



# Semi-annual management report

**From the activities of Elektrotim S.A.  
and Elektrotim Capital Group for  
the period 01.01.2024. - 30.06.2024**

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## 1. BASIC INFORMATION

### 1.1. ELEKTROTIM Spółka Akcyjna

**ELEKTROTIM S.A. (hereinafter referred to as the Company, ET, or the Issuer) was established on November 13, 1998,** and commenced its operations on January 1, 1999. The Company is registered in the Register of Entrepreneurs maintained by the District Court for Wrocław-Fabryczna, 6th Commercial Division of the National Court Register, under KRS number 0000035081. The Company has been assigned the statistical number REGON 931931108.

The Company does not have any branches, and its headquarters is located at 8 Stargardzka Street, 54-156 Wrocław, Poland. Since the end of the previous reporting period, there have been no changes to the Company's name or other identifying data.

The main areas of the Company's operations are outlined below.

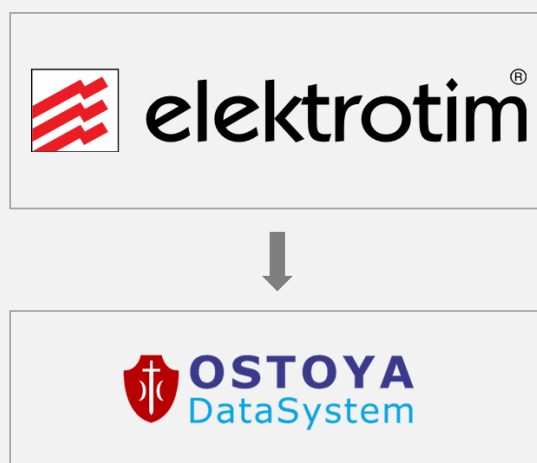
The Company's predominant activity	PKD*
Electrical installation works	43.21.Z
The Company's remaining activities include	PKD
Works related to the construction of telecommunications and power lines	42.22.Z
Engineering activities and related technical consulting	71.12.Z
Works related to the construction of transmission pipelines and distribution networks	42.21.Z
Installation of water supply, sewage, heating, gas, and air conditioning systems	43.22.Z
Production of electrical distribution and control equipment	27.12.Z
Repair and maintenance of electrical equipment	33.14.Z
Implementation of construction projects related to building construction	41.10.Z
Execution of other construction installations	43.29.Z
Activities related to software development	62.01.Z

PKD refers to the Polish Classification of Activities. It is a system used in Poland to classify business activities.

### 1.2. ELEKTROTIM Capital Group

In the first half of 2024, there were changes in the structure of the ELEKTROTIM Capital Group. The parent company entered into a sales agreement on March 27, 2024, resulting in the sale of all shares of the subsidiary ZEUS S.A. based in Pruszcz Gdański, which were held by ELEKTROTIM S.A., to a third party. As of the publication date of this Report, the Group consists of two companies with defined objectives and scopes of activity: the Issuer - ELEKTROTIM S.A. based in Wrocław, and the Issuer's subsidiary - OSTOYA-DataSystem Sp. z o.o. based in Gdańsk.

## Organizational structure of the ELEKTROTIM Capital Group as of 30.06.2024



### Subsidiary - OSTOYA-DataSystem Sp. z o.o., 462 Kartuska Street, 80-298 Gdańsk

The main area of activity of Ostoya-DataSystem Sp. z o.o. is the production and implementation of innovative information systems in the field of security management.

ELEKTROTIM S.A. holds 82% of the shares in the share capital of OSTOYA-DataSystem Sp. z o.o.

From January 1, 2024, to March 28, 2024, the ELEKTROTIM Capital Group also included the company ZEUS S.A. based in Pruszcz Gdański.

## 2. SELECTED FINANCIAL DATA

### 2.1. Selected financial data of ELEKTROTIM S.A.

Interim condensed standalone financial statements for the period 01.01. – 30.06.2024 r.

SELECTED FINANCIAL DATA in PLN and converted to EUR	In thousands of PLN		In thousands of EUR	
	01.01.- 30.06.2024/ 30.06.2024	01.01.- 30.06.2023/ 31.12.2023	01.01.- 30.06.2024/ 30.06.2024	01.01.- 30.06.2023/ 31.12.2023
<b>I. Net revenue from the sale of products, goods, and materials</b>	<b>172,947</b>	<b>213,472</b>	<b>40,119</b>	<b>46,276</b>
<b>II. Operating profit (loss)</b>	<b>15,901</b>	<b>24,080</b>	<b>3,689</b>	<b>5,220</b>
<b>III. Gross profit (loss)</b>	<b>15,515</b>	<b>24,279</b>	<b>3,599</b>	<b>5,263</b>
<b>IV. Net profit (loss)</b>	<b>13,033</b>	<b>19,014</b>	<b>3,023</b>	<b>4,122</b>
<b>V. Net cash flows from operating activities</b>	<b>-21,436</b>	<b>-64,462</b>	<b>-4,973</b>	<b>-13,974</b>
VI. Net cash flows from investing activities	-221	2,234	-51	484
VII. Net cash flows from financing activities	1,917	13,462	445	2,918
<b>VIII. Net cash flows, total</b>	<b>-19,740</b>	<b>-48,766</b>	<b>-4,579</b>	<b>-10,571</b>
<b>IX. Total assets</b>	<b>215,206</b>	<b>256,128</b>	<b>49,897</b>	<b>58,907</b>
<b>X. Liabilities and provisions for liabilities</b>	<b>110,014</b>	<b>139,011</b>	<b>25,508</b>	<b>31,971</b>
XI. Long-term liabilities	25,473	16,320	5,906	3,753
XII. Short-term liabilities	84,541	122,691	19,601	28,218
<b>XIII. Equity</b>	<b>105,192</b>	<b>117,117</b>	<b>24,390</b>	<b>26,936</b>
XIV. Share capital	9,983	9,983	2,315	2,296
XV. Number of shares (in pcs.)	9,983,009	9,983,009	9,983,009	9,983,009
<b>XVI. Profit (loss) per common share (in PLN/EUR)</b>	<b>1.31</b>	<b>1.90</b>	<b>0.30</b>	<b>0.41</b>
XVII. Diluted profit (loss) per ordinary share (in PLN/EUR)	1.31	1.90	0.30	0.41
XVIII. Book value per share (in PLN/EUR)	10.54	11.73	2.44	2.70
XIX. Diluted book value per share (in PLN/EUR)	10.54	11.73	2.44	2.70
XX. Declared or paid dividend per share (in PLN/EUR)	2.50	1.50	0.58	0.34



## 2.2. Selected financial data of the ELEKTROTIM Capital Group

Interim condensed consolidated financial statements for the period 01.01. – 30.06.2024 r.

SELECTED FINANCIAL DATA in PLN and converted to EUR	In thousands of PLN		In thousands of EUR	
	01.01.- 30.06.2024/ 30.06.2024	01.01.- 30.06.2023/ 31.12.2023	01.01.- 30.06.2024/ 30.06.2024	01.01.- 30.06.2023/ 31.12.2023
<b>I. Net revenue from the sale of products, goods, and materials</b>	<b>173,554</b>	<b>225,785</b>	<b>40,259</b>	<b>48,945</b>
<b>II. Operating profit (loss)</b>	<b>16,614</b>	<b>22,316</b>	<b>3,854</b>	<b>4,838</b>
<b>III. Gross profit (loss)</b>	<b>31,632</b>	<b>22,076</b>	<b>7,338</b>	<b>4,786</b>
<b>IV. Net profit (loss)</b>	<b>29,095</b>	<b>16,941</b>	<b>6,749</b>	<b>3,672</b>
<b>V. Net cash flows from operating activities</b>	<b>-21,407</b>	<b>-66,492</b>	<b>-4,966</b>	<b>-14,414</b>
VI. Net cash flows from investing activities	-386	1,490	-90	323
VII. Net cash flows from financing activities	1,827	15,944	424	3,456
<b>VIII. Total net cash flows</b>	<b>-19,966</b>	<b>-49,058</b>	<b>-4,632</b>	<b>-10,635</b>
<b>IX. Total assets</b>	<b>220,148</b>	<b>268,603</b>	<b>51,043</b>	<b>61,776</b>
<b>X. Liabilities and provisions for liabilities</b>	<b>110,524</b>	<b>165,433</b>	<b>25,626</b>	<b>38,048</b>
XI. Long-term liabilities	25,648	16,425	5,947	3,778
XII. Short-term liabilities	84,876	149,008	19,679	34,270
<b>XIII. Equity</b>	<b>109,624</b>	<b>103,170</b>	<b>25,417</b>	<b>23,728</b>
XIV. Share capital	9,983	9,983	2,315	2,296
XV. Number of shares (in pcs.)	9,983,009	9,983,009	9,983,009	9,983,009
<b>XVI. Profit (loss) per common share (in PLN/EUR)</b>	<b>2.91</b>	<b>1.70</b>	<b>0.68</b>	<b>0.37</b>
<b>XVII. Diluted profit (loss) per common share (in PLN/EUR)</b>	<b>2.91</b>	<b>1.70</b>	<b>0.68</b>	<b>0.37</b>
XVIII. Book value per share (in PLN/EUR)	10.98	10.33	2.55	2.38
XIX. Diluted book value per share (in PLN/EUR)	10.98	10.33	2.55	2.38
XX. Declared or paid dividend per share (in PLN/EUR)	2.50	1.50	0.58	0.34

