



FAMUR Group Consolidated Q1 2022 report

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DISCUSSION OF FINANCIAL AND OPERATING PERFORMANCE

Summary of Q1 2022 results

- PLN 274m in revenue for the first three months of 2022, stable relative to the comparative period:
 - 4% decrease in the mining machinery segment due to lower revenue from the sale of machinery and equipment, partially offset by higher revenue from aftermarket and lease services;
 - PLN 10m in revenue from the solar power generation segment; first full period of consolidation.
- EBITDA for the first three months of 2022 at PLN 95m, with EBITDA margin at 35%.
- PLN 36m in net profit for the first three months of 2022.
- Operating cash flows of PLN 92m for the first three months of 2022.
- PLN 482m surplus of cash over gross debt at March 31st 2022.

Key financial ratios	3 months to		Change [%]
	Mar 31 2022	Mar 31 2021	
(PLNm)			
Revenue	274	274	-
EBITDA	95	91	4%
Net profit	36	39	-8%
Cash flows from operating activities	92	91	1%
as % of revenue			
EBITDA	35%	33%	+2pp
Net profit	13%	14%	-1pp
as at			
	Mar 31 2022	Dec 31 2021	
Net debt (PLNm)	-482	-423	
Net debt/EBITDA	-1.5x	-1.3x	

DISCUSSION OF FINANCIAL AND OPERATING PERFORMANCE

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

Commenting on the performance in the first quarter 2022, President of the Management Board Mirosław Bendzera said: “Our sentiment at the beginning of the first quarter of 2022 was quite optimistic as the restrictions related to COVID-19 were gradually lifted in a growing number of countries and our order book began to show signs of improvement. However, the end of the quarter brought a completely new economic and political reality globally in the wake of the outbreak of war in Ukraine, the return of the pandemic in China and the resulting restrictions, as well as the risk of an economic slowdown accompanied by accelerating price increases.

Despite these headwinds, we delivered robust performance in the first quarter. Revenue remained unchanged year on year at PLN 274m. In the mining machinery segment, revenue (excluding inter-segment settlements) fell by PLN 10m (4%) year on year. However, the decrease was offset by sales of PLN 10m recorded by the solar power generation segment (the first full reporting period of consolidating the segment in the Group’s results). Export sales accounted for 46% of the FAMUR Group’s total revenue. In the reporting period, EBITDA was PLN 95m and operating cash flows reached PLN 92m. As at the end of March 2022, the FAMUR Group recorded a surplus cash over debt of PLN 482m.

The operations of the mining machinery segment have been materially affected by the war in Ukraine. The conflict has pushed up the prices of fossil fuels to record levels, caused significant disruptions in the supply chain and steep increases in the prices of other raw materials as well as in the prices of metallurgical products and related components, representing a significant part of the Group’s production. In view of the tragic developments across our eastern border, we have decided to discontinue offering any new mining machinery and equipment in the Russian Federation until further notice and are fully committed to operating in strict compliance with the sanctions regime imposed by the Polish government and the European Union. At the beginning of April 2022, we entered into an agreement to terminate a number of contracts for the supply of equipment for use in Russia, concluded at the end of 2021, with a total value of approximately PLN 130m. The costs related to the termination, to be covered by the FAMUR Group, are immaterial. In the period under review, Polish mining companies continued to focus their investment activity mainly on replacement efforts, including renewal of lease contracts and ordering of aftermarket services. Over the entire reporting quarter, we secured approximately PLN 152m worth of new orders in Poland and abroad. As a result, the total value of our backlog (understood as the supplies of machinery and equipment and leases in accordance with the contract duration) as at March 31st 2022 was approximately PLN 592m.

In the solar power generation segment, we continued the construction of 134 MW solar PV farms, while actively looking for buyers. In March this year, we entered into a PLN 428m project finance credit facility agreement to finance and refinance the construction costs for the farms. At the same time, we consistently expanded our PV project portfolio by developing our own projects and purchasing projects on the market. As a result, by the end of March 2022 we achieved nearly 1.9 GW of the estimated total capacity of the projects at different stages of development in the portfolio, including approximately 309 MW relating to auctions won in 2019, 2020 and 2021. In line with our growth assumptions for the segment, we also plan to expand abroad and are currently in the process of organising operating and trading structures in Germany, among other countries. In order to improve the efficiency of the segment, we began to simplify its legal and organisational structure by integrating the operating part and FIZAN (the project fund) to form a single entity. To this end, the share capital of PROJEKT-SOLARTECHNIK S.A. (PST) was increased, with new shares issued and subscribed for by FAMUR SOLAR through the transfer of investment certificates of FAMUR SOLAR to PST.

Despite the continuous rapid increase in installed PV capacities in Poland and higher average prices per 1 MW of development projects and completed solar farms, challenges are posed by rising prices of components for farm construction (panels, transformer stations, profiles), as well as delays and disruptions in the logistics of supplies from China being a consequence of COVID-19-related restrictions. However, the most important factor which may inhibit further development of solar power generation capacities in Poland is the insufficient adaptation of the power

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distribution networks to the increase in renewable power capacity, which translates into a lower number of connection permits issued for new projects and a protracted process of connecting completed solar projects to operators' grids.

In the first quarter of the year, we also launched two material initiatives. The first one is expanding our range of service to include wind-turbine gearbox repair/refurbishment and maintenance service. The introduction of this service did not require any capital expenditure as it will be performed using the machinery we already have and based on the long-standing experience of the FAMUR Group's mining machinery segment in designing, manufacturing and repairing/refurbishing gearbox units for numerous industries. Moreover, on May 17th 2022 we signed a letter of intent with the EdF EN Group in order to develop a model for potential collaboration in the development and operation of projects involving, among others, wind turbines in Poland.

The other initiative, developed in the mining machinery segment, concerns measures to reduce the carbon footprint of manufacturing operations and achieve measurable energy cost savings. We launched solar PV panel installations at two production sites in a prosumer system, each with a capacity of 50 kWp. Conceptual work is currently under way to increase their capacity. We also plan to launch another solar PV panel installation with a capacity of up to 1 MWp and to ultimately expand it by adding an energy storage facility. We expect to use most of such additional energy for our own needs.

In the following quarters, we will continue to pursue the new strategic directions with a view to transforming the FAMUR Group into a holding that invests in green transition projects and opportunities in other promising industries. We are working intensively on further acquisitions which will enable us to achieve this objective. We will also further develop the solar PV Segment. In our traditional business, i.e., the mining machinery segment, we will focus on looking for new markets and orders to fill the gap created by withdrawing from the Russian market as far as possible. In response to the rapid growth in the prices of commodities, energy and components as well as rising labour costs, we will consistently maintain strict cost discipline and explore opportunities for continuous improvement of operational efficiency in each area of our business".

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

The following discussion of the results for the three months ended March 31st 2022 should be read in conjunction with the condensed quarterly consolidated and separate financial statements of the FAMUR Group for the three months ended March 31st 2022, prepared in accordance with International Financial Reporting Standards (IFRSs), including notes to those statements, the audited consolidated financial statements of the FAMUR Group and separate financial statements of FAMUR S.A. for the year ended December 31st 2021, prepared in accordance with IFRSs, and the Directors' Report on the operations of FAMUR S.A. and the FAMUR Group in 2021. The following discussion of the results achieved in the period is intended to provide the readers with information enabling them to understand changes in the selected key items of the financial statements and to present significant factors behind those changes. In its evaluation and discussion of the reported financial performance, financial position and cash flows, the FAMUR Group makes references to performance metrics other than those expressly defined or outlined in the applied financial reporting framework compliant with IFRS requirements, such as 'EBITDA', 'net debt', and 'working capital'. However, these metrics are calculated on the basis of information sourced from the financial statements prepared in accordance with IFRSs, with their definitions and calculations presented in the 'Alternative performance measures' section.

