned amendments to tax regulations under the Polish Deal

Pay expectations are rising in Poland today. The current trend resulting from accelerating inflation and the planned introduction of new regulations under the "Polish Deal" may translate into wage pressures and, consequently, increase operating expenses both in the segment of mining machinery and equipment production and in the PV segment being developed at the FAMUR Group.

Global trends towards low- and net-zero emissions economy, 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

55% by 2030 (relative to the 1990 levels), known as the ‘Fit for 55’ package[7]. 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.[8] 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 also initialled. Its execution is subject to approval by the European Commission.[9]

The protracted process to have a plan for the phase-out of coal mines in Poland and reorganisation of coal-fired power assets formulated and approved is affecting the Polish hard coal mining industry, particularly Polska Grupa Górnicza (PGG), which accounted for 20% of the FAMUR Group’s revenue for the first nine months of 2021. As at September 30th 2021, the FAMUR Group’s total invoiced receivables from PGG stood at approximately PLN 86m, including past due receivables of approximately PLN 6m, 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 293m.

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

In the nine months to September 30th 2021, Poland and other countries were still struggling with the impacts of the COVID-19 pandemic on economic activity. The third quarter of 2021 saw a slight easing of administrative restrictions, although some countries where the FAMUR Group’s trading partners operate maintain the restrictions imposed in 2020 (e.g., China), which hinders the performance of contracts in foreign markets. In order to send maintenance teams and delegations to China two coronavirus tests (molecular and serological) must be performed (before departure and after arrival), a 14-day quarantine is obligatory, and a special entry visa (consent) must be obtained, also preceded by coronavirus testing. Vaccinated persons are not exempted from the obligation to undergo the tests as required. All this has a significant impact on the amount and time of work performed by maintenance teams, and every business trip has to be planned well ahead and takes much more time.

In order to minimise the risk of a significant reduction in operating activities, as well as to ensure the safety of employees, their families and contractors, the Company carried out a voluntary vaccination campaign in June 2021, with a total of some 350 employees receiving two doses of the vaccine.

In addition, in order to maintain the continuity of maintenance teams’ operations and to support them during the pandemic, the FAMUR Group used Service In Grid, a concept whereby customer service is provided using modern technologies which facilitate quicker and more effective support of trading partners regardless of the geographical distance. The FAMUR Group is one of the first mining machinery and equipment manufacturers using smart-grid tools in relations with its trading partners. The modern technology also creates various opportunities and solutions to be used deep underground in the mines, which was unthinkable in the past due to extremely complex mining and geological conditions. FAMUR aims to facilitate the use of state-of-the-art technologies in the mining sector. With Service In Grid solutions, it is possible to hold safe multimedia training and meetings with trading partners worldwide, including with the use of VR equipment. This is just a step from online service using smartglasses, which would enable FAMUR employees visiting customers in the most distant locations to securely and directly connect with the Service Centre in Poland. FAMUR has already carried out underground tests of such service in China and Indonesia.

The Company Management Board is monitoring the threats posed by the SARS-CoV-2 virus and its variants on an ongoing basis and is taking appropriate steps to ensure that the employees are safe, operations are not disrupted,

[7]businessinsider.com.pl/wiadomosci/ue-zwiekszenie-celu-redukcji-emisji-co2-z-40-do-55-proc-w-2030-r/r4je99j
[8]gov.pl/web/klimat/polityka-energetyczna-polski-do-2040-r-przyjeta-przez-rade-ministrow
[9]forsal.pl/gospodarka/artykuly/8214750,skarb-panstwa-pge-tauron-i-enea-podpisaly-umowe-o-wspolpracy-przy-wydzieleniu-aktywow-weglowych-do-nabe.html

liabilities are met, financial liquidity is maintained, and the negative impact of the situation on the Group's profitability is mitigated.

FAMUR

CONDENSED QUARTERLY CONSOLIDATED FINANCIAL STATEMENTS

for the nine months ended September 30th 2021, prepared in accordance with International Financial Reporting Standards (unaudited)

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FAMUR

Consolidated statement of profit or loss

for the three and nine months ended September 30th 2021, prepared in accordance with IFRSs (unaudited)

in PLNm, except for earnings per share	9 months to		3 months to	
	Sep 30 2021	Sep 30 2020	**Sep 30 2021**	Sep 30 2020
Revenue	**756**	**821**	**238**	**254**
Cost of sales	525	522	162	154
Gross profit	**231**	**299**	**76**	**100**
Distribution costs	11	15	2	3
Administrative expenses	84	75	29	20
Other income	22	71	7	30
Other expenses	48	72	13	28
Operating profit	**110**	**208**	**39**	**79**
Gains (losses) on expected credit loss allowances	3	3	1	-
Finance income	20	21	11	16
Finance costs	15	44	5	4
Gain/(loss) on disposal or partial disposal of shares in subordinates	-	12	-	-
Share in net profit/(loss) of equity-accounted subordinates	6	-9	2	-5
Profit before tax	**124**	**191**	**48**	**86**
Income tax	25	38	10	14
Net profit from continuing operations	**99**	**153**	**38**	**72**
Discontinued operations	-	2	-	-
Net profit, attributable to:	**99**	**155**	**38**	**72**
owners of the parent	101	154	41	71
non-controlling interests	-2	1	-3	1

Profit per share (grosz)

Earnings per ordinary share	0.17	0.27	0.07	0.13
Diluted earnings per ordinary share	0.17	0.27	0.07	0.13

Consolidated statement of comprehensive income

for the three and nine months ended September 30th 2021, prepared in accordance with IFRSs (unaudited)

(PLNm)	9 months to		3 months to	
	Sep 30 2021	Sep 30 2020	**Sep 30 2021**	Sep 30 2020
Net profit	**99**	155	**38**	72
Other comprehensive income that may be reclassified to profit or loss in subsequent reporting periods:	**4**	-25	**-**	-10
Cash flow hedges	-3	-2	-	-
Exchange differences	7	-23	-	-10
Other comprehensive income that will not be reclassified to profit or loss in subsequent reporting periods:	**1**	-	**1**	-
Actuarial gains/(losses)	1	-	1	-
Total other comprehensive income, net of tax	**5**	-25	**1**	-10
Total comprehensive income	**104**	130	**39**	62
including income attributable to non-controlling interests	**-2**	1	**-**	1