## 2.3. Summary of the first half of 2024 for the Company and the Capital Group

1. The revenue from the sale of the ELEKTROTIM Capital Group in the first half of 2024 amounted to PLN 173.5 million. This revenue is lower than in the corresponding period of the previous year due to the significant contribution of a contract with the Border Guard in 2023, a situation that did not occur in 2024.
2. The ELEKTROTIM Capital Group reported an operating profit of PLN 16.6 million, compared to PLN 22.3 million in the previous year. The gross profit margin is at a level similar to that of the corresponding period last year, while sales and management costs in the Group have increased compared to that period due to adjustments in the remuneration policy to market conditions, changes in the reserve policy in selected areas, and preparations of the organizational structure for further development. Despite these factors, EBIT profitability remains at a level comparable to H1'2023.
3. At the consolidated level, a net profit of PLN 29.0 million was achieved. This represents an improvement of over 74%, taking into account the aforementioned operating results. It also includes the settlement of the sale of shares in ZEUS S.A., resulting in the recognition in the consolidated net profit of the ELEKTROTIM Group, attributable to the shareholders of the parent entity, of PLN 16 million as the excess of the sale price over the negative equity of the disposed entity.
4. In the first quarter of 2024, 100% of the shares in ZEUS S.A. were sold, which is described in more detail in point 8 of this Report.
5. The Group's contract portfolio remains at historically high levels, exceeding PLN 640 million, of which over PLN 400 million was secured in the first half of 2024.
6. The payment situation of ELEKTROTIM is continuously influenced by the seasonality of the projects being executed. The highest construction activity, and thus the demand for working capital, occurs in the second and third quarters of the year, with the inflow of receivables in the following months. By signing new credit agreements with reputable partners, the Company maintains stable access to external financing at a level close to PLN 150 million, allowing it to leverage financial effects.
7. On June 25, 2024, in accordance with the Management Board's proposal, the General Meeting of Shareholders allocated PLN 25.0 million for the payment of dividends, which amounts to PLN 2.50 per share of Elektrotim S.A. The dividend was paid on September 4.
8. At the operational level, the diversification of the markets served allows the Company to achieve positive results even during downturns in any of the segments. In the analyzed period, the largest share in revenue (including contract valuations) was generated by the Distribution Division, accounting for 31%. Significant contributions also came from the Industrial and Manufacturing Divisions (23%), Maintenance (20%), and Special (19%) Divisions. A detailed analysis of sales and activities in the various Divisions is presented in the following sections of the Report.



### 3. ENVIRONMENT

#### 3.1. Macroeconomic situation

##### SELECTED ECONOMIC INDICATORS 1H 2024

GDP growth Q2'2024 compared to Q2'2023	+ 3.2% <sup>1)</sup>
Increase in consumer goods and services prices in 2024 compared to 2023	+2.7%
WIBOR 1Y as of 30.06.2024	5.85 <sup>2)</sup>
Change in WIBOR 1Y in 2023	- 16.19% <sup>2)</sup>
PMI index average 1H 2024	46.48%
Changes in construction and assembly production from January to June 2023	+ 6.0% <sup>1)</sup>
including:	
- building construction	+ 5.6% <sup>1)</sup>
- civil and water engineering construction	+ 6.5% <sup>1)</sup>
- specialized construction works	+ 5.7% <sup>1)</sup>
Average monthly salary in the enterprise sector excluding profit-sharing bonuses in 2023	8,144.83 PLN <sup>1)</sup>

1) The above data comes from the Central Statistical Office (Główny Urząd Statystyczny).

2) WIBOR – data from [www.money.pl](http://www.money.pl) (source: REUTERS).

#### 3.2. Description of the environment and market trends

##### Characteristics of external and internal factors significant for the development of the Company and the ELEKTROTIM Capital Group

##### MACROECONOMIC INDICATORS – POLAND

ELEKTROTIM S.A. operates in the domestic market of specialized construction. The Company's various divisions work in the markets of power engineering, industry, defense ministries, municipal investments, as well as traction and non-traction communication infrastructure. For this reason, key areas of analysis include: macroeconomic parameters for the Polish economy, the development of railways, the development of power engineering (energy generation, including renewable energy sources, transmission, and distribution networks), changes and directions of expenditures by local governments, and investments by defense ministries, particularly in the area of electrical installations and security systems solutions.

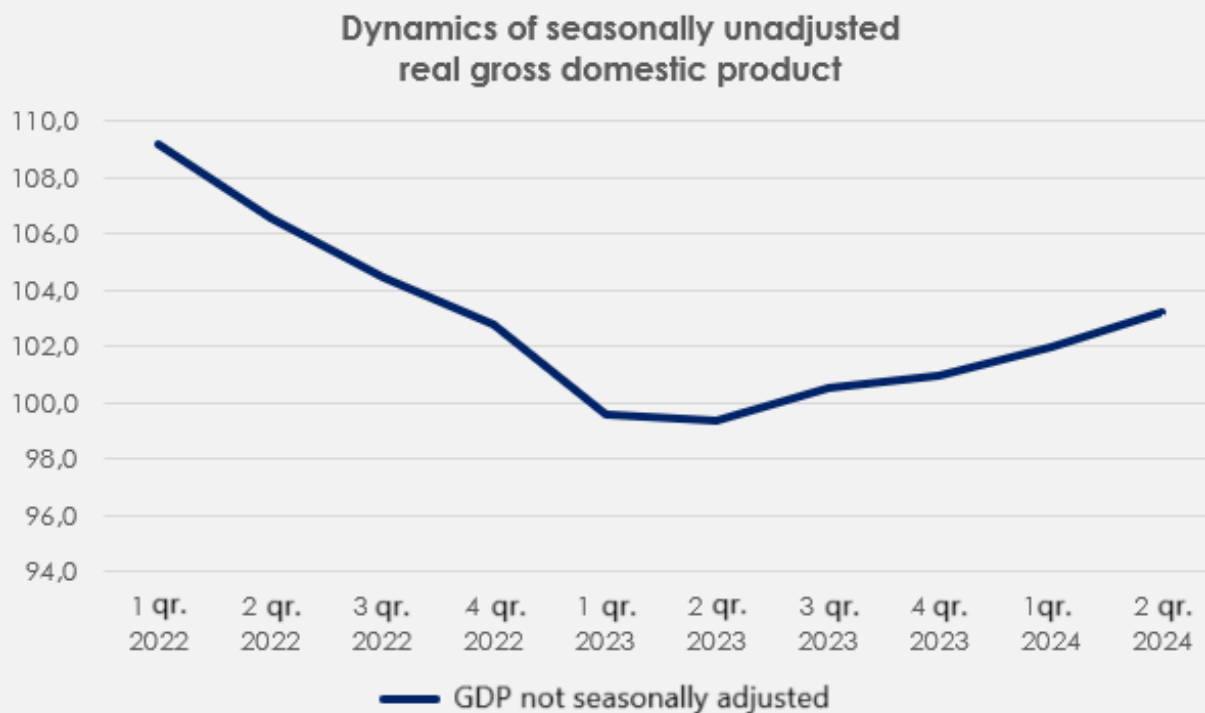
Analyzing the economic situation, market conditions, and the legal environment enables informed business decisions that allow for the exploitation of opportunities and the mitigation of risks.

##### GDP

According to the Central Statistical Office (Główny Urząd Statystyczny), the seasonally unadjusted Gross Domestic Product (GDP) in the second quarter of 2024 increased by 3.2% year-on-year, compared to a decline of 0.6% in the same period of 2023\*. According to the Polish

Economic Institute, the main driver of GDP growth was consumption, while investments remained at a low level, and foreign demand was weak. \*\*

Chart: Dynamics of real gross domestic product adjusted and not adjusted for seasonality (same period of the previous year = 100)



Adjustment of the salary policy to market conditions and preparation of the organizational structure for further development.

Sources:

\*Data from GUS (Central Statistical Office)

\*\*<https://www.wnp.pl/finanse/pie-motorem-wzrostu-gospodarczego-w-ii-kwartale-byla-wysoka-konsumpcja,863762.html>

## Inflation

According to data from the National Bank of Poland, in June 2024, inflation excluding food and energy prices was 3.6% year-on-year, while the CPI index during this period was 2.6% year-on-year. In the same period of 2023, inflation (calculated in the same way) was 11.1% year-on-year, with the CPI index at 11.5% year-on-year.

The successive decline in core inflation is good news as it suggests a easing of internal inflationary pressure; however, the NBP inflation target (2.5%) has not been achieved.

## Unemployment rate

The Ministry of Family, Labor, and Social Policy reported a decrease in the unemployment rate to 4.9% in June 2024. In the same period in 2023, the rate was 5%. The low value of this indicator poses a real threat of a skills shortage. Furthermore, the planned implementation of the KPEiK / PEP2040 and KPK strategies, directly related to the Company's business area, will lead to an increased demand for employees. In identifying market risks in this aspect, ELEKTROTIM S.A. is taking a number of actions aimed at retaining current resources and acquiring new ones.