DISCUSSION OF FINANCIAL AND OPERATING PERFORMANCE

Famur Group's revenue

External revenue by segment (PLNm)	3 months to	
	Mar 31 2022	Mar 31 2021
Mining machinery	264	274
Solar power generation	10	-
Consolidated revenue	274	274

In the three months ended March 31st 2022, revenue according to International Financial Reporting Standards (IFRSs) was PLN 274m, unchanged relative to the comparative period. In the three months ended March 31st 2022, revenue in the mining machinery segment was PLN 264m, having fallen by PLN 10m (4%) compared with the three months ended March 31st 2021. The first quarter of 2022 was the first full reporting period of consolidating the revenue of the solar power generation segment, whose contribution to the FAMUR Group's revenue was PLN 10m in the three months to March 31st 2022.

Sales by key geographies

In the first three months of 2022, the FAMUR Group's export sales accounted for approximately 46% of total revenue, vs 45% in the year before. Sales to foreign markets were mainly to Russia and CIS countries (approximately 23% of total revenue), and to a lesser extent Europe (approximately 3%). The other countries were mainly Indonesia and the US, jointly accounting for approximately 20% of total revenue.

Profitability

(PLNm)	3 months to	
	Mar 31 2022	Mar 31 2021
Gross profit	105	80
Operating profit	54	44
EBITDA	95	91
Net profit	36	39

Gross profit

In the three months to March 31st 2022, gross profit was PLN 105m, up PLN 25m (31%) on the same period of 2021, mainly as a result of a higher share of recurring revenue, with a simultaneous drop in revenue from sales of machinery and equipment. Accordingly, gross profit margin as a percentage of revenue in the first quarter of 2022 amounted to 38%, compared with 29% in the comparative period.

Operating profit and EBITDA

In the first quarter of 2022, operating profit rose by PLN 10m, to PLN 54m (up 23% on the comparative period). The change in operating profit was mainly attributable to a higher profit before tax, partly offset by higher administrative expenses following the consolidation of PST Group companies. In addition, the change in operating profit was attributable to a drop in other income.

EBITDA for the first quarter of 2022 was PLN 95m, up PLN 4m (4%) year on year. The change in EBITDA was attributable to a PLN 10m increase in operating profit and a PLN 6m decrease in depreciation and amortisation.

Net profit

Net profit for the three months ended March 31st 2022 went down by 8%, to PLN 36m from PLN 39m posted for the same period of 2021. The decrease in net profit despite improved operating profit was mainly a consequence of

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higher finance costs. Net profit margin for the three months to March 31st 2022 came in at 13% of revenue, down from 14% in the comparative period.

Financial resources and liquidity position

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

(PLNm)	As at	
	Mar 31 2022	Dec 31 2021
Cash and cash equivalents	1,377	1,333
Gross debt	895	910
Net debt	-482	-423
Working capital	683	703
Assets	3,310	3,220
Net debt/EBITDA	-1.5x	-1.3x
Average working capital for the quarter as % of revenue	65%	67%

(PLNm)	3 months to	
	Mar 31 2022	Mar 31 2021
Cash flows from operating activities	92	91
Cash flows from investing activities	-34	-32
Cash flows from financing activities	-14	2

Net debt

As at March 31st 2022, net cash exceeded borrowings and other debt instruments, notes and lease liabilities by PLN 482m. In addition, as at the end of March 2022, the Group had access to undrawn lines of credit totalling PLN 972m. In the three months ended March 31st 2022, total non-current and current liabilities under borrowings, other debt instruments, leases and debt sale agreements went down by PLN 15m, to PLN 895m, while cash increased by PLN 44m, to PLN 1,377m.

On May 11th 2022, FAMUR S.A. and Industrial and Commercial Bank of China (Europe) S.A., Poland Branch, concluded a PLN 80m revolving working capital facility agreement, which is a renewal of the agreement of May 12th 2016 and an annex thereto of May 8th 2019 (which expired on May 12th 2022). The final repayment date of the facility was set for May 13th 2025, while the other material terms and conditions have not changed and do not differ from those commonly applied in such agreements.

Working capital

The working capital decreased by PLN 20m in the first quarter of 2022, to PLN 683m. The ratio of working capital to revenue for the last four quarters to March 31st 2022 was 65%.

Assets

In the three months ended March 31st 2022, assets rose by PLN 90m, with current assets up PLN 103m, mainly on an increase in inventories. In the same period, non-current assets fell by PLN 13m.

Cash flows

Cash flows from operating activities of PLN 92m reported for the three months ended March 31st 2021 was an effect of EBITDA of PLN 95m and released operating capital of PLN 13m (positive changes of PLN 72m and PLN 20m in current receivables and current liabilities, respectively, partially offset by a PLN 79m increase in inventories, mainly from purchases of components for the construction of PV farms). Income tax paid was PLN 10m. Other adjustments

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reconciling EBITDA to operating cash flows amounted to PLN -6m. Cash flows from investing activities of PLN -34m comprised mainly expenditure on property, plant and equipment. In the first quarter of 2022, cash outflows on financing activities totalled PLN 14m and comprised mainly repayment of borrowings and other debt instruments.

Discussion of the FAMUR Group operating segments' results

Mining machinery segment

The FAMUR Group's mining machinery segment supplies longwall systems, roadheaders, belt conveyors with accessories, and power supply and switchgear solutions for underground soft rock mining machinery. The Group's offering includes also design and delivery of IT systems for back-to-back management of coal and other soft-rock mining processes (from the face to the surface). The FAMUR Group is a global manufacturer of longwall machinery and systems for underground mining.

Market environment

To a large extent, the number of orders for mining equipment offered by the FAMUR Group reflects the currently prevailing and expected global trends, mainly in the prices of coal and other energy commodities. In the first quarter of 2022, the prices of thermal coal and metallurgical (coking) coal hit all-time highs following the outbreak of war in Ukraine and the resulting sanctions on Russia, which significantly contributed to reducing the supply of coal.

The armed conflict in Ukraine has also caused significant supply chain disruptions and steep increases in the prices of other raw materials as well as metallurgical products and related components, which represent a significant part of the machinery and equipment manufactured by the FAMUR Group. These adverse developments resulted, among other things, in a declaration of force majeure by the supplier of sheet metal to the Company. Citing the current geopolitical situation in Ukraine, the supplier notified the Company that it was unable to perform the supplies on its own or obtain a substitute offer for the material necessary to perform the agreements from any other manufacturers or distributors as all of them have stopped submitting offers due to the highly uncertain conditions prevailing on the market. Consequently, on March 4th 2022 the Management Board of FAMUR S.A. decided to notify its customer Polskie Maszyny Group sp. z o.o. of Katowice of the occurrence of a force majeure event with respect to executed contracts for the supply of equipment to be used in the Russian Federation (*Current Report No. 10/2022 of March 4th 2022*). On April 1st 2022, an agreement was concluded with the customer to abandon the performance of contracts with a total contract price of approximately PLN 130 million for the supply of equipment and the provision of assembly supervision services, purchased for operation in the Russian Federation. Each Party agreed to cover its costs incurred in connection with execution and performance of the contracts. The amount of costs to be covered by the Company is not material (*Current Report No. 16/2022 dated April 1st 2022*).

In the first quarter of 2022, coal output in the Polish market remained unchanged relative to the first quarter of 2021. At the end of March 2022, coal stocks shrank by 39% relative to the end of December 2021 and 77% relative to March 2021.¹

In the first quarter of 2022, the FAMUR Group's commercial efforts translated into almost PLN 152m in newly secured orders for the supply of machinery and equipment and for aftermarket services. As at the end of March 2022, the total value of the FAMUR Group's backlog (supplies of machinery and equipment and leases in accordance with the contract terms) was approximately PLN 592m (adjusted for the value of the above-mentioned terminated contract for the Russian market).