Consolidated statement of financial position

as at September 30th 2021 and December 31st 2020, prepared in accordance with IFRSs (unaudited)

Assets

(PLNm)	As at Sep 30 2021 (unaudited)	As at Dec 31 2020 (audited)
Non-current assets	**764**	**774**
Goodwill	162	162
Other intangible assets	17	23
Property, plant and equipment	372	441
Long-term receivables	2	2
Investment property	78	62
Investments in subsidiaries and associates	83	37
Other non-current financial assets	8	8
Deferred tax assets	42	39
Current assets	**1,893**	**1,718**
Current assets other than assets classified as held for sale	**1,846**	**1,655**
Inventories	416	229
Short-term trade and other receivables	396	520
Current tax assets	28	5
Other current financial assets	121	2
Cash and cash equivalents	885	899
Non-current assets classified as held for sale	**47**	**63**
Total assets	**2,657**	**2,492**

FAMUR

Consolidated statement of financial position

as at September 30th 2021 and December 31st 2020, prepared in accordance with IFRSs (unaudited)

Equity and liabilities

(PLNm)	As at Sep 30 2021 (unaudited)	As at Dec 31 2020 (audited)
Equity	**1,847**	**1,682**
Share capital	6	6
Other components of equity	1,092	910
Retained earnings	687	794
Equity attributable to owners of the parent	1,785	1,710
Equity attributable to non-controlling interests	62	-28
Liabilities	**810**	**810**
Non-current liabilities	**289**	**468**
Long-term provisions	26	30
Deferred tax liabilities	1	1
Other non-current financial liabilities	262	437
Current liabilities	**521**	**342**
Current liabilities other than liabilities included in disposal groups classified as held for sale	**509**	**330**
Short-term provisions	21	21
Short-term trade and other payables	257	266
Current tax liabilities	2	1
Other current financial liabilities	229	42
Liabilities included in disposal groups classified as held for sale	**12**	**12**
Equity and liabilities	**2,657**	**2,492**

Consolidated statement of changes in equity

for the nine months ended September 30th 2021, prepared in accordance with IFRSs (unaudited)

(PLNm)	Share capital	Other capital reserves	Retained earnings	Equity for owners of FAMUR S.A.	Equity attributable to non-controlling interests	Equity total
Jan 1 2021	**6**	**910**	**794**	**1,710**	**-28**	**1,682**
Net profit	-	-	101	101	-2	99
other comprehensive income	-	4	1	5	-	5
total comprehensive income	**-**	**4**	**102**	**106**	**-2**	**104**
transfer of profit to statutory reserve funds and other reserves	-	177	-177	-	-	-
other	-	1	-32	-31	92	61
changes in equity in the period	**-**	**182**	**-107**	**75**	**90**	**165**
Sep 30 2021	**6**	**1,092**	**687**	**1,785**	**62**	**1,847**

(PLNm)	Share capital	Other capital reserves	Retained earnings	Equity for 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	-	-	155	155	-	155
other comprehensive income	-	-25	-	-25	-	-25
total comprehensive income	**-**	**-25**	**155**	**130**	**-**	**130**
transfer of profit to statutory reserve funds and other reserves	-	170	-170	-	-	-
purchase of non-controlling interests	-	-	-16	-16	14	-2
Other	-	3	-3	-	-	-
changes in equity in the period	-	148	-34	114	14	128
Sep 30 2020	6	904	761	1,671	-32	1,639

Consolidated statement of cash flows

for the nine months ended September 30th 2021, prepared in accordance with IFRSs (unaudited)

(PLNm) Consolidated statement of cash flows	9 months to	
	Sep 30 2021	**Sep 30 2020**
Cash flows from operating activities – indirect method		
Profit before tax	**124**	191
Total adjustments, including	**8**	**386**
Inventories	-179	12
trade receivables	107	476
other operating receivables	6	-150
trade payables	15	-96
other operating payables	-73	43
depreciation and amortisation	131	133
Provisions	20	-24
exchange differences	4	-10
undistributed profits of associates	-6	9
(gain)/loss on disposal of non-current assets	-25	-8
other adjustments producing cash effects in the form of investing or financing cash flow	13	3
other adjustments to reconcile profit (loss)	-5	-2
Total gross profit and adjustments	**132**	**577**
Income tax paid (refunded)	**26**	**73**
Net cash from operating activities	**106**	**504**
Cash flows from investing activities		
Proceeds from sale of property, plant and equipment	28	13
Purchase of property, plant and equipment	76	116
Purchase of intangible assets	1	5
Cash advances and loans made to third parties	118	-
Cash receipts from repayment of advances and loans made to other parties	6	32
Dividends received	1	3
Other inflows (outflows) of cash	-26	-16
Net cash from investing activities	**-186**	**-89**
Cash flows from financing activities		
Proceeds from borrowings and other debt instruments	46	-
Repayment of borrowings and other debt instruments	34	245
Payment of lease liabilities	4	14
Interest paid	5	8
Other inflows (outflows) of cash	62	-
Net cash from financing activities	**65**	**-267**
Increase (decrease) in cash and cash equivalents before effect of exchange rate changes	**-15**	**148**
Effect of exchange rate changes on cash and cash equivalents	1	-2
Increase (decrease) in cash and cash equivalents	**-14**	**146**
Cash and cash equivalents at beginning of period	899	602
Cash and cash equivalents at end of period	**885**	**748**

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 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, the Group also provides specialist borehole drilling services for various applications and offers drilling technology implementation services for engineering and geotechnical projects.

Following the modification of strategic directions announced on May 25th 2021, the objective is to transform the FAMUR Group into a holding that invests in green transition projects and other promising industries. Currently, a new segment of end-to-end solutions to build large-scale photovoltaic farms and carry out photovoltaic projects on the B2B market is being developed at the FAMUR Group by TDJ S.A. together with Projekt Solartechnik S.A. (PST).