Among other initiatives, the company participates in job fairs, conducts partnership programs at universities, and provides opportunities for technical school students and university students to undertake internships, offering practical insights into the profession.

### NBP reference rate

At the beginning of June 2024, the Monetary Policy Council decided to keep the NBP interest rates unchanged: the reference rate at 5.75%, the Lombard rate at 6.25%, the deposit rate at 5.25%, the rediscount rate at 5.80%, and the discount rate at 5.85%. Changes in interest rates are also possible in Poland in the coming quarters.

### Foreign investments

Economists at Credit Agricole Bank Polska estimate that the projected growth in domestic investments could provide an impetus for an increase in foreign investments in Poland.



It is forecasted that the economic growth rate in the Eurozone will increase from 0.5% year-on-year in 2023 to 0.7% in 2024 and 1.5% in 2025. This will act as a catalyst for the growth of gross investments by foreign enterprises. This assessment aligns with the results of the NBP's enterprise sentiment surveys (known as 'Quick Monitoring'). In the April edition of the survey, the investment activity index (OPTIN) for foreign enterprises reached its highest value since the end of 2021. The OPTIN index takes into account the share of companies with positive forecasts for investment activity in areas of new planned projects, the continuation of already started tasks, and changes in the scale of investments. In the near future, an inversion of the declining trends in foreign investment will be expected at the European level, which will be supported by the effects of a low base in the "land, buildings, and structures" segment and an improvement in economic conditions in Poland and abroad. Consequently, this will contribute to a revival in overall corporate investments.\*\*\*

\*\*\*Source: <https://inwestycje.pl/gospodarka/tendencje-spadkowe-inwestycji-zagranicznych-odwroca-sie-wkrotce/> - 13.05.2024

### Industrial production

According to data published by the Central Statistical Office (GUS), the sales production of industrial enterprises increased by 0.3% in June 2024, compared to June 2023, when a decline of 1.6% was recorded compared to the first half of 2022.

In the period from January to June 2024, the sales production of industry was 0.1% higher compared to the same period in 2023, which recorded a decrease of 2.1% compared to the first half of 2022. The Purchasing Managers' Index (PMI) in June 2024 remained at 45.0, below the 50-point threshold that separates growth from a decline in economic activity. The weakening demand for Polish industrial goods is leading to further production cuts. Exports are also experiencing declines, particularly highlighting weak demand from Germany. A prolonged slowdown in industry may affect the overall economic growth rate, the labor market situation, and the level of investment.\*\*

Source\* GUS: "Produkcja przedsiębiorstw przemysłowych wzrosła o 0,3% r/r w VI; konsensus: -1,3% r/r - Stooq" – 18.07.2024

Source\*\*<https://www.money.pl/gospodarka/sa-najnowsze-dane-z-polskiej-gospodarki-26-miesiac-spadku-7044369834842944a.html>

### **Construction material prices**

According to data provided by the PSB Handel Group, in June 2024, the prices of construction materials decreased on average by 1.3% year-on-year. In the period from January to June 2024, compared to the same period in 2023, the price dynamics amounted to -2.7%.

## **3.3. Characteristics of ELEKTROTIM S.A.'s activities in serviced markets**

In the first half of 2024, the company recorded the highest activity in terms of completed projects in the energy construction sector. The Distribution Division executed significant contracts during this period for entities such as PGE Dystrybucja S.A., Tauron Dystrybucja S.A., and Energa-Operator S.A. The Industry and Manufacturing Division continued the expansion project for the Nestle Purina Manufacturing Sp. z o.o. production plant and carried out modernization work at the Głogów Copper Smelter for KGHM Polska Miedź S.A. The Maintenance Division, operating in the local government market, executed contracts related to road infrastructure and traffic safety for the General Directorate for National Roads and Motorways (GDDKiA), a stormwater drainage system, and a network of telecommunication pipelines for Fortum Power and Heat Polska Sp. z o.o., as well as the development of green areas in the park in Polanica Zdrój. The Special Division, operating in the defense sector, conducted work on the construction of a fence at the Goławice military complex for the Capital City Management of Infrastructure in Warsaw. It also executed design work for tasks such as "Construction of border security with Belarus along the Bug River in the Nadbużański Border Guard Department" and "Implementation of navigation aid systems at Szczecin-Goleniów Airport along with accompanying infrastructure." The Traction Division carried out a contract related to the construction of the Knyszyn traction substation along with the accompanying infrastructure.

## **3.4. Forecasts for the markets where the Company and the Capital Group operate**

The global energy transition is creating one of the most stable growth markets with a perspective extending to 2040. The total value of investments in building emission-free energy sources during this period is expected to exceed 700 billion PLN, while around 500 billion PLN is allocated for the

expansion and modernization of transmission and distribution networks. The company aims to capitalize on the opportunities arising from the significant increase in expenditures on defense and security infrastructure. Additionally, there is considerable growth potential linked to plans for modernizing railways and high-speed lines, as well as programs aimed at enhancing road safety. This evolving landscape presents a unique chance for the company to strengthen its position and contribute to critical sectors that are vital for sustainable development and national security.

## **Energy**

While the planning and preparation of key investments in the energy generation sector have somewhat slowed due to the post-election need to review investment plans and ongoing projects, monitoring the development of legal regulations and the implementation of their provisions provides a basis for sustaining the upward trend in expenditures on modernizing existing infrastructure. Analysis of the plans from energy groups indicates that they intend to allocate approximately 130 billion PLN for distribution investments by 2030. The development plan published by the Polish Power Grid (PSE) for the years 2025 to 2034 anticipates around 64 billion PLN for investments. Notably, planned investments by PSE have doubled compared to the plan from two years ago. A positive impulse will also come from unlocked funds from the National Recovery Plan (KPO), which has earmarked 15.4 billion EUR for projects related to green energy and reducing energy consumption. Poland stands as the largest beneficiary of EU funds for the period 2021-2027, with approximately 26.6 billion EUR designated for energy transformation initiatives. This influx of investment is crucial for modernizing the energy sector and achieving sustainability goals.

## **Nuclear energy**

The State Treasury plans to capitalize the construction of Poland's first nuclear power plant with an allocation of 4.6 billion PLN in 2025 and 11 billion PLN in 2026. In total, the special purpose company, Polskie Elektrownie Jądrowe, is set to receive a capital infusion of 60 billion PLN. An update to the nuclear program is anticipated by the end of 2024. The company is also continuing its process of preparing to implement a "safety culture" in accordance with the recommendations of the International Atomic Energy Agency (IAEA) and applicable standards. ELEKTROTIM S.A. has successfully completed the prequalification process and has obtained the status of an active, qualified contractor and service provider for Bechtel. This positive outcome of the prequalification allows ELEKTROTIM S.A. to actively participate in joint preparatory activities with the General Contractor for the implementation of the investment.

## **Energy storage**

ELEKTROTIM S.A., considering the growing significance of renewable energy sources (RES) in the national energy system and the necessity of energy storage for ensuring the safety and stability of the system, recognizes the development potential in this product area. The National Fund for Environmental Protection and Water Management has initiated consultations on the draft program to support the construction of electricity storage facilities with a budget of 4 billion PLN. The support program will be aimed at entrepreneurs and will include projects for storage facilities with a power of no less than 2 MW and a capacity of no less than 4 MWh, connected to distribution networks.

## Defense ministries

In 2024, the defense budget was approved at approximately 169 billion PLN. In the draft budget for 2025, defense expenditures have been planned at 4.7% of GDP, which means that next year an amount of around 190 billion PLN will be allocated for this purpose.\* The systematic modernization of the Polish army, along with announced defense projects on the eastern border and accelerated investments in this area, creates opportunities for securing additional contracts, as the Company anticipates continuing its participation in projects aimed at enhancing Poland's security.

Source:

\* <https://www.money.pl/gospodarka/budzet-na-2025-r-olbrzymie-pieniadze-na-obronnosc-wiemy-co-jeszcze-jest-na-stole-7064559905794976a.html> – 27.08.2024

## Industry

Experts from Santander, in a report analyzing the latest industrial production data for June, suggest an improvement in the industrial sector compared to the beginning of 2024. The impetus for these conclusions is the higher-than-expected rebound in industrial production in June 2024, at +0.3% year-on-year. The report indicates that the improvement was primarily noted in sectors focused on the domestic market.\*

From the Company's perspective, notable developments include expanding facilities to meet defense market needs, such as the expansion of the Jelcz factory. This expansion will meet the demands of a billion-złoty contract for the supply of chassis for vehicles used by the Polish Armed Forces. Meanwhile, the Wałbrzych Special Economic Zone (WSSE) "Invest-Park" is one of the most rapidly growing investment areas in Lower Silesia, where the second Mercedes-Benz factory will soon be built. Another significant investment in the region is the new Umicore factory for cathode materials for electric vehicle batteries in Nysa, with a construction cost of nearly 1.7 billion euros. Additionally, an innovative waste-to-energy plant (the first energy recovery installation in the Świętokrzyskie region) will be constructed in Strachowice. The waste reception hall, technological buildings, furnace, and other elements of the project will cost over 102 million PLN. Polish company ROLTEC has signed a grant agreement worth 3 million PLN to build a solar cell factory in Wrocław, with the total investment estimated at 250 million PLN. In 2024, several companies, including Nutricia from the Danone Group, signed government grant agreements for the modernization of the Opole factory, Korean Infac Poland for a battery case factory for electric vehicles in Międzyrzecz Dolny, and Japanese Daikin Manufacturing for a heat pump factory near Łódź.\*\*\*

Source: \*<https://www.money.pl/gospodarka/przemysl-zaskoczyl-odbiciem-wynagrodzenia-nizszym-wzrostem-7050467242289696a.html> - 18.07.2024

\*\* <https://obiekty.org/nowe-inwestycje-logistyczne-i-przemyslowe-cz-ii/> - 20.03.2024

\*\*\* "Roltec dostał grant na fabrykę ogniw solarnych /Puls Biznesu/" - 02.09.2024

## Roads



The positive outlook in the road infrastructure segment will be sustained by the unlocking of EU funds, with an additional positive factor being the increased contract indexation of up to 15%. For 2024, GDDKiA has planned to announce tenders for the construction of nearly 215 km of roads. Additionally, five bypass sections, totaling approximately 17 km, which were originally scheduled for 2023 but failed to secure financing, have been moved to this year. Once the ongoing environmental procedures and preparatory work are completed, the Directorate will be able to announce tenders for over 140 km of additional roads.