Initiatives to use the operational resources of the mining machinery segment to offer wind-turbine gearbox repair/refurbishment and maintenance services

In order to fully exploit its operational resources and find new sources of revenue in the renewables segment, the FAMUR Group has started offering wind-turbine gearbox repair/refurbishment services.

¹Source: in-house calculations based on data sourced from <https://polskirynekwegla.pl/>

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The competitive strengths and capabilities of the FAMUR Group in this respect are primarily based on its long track record of manufacturing gear trains and drive trains for various sectors and an in-house dynamometer enabling testing of any type of gearbox. The services currently offered comprise the assessment of the condition of a gearbox at the customer’s site and repair/refurbishment of the gearbox in a process involving its disassembly, evaluation of the components, re-assembly, replacement of damaged components, and load testing in the in-house dynamometer. The implementation of this service did not require any additional capital expenditure as it is provided using the existing machinery and manufacturing experience.

Further development of this service will involve primarily the assembly of own maintenance teams which, after obtaining relevant certificates (GWO Basic Safety Training), will be able to independently provide maintenance services at wind farms. The next step will be to implement a service consisting in ongoing monitoring of the existing gearboxes at the customer’s site to identify the need for maintenance intervention early.

On May 17th 2022, the FAMUR Group signed a letter of intent with the EdF EN Group, in which the Parties are considering joint wind-turbine development and operation projects in Poland and the development of a model of the potential collaboration.

Towards green manufacturing First solar PV systems deployed at production sites with plans for further PV expansion

The following steps have been taken in the mining machinery segment to reduce the carbon footprint of manufacturing operations and achieve measurable energy cost savings:

- solar PV panel installations were launched in the first quarter of 2022 at two production sites in a prosumer system, each with a capacity of 50kWp;
- conceptual work aimed at increasing the capacity of existing installations is in progress;
- plans are in place to build another installation with a capacity of up to 1 MWp, with an option to equip the installation with an energy storage system (most of the output will be used for self-consumption).

Financial results of the mining machinery segment

	3 months to	
	Mar 31 2022	Mar 31 2021
Segment’s external revenue (PLNm)		
Supply of machinery and equipment	93	117
Revenue from aftermarket services and leases	168	156
Other	3	1
Total revenue	264	274

Revenue from the supply of machinery and equipment in the three months ended March 31st 2022 was PLN 93m, having fallen PLN 24m (21%) on the three months to March 31st 2021. Recurring revenue (aftermarket and leases) increased by PLN 12m (8%) year on year.

Sales by key geographies

In the three months to March 31st 2022, export sales of the mining machinery segment (excluding intersegment settlements) accounted for approximately 48% of the segment’s total external revenue, vs 45% a year earlier. Sales to foreign markets were mainly to Russia and CIS countries (approximately 24% of total revenue), and to a lesser extent Europe (approximately 3%). Asian, American and African countries combined accounted for about 21% of total revenue.

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Profitability of the mining machinery segment

(PLNm)	3 months to	
	Mar 31 2022	Mar 31 2021
Gross profit	105	80
Operating profit	59	44
Depreciation and amortisation	39	47
EBITDA	99	91
EBITDA margin [%]	38%	33%

Gross profit for the three months ended March 31st 2022 in the mining machinery segment was PLN 105m, up PLN 25m (31%) year on year. The segment's sales translated into an operating profit of PLN 59m (up 34% year on year) and EBITDA of PLN 99m (up 9% year on year). EBITDA margin for the three months ended March 31st 2022 was 38%, up 5pp year on year.

Solar power generation segment

The FAMUR Group's solar power generation segment provides complete end-to-end solutions (from project development, design, engineering and construction to maintenance services) for utility-scale PV projects (solar power plants) and medium-sized PV installations (for business customers). FAMUR actively supports and participates in the development of renewable energy sources, as demonstrated by the growing base of assets attributable to PV and solar farm capex.

Market environment

The trends seen in the utility-scale installations sector in previous quarters continued:

- Further dynamic increase in installed photovoltaic capacities in Poland, which, according to the most recent data published by the Energy Market Agency, was almost 8.8 GW at the end of February 2022, compared with approximately 7.7 GW at the end of 2021;
- Rising average price per 1 MW of development projects and completed solar farms
- Rising prices of components for farm construction, including panels, transformer stations, mounting structures (profiles)
- Delays and disruptions in the logistics of supplies from China as a result of government restrictions implemented in the country to contain the COVID-19 epidemic
- Reduced number of connection permits issued for new projects and protracted process of connecting completed solar projects to operators' grids as a result of insufficient progress in adapting power distribution networks to the fast-growing renewable power capacity.

Operational activities in the Solar PV Segment

The main operational activities in the three months to March 31st 2022 were as follows:

- Development of own projects and purchases of rights in third-party projects;
- Moving forward with the construction of solar PV farms with a capacity of 134 MW and simultaneously looking for a buyer for the farm portfolio;
- Execution on March 11th 2022 of a PLN 428m project finance credit facility agreement to finance and refinance the costs of construction of solar PV farms with a total capacity of approximately 134 MW, with the option to subsequently convert the credit facility into an investment loan and to cover the debt service reserve. The credit facility agreement was concluded between 32 companies owned by Projekt Solartechnik Fund FUNDUSZ INWESTYCYJNY ZAMKNIĘTY and a syndicate of ING Bank Śląski S.A., Bank Polska Kasa Opieki S.A. and BNP Paribas Bank Polska S.A. (*Current Report No. 12/2022 of March 11th 2022*);
- Organising operations and sales structures in Germany;

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- Work commenced to simplify the legal and organisational structure by integrating the operations and FIZAN (the project fund) to form a single entity. To this end, the share capital of PROJEKT-SOLARTECHNIK S.A. (PST) was increased, with new shares issued and subscribed for by FAMUR SOLAR through the transfer of investment certificates of FAMUR SOLAR to PST. The share capital increase will take effect upon its entry in the National Court Register.

The total capacity of the projects in the portfolio, which are at different stages of development, was estimated at just under 1.9 GW as at March 31st 2022, including approximately 309 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 March 31st 2022 FAMUR's spending on the solar power generation project was approximately PLN 491m. On March 10th 2022, the Investment Agreement was amended, whereby the maximum amount of financing to be provided by FAMUR was increased to PLN 500m, to be gradually reduced to PLN 50m in 2023 (*Current Report No. 11/2022 of March 10th 2022*).

Financial results of the solar power generation segment

(PLNm)	3 months to	
	Mar 31 2022	Mar 31 2021
Segment's external sales	10	-
Gross profit	1	-
Operating profit	-5	-
Depreciation and amortisation	1	-
EBITDA	-4	-

The process to build a solar power generation segment within the FAMUR Group commenced in 2021 as a result of the activities and transactions described in the Directors' Report on the operations of the FAMUR Group in 2021. In 2021, the revenue and financial results of the solar power generation segment were immaterial from the Group's perspective. In the three months to March 31st 2022, the solar power generation segment reported PLN 10m in external sales. The entire revenue generated in the first quarter of 2022 was derived from the domestic market. Operating profit and EBITDA for the three months to March 31st 2022 were negative at PLN 5m and PLN 4m, respectively, as a result of costs incurred on solar farm projects under development and under construction, which were being prepared for sale.