FAMUR Group’s further investment in integrated provision of advanced and environmentally friendly energy solutions may include co-generation, energy storage, Smart Grid and HVAC projects, with the Group simultaneously working to identify new, promising areas.

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 September 30th 2021.

Company name	FAMUR S.A.’s interest (held indirectly and directly) (%)	Interest of entity exercising direct control (%)	Name of entity exercising direct control	Registered office, country
Subsidiaries				
Famur Institute Sp. z o.o.	100.0			Katowice, Poland
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
Famur Finance & Restructuring Sp. z o.o.	100.0			Katowice, Poland
Elgór+Hansen S.A.	100.0	83.6	Hansen Sicherheitstechnik AG	Chorzów, Poland
De Estate sp. z o.o.	100.0			Katowice, Poland
Ex-Coal Sp. z o.o.	100.0			Katowice, Poland
Polskie Maszyny Górnicze S.A.	100.0			Katowice, Poland
Polska Technika Górnicza S.A.	33.3			Katowice, Poland
EXC FMF sp. z o.o.	100.0			Katowice, Poland
Invest PV 1 Sp. z o.o.	100.0			Katowice, Poland
SPP Wytwarzanie 3 sp. z o.o.	100.0			Warsaw, Poland
SPP Wytwarzanie 35 sp. z o.o.	100.0			Warsaw, Poland
SPP Wytwarzanie 38 sp. z o.o.	100.0			Warsaw, Poland
SH 16 sp. z o.o.	100.0			Kraków, Poland
SH 22 sp. z o.o.	100.0			Kraków, Poland
SH 32 sp. z o.o.	100.0			Kraków, Poland
Famur Solar Sp. z o.o. (composition of the FAMUR SOLAR Group is described on the next page)	51.0			Katowice, 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	Registered office, country
Mining Equipment Finance Sp. z o.o.	51.0			Katowice, Poland
Stadmar Sp. z o.o.	50.0			Radziszów, Poland
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
OOO FAMUR Russia	100.0			Novokuznetsk, Russia
TOO Famur (Kazakhstan)	100.0			Karaganda, Kazakhstan
Kopex-Min A.D.	100.0			Niš, Serbia
Dams GMBH	100.0			Velbert, Germany
Hansen Sicherheitstechnik AG	100.0			Munich, Germany
PT. Kopex Mining Contractors	100.0			Jakarta, Indonesia
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
Shandong Tagao Mining Equipment Manufacturing Co. Ltd.	50.0			Tai'an, China
Taian Famur Coal Mining Machinery Co., Ltd.	100.0			Tai'an, China
Anhui Long Po Electrical Co., Ltd.	6.0			Huaibei, China
Associates				
Famak S.A. (formerly: Famur Famak S.A.)	31.9			Kluczbork, Poland
Pemug sp. z o.o. w restrukturyzacji (in restructuring)	31.9	100.0	Famak S.A.	Katowice, Poland
Fmk Engineering sp. z o.o. (formerly, Fugo: II sp. z o.o.)	31.9	100.0	Famak S.A.	Kluczbork, 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	32.6	99.0	Famak S.A.	New Delhi, India

New entities established by FAMUR S.A. in the nine months to September 30th 2021 are presented in the Directors' Report on the Group's operations in the first half of 2021 in the table presented in section 'Changes in the organisation of the FAMUR Group' under 'Other information to the consolidated half-year Directors' Report' . Until the issue date for this report, there had been no changes regarding the new entities.

On July 20th 2021 and September 17th 2021, FAMUR SOLAR and Maciej Marcjanik signed agreements to sell to FAMUR SOLAR some of the Series A and Series B shares in PST's share capital. Furthermore, on September 16th 2021 FAMUR SOLAR and PST signed an agreement on FAMUR SOLAR's subscription for new Series C shares in PST's share capital. As at the reporting date, FAMUR SOLAR's equity interest in PST was 1%, and thus FAMUR S.A.'s indirect quity interest in PST was 0.5%. On November 10th 2021, an increase in the share capital of PST following the issue of Series C shares was registered and as of that day FAMUR SOLAR's equity interest in PST is 51%. For a more detailed description of the changes in this respect, see *Entry into the solar PV sector* section of this report.

FAMUR

Notes to the condensed consolidated financial statements

FAMUR SOLAR Group companies as at September 30th 2021

Name	FAMUR S.A.'s interest (held indirectly and directly) (%)	NATIONAL COURT REGISTER NO. (KRS):	Registered office
Projekt-Solartechnik S.A.	0.5	834759	Warsaw
PST Service sp. z o.o.	0.5	912684	Tomaszów Mazowiecki
Sun Deal sp. z o.o.	0.5	824863	Tomaszów Mazowiecki
Projekt-Solartechnik Group sp. z o.o.	0.5	468833	Tomaszów Mazowiecki
Jeżów PV sp. z o.o.	0.5	846378	Tomaszów Mazowiecki
Projekt-Solartechnik Dystrybucja sp. z o.o.	0.5	850401	Tomaszów Mazowiecki
Projekt-Solartechnik Development sp. z o.o.	0.3	819926	Tomaszów Mazowiecki
P+S Energooszczędni sp. z o.o.	0.3	701159	Tomaszów Mazowiecki

Projekt Solartechnik Fund Fundusz Inwestycyjny Zamknięty ("FUND"), in which FAMUR SOLAR holds 371 investment certificates (51%)

