

## POLISH FINANCIAL SUPERVISION AUTHORITY

Current Report No.

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2021

Date:

May 25th 2021

Abbreviated issuer name:

FAMUR S.A.

Subject:

FAMUR Group's new strategic directions

Legal basis:

Article 17(1) of MAR – Inside information

## Text of the report:

The Management Board of FAMUR S.A. (the "Company", "FAMUR") announces that on May 25th 2021 the Management Board adopted and the Supervisory Board approved the "New Strategic Directions for the FAMUR Group".

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 to approximately 11% by 2040 under the high CO<sub>2</sub> price scenario (from 69% in 2020). As a major part of the FAMUR Group's revenue is generated from sales to the Polish thermal coal mining industry (approximately 64% in 2020), the Management Board of FAMUR decided to modify the Strategy for 2019–2023, announced on September 26th 2018 (see Current Report No. 51/2018), and the dividend policy contained therein, because in the face of a significant structural shift in the economic environment the original revenue targets set in the strategy and the specific benefits from entering the HRM segment are impossible to achieve in the current situation.

In response to the changes observed in the external environment, the Management Board has modified the strategic directions in order to capitalise on, among other things, 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. Simultaneously with the announcement of the FAMUR Group's new strategic directions, the FAMUR S.A. Management Board will recommend that the General Meeting approves the allocation of PLN 70m to a buyback of Company shares for cancellation. The total number of shares to be bought back will not exceed 5% of the share capital, i.e. 28,700,000 shares. The buyback would be conducted as a purchase offer with a price of PLN 2.50 per share. The offer will be addressed to all FAMUR shareholders, and the shares will be repurchased from the tendering shareholders with a pro-rata reduction. The Management Board's intention is to carry out the buyback in the third quarter of 2021.

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.

FAMUR Spółka Akcyjna		(full issuer name)	
FAMUR S.A.		Electromechanical (ele)	
(abbreviated issuer name)		(sector according to the WSE)	
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**SIGNATURES OF AUTHORISED REPRESENTATIVES**

Date	Full name	Position	Signature
May 25th 2021	Mirosław Bendzera	President of the Management Board	
May 25th 2021	Dawid Gruszczyk	Vice President of the Management Board, Underground Segment Domestic Sales	