## Local governments

The Maintenance Division of ELEKTROTIM S.A. primarily executes projects for local government clients, offering products in areas such as road safety, traffic engineering, signaling and lighting, and municipal networks. The number of investments initiated and planned by local governments is largely influenced by the funds available to them. Therefore, the decision of the Council of Ministers to adopt a bill on the revenues of territorial units is positive news for local governments. Under this legislation, by 2025, the revenues of these units will increase by PLN 24.8 billion compared to the current system, and over a decade, they will rise by more than PLN 345 billion. Every local government will benefit from the change, with revenue growth ranging from 4% to 12%. The implementation of this law will enable local governments to invest their funds more efficiently, especially in relation to the National Recovery Plan (KPO). Additionally, local governments have access to grants under the "European Funds for Infrastructure, Climate, and Environment" (FENIKS) Program, which they can use to finance investments in the construction, renovation, and modernization of existing infrastructure, as well as in municipal wastewater treatment, necessary to meet obligations stemming from the EU wastewater directive. The total amount allocated for project funding in the current call is PLN 800 million.\*\*

Source:

\*<https://www.gov.pl/web/finanse/rada-ministrow-przyjela-projekt-ustawy-o-dochodach-jednostek-samorzadu-terytorialnego> 03.09.2024

\*\* <https://www.gov.pl/web/infrastruktura/finansowanie-gospodarki-sciekowej>

## Railway

ELEKTROTIM S.A. plans further development in the areas of power supply for railway and urban traction systems. Although the railway construction segment accounts for less than 10% of the Polish construction market, it is an extremely important and highly promising area. Unfortunately, over the past several months, this sector has faced the deepest investment gap in years. Railway projects are lagging behind road infrastructure projects, but there is no doubt that this trend will change in the coming years. Contributing to this shift will be the ongoing decarbonization of the transport sector in Europe and the long-standing delays in the modernization and expansion of the railway network in Poland. In the next decade, over PLN 100 billion in investments are expected, co-financed by EU funds under the National Railway Program, along with several tens of billions PLN within PKP PLK's maintenance program. In addition to this, there is a significant investment challenge linked to the construction of the high-speed railway lines, specifically the "Y" line, which will connect Warsaw with Łódź, Poznań, and Wrocław.

## 4. COMMENTARY ON FINANCIAL RESULTS

### 4.1. Commentary on the results of ELEKTROTIM S.A.

The revenues and profitability achieved in the second quarter of 2024 were, as in the previous year, higher than in the preceding quarter. The diversification of activities across production divisions helped to minimize the impact of the so-called "post-election decision gap" and the postponement of tenders to future periods. However, the operational cycle of ongoing contracts, including extended design phases, led to slight delays in the execution of certain contracts, pushing them into subsequent quarters.

#### The Company's income and financial situation

##### Income situation – profit and loss statement

Item description	1H 2023	1H 2024	Change	Change in %
<b>sales revenue</b>	<b>213,472</b>	<b>172,947</b>	<b>-40,525</b>	-19%
cost of production of goods and services	179,297	147,425	-31,872	-18%
<b>gross sales result</b>	<b>34,175</b>	<b>25,522</b>	<b>-8,653</b>	-25%
gross sales margin	16.0%	14.8%	-1.3pp	
<b>operating profit (EBIT)</b>	<b>24,080</b>	<b>15,901</b>	<b>-8,179</b>	-34%
operating margin	11.3%	9.2%	-2.1pp	
<b>EBITDA</b>	<b>25,892</b>	<b>17,898</b>	<b>-7,994</b>	-31%
gross profit	24,279	15,515	-8,764	-36%
<b>net profit</b>	<b>19,014</b>	<b>13,033</b>	<b>-5,981</b>	-31%
net profit margin	8.9%	7.5%	-1.4pp	

In the first half of 2024, the Company achieved sales revenue that was 19% lower than in the corresponding period of 2023. This decline was due to project work schedule shifts that were beyond the Company's control, as well as the market situation in Poland.

The results for 2023 also included revenue and margin from a contract with the Border Guard for the construction of an electronic barrier at the border with Belarus (approximately 20% share in revenue and gross margin in 1H2023). Excluding these results, the operational results for the first half of 2024 would be comparable to the same period in 2023.

The realized sales result of over 25 million PLN, with a profitability of 14.8%, reflects the Company's hard work in a challenging market situation. At the same time, the Company has intensified efforts to increase the informatization and automation of its processes (particularly in back-office operations) and has adjusted its compensation policy to market conditions while making only minor adjustments to its reserve policy.

The net result stands at 13,033 thousand PLN, with a profitability of 7.5%, representing a decrease of 1.4 percentage points compared to the same period last year.

## Financial situation – balance sheet

### Current asset situation

Item description	31.12.2023	30.06.2024	Change	Change in %
<b>Fixed assets, including:</b>	<b>32,799</b>	<b>39,870</b>	<b>7,071</b>	<b>22%</b>
Intangible assets	158	141	-17	-11%
Goodwill	2,396	2,396	-	0%
Tangible fixed assets	12,793	20,096	7,303	57%
Long-term investments	6,862	6,995	133	2%
Deferred tax assets	9,456	8,890	-566	-6%
Other long-term non-financial assets	1,134	1,352	218	19%
<b>Current assets, including:</b>	<b>223,329</b>	<b>175,336</b>	<b>-47,993</b>	<b>-21%</b>
Inventories	2,876	6,110	3,234	112%
Short-term receivables	167,157	84,723	-82,434	-49%
Other short-term financial assets		421	421	-
Contract assets	21,305	71,831	50,526	237%
Cash and cash equivalents	31,991	12,251	-19,740	-62%
<b>Total assets</b>	<b>256,128</b>	<b>215,206</b>	<b>-40,922</b>	<b>-16%</b>

In the first half of 2024, the main changes in the Company's assets occurred in the following areas:

1. Tangible fixed assets - the increase in this position by 57% to PLN 20,096 thousand is primarily due to the signing of an annex to the lease agreement for the Company's headquarters, extending the lease period until February 2030. Consequently, this allowed for the recognition of the right to use this asset in the balance sheet under IFRS 16.
2. Receivables from deliveries and services and other receivables - a decrease of 49% to PLN 84,723 thousand, resulting from the settlement of receivables invoiced before the end of 2023 by customers, primarily in the Traction Division, amounting to PLN 87,165 thousand.
3. Assets from contracts show a value 237% higher compared to December 31, 2023, which is a result of the natural increase in production activity under the executed contracts in the second quarter of the year. The main items comprising the balance are PLN 19,919 thousand for a contract with KGHM Polska Miedź S.A. and PLN 18,128 thousand for a contract executed for PGE Energetyka Kolejowa S.A.
4. Cash and cash equivalents - a decrease of 62%, which is a result of financial commitments in the ongoing projects, while simultaneously focusing on optimizing the financing structure. The seasonality of the Company's production cycle is characterized by lower cash balances during the analyzed period.