Name	FAMUR S.A.'s interest (held indirectly and directly) (%)	NATIONAL COURT REGISTER NO. (KRS):	Registered office
Invest PV 2 Sp. z o.o.	26.0	879450	Katowice
Invest PV 3 Sp. z o.o.	26.0	879476	Katowice
Invest PV 4 Sp. z o.o.	26.0	879446	Katowice
Invest PV 5 Sp. z o.o.	26.0	879527	Katowice
Invest PV 6 Sp. z o.o.	26.0	879522	Katowice
Invest PV 7 Sp. z o.o.	26.0	879452	Katowice
Invest PV 8 Sp. z o.o.	26.0	879457	Katowice
Invest PV 9 Sp. z o.o.	26.0	879416	Katowice
Invest PV 10 Sp. z o.o.	26.0	879455	Katowice
Invest PV 11 Sp. z o.o. (formerly: Ekoolesno PV sp. o.o.)	26.0	840444	Katowice
Invest PV 12 sp. z o.o. (formerly: Mos3 sp. z o.o.)	26.0	829093	Katowice
Invest PV 13 sp. z o.o. (formerly: Agro Bio Energy Sp. z o.o.)	26.0	507743	Katowice
Polska Energia Słoneczna sp. z o.o.	26.0	839412	Poznań
PV Koryta sp. z o.o.	26.0	854946	Łódź
PV Ostrowąsy Sp. z o.o.	13.5	852418	Łódź
PV Projekty Piotrowice sp. o.o.	26.0	859386	Wrocław
PV Projekt Strupina sp. z o.o.	26.0	858773	Wrocław
PV Skrzypaczowice Dziemiony sp. z o.o.	26.0	833844	Kokoszczyn
Solar Farm SPV sp. z o.o.	26.0	772495	Rzeszów
Solar Projekt SPV sp. o.o.	26.0	773957	Rzeszów
Invest PV 14 sp. z o.o. (formerly: SPV Solar 10 sp. z o.o.)	26.0	824366	Katowice
Invest PV 17 sp. z o.o. (formerly: MM83 sp. z o.o.)	26.0	850482	Katowice
Invest PV 18 sp. z o.o. (formerly: Fotowoltaika Piła sp. z o.o.)	26.0	446948	Katowice
Invest PV 19 sp. z o.o. (formerly: PV Drezdenko sp. z o.o.)	26.0	730449	Katowice
Invest PV 20 sp. z o.o. (formerly: PV Łask sp. z o.o.)	26.0	522095	Katowice
Invest PV 21 sp. z o.o. (formerly: Solar Park Plewiska sp. z o.o.)	26.0	387119	Katowice

Notes to the condensed consolidated financial statements

Name	FAMUR S.A.'s interest (held indirectly and directly) (%)	NATIONAL COURT REGISTER NO. (KRS):	Registered office
Invest PV 22 sp. z o.o. (formerly: Solarfaktor Polska 14 sp. z o.o.)	26.0	443003	Katowice
Invest PV 23 sp. z o.o. (formerly: Sunergia Trade 1 sp. z o.o.)	26.0	461180	Katowice
Invest PV 25 sp. z o.o. (formerly: Swiss technology Trust sp. z o.o.)	26.0	435841	Katowice
Invest PV 26 sp. z o.o. (formerly: ALPV1 sp. z o.o.)	26.0	842906	Katowice
Invest PV 27 sp. z o.o. (formerly: Elektrownia Fotowoltaiczna Górzyca sp. z o.o.)	26.0	728459	Katowice
Invest PV 28 sp. z o.o. (formerly: P+S SPV1 sp. z o.o.)	26.0	852249	Katowice
Invest PV 29 sp. z o.o. (formerly: Projekt Energia sp. z o.o.)	26.0	714293	Katowice
Invest PV 30 sp. z o.o. (formerly: PV Runowo sp. z o.o.)	26.0	777797	Katowice
Invest PV 31 sp. z o.o. (formerly: Fotowoltaika Słoneczna sp. z o.o.)	26.0	445980	Katowice
Resnet 1 sp. z o.o.	26.0	873926	Wrocław
Elektrownia PV Grylewo sp. z o.o. (100% Resnet 1 sp. z o.o.)	26.0	675195	Wrocław
Invest PV 32 sp. z o.o. JFS1 sp. z o.o.	26.0	796747	Katowice
Invest PV 33 sp. z o.o. JFS2 sp. z o.o.	26.0	796684	Katowice
Invest PV 34 sp. z o.o. JFS3 sp. z o.o.	26.0	440454	Katowice
Invest PV 35 sp. z o.o. JFS4 sp. z o.o.	26.0	425274	Katowice
Invest PV 36 sp. z o.o. JFS5 sp. z o.o.	26.0	440047	Katowice
Invest PV 37 sp. z o.o. JFS6 sp. z o.o.	26.0	734704	Katowice
Invest PV 38 sp. z o.o. JFS7 sp. z o.o.	26.0	569871	Katowice
Invest PV 39 sp. z o.o. JFS8 sp. z o.o.	26.0	844431	Katowice
Sunergia Trade IV sp. z o.o.	26.0	460404	Katowice
P+S SPV 2 sp. z o.o.	26.0	864853	Tomaszów Mazowiecki
P+S SPV 3 sp. z o.o.	26.0	864856	Tomaszów Mazowiecki
P+S SPV 4 sp. z o.o.	26.0	864838	Tomaszów Mazowiecki
P+S SPV 5 sp. z o.o.	26.0	873181	Tomaszów Mazowiecki
P+S SPV 6 sp. z o.o.	26.0	873127	Tomaszów Mazowiecki

- On July 8th 2021 FAMUR S.A. acquired 100% of the shares in SH32 Sp. z o.o., SH22 sp. z o.o. and SH16 Sp. z o.o.
- Following FAMUR's acquisition of a 50% interest in PV Koryta sp. z o.o. on July 12th 2021, the Company's interest in that company reached 100%. On July 26th 2021, FAMUR S.A. sold 50% of shares in PV Koryta sp. z o.o. to Projekt Solartechnik Fund Fundusz Inwestycyjny Zamknięty and as at the date of issue of this report holds 50% of shares in PV Koryta sp. z o.o.
- On August 6th and 9th 2021, FAMUR S.A. acquired 100% of the shares in SPP Wytwarzanie 3 Sp. z o.o. and SPP Wytwarzanie 35 Sp. z o.o.
- On September 16th and 17th 2021, FAMUR S.A. acquired 100% of the shares in SPP Wytwarzanie 38 Sp. z o.o.
- On September 22nd 2021, FAMUR sold 14% of shares in Anhui Long Po Electrical Co., Ltd., following which its equity interest in the company fell to 6%.