Factors and risks that may affect the FAMUR Group's performance

For a detailed description of the factors and risks which, in the Management Board's opinion, may affect the FAMUR Group's performance, see the Directors' Report on the operations of FAMUR S.A. and the FAMUR Group in 2021. The key factors with a potential bearing on the FAMUR Group's operations next quarter or in a longer term are as follows:

- Geopolitical and economic situation created by the war in Ukraine
- Expected structural decline in production of thermal coal in Poland and globally
- Global business cycles affecting the mining industry's capital expenditure levels
- Financial condition of the Group's key customers
- Expected increase in demand for renewable energy solutions
- Supply chain disruptions reflecting increasing PV components and energy prices and rising pay expectations
- Effective and efficient delivery of the adopted strategy to achieve diversification of revenue streams
- Ability to meet the growing expectations of trading partners by continuously seeking to improve the quality and efficiency of the Group's products and services and of the technologies implemented in them
- Maintaining a flexible operating model and tight cost control.

DISCUSSION OF FINANCIAL AND OPERATING PERFORMANCE

The FAMUR Group identified the following key risks:

- External risks: changes in the macro trends, geopolitical changes, significant changes in the FAMUR Group's business sectors, significant regulatory, environmental and climate changes, and technology changes;
- Operational risks: M&A transactions and integration of acquirees, ability to meet customer expectations, loss of or inability to hire key employees, supply chain breakdowns, disruptions in the manufacturing process or provision of maintenance services, IT and cybersecurity threats, failure to comply with legal and regulatory requirements;
- Financial risks: movements in prices, interest rates and foreign exchange rates, the Group's liquidity position, failure by the Group's trading partners to fulfil their obligations under contracts with the Group.

CONDENSED QUARTERLY CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

for the three months ended March 31st 2022, prepared in accordance with International Financial Reporting Standards

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Consolidated statement of profit or loss

for the three months ended March 31st 2022, prepared in accordance with IFRSs

Consolidated statement of profit or loss

PLN million, except for earnings per share	3 months to	
	Mar 31 2022	Mar 31 2021
Revenue	274	274
Cost of sales	169	194
Gross profit	105	80
Distribution costs	8	4
Administrative expenses	30	26
Other income	6	11
Other expenses	19	17
Operating profit	54	44
Gains (losses) on expected credit loss allowances	-3	1
Finance income	18	6
Finance costs	21	5
Share in net profit/(loss) of equity-accounted subordinates	-	3
Profit before tax	48	49
Income taxes	12	10
Net profit from continuing operations	36	39
Discontinued operations	-	-
Net profit, attributable to:	36	39
owners of the parent	39	39
non-controlling interests	-3	-
Earnings per share		
Earnings per ordinary share (PLN)	0.06	0.07
Diluted earnings per ordinary share (PLN)	0.06	0.07

Consolidated statement of comprehensive income

for the three months ended March 31st 2022, prepared in accordance with IFRSs

Consolidated statement of comprehensive income

(PLNm)	3 months to	
	Mar 31 2022	Mar 31 2021
Net profit	36	39
Other comprehensive income that may be reclassified to profit or loss in subsequent reporting periods:	15	5
Cash flow hedges	16	4
Exchange differences	-1	1
Other comprehensive income that will not be reclassified to profit or loss in subsequent reporting periods:	-	-
Actuarial gains (losses)	-	-
Total other comprehensive income, net of tax	15	5
Total comprehensive income	51	44
including income attributable to non-controlling interests	-3	-

Consolidated statement of financial position

as at March 31st 2022, prepared in accordance with IFRSs

Consolidated statement of financial position

Assets

(PLNm)	As at	
	Mar 31 2022	Dec 31 2021
Non-current assets	586	599
Goodwill	67	67
Other intangible assets	15	17
Property, plant and equipment	365	374
Long-term receivables	2	1
Investment property	55	56
Investments in subsidiaries and associates	39	38
Other non-current financial assets	8	8
Deferred tax assets	35	38
Current assets	2,724	2,621
Current assets other than assets classified as held for sale	2,659	2,556
Inventories	685	583
Short-term trade and other receivables	462	519
Current tax assets	46	35
Other current financial assets	89	86
Cash and cash equivalents	1,377	1,333
Non-current assets classified as held for sale	65	65
Total assets	3,310	3,220

Consolidated statement of financial position

as at March 31st 2022, prepared in accordance with IFRSs

Consolidated statement of financial position

Equity and liabilities

(PLNm)	As at	
	Mar 31 2022	Dec 31 2021
Equity	1,932	1,881
Share capital	6	6
Other components of equity	1,106	1,091
Retained earnings	663	624
Equity attributable to owners of the parent	1,775	1,721
Equity attributable to non-controlling interests	157	160
Liabilities	1,378	1,339
Non-current liabilities	668	670
Long-term provisions	20	20
Deferred tax liabilities	2	2
Other non-current financial liabilities	644	648
Long-term trade and other payables	2	-
Current liabilities	710	669
Current liabilities other than liabilities included in disposal groups classified as held for sale	698	657
Short-term provisions	23	23
Short-term trade and other payables	420	371
Current tax liabilities	4	1
Other current financial liabilities	251	262
Liabilities included in disposal groups classified as held for sale	12	12
Equity and liabilities	3,310	3220

Consolidated statement of changes in equity

for the three months ended March 31st 2022, prepared in accordance with IFRSs

Consolidated statement of changes in equity

(PLNm)	Share capital	Other component s of equity	Retained earnings	Equity attributable to owners of FAMUR S.A	Equity attributable to non-controlling interests	Total equity
Jan 1 2022	6	1,091	624	1,721	160	1,881
Net profit	-	-	39	39	-3	36
Other comprehensive income	-	15	-	15	-	15
Total comprehensive income	-	15	39	54	-3	51
Changes in equity in the period	-	15	39	54	-3	51
Mar 31 2022	6	1,106	663	1,775	157	1,932

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

Consolidated statement of cash flows

for the three months ended March 31st 2022, prepared in accordance with IFRSs

Consolidated statement of cash flows (PLNm)

(PLNm)	3 months to	
	Mar 31 2022	Mar 31 2021
Cash flows from operating activities – indirect method		
Profit before tax	48	49
Total adjustments, including	54	56
Inventories	-79	6
Trade receivables	72	36
Other operating receivables	-	18
Trade payables	-3	-24
Other operating payables	23	-19
Depreciation and amortisation provisions	41	47
Exchange differences	-1	-2
Undistributed profits of associates	-4	-
(gain) loss on disposal of non-current assets	-	-3
Other adjustments producing cash effects in the form of investing or financing cash flow	-3	-5
Other adjustments to reconcile profit (loss)	9	2
Total pre-tax profit and adjustments	102	105
Income tax paid (refunded)	10	14
Net cash from operating activities	92	91
Cash flows from investing activities		
Proceeds from sale of property, plant and equipment	4	15
Purchase of property, plant and equipment	34	35
Cash advances and loans made to third parties	4	8
Other inflows (outflows) of cash	-	-4
Net cash from investing activities	-34	-32
Cash flows from financing activities		
Proceeds from borrowings	-	7
Repayment of borrowings	12	2
Payment of lease liabilities	2	2
Other inflows (outflows) of cash	-	-1
Net cash from financing activities	-14	2
Increase (decrease) in cash and cash equivalents before effect of exchange rate changes	44	61
Effect of exchange rate changes on cash and cash equivalents	-	1
Increase (decrease) in cash and cash equivalents	44	62
Cash and cash equivalents at beginning of period	1,333	899
Cash and cash equivalents at end of period	1,377	961

Notes to the condensed consolidated financial statements

Notes to the condensed consolidated financial statements

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

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.

In May 2021, the FAMUR Group modified its strategic directions with a view to transforming the Group from an enterprise manufacturing mining machinery and equipment into a holding investing in green transition projects and opportunities in other promising industries. Apart from the mining machinery segment, the FAMUR Group, in collaboration with TDJ S.A. and Projekt Solartechnik S.A. (PST), is currently developing a new segment comprising the development and turnkey delivery of utility-scale solar projects as well as PV system projects for the B2B market.

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.