Item description	31.12.2023	30.06.2024	Change	Change in %
<b>Equity</b>	<b>117,117</b>	<b>105,192</b>	<b>-11,925</b>	<b>-10%</b>
<b>Liabilities and provisions for liabilities</b>	<b>139,011</b>	<b>110,014</b>	<b>-28,997</b>	<b>-21%</b>
<b>Long-term liabilities</b>	<b>16,320</b>	<b>25,473</b>	<b>9,153</b>	<b>56%</b>
Deferred tax liability	843	2,760	1,917	227%
Long-term provisions	12,704	12,660	-44	0%
Long-term lease liabilities	2,773	10,053	7,280	263%
<b>Short-term liabilities</b>	<b>122,691</b>	<b>84,541</b>	<b>-38,150</b>	<b>-31%</b>
Short-term provisions	19,539	10,964	-8,575	-44%
Liabilities for deliveries and services, and other liabilities	93,634	66,324	-27,310	-29%
Loans and credits	61	4,191	4,130	6750%
Liabilities for corporate income tax	1,689	-	-1,689	-100%
Short-term lease liabilities	3,047	3,040	-7	0%
Liabilities under agreements	4,721	22	-4,699	-100%
<b>Total liabilities</b>	<b>256,128</b>	<b>215,206</b>	<b>-40,922</b>	<b>-16%</b>

The largest changes in the liability positions compared to the end of 2023 were noted in the following areas:

1. Equity – a decrease of 10%, due to (i) the planned dividend payment of 24,958 thousand PLN (which was accounted for in the "Other liabilities" position, and the reclassification reduced the amount of equity) and (ii) the net profit generated in the analyzed period. The cyclical nature of the Company's operations means that most profits occur in the second, third, and fourth quarters of each year, thus the obligation to pay dividends following the resolution of the General Meeting of Shareholders reduced the value of equity at the end of the first half of 2024.
2. Long-term lease liabilities – an increase of 263%, due to the previously mentioned annex to the lease agreement for the Company's premises, corresponding with the recognition of the lease liability (IFRS 16).
3. Short-term provisions – a decrease of 44% is due to the reduction in provisions for employee benefits and provisions for contractual penalties. In the case of provisions for employee benefits, there were payments (and thus the resolution of the corresponding provisions) primarily related to bonuses and commissions associated with the above-average results of 2023, while simultaneously managing current provisions based on the Remuneration Regulations. The decrease in the level of provisions for contractual penalties is due to the adjustment of the provisions to the estimated contractual penalties.
4. Liabilities from supplies and services as well as other liabilities – a decrease of 29% resulting from a high comparative base at the end of 2023, in correspondence with changes in trade receivables. This item includes liabilities from supplies and services (37,746 thousand PLN) and liabilities related to dividends (24,958 thousand PLN).

5. Liabilities from contracts and loans – the increase results from the cyclical financing of ongoing executive activities with available external capital. The cyclical nature of the Company's operations is characterized by an increase in capital engagement in the months of June to October.
6. Liabilities from contracts – in this item, the Group reports advances received from contractors.

## Cash flows

Item description	1H 2023	1H 2024
<b>Cash at the beginning of the period</b>	<b>54,652</b>	<b>31,991</b>
Cash flows from operating activities	- 64,462	-21,436
Cash flows from investing activities	2,234	-221
Cash flows from financing activities	13,462	1,917
<b>Total net cash flows from activities</b>	<b>-48,766</b>	<b>-19,740</b>
<b>Cash at the end of the period</b>	<b>5,886</b>	<b>1,251</b>

The most important factors affecting cash flows from operating activities were:

1. Change in the balance of liabilities excluding credits and loans (-) 58,448 thousand PLN,
2. Change in the balance of receivables and contract assets (+) 32,238 thousand PLN, (changes in receivables and liabilities are a result of the execution cycle)
3. Gross result for 1H2024 at the level of (+) 15,515 thousand PLN,
4. Change in the balance of provisions (-) 6,703 thousand PLN, resulting from the resolution of part of the provisions for contractual penalties and employee benefits.

Cash flows from investing activities amounted to -221 thousand PLN, while cash flows from financing activities were significantly influenced by an increase (+) of 4,130 thousand PLN in the use of the credit line and a payment of lease liabilities (-) of 1,544 thousand PLN.

The nature of the contracts being executed requires the Company to engage significant working capital. In 1H2024, in preparation for the implementation of substantial projects, the Company increased its credit line limit by 35 million PLN, bringing it to a total of 114 million PLN.

## 4.2. Commentary on the financial results of the ELEKTROTIM Capital Group

### Income statement of the ELEKTROTIM Group

Item description	1H 2023	1H 2024	Change	Change in %
<b>Sales revenue</b>	<b>225,785</b>	<b>173,554</b>	<b>-52,231</b>	<b>-23%</b>
<b>Gross profit from sales</b>	<b>34,947</b>	<b>26,079</b>	<b>-8,868</b>	<b>-25%</b>
Gross profit margin	15.5%	15.0%	-0.5pp	
Selling expenses	4,634	5,508	874	19%
Administrative expenses	6,584	9,632	3,048	46%
Operating balance	-1,367	5,944	7,311	-535%
<b>Operating result (EBIT)</b>	<b>22,316</b>	<b>16,614</b>	<b>-5,702</b>	<b>-26%</b>
Operating margin	9.9%	9.6%	-0.3pp	
<b>EBITDA</b>	<b>24,537</b>	<b>18,680</b>	<b>-5,857</b>	<b>-24%</b>
Financial balance	-240	-3,213	-2,973	1239%
Gross result	22,076	31,632	9,556	43%
<b>Net result</b>	<b>16,672</b>	<b>29,028</b>	<b>12,356</b>	<b>74%</b>
Net profit margin	7.4%	16.7%	9.3pp	
<b>Net profit attributable to shareholders of the Parent Company</b>	<b>16,941</b>	<b>29,095</b>	<b>12,154</b>	<b>72%</b>

Consolidated net sales revenue amounted to PLN 173,554 thousand, representing a decrease of 23% compared to the corresponding period in 2023. This difference is mainly due to the recognition in 1H2023 of revenue from the contract with the Border Guard for the construction of a perimeter barrier at the border with Belarus, as well as approximately PLN 10 million in revenue from ZEUS S.A., which did not conduct operational activities in 2024 and was sold in the first quarter.

The gross sales profitability is at a level similar to the corresponding period of the previous year, while the sales costs and management costs within the Group show an increase compared to that period due to the expansion of the organizational structure for further development, adjustments to the remuneration policy in line with market conditions, and the resulting changes in the system and frequency of linking certain reserve titles.

The consolidated net profit is 29,028 thousand PLN, representing a 74% increase compared to the first half of 2023. This significant increase in profit is mainly due to the recognition in the accounts of the loss of control over ZEUS S.A., which supported the current net result with a gain on the sale of approximately 16 million PLN.

Sales Revenue, data in thousands of PLN	1H 2023	1H 2024	Change	Change 1H2024 vs 1H2023
<b>ELEKTROTIM S.A.</b>	213,472	172,947	-40,525	81%
<b>ZEUS S.A.</b>	12,184	0	-12,184	0%
<b>Ostoya-DataSystem Sp. z o.o.</b>	129	607	478	471%
<b>Total</b>	<b>225,785</b>	<b>173,554</b>	<b>-52,231</b>	<b>77%</b>



In the sales structure of the ELEKTROTIM Group, there is a clear dominance of ELEKTROTIM S.A., which accounts for 99.65% of the Group's revenues.

Net result data in thousands of PLN	1H 2023	1H 2024	Change	Change in %
<b>ELEKTROTIM S.A.</b>	19,014	13,033	-5,981	-31%
<b>ZEUS S.A.</b>	-3,107	0	3,107	-
<b>Ostoya-DataSystem Sp. z o.o.</b>	968	-373	-1,341	-139%
<b>Total</b>	<b>16,875</b>	<b>12,660</b>	<b>-4,215</b>	<b>-25%</b>

The leading contribution, accounting for over 95%, to the net result of the ET Group comes from ELEKTROTIM S.A. Ostoya-DataSystem Sp. z o.o. incurred a loss of (-) 373 thousand PLN during the analyzed period, which is a result of a delay in the schedule of the contract for the Border Guard concerning security measures along the Bug River, the largest contract executed by this company.

## ELEKTROTIM GROUP BALANCE SHEET - SELECTED ITEMS

Item description	31.12.2023	30.06.2024	Change	Change in %
<b>Non-current assets, including:</b>	<b>31,706</b>	<b>43,625</b>	<b>11,919</b>	<b>38%</b>
Intangible assets	187	166	-21	-11%
Goodwill	6,394	6,394	-	0%
Tangible non-current assets	13,050	20,300	7,250	56%
Long-term investments	1,328	6,351	5,023	378%
Deferred tax assets	9,491	8,991	-500	-5%
Other long-term non-financial assets	1,256	1,423	167	13%
<b>Current assets, including:</b>	<b>236,897</b>	<b>176,523</b>	<b>-60,374</b>	<b>-25%</b>
Inventories	2,876	6,110	3,234	112%
Short-term receivables	167,320	84,112	-83,208	-50%
Assets related to contracts	21,632	72,686	51,054	236%
Other short-term financial assets	-	421	421	
Cash and cash equivalents	33,160	13,194	-19,966	-60%
Assets held for sale	11,909	-	-11,909	-100%
<b>Total assets</b>	<b>268,603</b>	<b>220,148</b>	<b>-48,455</b>	<b>-18%</b>

The largest balance sheet changes in assets were recorded in the following positions:

1. Tangible non-current assets – the increase to PLN 20,300 thousand is mainly a result of an annex to the lease agreement for the Company's headquarters, extending the lease period to February 2030, and consequently recognizing the right to use this asset on the balance sheet under IFRS 16.
2. Long-term investments – the increase in the value of this position compared to 2023, reaching PLN 6,351 thousand, is due to the reclassification of real estate in Pruszcz Gdański (PLN 4,890 thousand) purchased from ZEUS S.A. in previous reporting periods. This property, which was previously the headquarters of ZEUS S.A. and recorded under tangible non-current assets, has been valued at fair value and reclassified as investment property.