Changes in the organisational structure after the reporting date:

- On October 22nd 2021, TDJ Legal Morawiec sp.k. sold to the FUND seven companies: Invest PV 49 sp. z o.o., Invest PV 50 sp. z o.o., Invest PV 51 sp. z o.o., Invest PV 52 sp. z o.o., Invest PV 53 sp. z o.o., Invest PV 54 sp. z o.o. and Invest PV 55 sp. z o.o.

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 nine months ended September 30th 2021, i.e. FAMUR S.A. as the parent and its consolidated subsidiaries, along with information on the applied consolidation method.

Notes to the condensed consolidated financial statements

Name	Consolidation method
Famur S.A.	full
Primetech S.A.	full
Polskie Maszyny Górnicze S.A.	full
Famur Invest sp. z o.o.	full
Famur Finance Sp. z o.o.	full
Famur Finance and Restructuring sp. z o.o.	full
Elgór + Hansen sp. z o.o.	full
Śląskie Towarzystwo Wiertnicze DALBIS sp. z o.o.	full
DE Estate sp. z o.o.	full
EXC FMF sp. z o.o.	full
EX-COAL Sp. z o.o.	full
OOO FAMUR (Russia)	full
TOO Famur (Kazakhstan)	full
Taian Famur Coal Mining Equipment Service Co. Lts (China)	full
HANSEN SICHERHEITSTECHNIK AG (Germany)	full
Kopex Africa (Pty) Ltd (RPA)	full
Hansen and Genwest (Pty) Ltd (RPA)	full
Air Reliant (Pty) Ltd (RPA)	full
KOPEX MIN (Serbia)	full
PT Kopex Mining Contractors (Indonesia)	full
Famur Solar Sp. z o.o.	full
Invest PV 26 sp. z o.o. (formerly: Alpv1 Sp. z o. o.)	full
Invest PV 27 sp. z o.o. (formerly: Elektrownia Fotowoltaiczna Górzyca Sp. z o. o.)	full
Invest PV 18 sp. z o.o. (formerly: Fotowoltaika Piła Sp. z o.o.)	full
Invest PV 31 sp. z o.o. (formerly: Fotowoltaika Słoneczna Sp. z o.o.)	full
Invest PV 32 sp. z o.o. (formerly: JFS1 Sp. z o.o.)	full
Invest PV 33 sp. z o.o. (formerly: JFS2 Sp. z o.o.)	full
Invest PV 34 sp. z o.o. (formerly: JFS3 Sp. z o.o.)	full
Invest PV 35 sp. z o.o. (formerly: JFS4 Sp. z o.o.)	full
Invest PV 36 sp. z o.o. (formerly: JFS5 Sp. z o.o.)	full
Invest PV 37 sp. z o.o. (formerly: JFS6 Sp. z o.o.)	full
Invest PV 38 sp. z o.o. (formerly: JFS7 Sp. z o.o.)	full
Invest PV 39 sp. z o.o. (formerly: JFS8 Sp. z o.o.)	full
Invest PV 17 sp. z o.o. (formerly: MM83 Sp. z o.o.)	full
Invest PV 28 sp. z o.o. (formerly: P+S SPV1 Sp. z o.o.)	full
Invest PV 29 sp. z o.o. (formerly: Projekt Energia Sp. z o.o.)	full
Invest PV 19 sp. z o.o. (formerly: PV Drezdenko Sp. z o.o.)	full
Invest PV 20 sp. z o.o. (formerly: PV Łask Sp. z o.o.)	full
Invest PV 30 sp. z o.o. (formerly: PV Runowo Sp. z o. o.)	full
Invest PV 21 sp. z o.o. (formerly: Solar Park Plewiska Sp. z o.o.)	full
Invest PV 22 sp. z o.o. (formerly: Solarfaktor Polska 14 Sp. z o.o.	full

Name	Consolidation method
Invest PV 23 sp. z o.o. (formerly: Sunergia Trade I Sp. z o.o.)	full
Invest PV 24 sp. z o.o. (formerly: Sunergia Trade IV Sp. z o.o.)	full
Invest PV 25 sp. z o.o. (formerly: Swiss Technology Trust Sp. z o.o.)	full
P+S SPV2 Sp. z o.o.	full
P+S SPV3 Sp. z o.o.	full
P+S SPV4 Sp. z o.o.	full
P+S SPV5 Sp. z o.o.	full
P+S SPV6 Sp. z o.o.	full
Elektrownia Grylewo 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 (formerly: EkoolesnoPV Sp. z o.o.)	full
Invest PV 12 (formerly: MOS 3 Sp. z o.o.)	full
Invest PV 13 (formerly: Agro Bio Energy Sp. z o.o.)	full
PV Ostrowąsy Sp. z o.o.	full
Invest PV 14 Sp. z o.o (formerly: SPV Solar 10 Sp. z o.o.)	full
Solar Project SPV Sp. z o.o.	full
Solar Farm SPV Sp. z o.o.	full
PV Koryta Sp. z o.o.	full
Resnet 1 Sp. z o.o.	full
Polska Energia Słoneczna Sp. z o.o.	full
PV Project Piotrowice Sp. z o.o.	full
PV Project Strupina Sp. z o.o.	full
PV Skrzypaczowice Dziemiony Sp. z o.o.	full

Equity-accounted entities

Name	Consolidation method
Mining Equipment Finance Sp. z o.o.	equity
Famak S.A. (formerly: Famur Famak S.A.)	equity
Fmk Engineering sp. z o.o. (formerly: Fugo II sp. z o.o.)	equity

Notes to the condensed consolidated financial statements

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") 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 *Declaration concerning accounting policies*).

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 Group'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 continuing as a going concern.

The Management Board has analysed the situation in the context of the COVID-19 pandemic and, based on scenarios under consideration, as regards liquidity, financing and continuity of operations, it has not identified any risk for the Group continuing as a going concern in the foreseeable future.

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.

Declaration concerning accounting policies

The accounting policies applied to prepare these quarterly 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 Notes 7 and 8 to the Consolidated Financial Statements for 2020.