Change in scope of consolidation

The table below contains a list of companies included in the Group’s condensed quarterly consolidated financial statements drawn up in accordance with International Financial Reporting Standards (“IFRSs”) (“Condensed Quarterly Consolidated Financial Statements”) for the three months ended March 31st 2022, i.e., FAMUR S.A. as the parent and its consolidated subsidiaries, along with information on the applied consolidation method, and the parent’s direct and indirect interests in subordinated entities (Structure of the FAMUR Group) as at March 31st 2022.

Company	FAMUR S.A.’s interest (held indirectly and directly) (%)	Interest of entity exercising direct control (%)	Name of entity exercising direct control	Registered office, country	Consolidation method*
Subsidiaries					
Famur Institute Sp. z o.o.	100.0			Katowice, Poland	n/c
Famur Finance sp. z o.o.	100.0			Katowice, Poland	full
Famur INVEST sp. z o.o.	100.0	100.0	Famur Finance sp. z o.o.	Katowice, Poland	full
Famur Finance & Restructuring sp. z o.o.	100.0			Katowice, Poland	full
Elgór+Hansen S.A.	100.0	83.6	Hansen Sicherheitstechnik AG	Chorzów, Poland	full
De Estate sp. z o.o.	100.0			Katowice, Poland	full
Ex-Coal sp. z o.o.	100.0			Katowice, Poland	full
Polskie Maszyny Górnicze S.A. w likwidacji (in liquidation)	100.0			Katowice, Poland	full
EXPO Katowice S.A.	33.3			Katowice, Poland	n/c

Notes to the condensed consolidated financial statements

Company	FAMUR S.A.'s interest (held indirectly and directly) (%)	Interest of entity exercising direct control (%)	Name of entity exercising direct control	Registered office, country	Consolidation method*
(formerly: Polska Technika Górnicza S.A.)					
EXC FMF sp. z o.o.	100.0			Katowice, Poland	full
Invest PV 1 sp. z o.o.	100.0			Katowice, Poland	full
INVEST PV 56 sp. z o.o.	100.0			Warsaw, Poland	full
INVEST PV 57 sp. z o.o.	100.0			Warsaw, Poland	full
INVEST PV 58 sp. z o.o.	100.0			Warsaw, Poland	full
INVEST PV 46 sp. z o.o.	100.0			Kraków, Poland	full
INVEST PV 47 sp. z o.o.	100.0			Kraków, Poland	full
INVEST PV 48 sp. z o.o.	100.0			Kraków, Poland	full
Famur Solar sp. z o.o. (composition of the FAMUR SOLAR Group is presented in the tables below)	51.0			Katowice, Poland	full
Stadmar Sp. z o.o.	50.0			Radziszów, Poland	n/c
Primetech S.A.	81.2			Katowice, Poland	full
Śląskie Towarzystwo Wiertnicze Dalbis sp. z o.o.	81.2	100.0	Primetech S.A.	Tarnowskie Góry, Poland	full
OOO Famur Rosja	100.0			Novokuznetsk, Russia	full
TOO Famur Kazachstan	100.0			Karaganda, Kazakhstan	full
Kopex-Min A.D.	100.0			Niš, Serbia	full
Dams GMBH	100.0			Velbert, Germany	n/c
Hansen Sicherheitstechnik AG	100.0			Munich, Germany	full
PT. Kopex Mining Contractors	100.0			Jakarta, Indonesia	full
Kopex Africa Pty Ltd.	100.0			Benoni, South Africa	full
Hansen And Genwest Pty Ltd.	74.9	74.9	Kopex Africa Pty Ltd.	Benoni, South Africa	full
Air Reliant Pty Ltd.	74.9	100.0	Hansen And Genwest Pty Ltd.	Benoni, South Africa	full
Shandong Tagao Mining Equipment Manufacturing Co. Ltd.	50.0			Tai'an, China	n/c
Taian Famur Coal Mining Machinery Co., Ltd.	100.0			Tai'an, China	full
Associates					full
Famak S.A.	31.9			Kluczbork, Poland	equity
Fmk Engineering sp. z o.o.	31.9	100.0	Famak S.A.	Kluczbork, Poland	equity
Mining Equipment Finance Sp. z o.o. w likwidacji (in liquidation)	51.0			Katowice, Poland	equity
Famak India Private Limited	2.9	10.0	Famak S.A.	New Delhi, India	n/c

*n/c – non-consolidated companies

Notes to the condensed consolidated financial statements

Projekt Solartechnik Fund Fundusz Inwestycyjny Zamknięty ("FUND"), in which Famur Solar holds 371 investment certificates (51%) – as at March 31st 2022

Company	FAMUR S.A.'s interest (held indirectly and directly) (%)	KRS NO.	Registered office	Consolidation method
1 Invest PV 2 sp. z o.o.	26.0	879450	Katowice, Poland	full
2 Invest PV 3 sp. z o.o.	26.0	879476	Katowice, Poland	full
3 Invest PV 4 sp. z o.o.	26.0	879446	Katowice, Poland	full
4 Invest PV 5 sp. z o.o.	26.0	879527	Katowice, Poland	full
5 Invest PV 6 sp. z o.o.	26.0	879522	Katowice, Poland	full
6 Invest PV 7 sp. z o.o.	26.0	879452	Katowice, Poland	full
7 Invest PV 8 sp. z o.o.	26.0	879457	Katowice, Poland	full
8 Invest PV 9 sp. z o.o.	26.0	879416	Katowice, Poland	full
9 Invest PV 10 sp. z o.o.	26.0	879455	Katowice, Poland	full
10 Invest PV 11 sp. z o.o.	26.0	840444	Katowice, Poland	full
11 Invest PV 12 sp. z o.o.	26.0	829093	Katowice, Poland	full
12 Invest PV 13 sp. z o.o.	26.0	507743	Katowice, Poland	full
13 Invest PV 41 sp. z o.o.	26.0	839412	Katowice, Poland	full
14 PV Koryta sp. z o.o.	26.0	854946	Łódź, Poland	full
15 PV Ostrowąsy sp. z o.o.	13.5	852418	Łódź, Poland	full
16 Invest PV 45 sp. z o.o.	26.0	859386	Katowice, Poland	full
17 Invest PV 44 sp. z o.o.	26.0	858773	Katowice, Poland	full
18 Invest PV 42 sp. z o.o.	26.0	833844	Katowice, Poland	full
19 Invest PV 16 sp. z o.o.	26.0	772495	Katowice, Poland	full
20 Invest PV 15 sp. z o.o.	26.0	773957	Katowice, Poland	full
21 Invest PV 14 sp. z o.o.	26.0	824366	Katowice, Poland	full
22 Invest PV 17 sp. z o.o.	26.0	850482	Katowice, Poland	full
23 Invest PV 18 sp. z o.o.	26.0	446948	Katowice, Poland	full
24 Invest PV 19 sp. z o.o.	26.0	730449	Katowice, Poland	full
25 Invest PV 20 sp. z o.o.	26.0	522095	Katowice, Poland	full
26 Invest PV 21 sp. z o.o.	26.0	387119	Katowice, Poland	full
27 Invest PV 22 sp. z o.o.	26.0	443003	Katowice, Poland	full
28 Invest PV 23 sp. z o.o.	26.0	461180	Katowice, Poland	full
29 Invest PV 25 sp. z o.o.	26.0	435841	Katowice, Poland	full
30 Invest PV 26 sp. z o.o.	26.0	842906	Katowice, Poland	full
31 Invest PV 27 sp. z o.o.	26.0	728459	Katowice, Poland	full
32 Invest PV 28 sp. z o.o.	26.0	852249	Katowice, Poland	full
33 Invest PV 29 sp. z o.o.	26.0	714293	Katowice, Poland	full
34 Invest PV 30 sp. z o.o.	26.0	777797	Katowice, Poland	full
35 Invest PV 31 sp. z o.o.	26.0	445980	Katowice, Poland	full
36 Invest PV 40 sp. z o.o.	26.0	873926	Katowice, Poland	full
37 Invest PV 43 Sp. z o.o (subsidiary of Invest PV 40 Sp. z o.o.)	26.0	675195	Wrocław, Poland	full
38 Invest PV 32 sp. z o.o.	26.0	796747	Katowice, Poland	full
39 Invest PV 33 sp. z o.o.	26.0	796684	Katowice, Poland	full
40 Invest PV 34 sp. z o.o.	26.0	440454	Katowice, Poland	full
41 Invest PV 35 sp. z o.o.	26.0	425274	Katowice, Poland	full
42 Invest PV 36 sp. z o.o.	26.0	440047	Katowice, Poland	full
43 Invest PV 37 sp. z o.o.	26.0	734704	Katowice, Poland	full
44 Invest PV 38 sp. z o.o.	26.0	569871	Katowice, Poland	full
45 Invest PV 39 sp. z o.o.	26.0	844431	Katowice, Poland	full
46 Invest PV 24 sp. z o.o.	26.0	460404	Katowice, Poland	full
47 Invest PV 60 sp. z o.o.	26.0	864853	Katowice, Poland	full
48 Invest PV 61 sp. z o.o.	26.0	864856	Katowice, Poland	full
49 Invest PV 62 sp. z o.o.	26.0	864838	Katowice, Poland	full

