

4/2021

Current Report No.

Date drawn up: 2021-04-21
Abbreviated name: ELEKTROTIM S.A.

Subject

Execution of the forecast of the financial results of ELEKTROTIM S.A. and the ELEKTROTIM S.A. Capital Group for the year 2020

Legal basis: Art. 17, sec. 1 MARCH – confidential information.

Content of the report:

The company ELEKTROTIM S.A. (hereinafter: Company) notifies that based on preliminary financial data for the previous year, the Company and the ELEKTROTIM Capital Group have prepared a forecast of financial results for the year 2020 within the scope of financial results, i.e. individual and consolidated operating profit and net profit, however they have not achieved the assumed amount of individual and consolidated revenues from sales.

The forecast for the year 2020 was published on 04.02.2020 in current report No. 4/2020 and then corrected twice: by current report No. 20/2020 of 25.06.2020 and current report No. 43/2020 of 18.11.2020.

The forecast of individual financial results of ELEKTROTIM S.A. for the year 2020 has assumed the achievement of:

- a) revenues from sales in the amount of PLN 214,000 thousand;
- b) operating profit in the amount of PLN 18,100 thousand;
- c) net profit in the amount of PLN 12,600 thousand.

The forecast of the consolidated financial results of the ELEKTROTIM Capital Group for the year 2020 has assumed the achievement of:

- a) consolidated revenues from sales in the amount of PLN 293,000 thousand;
- b) consolidated operating profit in the amount of PLN 22,000 thousand;
- c) consolidated net profit in the amount of PLN 14,800 thousand

Preliminary estimates demonstrate that the Company and the ELEKTROTIM Capital Group have achieved:

- a) individual revenues from sales in the amount of PLN 199,650 thousand; i.e. less by PLN 14,350 thousand (drop by 6.7%);
- b) individual operating profit in the amount of PLN 18,098 thousand; i.e. less by PLN 2 thousand (implementation in line with the forecast);
- c) individual net profit in the amount of PLN 13,520 thousand; i.e. more by PLN 920 thousand (increase by 7.3%);
- d) consolidated revenues from sales in the amount of PLN 276,833 thousand; i.e. less by PLN 16,167 thousand (drop by 5.5%);
- e) consolidated operating profit in the amount of PLN 23,213 thousand; i.e. more by PLN 1,213 thousand (increase by 5.5%);
- f) consolidated net profit in the amount of PLN 16,593 thousand; i.e. more by PLN 1,793 thousand (increase by 12.1%).

Two elements of the forecast have not been achieved by the Company and the Group - individual and consolidated revenues from sales.

The SARS-Cov-2 coronavirus pandemic and COVID-19 infections, as reported by the Company's Management Board, had direct influence on the implementation of projects by the Company and the Capital Group in 2020 by way of:

- a) postponement of the implementation of tasks (legal change of the environment - force majeure);
- b) postponement of completion of pending court and administrative proceedings (e.g. release of the plots of land for the construction of high-voltage power lines; establishing easements);
- c) lack of business continuity in projects due to the lack of human resources - dynamic increase in COVID-19 infections among the Company and the Group employees, subcontractors providing work for ELEKTROTIM S.A. and the Group, and what is most important, employees of entities for which work is performed, i.e. infections among the Investors or Ordering Parties' employees (indirect mechanism)
- d) also the drop in revenues recorded by the Company on the occasion of the first economic lockdown in May and June 2020 was of significance for the entire implementation of the forecast for the year 2020, which was notified by the Company in the report No. 20/2020 on 25.06.2020, i.e. during the first correction of the forecast.

The shifted implementations and the sales from 2020 will positively influence the results of the first half of 2021 in the ELEKTROTIM Capital Group.

The Company recorded a better net result due to the settlement of income tax and obtaining better margins on some contracts where the assumed risks had not materialized.

Final annual results will be notified by the Company to the public on 29.04.2021, after the report has been audited by a certified auditor.

In the Management Board's opinion the existing uncertainties do not allow for the presentation of forecasts with acceptable accuracy, therefore it is not going to publish a forecast of results for the year 2021.