On January 1st 2021, the following amendments to standards came into force:

- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16: Interest Rate Benchmark Reform – Phase 2 (issued on August 27th 2020).

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

In these financial statements, the Group did not elect to early apply the standards or interpretations issued prior to their effective date and does not apply the standards published by the International Accounting Standards Board or the International Financial Reporting Interpretations Committee and not endorsed by the European Union.

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 Group 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.

Notes to the condensed consolidated financial statements

Revenue	9 months to	
	Sep 30 2021	Sep 30 2020
Poland	525	513
Russia and CIS	170	200
European Union	19	36
Other Europe	-	3
Other (America, Asia, Africa, Australia)	42	68
Total	**756**	**821**
Total exports	231	308
Poland	525	513

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	9 months to	
	Sep 30 2021	Sep 30 2020
Cash flows from operating activities	-	1
Cash flows from investing activities	-	-
Cash flows from financing activities	-	-
Total cash flows from discontinued operations	**-**	**1**

Discontinued operations	9 months to	
	Sep 30 2021	Sep 30 2020
Revenue	**-**	**10**
Cost of sales	-	9
Gross profit/(loss)	**-**	**1**
Distribution costs	-	-
Administrative expenses	-	3
Profit/(loss) on sales	**-**	**-2**
Other income	-	6
Other expenses	-	-
Operating profit/(loss)	**-**	**4**
Finance income	-	-
Finance costs	-	2
Profit/(loss) before tax	**-**	**2**
Income tax	-	-
Net profit	**-**	**2**

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

The FAMUR Group has begun to develop a new operating segment to be engaged in the RES business. Accordingly, it has acquired shares in special purpose vehicles holding projects and documentation based on which the RES business can be developed, has established the first special purpose vehicles and is exploring new projects to further develop the segment. In accordance with the provisions of the Investment Agreement (for details, see Entry into the solar PV sector), following the execution of the agreements between FAMUR SOLAR and Maciej Marcjanik, the total amount allocated by FAMUR SOLAR to purchase some of the Series A and Series B shares and take up new Series C shares in PST's share capital was approximately PLN 48m. Until registration of new Series C shares by the registry court, this amount is disclosed in assets under 'Investments in subsidiaries and associates'. Once the share capital increase is registered and control is acquired, these amounts will be eliminated as a result of full consolidation.
In addition, selected companies, described in detail in section 'Changes in scope of consolidation' of the Notes to the condensed consolidated financial statements of this report, became consolidated entities.

7. Seasonal and cyclical changes in the Group's business during the reporting period

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 of the FAMUR Group for the 12 months 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:

Derivatives (groups of instruments)	Hedged risk	Planned settlement date	Value of future cash flows at forward rate	Market value as at Sep 30 2021
Forward – sale of EUR	currency risk	Q4 2021	62	63
Forward – sale of EUR	currency risk	Q1 2022	49	50
Forward – sale of EUR	currency risk	Q2 2022	15	16
Forward – sale of EUR	currency risk	Q3 2022	2	2
Forward - sale of USD	currency risk	Q4 2021	4	4
Forward - sale of USD	currency risk	Q1 2022	10	10
Forward - sale of USD	currency risk	Q2 2022	21	22
Forward - sale of USD	currency risk	Q3 2022	31	32
Forward - sale of USD	currency risk	Q1 2023	10	11
Forward - sale of USD	currency risk	Q2 2023	10	11
IRS			200	203
Total			**414**	**424**

9. Dividend and the share buyback programme

Dividend

On June 22nd 2021, the Company's entire net profit earned in 2020, of PLN 169.5m, was, by a decision of the General Meeting, allocated to the Company's statutory reserve funds.

Notes to the condensed consolidated financial statements

Share Buyback Programme

Following the announcement of new strategic directions of the FAMUR Group, which entail a change of the dividend policy, the FAMUR Management Board recommended that the General Meeting allocate PLN 70m to the buyback of Company shares for cancellation, by way of a tender offer with a price of PLN 2.50 per share. The main purpose of the programme was to enable the sale of Company shares (divestment) by those shareholders who had purchased them with a view to benefiting from the dividend policy adopted in the previous strategy (*Current Report No. 23/2021 of May 25th 2021*).

On August 17th, the Extraordinary General Meeting (“EGM”) passed a resolution to approve the buyback of Company shares for cancellation and create a capital reserve of PLN 70m for that purpose. The Company’s Management Board was also authorised to purchase Company shares representing not more than 5% of the Company’s share capital, i.e., 28,700,000 shares of all series with a par value of PLN 0.01 per share, at a price not lower than PLN 2.50 per share. The deadline of the programme was set for October 31st 2021 (or until the funds allocated to the buyback are spent) (*Current Report No. 41/2021 of August 17th 2021*).

In the exercise of the authorisation granted by the EGM, on September 1st 2021 the Management Board invited the Shareholders to submit, in the period September 6th to September 17th 2021, offers to sell FAMUR S.A. shares. The tender offer was made for up to 27,934,000 ordinary book-entry shares *(ISIN PLFAMUR00012)*, representing up to 4.86% of the Company’s share capital. The offered buyback price of PLN 2.50 reflected the price assumptions adopted in Resolution 3 of the EGM (*Current Report No. 45/2021 of September 1st 2021*).

The buyback took place between September 6th and September 17th 2021. A total of 82,539 (eighty-two thousand five hundred and thirty-nine) Company shares were tendered for sale. As the total number of Company shares tendered by the Shareholders for sale under the Invitation did not exceed the total number of shares the Company intended to buy back under the Invitation, the Company accepted all submitted tenders and bought back all those shares for PLN 2.50 per share and a total price of PLN 206,347.50. The shares will be cancelled by way of reducing the Company’s share capital, pursuant to Art. 359 of the Commercial Companies Code (*Current Report No. 47/2021 of September 20th 2021*).