Notes to the condensed consolidated financial statements

Company	FAMUR S.A.'s interest (held indirectly and directly) (%)	KRS NO.	Registered office	Consolidation method
50 Invest PV 63 sp. z o.o.	26.0	873181	Katowice, Poland	full
51 Invest PV 64 sp. z o.o.	26.0	873127	Katowice, Poland	full
52 Invest PV 49 sp. z o.o.	26.0	917556	Katowice, Poland	full
53 Invest PV 50 sp. z o.o.	26.0	918131	Katowice, Poland	full
54 Invest PV 51 sp. z o.o.	26.0	918031	Katowice, Poland	full
55 Invest PV 52 sp. z o.o.	26.0	918084	Katowice, Poland	full
56 Invest PV 53 sp. z o.o.	26.0	918067	Katowice, Poland	full
57 Invest PV 54 sp. z o.o.	26.0	918068	Katowice, Poland	full
58 Invest PV 55 sp. z o.o.	26.0	918111	Katowice, Poland	full

Composition of the Famur Solar Group as at March 31st 2022 (direct interest of Famur Solar in the PST Group was 51%)

Company	FAMUR S.A.'s interest (held indirectly and directly) (%)	KRS NO.	Registered office, country	Consolidation method
Projekt-Solartechnik S.A.	26	834759	Tomaszów Mazowiecki, Polska	full
PST Service sp. z o.o.	26	912684	Tomaszów Mazowiecki, Polska	full
Sun Deal sp. z o.o.	26	824863	Tomaszów Mazowiecki, Polska	full
Projekt-Solartechnik Group sp. z o.o.	26	468833	Tomaszów Mazowiecki, Polska	full
PST MOUNTING SYSTEMS sp. z o.o.	26	846378	Tomaszów Mazowiecki, Polska	full
Projekt-Solartechnik Dystrybucja sp. z o.o.	26	850401	Tomaszów Mazowiecki, Polska	full
Projekt-Solartechnik Development sp. z o.o.	18	819926	Tomaszów Mazowiecki, Polska	full
P+S Energooszczędni sp. z o.o.	17	701159	Czerniewice, Poland	full
PV PROJEKT HUB sp. z o.o.	26	905061	Tomaszów Mazowiecki, Polska	full
PV PROJEKT STARA RUDNA sp. z o.o.	18	885615	Wrocław, Poland	full
PV DASZYNA sp. z o.o.	18	896299	Łódź, Poland	full
Solar Energia 4 sp. z o.o.	18	580709	Nadarzyn, Poland	full
MM Solartechnik sp. z o.o.	26	842926	Warsaw, Poland	full
PV OLEŚNICA sp. z o.o.	26	896238	Tomaszów Mazowiecki, Polska	full
PST Projekt Solartechnik GmbH	26		Bahretal, Germany	full
INVEST PV 65 sp. z o.o.	26	962949	Katowice, Poland	full
INVEST PV 66 sp. z o.o.	26	962738	Katowice, Poland	full
INVEST PV 67 sp. z o.o.	26	962782	Katowice, Poland	full
INVEST PV 68 sp. z o.o.	26	962785	Katowice, Poland	full
INVEST PV 69 sp. z o.o.	26	962753	Katowice, Poland	full
INVEST PV 70 sp. z o.o.	26	962711	Katowice, Poland	full
INVEST PV 71 sp. z o.o.	26	962780	Katowice, Poland	full
INVEST PV 72 sp. z o.o.	26	962824	Katowice, Poland	full
INVEST PV 73 sp. z o.o.	26	962732	Katowice, Poland	full
INVEST PV 74 sp. z o.o.	26	962861	Katowice, Poland	full
INVEST PV 75 sp. z o.o.	26	962829	Katowice, Poland	full
INVEST PV 76 sp. z o.o.	26	962863	Katowice, Poland	full
INVEST PV 77 sp. z o.o.	26	962870	Katowice, Poland	full
INVEST PV 78 sp. z o.o.	26	962874	Katowice, Poland	full
INVEST PV 79 sp. z o.o.	26	962826	Katowice, Poland	full

Notes to the condensed consolidated financial statements

Presented below are changes in the FAMUR Group's structure that took place in the first quarter 2022.

- On January 3rd 2022, the Extraordinary General Meeting of Mining Equipment Finance sp. z o.o. held in Warsaw passed a resolution to dissolve the company and open its liquidation. As of January 3rd 2022, the company's name includes the words 'in liquidation' and trades as Mining Equipment Finance sp. z o.o. w likwidacji (in liquidation).
- On February 8th 2022, the Extraordinary General Meeting of Polskie Maszyny Górnicza S.A. passed a resolution to dissolve the company and open its liquidation.
- On March 28th 2022, following reduction in the share capital of Hansen Sicherheitstechnik AG, a subsidiary of the Company, in exchange for compensation in kind in the form of shares in Kopex Africa (Pty) Ltd, 100% of shares in Kopex Africa Pty Ltd. were transferred to FAMUR S.A.
- On March 31st 2022, the Extraordinary General Meeting of PROJEKT-SOLARTECHNIK S.A. (PST) passed a resolution to increase PST's share capital and issue shares, which, pursuant to an agreement of April 8th 2022 between FAMUR SOLAR and PST, were subscribed for by FAMUR SOLAR through the transfer of investment certificates of FAMUR SOLAR to PST. The share capital increase will take effect upon its entry in the National Court Register.

Presented below are changes in the structure of the FAMUR Group that occurred after the reporting date.

- On April 14th 2022, FAMUR S.A. entered into an agreement with TDJ Equity I Sp. z o.o. to sell 36,419,744 shares in FAMAK S.A. of Kluczbork, reducing FAMUR S.A.'s interest in the share capital of FAMAK S.A. from 31.88% to 20.54%. Ownership of the shares transferred on April 20th 2022 upon entry in the Register of Shareholders. On April 19th 2022, FAMAK S.A. entered into an agreement with TDJ Equity I Sp. z o.o. to purchase 156,250,000 own shares for cancellation. The Company's interest in the company's share capital following registration of the share capital reduction by the registry court will be 40%.
- On April 29th 2022, FAMUR S.A. entered into an agreement to sell 100% of shares in Kopex Min A.D. of Nis, Serbia. Ownership of the shares will transfer upon entry in the Serbian business register.
- An increase in the share capital of FAMUR SOLAR Sp. z o.o. from PLN 7,540,000.00 to PLN 14,645,550.00 was registered on May 18th 2022. FAMUR S.A.'s interest in the share capital of FAMUR SOLAR Sp. z o.o. rose from 51% to 74.77% as a result of the share capital increase.
- On May 19th 2022, an Extraordinary General Meeting of Famur Invest Sp. z o.o. (the acquiree) and Famur Finance Sp. z o.o. (the acquirer) was held to consider a merger of the two companies. The merger will take effect upon entry in the National Court Register.