3. Short-term receivables – a 50% decrease to PLN 84,112 thousand resulting from customers settling receivables invoiced before the end of 2023, mainly in the Traction Division (in the amount of PLN 87,165 thousand).
4. Assets from contracts – an increase in the value of projects in progress by 236% to PLN 72,686 thousand, which is a natural effect of increased production activity in the second quarter of the year within ongoing contracts. The heightened level of work in progress is influenced by ongoing contracts for KGHM Polska Miedź S.A. (PLN 19,919 thousand) and the contract for PGE Energetyka Kolejowa S.A. (PLN 18,128 thousand).
5. Cash and cash equivalents – decreased by 60% compared to the balance as of December 31, 2023, to PLN 13,194 thousand, which is a result of the seasonality of the production cycle.
6. Assets held for sale – this position appeared at the end of 2023 and related to the subsidiary ZEUS S.A., which was fully sold by the parent company in the first quarter of 2024.

Item description	31.12.2023	30.06.2024	Change	Change %
<b>Equity</b>	<b>103,170</b>	<b>109,624</b>	<b>6,454</b>	<b>6%</b>
<b>Liabilities and provisions for liabilities</b>	<b>165,433</b>	<b>110,524</b>	<b>-54,909</b>	<b>-33%</b>
<b>Long-term liabilities</b>	<b>16,425</b>	<b>25,648</b>	<b>9,223</b>	<b>56%</b>
Deferred income tax provision	701	2,806	2,105	300%
Long-term provisions	12,884	12,758	-126	-1%
Long-term lease liabilities	2,840	10,084	7,244	255%
<b>Short-term liabilities</b>	<b>149,008</b>	<b>84,876</b>	<b>-64,132</b>	<b>-43%</b>
Short-term provisions	19,647	11,157	-8,490	-43%
Liabilities for supplies and services and other liabilities	93,198	66,379	-26,819	-29%
Other financial liabilities	61	4,191	4,130	6770%
Liabilities for corporate income tax	1,689	-	-1,689	-100%
Short-term lease liabilities	3,150	3,127	-23	-1%
Liabilities under contracts	4,721	22	-4,699	-100%
Liabilities related to assets held for sale	26,542	-	-26,542	-100%
<b>Total liabilities</b>	<b>268,603</b>	<b>220,148</b>	<b>-48,455</b>	<b>-18%</b>

Significant changes in the liabilities section of the consolidated balance sheet, compared to the end of 2023, were noted in the following positions:

1. Equity – an increase of 6% due to (i) the net income generated by companies within the ELEKTROTIM Group, reduced by (ii) planned dividends (liabilities) to shareholders; the value of equity is also influenced by (iii) the deconsolidation of ZEUS S.A.

2. Long-term lease liabilities – an increase to the amount of 10,084 thousand PLN due to the previously mentioned annex to the lease agreement for the headquarters of the parent company, corresponding with the recognition of the lease liability (IFRS 16).
3. Short-term liabilities from supplies, services, and other liabilities – a decrease to the amount of 66,379 thousand PLN, corresponding with the change in trade receivables. In the analyzed period, this position includes trade liabilities and liabilities related to the planned dividend for the year 2023 (24,958 thousand PLN).
4. Liabilities related to non-current assets held for sale – in 2023, this position presented liabilities from supplies and services, other liabilities, and provisions. As a result of the loss of control and deconsolidation of the company ZEUS S.A. as of June 30, 2024, this position shows a value of 0 PLN.

## CASH FLOW OF THE ELECTROTIM GROUP

Item description	1H 2023	1H 2024
<b>Cash at the beginning of the period</b>	<b>56,773</b>	<b>33,160</b>
Cash flows from operating activities	-66,492	-21,407
Cash flows from investing activities	1,490	- 386
Cash flows from financing activities	15,944	1,827
<b>Total net cash flows</b>	<b>- 49,058</b>	<b>-19,966</b>
<b>Cash at the end of the period</b>	<b>7,675</b>	<b>13,194</b>

In the first half of 2024, the Group recorded a negative balance from cash flows from operating activities amounting to (-) 21,407 thousand PLN, which is related to the seasonal increase in the value of work on ongoing contracts.

The loss of control over ZEUS S.A. was mainly reflected in the income statement and the balance sheet, without having a significant impact on the cash flow statement.

## 5. ACTIVITIES OF THE COMPANY AND THE GROUP IN THE FIRST HALF OF 2024

### 5.1. Selected projects executed in various Divisions



#### **STRAŻ GRANICZNA (Border Guard)**

Construction of electronic security on the section of the Bug River

Value: **227 mln PLN**



#### **NESTLE PURINA MANUFACTURING OPERATIONS POLAND SP. Z O.O.**

Expansion of the production plant in Nowa Wieś Wrocławska

Value: **75 mln PLN**



#### **KGHM POLSKA MIEDŹ S.A.**

Modernization of switchgear and replacement of busbars at the Głogów Copper Smelter

Value: **45 mln PLN**



#### **PGE DYSTRYBUCJA S.A.**

Construction of the 110 kV substations "Krasnosielc" and "Małopole" along with the 110 kV power supply lines

Total value: **44,6 mln PLN**



#### **TAURON DYSTRYBUCJA S.A.**

Modernization of the 110/15 kV substation in Siewierz. Increase in the connection capacity of the TOYOTA production plant in Wałbrzych.

Total value: **31,3 mln PLN**



#### **ENERGA OPERATOR S.A.**

Construction of a 110/15 kV substation and a 110 kV line bay for the connection of a photovoltaic (PV) system.

Value: **9,9 mln PLN**



#### **PGE DYSTRYBUCJA S.A.**

Modernization of the 110 kV switchgear and construction of a 110/15 kV line bay at the Boryszew GPZ

Value: **8,7 mln PLN**



#### **FORTUM POWER AND HEAT POLSKA SP. Z O.O.**

Construction of a stormwater drainage network and technological pipeline network - WROMPA.

Value: **7,6 mln PLN**



#### **GENERAL DIRECTORATE FOR NATIONAL ROADS AND MOTORWAYS**

Lighting of pedestrian crossings on DK12 in Głogów

Value: **4,8 mln PLN**



#### **MUNICIPALITY OF POLANICA ZDRÓJ**

Expansion of the layered and species structure of greenery in the park in Polanica-Zdrój

Value: **3 mln PLN**

## 5.2. Significant agreements related to the operational activities of the ELEKTROTIM Capital Group concluded in the first half of 2024

### Contracts concluded by ELEKTROTIM S.A. and Group Companies

#### 1. Contract signed on January 24, 2024, with **TAURON Dystrybucja S.A. based in Kraków**

The subject of the contract is the execution of the task entitled "Construction of a 110 kV cable line between R-101 GPZ Walecznych and R-107 GPZ Kurkowa" in Wrocław **for the needs of TAURON Dystrybucja S.A. Branch in Wrocław**. The net remuneration for the execution of the Contract amounts to 23.9 million PLN; gross 29.4 million PLN.

The Company, as the contractor for the investment for TAURON Dystrybucja, contributes to the development of the power grid, including the network in the Wrocław agglomeration, through the tasks performed.

#### 2. Contract signed on January 31, 2024, by a consortium of companies consisting of: ELEKTROTIM S.A. – Consortium Leader and OSTOYA-DataSystem Sp. z o.o. based in Gdańsk – Consortium Member (a company from the ELEKTROTIM Capital Group) with **the State Treasury - Chief Commander of the Border Guard** based in Warsaw

The subject of the contract is the construction of a security barrier along the state border with Belarus on the stretch of the Bug River in the Nadbużański Border Guard Unit. For the execution of the contract, the net remuneration amounts to 227 million PLN; gross 279.2 million PLN.

As part of this project, the consortium of companies ELEKTROTIM S.A. and OSTOYA-DataSystem Sp. z o.o. is carrying out work that involves the design and construction of a set of cooperating electronic devices along with software and auxiliary elements as part of an electronic barrier approximately 172 km long along the Bug River. The work is being carried out in a "design and build" format.

The company has experience in carrying out this type of projects. Between 2019 and 2021, the company executed a contract for the Bieszczadzki Border Guard Unit in Przemyśl, which involved expanding the technical protection systems for the EU's external border in terms of surveillance devices along a stretch of approximately 32 km (current report No. 48/2019). Additionally, between 2022 and 2024, the company implemented a contract for the Podlaski Border Guard Unit, which involved the construction of an electronic barrier along with accompanying infrastructure at the Polish-Belarusian border, approximately 202 km long.

#### 3. Agreement concluded on February 16, 2024, with the **State Treasury - Cyber Space Resources Center of the Armed Forces** based in Warsaw

The subject of the agreement is the execution of the task titled "Gdańsk. Construction of the antenna field and modernization of the server room – execution of construction works." The net remuneration for the execution of the agreement amounts to 15 million PLN; gross 18.8 million PLN.

#### 4. Agreement concluded on February 21, 2024, with **Port Lotniczy Szczecin-Goleniów Sp. z o.o.**

The subject of the agreement is the execution of a navigational aid system at Szczecin-Goleniów Airport, along with the accompanying infrastructure.

The net remuneration for the execution of the agreement amounts to 9.4 million EUR; gross 11.5 million EUR.