On September 27th 2021, the Management Board of FAMUR S.A. passed a resolution to end the Company’s share buyback programme as of that date. In the Company’s opinion, the low participation in the buyback should be viewed as acceptance of the new strategic directions. Accordingly, the Management Board saw no reason to continue the buyback under the authorisation granted by the EGM. Pursuant to Section 2.2 of Resolution 3 of the EGM, funds from the capital reserve set up to finance the buyback of Company shares and not used for the buyback were automatically transferred to the Company’s statutory reserve funds on the buyback end date, and the capital reserve was released on that date, without the General Meeting having to pass any separate resolution (*Current Report No. 48/2021 of September 27th 2021*).

Notes to the condensed consolidated financial statements

10. Contingent liabilities

	As at	
	Sep 30 2021	**Dec 31 2020**
Contingent liabilities	**96**	**164**
guarantees issued, including:	**96**	**163**
bid bonds	10	10
performance bonds	57	85
Other	29	68
Other	**-**	**1**

As at the end of the reporting period, the Group's total contingent liabilities were approximately PLN 68m lower than at the end of 2020, mainly due to reduction of performance bond amounts and expiry of advance payment guarantees, as well as lower use of non-revolving guarantee facilities for the FAMAK Group.

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 facilities) with a total value of approximately PLN 3m as at September 30th 2021. Bank guarantee facilities are made available to associates on an arm's length basis.

11. Related-party transactions

Material related-party transactions are described in Note 46 to the IFRS-compliant Consolidated Financial Statements of the FAMUR Group for the 12 months ended December 31st 2020. The related-party transactions concluded in the third 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:

On October 12th 2021, the Management Board resolved to issue up to 400,000 unsecured Series C Notes in book-entry form with a nominal value of PLN 1,000 per Note and a total nominal value of up to PLN 400m. Series C Notes bear interest at a floating rate based on 6M WIBOR (Warsaw Interbank Offered Rate) rate plus a margin of 290 basis points per annum for each interest period. Interest on Series C Notes will be payable every six months (from the issue date, i.e., November 3rd 2021). The redemption date was set at November 3rd 2026.

The Company has undertaken to use the proceeds from the issue of the Notes to directly and indirectly finance or refinance the development, purchase, construction and operation of Green Projects. Series C Notes were issued as green bonds as defined in the June 2021 edition of the Green Bond Principles (as amended) published by the International Capital Market Association (ICMA) (*Current Report No. 50/2021 of October 12th 2021*).

On November 3rd 2021, the final allocation and issue of 400,000 Series C Notes took place (*Current Report No. 54/2021 of November 3rd 2021*). The full version of the terms and conditions of the issue and other documents relating to Series C Notes are published on the Company's website in the Investor Relations section at www.famur.com/notowania-gieldy in the Bonds section.

Separate statement of profit or loss

for the three and nine months ended September 30th 2021, prepared in accordance with IFRSs (unaudited)

(PLNm)	9 months to		3 months to	
	Sep 30 2021	Sep 30 2020	**Sep 30 2021**	Sep 30 2020
Revenue	**648**	**741**	**219**	**248**
Cost of sales	455	479	154	162
Gross profit	**193**	**262**	**65**	**86**
Distribution costs	7	8	2	2
Administrative expenses	60	50	20	15
Other income	16	64	6	27
Other expenses	51	71	15	28
Operating profit	**91**	**197**	**34**	**68**
Recognition (reversal) of expected credit loss allowances	-6	-3	-4	-1
Finance income	29	49	15	14
Finance costs	10	48	2	-
Profit before tax	**116**	**201**	**51**	**83**
Income tax	22	31	9	13
Net profit	**94**	**170**	**42**	**70**

Profit per share (grosz)

Earnings per ordinary share	0.16	0.30	0.07	0.12
Diluted earnings per ordinary share	0.16	0.30	0.07	0.12
Weighted average number of shares (millions)	575	575	575	575

FAMUR

Separate statement of comprehensive income

for the three and nine months ended September 30th 2021, prepared in accordance with IFRSs (unaudited)

(PLNm)	9 months to		3 months to	
	Sep 30 2021	Sep 30 2020	**Sep 30 2021**	Sep 30 2020
Net profit	**94**	170	**42**	70
Other comprehensive income that may be reclassified to profit or loss in subsequent reporting periods:	**-2**	-2	**-4**	-
Cash flow hedges	-2	-2	-4	-
Other comprehensive income that will not be reclassified to profit or loss in subsequent reporting periods:	**1**	-	**-**	-
Actuarial gains/(losses)	1	-	-	-
Total other comprehensive income, net of tax	**-1**	-2	**-4**	-
Total comprehensive income	**93**	168	**38**	70

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Separate statement of financial position

as at September 30th 2021 and December 31st 2020, prepared in accordance with IFRSs (unaudited)

Assets

(PLNm)	As at Sep 30 2021 (unaudited)	Dec 31 2020 (audited)
Non-current assets	**911**	**863**
Goodwill	162	162
Other intangible assets	13	20
Property, plant and equipment	327	402
Long-term receivables	30	1
Investment property	-	5
Investments in subsidiaries and associates	257	223
Other non-current financial assets	87	16
Deferred tax assets	35	34
Current assets	**1,251**	**1,261**
Current assets other than assets classified as held for sale, including:	**1,231**	**1,230**
Inventories	155	164
Short-term trade and other receivables	436	500
Current tax assets	-	1
Other current financial assets	141	8
Cash and cash equivalents	499	557
Non-current assets classified as held for sale	**20**	**31**
Total assets	**2,162**	**2,124**

FAMUR

Separate statement of financial position

as at September 30th 2021 and December 31st 2020, prepared in accordance with IFRSs (unaudited)

Equity and liabilities

(PLNm)	As at Sep 30 2021 (unaudited)	As at Dec 31 2020 (audited)
Equity	**1,431**	**1,338**
Share capital	6	6
Other components of equity	1,270	1,103
Retained earnings	155	229
Liabilities	**731**	**786**
Non-current liabilities	**255**	**461**
Long-term provisions	24	27
Other non-current financial liabilities	231	434
Current liabilities	**476**	**325**
Short-term provisions	17	17
Short-term trade and other payables	221	252
Current tax liabilities	2	-
Other current financial liabilities	236	56
Total equity and liabilities	**2,162**	**2,124**