Segment revenue and performance

The Company reports the operating segments in accordance with IFRS 8 *Operating Segments*. In 2021, the FAMUR Group began operations in the sector of development and turnkey delivery of utility-scale solar projects for the B2B market (for a detailed description, see the Directors' Report on the operations of the FAMUR Group and FAMUR S.A. in 2021). As a result, the FAMUR Group reports two operating segments: mining machinery and solar power generation. In 2021, the revenue and financial results of the solar power generation segment were immaterial from the Group's perspective. These segments are currently the basis for management and internal reporting and are regularly reviewed by the Management Board to assess performance and make decisions on the allocation of resources.

The FAMUR Group's segments conduct the following operations:

- Mining machinery segment: production and maintenance of underground longwall soft rock mining machinery and systems, such as longwall systems, roadheaders, belt conveyors with accessories, and power supply and switchgear solutions for domestic and foreign customers.
- Solar power generation segment: development and turnkey delivery of utility-scale solar projects for the B2B market – from project design and engineering/development, selection and procurement of appropriate

Notes to the condensed consolidated financial statements

components, to construction/assembly and maintenance services, as well as development and management of a proprietary portfolio of solar farms.

The table below presents the segments' performance for the three months to March 31st 2022.

3 months to Mar 31 2022	Mining machinery	Solar power generation	Eliminations	Consolidated
Segment's external revenue	264	10	-	274
Inter-segment revenue	53	-	-53	-
Revenue	317	10	-53	274
Gross profit	105	1	-	105
Operating profit	59	-6	-	54
Depreciation and amortisation	39	1	-	41
EBITDA	99	-4	-	95

In 2021, the solar power generation segment's revenue and financial results were immaterial from the Group's perspective. As the segment's profit or loss data was not analysed by the chief decision maker, the Group does not present the data for 2021.

Segments' revenue by geographical market

Segments' revenue by geographical market for the three months to March 31st 2022.

3 months to Mar 31 2022	Mining machinery	Solar power generation	Eliminations	Consolidated
Poland	191	10	53	148
Russia and CIS	62	-	-	62
European Union	8	-	-	8
Other Europe	-	-	-	-
Other	56	-	-	56
Total	317	10	53	274
Total exports	126	-	-	126
Poland	191	10	53	148

Segments' revenue by geographical market for the three months to March 31st 2021.

3 months to Mar 31 2021	Mining machinery	Solar power generation	Eliminations	Consolidated
Poland	151	-	-	151
Russia and CIS	104	-	-	104
European Union	9	-	-	9
Other Europe	-	-	-	-
Other	10	-	-	10
Total	274	-	-	274
Total exports	123	-	-	123
Poland	151	-	-	151

Notes to the condensed consolidated financial statements

Segments' items of the statement of financial position

Segments' assets and liabilities as at March 31st 2022 and December 31st 2021

	As at	
	Mar 31 2022	Dec 31 2021
Assets by segment		
Mining machinery	3,035	2,975
Solar power generation	609	531
Eliminations	-334	-286
Total assets	3,310	3,220
Provisions and liabilities by segment		
Mining machinery	1,287	1,277
Solar power generation	425	340
Eliminations	-334	-278
Total provisions and liabilities	1,378	1,339

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

Revenue and expenses for the first quarter of 2022 include the results of the solar power generation segment – it is the first period of full consolidation. There were no other non-recurring events in the reporting period.

Seasonal or cyclical operations

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

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 48 to the IFRS-compliant consolidated financial statements for the year ended December 31st 2021. 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 for instruments not designated as hedging instruments and in equity for hedging instruments. 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 48.

Notes to the condensed consolidated financial statements

The derivative instruments are shown in the table below:

Derivatives (groups of instruments)	Planned settlement date	Value of future cash flows at forward rate	Market value as at Mar 31 2021	Hedged risk
Forward – sale of EUR	Q2 2022	154	155	currency risk
Forward – sale of EUR	Q3 2022	82	83	currency risk
Forward – sale of EUR	Q4 2022	64	65	currency risk
Forward – sale of EUR	Q3 2023	7	7	currency risk
Forward - sale of USD	Q2 2022	35	37	currency risk
Forward - sale of USD	Q3 2022	23	25	currency risk
Forward - sale of USD	Q4 2022	11	12	currency risk
Forward - sale of USD	Q1 2023	11	12	currency risk
Forward - sale of USD	Q2 2023	11	12	currency risk
IRS	Q2 2024	200	185	interest rate risk
IRS	Q4 2026	400	374	interest rate risk
Total		998	967	

Dividend

Considering the new strategic directions set for the FAMUR Group in May 2021, assuming its transformation into a holding company investing in green transition, and the growing uncertainty across global markets due to the war in Ukraine, the FAMUR Management Board has recommended that the Company’s General Meeting allocate the entire profit for 2021, of PLN 35.3m, to statutory reserve funds and waive the dividend payment for 2021 (*Current Report No. 17/2022 of April 11th 2021*). A final decision on the allocation of profit for 2021 will be made by the Annual General Meeting.

Contingent liabilities

	As at	
	Mar 31 2022	Dec 31 2021
Contingent liabilities	76	80
guarantees issued, including:	76	80
bid bonds	2	1
Performance bonds	36	44
Other	38	35
Other	-	-

Related-party transactions

Material related-party transactions are described in Note 50 to the IFRS-compliant consolidated financial statements for the year ended December 31st 2021. The related-party transactions concluded in the first quarter of 2022 were executed on an arm’s length basis and, in the opinion of the Management Board, were typical and routine transactions.

Events occurring after the reporting date

The following material events occurred after the reporting date:

- On April 28th 2022, FAMUR S.A. paid all liabilities under Series 01/2016 bonds (the “Restructuring Bonds”), Tranche A, under the Restructuring Agreement of KOPEX S.A. (currently Primetech S.A.), in accordance with

Notes to the condensed consolidated financial statements

the Demerger Plan for KOPEX S.A. described in Current Report No. 48/2017 of June 29th 2017. The Restructuring Bonds, with an issue value of PLN 185m, were redeemed by the Company in full, plus accrued interest. As requested by the Bondholders, the bonds were redeemed in two tranches and on two dates (March 31st and April 28th 2022) without charging any additional interest resulting from the change of the redemption date.