5. Four agreements concluded on March 15, 2024, with **TAURON Nowe Technologie S.A.**

The subject of the agreements is the execution of works related to the ongoing operation and additional work on the lighting networks in the area of TAURON Nowe Technologie S.A. in the following localities: Kłodzko, Nowa Ruda, Borów, Domaniów, Łagiewniki, Jordanów Śląski, Kondratowice, Oława (city and commune), Siechnice, Strzelin, Wiązów, Żórawina, and the city of Wrocław.

The net remuneration for the execution of the agreements amounts to 26 million PLN; gross 31.9 million PLN.

6. Agreement concluded on April 26, 2024, with **Polskie Sieci Elektroenergetyczne S.A.**

The subject of the agreement is the execution of the task titled "Modernization of the 220/110 kV Adamów Substation – Stage 2a - Expansion of the 220 kV and 110 kV switchgear at the 220/110 kV Adamów Substation for the connection of BGP Adamów."

The net remuneration for the execution of the agreement amounts to 29.9 million PLN; gross 36.7 million PLN.

*Additionally, after the balance sheet date, i.e., September 4, 2024, an agreement was concluded with **Polskie Sieci Elektroenergetyczne S.A.***

The subject of the agreement is the execution of the task titled "Expansion and modernization of the 220 kV switchgear at the 400/220/110 kV Pątnów Substation – Stage 1: Expansion of the 220 kV switchgear at the 400/220/110 kV Pątnów Substation for the connection of the Mieczysławów energy storage and for the connection of the Bochlewo photovoltaic farm."

The maximum net remuneration for the execution of the agreement, including the option right, is 19.2 million PLN; gross 23.5 million PLN.



### 5.3. Main product groups

In ELEKTROTIM S.A. and the Capital Group, the following key product groups can be identified:

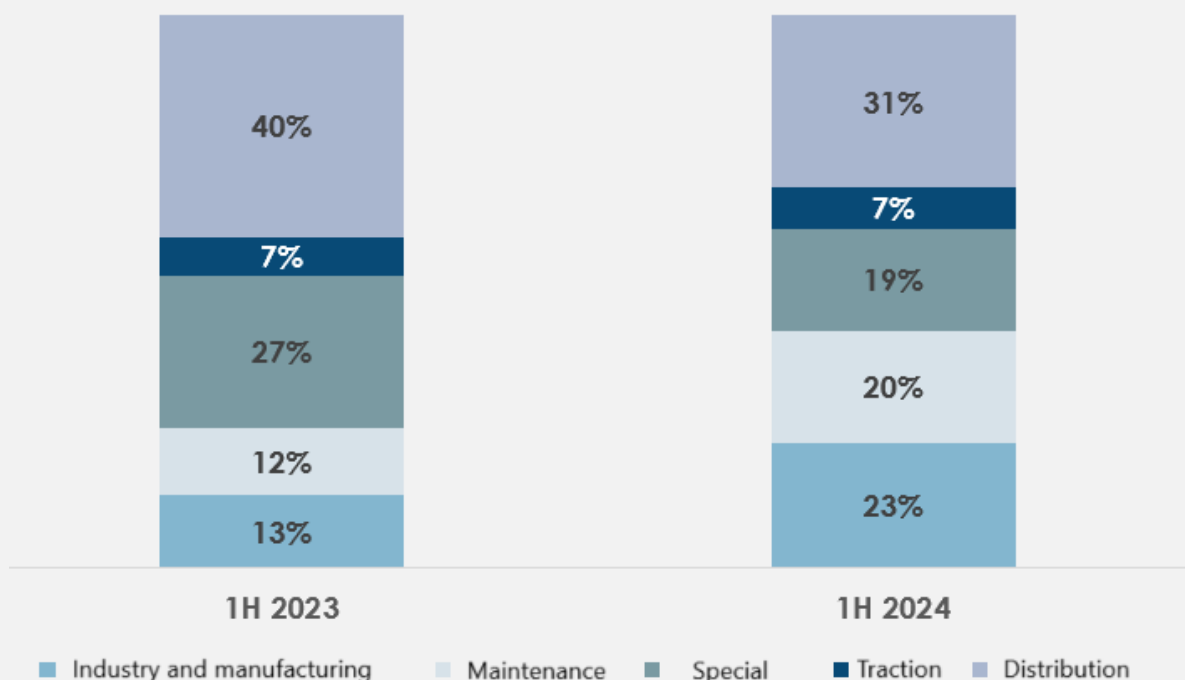
Group of products	Products
<b>Construction and execution projects</b>	<ul style="list-style-type: none"> <li>• electrical installation projects,</li> <li>• high, medium, and low voltage (HV, MV, LV) underground power line projects,</li> <li>• HV/MV and MV/LV transformer station projects,</li> <li>• protection automation (EAZ) projects,</li> <li>• lighting and infrastructure projects</li> <li>• illumination projects,</li> <li>• sanitary installation projects,</li> <li>• low-voltage installation projects.</li> </ul>
<b>Electrical installation construction services</b>	<ul style="list-style-type: none"> <li>• construction of medium and low voltage (MV/LV) transformer stations,</li> <li>• electrical installation construction,</li> <li>• object illumination.</li> </ul>
<b>Switchgear assembly, installation, and production services</b>	<ul style="list-style-type: none"> <li>• low voltage MCC switchgear of OKKEN type,</li> <li>• low voltage power distribution switchgear of PRISMA type,</li> <li>• X-ENERGY type switchgear,</li> <li>• medium and low voltage (MV/LV) transformer stations.</li> </ul>
<b>Low-current installation services</b>	<ul style="list-style-type: none"> <li>• computer-based BMS and SMS integration systems,</li> <li>• structured cabling systems,</li> <li>• fire alarm systems, access control, CCTV, time and attendance systems, technical protection,</li> <li>• building automation installations,</li> <li>• perimeter protection systems,</li> <li>• EIB systems,</li> <li>• telecommunication systems.</li> </ul>
<b>Electrical installation and equipment maintenance services</b>	<ul style="list-style-type: none"> <li>• maintenance of electrical installations and lighting,</li> <li>• measurement and control services,</li> <li>• temporary power supply.</li> </ul>
<b>Electrical network services</b>	<ul style="list-style-type: none"> <li>• traffic light systems,</li> <li>• road lighting,</li> <li>• building illumination,</li> <li>• medium and low voltage (MV and LV) cable lines,</li> <li>• telecommunication networks,</li> <li>• medium and low voltage (MV and LV) transformer stations</li> </ul>
<b>Construction, modernization, and maintenance of telecommunication networks</b>	<ul style="list-style-type: none"> <li>• telecommunication duct systems,</li> <li>• special telecommunication lines (MIL-WAN, SEC-WAN, PC&amp;U, ICC).</li> </ul>
<b>High-voltage station and network services</b>	<ul style="list-style-type: none"> <li>• overhead high-voltage (HV) power lines,</li> <li>• underground high-voltage (HV) power lines,</li> <li>• high/medium voltage (HV/MV) power substations,</li> <li>• supervisory control systems.</li> </ul>
<b>Road infrastructure services</b>	<ul style="list-style-type: none"> <li>• thin and thick layer road and street marking,</li> <li>• vertical signage,</li> <li>• traffic management: temporary and permanent,</li> <li>• road safety devices,</li> <li>• traffic management design projects</li> </ul>
<b>Traffic signal and lighting maintenance</b>	<ul style="list-style-type: none"> <li>• operation, modernization, and maintenance of traffic signals,</li> <li>• operation, modernization, and maintenance of external lighting and building illumination,</li> <li>• installation maintenance.</li> </ul>

<b>Security system services</b>	<ul style="list-style-type: none"> <li>• integration and management of security systems – security management platform – ZEW.SMS</li> <li>• monitoring systems and installation maintenance in building facilities,</li> <li>• data center services.</li> </ul>
<b>Airport system services</b>	<ul style="list-style-type: none"> <li>• airport and helipad navigation lighting,</li> <li>• radio and radionavigation facilities,</li> <li>• BAK arresting systems,</li> <li>• maintenance services for airport systems.</li> </ul>
<b>Construction and modernization of traction networks</b>	<ul style="list-style-type: none"> <li>• power supply for railway and tram traction networks,</li> <li>• traction equipment monitoring.</li> </ul>
<b>Energy project management</b>	<ul style="list-style-type: none"> <li>• management and execution of complex energy projects in sectors such as: <ul style="list-style-type: none"> <li>- defense,</li> <li>- industry,</li> <li>- airport infrastructure,</li> <li>- road infrastructure,</li> <li>- railway.</li> </ul> </li> </ul>

Individual products/product groups reflect the scope of operations of the Company's execution divisions, namely: the Special Division, Traction Division, Industry and Production Division, Maintenance Division, and Distribution Division.

## 5.4. Sales structure

### Revenue structure by divisions of the company in the first half of 2024 compared to the first half of 2023



The diversification of serviced markets ensures that the Company can achieve positive results even during downturns in specific segments. The situation in the various markets served by the Company shows a low or moderate level of correlation, which means that Elektrotim SA's diversification mitigates the impact of economic cycles.