Separate statement of changes in equity

for the nine months ended September 30th 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	-	-	94	94
Other comprehensive income	-	-2	1	-1
Total comprehensive income	**-**	**-2**	**95**	**93**
Profit distribution	-	169	-169	-
Changes in equity in the period	**-**	**167**	**-74**	**93**
As at Sep 30 2021	**6**	**1,270**	**155**	**1,431**
As at Jan 1 2020	**6**	**945**	**218**	**1,169**
Net profit	-	-	170	170
Other comprehensive income	-	-2	-	-2
Total comprehensive income	**-**	**-2**	**170**	**168**
Profit distribution	-	161	-161	-
Changes in equity in the period	**-**	**159**	**9**	**168**
As at Sep 30 2020	**6**	**1,104**	**227**	**1,337**

Separate statement of cash flows

for the nine months ended September 30th 2021, prepared in accordance with IFRSs (unaudited)

(PLNm) Separate statement of cash flows	9 months to	
	Sep 30 2021	**Sep 30 2020**
Cash flows from operating activities – indirect method		
Profit before tax	**116**	**201**
Total adjustments, including:	**156**	**307**
finance costs	6	14
decrease (increase) in inventories	9	12
decrease (increase) in trade receivables	88	323
decrease (increase) in other operating receivables	-11	-50
increase (decrease) in trade payables	-3	-57
increase (decrease) other operating payables	-39	-26
depreciation and amortisation	132	131
recognition (reversal) of impairment loss taken to profit or loss	-3	3
Provisions	-3	-25
losses (gains) on disposal of non-current assets	-4	-8
other adjustments producing cash effects in the form of investing or financing cash flow	-16	-10
Income tax paid (refunded)	**-24**	**-72**
Net cash from operating activities	**248**	**436**
Cash flows from investing activities		
other cash receipts from sale of equity or debt instruments of other entities	24	-
other cash paid to acquire equity or debt instruments of other entities	-70	-2
proceeds from sale of property, plant and equipment	8	13
purchase of property, plant and equipment	-72	-109
purchase of intangible assets	-1	-5
cash advances and loans made to third parties	-266	-
cash receipts from repayment of advances and loans made to other parties	63	39
dividends received	7	30
interest received	-	1
Net cash from investing activities	**-307**	**-33**
Cash flows from financing activities		
proceeds from borrowings and other debt instruments	19	-
repayment of borrowings and other debt instruments	-	-472
payment of lease liabilities	-15	-13
interest paid	-3	-8
Net cash from financing activities	**1**	**-493**
Increase (decrease) in cash and cash equivalents before effect of exchange rate changes	**-58**	**-90**
Increase (decrease) in cash and cash equivalents	**-58**	**-90**
Cash and cash equivalents at beginning of period	557	528
Cash and cash equivalents at end of period	**499**	**438**

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 report for the nine and three months ended September 30th 2021 was as follows:

FAMUR S.A. shareholding structure as at September 30th 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	47.30%
Nationale-Nederlanden OFE*	61,769,000	61,769,000	10.75%
AVIVA OFE AVIVA SANTANDER	55,513,000	55,513,000	9.66%
FAMUR S.A.**	86,655	86,655	0.01%
Other shareholders***	185,540,772	185,540,772	32.28%
Total	**574,763,212**	**574,763,212**	**100%**

The table presents data in accordance with the most recent Extraordinary General Meeting of FAMUR S.A., i.e., as at August 17th 2021.

**Funds managed by Nationale-Nederlanden Powszechne Towarzystwo Emerytalne S.A.: Nationale-Nederlanden Otwarty Fundusz Emerytalny ("OFE") and Nationale-Nederlanden Dobrowolny Fundusz Emerytalny ("DFE").*

***FAMUR and, indirectly, the subsidiary FAMUR Finanse Sp. z o.o. (4,116 shares) and 82,539 ordinary bearer shares acquired by FAMUR under the Invitation for shareholders to tender shares in FAMUR S.A. (announced in Current Report No. 45/2021 of September 1st 2021),*

**** 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 interim 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 September 30th 2021 or 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 three quarters 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

In the nine months to September 30th 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 equivalent to 10% or more of the Company's equity.

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.

	9 months to		3 months to	
(PLNm)	**Sep 30 2021**	Sep 30 2020	**Sep 30 2021**	Sep 30 2020
Operating profit	110	208	39	79
Depreciation and amortisation	131	133	41	44
EBITDA	**241**	**341**	**80**	**123**

Alternative performance measures

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.

	As at	
(PLNm)	**Sep 30 2021**	**Dec 31 2020**
Inventories	416	229
Short-term trade receivables	343	481
Subtotal	759	710
Less short-term trade payables	-112	-97
Less prepayments received	-81	-80
Working capital	566	533
Working capital as % of revenue	53%	47%

LTM revenue according to IFRSs

(PLNm)	Revenue
12 months of 2020	1,139
Less 9 months to Sep 30 2020	-821
3 months to Dec 31 2020	318
Plus 9 months to Sep 30 2021	756
LTM to Sep 30 2021	**1,074**

Working capital as at Sep 30 2021	566
Working capital in the quarter as % of LTM revenue	**53%**

FAMUR

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)	**Sep 30 2021**	Dec 31 2020
Non-current financial liabilities	**243**	**437**
bank borrowings	1	2
other debt instruments	200	401
leases	25	26
debt sale	17	8
Current financial liabilities	**248**	**42**
bank borrowings	21	2
other debt instruments	204	-
leases	5	5
debt sale	18	35
Gross debt	**491**	**479**
less cash and cash equivalents	-885	-899
Net debt	**-394**	**-420**
Net debt/EBITDA	**-1.2x**	**-1.0x**

LTM EBITDA

(PLNm)	EBITDA
12 months of 2020	416
Less 9 months to Sep 30 2020	-341
3 months to Dec 31 2020	75
Plus 9 months to Sep 30 2021	241
LTM to Mar 31 2021	**316**

Net debt as at Sep 30 2021	**-394**
Net debt/EBITDA	**-1.2x**

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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	……………………………………………………….

Digitally signed