Separate statement of profit or loss

for the three months ended March 31st 2022, prepared in accordance with IFRSs

Condensed quarterly separate financial statements

(PLNm)	3 months to	
	Mar 31 2022	Mar 31 2021
Revenue	282	231
Cost of sales	189	163
Gross profit	93	68
Distribution costs	7	3
Administrative expenses	16	19
Other income	4	10
Other expenses	13	19
Operating profit	61	37
Gains (losses) on expected credit loss allowances	-4	1
Finance income	11	5
Finance costs	11	5
Profit before tax	57	38
Income taxes	12	8
Net profit	45	30
Earnings per ordinary share (PLN)	0.08	0.05
Diluted earnings per ordinary share (PLN)	0.08	0.05
Weighted average number of shares (million)	575	575

Separate statement of comprehensive income

for the three months ended March 31st 2022, prepared in accordance with IFRSs

Separate statement of comprehensive income

(PLNm)	3 months to	
	Mar 31 2022	Mar 31 2021
Net profit	45	30
Other comprehensive income that may be reclassified to profit or loss in subsequent reporting periods:	16	1
Cash flow hedges	16	1
Total other comprehensive income, net of tax	16	1
Total comprehensive income	61	31

Separate statement of financial position

as at March 31st 2022, prepared in accordance with IFRSs

Assets (PLNm)	As at	
	Mar 31 2022	Dec 31 2021
Non-current assets	738	753
Goodwill	67	67
Other intangible assets	8	11
Property, plant and equipment	304	313
Investments in subsidiaries and associates	256	254
Other non-current financial assets	78	78
Deferred tax assets	25	30
Current assets	1,937	1,846
Current assets other than current assets classified as held for sale, including:	1,918	1,826
Inventories	180	153
Short-term trade and other receivables	613	606
Current tax assets	1	-
Other current financial assets	120	114
Cash and cash equivalents	1,004	953
Non-current assets classified as held for sale	19	20
Total assets	2,675	2,599

Separate statement of financial position

as at March 31st 2022, prepared in accordance with IFRSs

(PLNm)	As at	
	Mar 31 2022	Dec 31 2021
Equity and liabilities		
Equity	1,437	1,376
Share capital	6	6
Other components of equity	1,288	1,272
Retained earnings	143	98
Liabilities	1,238	1,223
Non-current liabilities	633	645
Long-term provisions	18	18
Other non-current financial liabilities	615	627
Current liabilities	605	578
Short-term provisions	18	18
Short-term trade and other payables	364	324
Current tax liabilities	4	-
Other current financial liabilities	219	236
Total equity and liabilities	2,675	2,599

Separate statement of changes in equity

for the three months ended March 31st 2022, prepared in accordance with IFRSs

Separate statement of changes in equity

(PLNm)	Share capital	Other components of equity	Retained earnings	Total equity
As at Jan 1 2022	6	1,272	98	1,376
Net profit	-	-	45	45
Other comprehensive income	-	16	-	16
Total comprehensive income	-	16	45	61
Changes in equity in the period	-	16	45	61
As at Mar 31 2022	6	1,288	143	1,437
As at Jan 1 2021	6	1,103	229	1,338
Net profit	-	-	30	30
Other comprehensive income	-	1	-	1
Total comprehensive income	-	1	30	31
Changes in equity in the period	-	1	30	31
As at Mar 31 2021	6	1,104	259	1,369

Separate statement of cash flows

for the three months ended March 31st 2022, prepared in accordance with IFRSs

Statement of cash flows (PLNm)

(PLNm)	3 months to	
	Mar 31 2022	Mar 31 2021
Profit before tax	57	38
Total adjustments, including:	49	88
Finance costs	8	2
Decrease (increase) in inventories	-27	23
Decrease (increase) in trade receivables	-	73
Decrease (increase) in other operating receivables	6	-13
Increase (decrease) in trade payables	-9	-4
Increase (decrease) other operating payables	33	-36
Depreciation and amortisation	40	47
Recognition (reversal) of impairment loss taken to profit or loss provisions	-	-2
Losses (gains) on disposal of non-current assets	1	-3
Other adjustments producing cash effects in the form of investing or financing cash flow	-3	-
Income tax paid (refunded)	-8	-12
Net cash from operating activities	98	114
Cash flows from investing activities		
Other cash paid to acquire equity or debt instruments of other entities	-2	-18
Proceeds from sale of property, plant and equipment	4	4
Purchase of property, plant and equipment	-29	-19
Purchase of intangible assets	-	-5
Cash advances and loans made to third parties	-4	-26
Net cash from investing activities	-31	-64
Cash flows from financing activities		
Proceeds from borrowings	-	7
Repayment of borrowings	-11	-
Payment of lease liabilities	-5	-5
Net cash from financing activities	-16	2
Total net cash flows	51	52
Net change in cash	51	52
Cash at beginning of period	953	557
Cash at end of period	1,004	609

OTHER INFORMATION TO THE CONSOLIDATED QUARTERLY REPORT

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 2022.

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 based on data from the most recent Extraordinary General Meeting of December 14th 2021 (Current Report No. 60/2021), Current Report No. 15/2022 of March 30th 2022, Current Report No. 19/2022 of April 15th 2022, and Current Report No. 22/2022 of April 26th 2022, the Company's shareholding structure as at the date of issue of this quarterly report for the three months ended March 31st 2022 was as follows:

Shareholder	Number of shares held	Number of voting rights at GM	Equity interest
TDJ Equity I Sp. z o.o.	290,728,459	290,728,459	50.59%
Nationale-Nederlanden OFE and DFE*	57,738,124	57,738,124	10.05%
AVIVA OFE AVIVA SANTANDER	55,513,000	55,513,000	9.66%
FAMUR S.A.**	4,116	4,116	0.00%
Other shareholders***	170,696,974	170,696,974	29.70%
Total	574,680,673	574,680,673	100%

* Aggregate value for accounts of OFE and DFE funds managed by NN PTE.

** Indirectly through subsidiaries.

*** Total other shareholders holding less than 5% of total voting rights.

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

According to the Company's knowledge, no FAMUR S.A. shares were held by the Company's management or supervisory personnel as at March 31st 2022 and as at the date of issue of this report; with the proviso that during the reporting period and as at the date of issue of this report a majority interest in the Company was held by Tomasz Domogała, who owned the interest indirectly through TDJ S.A.'s subsidiary TDJ Equity I Sp. z o.o., remaining a major shareholder in the Company.

Material proceedings pending before courts, arbitration or public administration bodies

In the first quarter of 2022 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 three months ended March 31st 2022, neither the Company nor any of its subsidiaries provided any sureties or guarantees equivalent to 10% or more of FAMUR S.A.'s equity to the Company's related parties or entities.

Alternative performance measures

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

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

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

EBITDA

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

(PLNm)	3 months to	
	Mar 31 2022	Mar 31 2021
Operating profit	54	44
Depreciation and amortisation	41	47
EBITDA	95	91

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.

(PLNm)	As at	
	Mar 31 2022	Dec 31 2021
Inventories	685	583
Short-term trade receivables	347	419
Subtotal	1,032	1,002
Less short-term trade payables	-157	-160
Less prepayments received	-192	-139
Working capital	683	703
Working capital as % of revenue for the last four quarters	65%	67%

LTM revenue according to IFRSs

(PLNm)	Revenue
Jan–Dec 2021	1,050
Less 3 months to Mar 31 2021	-274
9 months to Dec 31 2021	776
3 months to Mar 31 2022	274
LTM to Mar 31 2022	1,050
Working capital as at Mar 31 2022	683
Working capital in the quarter as % of LTM revenue	65%

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.

(PLNm)	As at	
	Mar 31 2022	Dec 31 2021
Non-current financial liabilities	644	648
bank borrowings	13	4
other debt instruments	599	599
leases	32	32
factoring	-	13
Current financial liabilities	251	262
bank borrowings	33	28
other debt instruments	202	206
leases	8	11
factoring	8	17
Gross debt	895	910
less cash and cash equivalents	-1,377	-1,333
Net debt	-482	-423
Net debt/EBITDA	-1.5x	-1.3x

LTM EBITDA

(PLNm)	EBITDA
Jan–Dec 2021	314
Less 3 months to Mar 31 2021	-91
9 months to Dec 31 2021	223
Plus 3 months to Mar 31 2022	95
LTM to Mar 31 2022	318
Net debt as at Mar 31 2022	-482
Net debt/EBITDA	-1.5x

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*Signature of the person responsible for
preparation of the financial statements*
Alina Mazurczyk

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

Mirosław Bendzera

Beata Zawiszowska

Dawid Gruszczuk

Tomasz Jakubowski

Ireneusz Kazimierski