The largest share of revenue (considering contract valuations, which allows insight into the Company's actual involvement in a given project) was generated by the Distribution Division, with a share of 31%. Significant contributions also came from the contracts of the Industry and Manufacturing Divisions (23%), Maintenance (20%), and Special (19%). The structure of revenue shares changed compared to the first half of 2023. In the case of the Distribution Division, there was a 9% decrease in share, resulting from a reduction in the number of tenders in the energy market at the turn of 2023/2024. The Industry and Manufacturing Division recorded a nearly 10% increase in its share due to work performed under a contract for KGHM Polska Miedź S.A. (Copper Plant in Głogów), as did the Maintenance Division. The Special Division saw an 8% decrease, which is a natural consequence of a high comparative base in the first half of 2023 when a contract for the construction of a perimeter barrier on the border with Belarus was being executed. It should also be noted that the Company has signed another contract with the Border Guard worth a net of 227 million PLN, for which the design phase has been completed, and the execution (and thus the results) will be recognized in the upcoming quarters. The low 7% share of the Company's revenue from the Traction Division is a result of the freeze in tender activity in the railway market and the market's dependence on the investment activity of a single client – PKP PLK. According to analysts from the research agency Spectis, long-term forecasts for the railway construction market are positive, and in the coming decade, over 100 billion PLN in investments co-financed by EU funds under the National Railway Program and several dozen billion PLN under the maintenance program of PKP PLK are expected.

Below are the sales data of the Company, resulting from the invoices issued during the specified periods, excluding revenues from the valuation of contracts that have been executed but not yet invoiced.

Market sales structure of ELEKTROTIM and the ELEKTROTIM Capital Group for 1H2023/1H2024 Market segment	Share (%) in ELEKTROTIM		Share (%) in the Capital Group	
	1H2023	1H2024	1H2023	1H2024
Energy	32	46	29	46
Local governments	10	24	9	24
Industry	18	20	19	20
Defense ministries	40	10	43	10
<b>SUMMARY</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

In connection with the implementation of the new strategy of ELEKTROTIM S.A. for the years 2023–2025, the Management Board of ELEKTROTIM S.A. has conducted a verification of the markets in which the Group operates, defining 5 serviced markets.

ELEKTROTIM S.A. distinguishes 5 operational markets (categorized by client and product criteria):

- Industry - infrastructure for industrial plants,
- Energy - energy generation, energy transmission, energy distribution,
- Local governments - road infrastructure, urban infrastructure, traffic engineering, communal infrastructure,
- Defense ministries - military, security services, border protection, airports,
- Traction - infrastructure for powering railway and urban traction.

In the first half of 2024, the energy market accounted for the highest share of sales for ELEKTROTIM S.A. (46%). This result was primarily influenced by contracts executed by the Distribution Division related to the construction of a 110 kV substation along with the supply line to Krasnosielc, the expansion of the high voltage substation for the Toyota production facility in Wałbrzych, the construction of a linear field for connecting the Lewańd Wielki wind farm, and the modernization of the 110/15 kV substation in Siewierz. Notably, there was a significant increase in the share of sales in the local government market, which reached 24%. The industrial market recorded a slight increase in the Company's sales share in the first half of the year, with the Industry and Manufacturing Division executing contracts for KGHM Polska Miedź S.A. and Nestle Purina Manufacturing Operations Poland sp. z o.o.

#### Product structure of sales for ELEKTROTIM S.A. and the ELEKTROTIM Capital Group in the first half of 2023 and the first half of 2024

Product group	Share (%) in ELEKTROTIM		Share (%) in the Capital Group	
	1H2023	1H2024	1H2023	1H2024
Power station	30	39	27	39
Electrical installations	16	20	17	20
Traffic engineering	2	10	2	10
High voltage lines	2	8	2	8

Signaling and lighting	6	8	5	8
Municipal networks	3	7	6	7
Security systems	39	6	38	6
Service	1	2	1	2
Airport systems	1	0	2	0
<b>SUMMARY</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

The highest share in sales for ELEKTROTIM S.A. in 2024, in terms of product categories, was held by power stations (39%), up from 30% in the first half of 2023. This reflects the company's strong involvement in projects for the expansion and modernization of the national energy system. The company also saw an increase in the share of electrical installations sales from 16% in the first half of 2023 to 20% in the first half of 2024, influenced by the execution of a contract in the industrial sector for Nestle Purina Manufacturing Operations Poland sp. z o.o. Significant increases in sales shares were also observed in the product groups: road traffic engineering, high voltage lines, and municipal networks. This situation reflects the company's commitment to executing projects during the analyzed period for clients in the energy and local government sectors. A notable decline in sales shares was recorded for security systems, which is a consequence of the completion of the contract at the Polish-Belarusian border.

#### Territorial sales structure of ELEKTROTIM S.A. and the ELEKTROTIM Capital Group in the first half-year

Voivodeship	Share (%) in ELEKTROTIM		Share (%) in the Capital Group	
	1H2023	1H2024	1H2023	1H2024
Lower Silesian	31	52	28	52
Masovian	11	18	13	18
Podlaskie	38	14	37	14
Greater Poland	3	5	3	5
Silesian	2	3	2	3
Łódź	4	2	4	2
Other	11	6	13	6
<b>SUMMARY</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

The highest percentage share in sales of ELEKTROTIM S.A. in the first half of 2024 was held by the Lower Silesian Voivodeship. More than half of the sales were made in this area, primarily driven by the activities of the Maintenance Division related to road safety, maintenance of road infrastructure devices, and projects executed by the Industry and Production Division for clients in the industrial sector, including Nestlé Purina Manufacturing Operations Poland sp. z o.o.

The company and its subsidiaries conduct sales exclusively in the domestic market.

## Main clients of ELEKTROTIM S.A. and the ELEKTROTIM Capital Group in the first half of 2023 and the first half of 2024

Client	Share (%) in ELEKTROTIM		Share (%) In the Capital Group	
	1H2023	1H2024	1H2023	1H2024
PGE Dystrybucja S.A.	10	20	9	20
Nestle Purina Manufacturing Operations Poland sp. z o.o.	13	14	12	14
TAURON DYSTRYBUCJA S.A.	3	12	3	12
ENERGA-OPERATOR SA	0	8	0	8
Skarb Państwa - Generalna Dyrekcja Dróg Krajowych i Autostrad oddział we Wrocławiu	1	6	2	6
Fortum Power and Heat Polska sp. z o.o.	0	5	0	5
Gmina Wrocław	3	5	3	5
KGHM Polska Miedź S.A.	1	4	1	4
Others	69	26	70	26
<b>SUMMARY</b>	100	100	100	100

In the first half of 2024, the highest share in sales for ELEKTROTIM S.A. was held by PGE Dystrybucja S.A. at 20%. In second place, with a 14% share in sales, was Nestle Purina Manufacturing Operations Poland Sp. z o.o., a client of the Industry and Manufacturing Division. The share of Tauron Dystrybucja S.A. significantly increased to 12% in the first half of 2024, up from 3% in the corresponding period of the previous year.

## 5.5. Sources of supply

The companies within the Capital Group strive to diversify their sources of supply by operating in accordance with the established procedures of the ISO 9001:2015-10 Quality Management System. They establish and maintain cooperation with suppliers who, upon meeting strictly defined requirements, are placed on the list of qualified suppliers.

The principle is that for every product (material, service, item), the companies within the Group have no fewer than two suppliers. This approach guarantees the provision of services while maintaining the highest standards and optimizes the benefits arising from economies of scale. The implemented purchasing procedures reduce the likelihood of becoming dependent on a supplier and create a solid foundation for long-term cooperation with suppliers based on mutual respect for the interests of both parties.

### Main suppliers 1H 2024

Suppliers	Share (%) in ELEKTROTIM	Share (%) in the Capital Group
International BRONMETAL S.A.	8	8
ELEKTRO-INVEST HURT Sp. z o.o. Sp. Komandytowa	4	4
Natipol Energy Sp. z o.o.	4	4
POLTEL Telecom sp. z o.o. sp.k.	4	4
Elmont sp. z o.o.	4	4
TIM SA	3	3



MABUD s.c. M.Chojecki, A.Atras	3	3
MELOGRÓD Sp. Z o.o.	3	3
PADSTONE Spółka z ograniczoną odpowiedzialnością	2	2
Schneider Electric Polska Sp. z o.o.	2	2
Others	63	63
<b>SUMMARY</b>	<b>100</b>	<b>100</b>

In the first half of 2024, the companies within the Group achieved a high degree of supplier diversification, which translates into minimizing the risk of dependency on a single supplier. None of the suppliers exceeded a 10% share of total purchases, a level considered as a criterion for moderate risk.

There are no formal ties between the aforementioned suppliers and the Company or the Group.

## 6. RISK MANAGEMENT

**Description of significant risks associated with the unit's operations that may adversely affect the issues mentioned above, including risks related to the unit's products or its relationships with the external environment, including contractors, as well as a description of the management of these risks.**

The document regulating the area related to risk management in the ELEKTROTIM Capital Group is the Risk Management Policy. It has been developed based on the recommendations of the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and the ISO 31000 standard, along with related standards. The Risk Management Policy aims to integrate activities conducted in the Companies concerning risk management in various areas of operational, financial, and corporate activities.

The ELEKTROTIM Capital Group conducts a review of risks once a year. The risk review is performed for perspectives, categories, and partial risks. During the review, an assessment of the risks is carried out, which includes identification, analysis, and evaluation of the risks. Their relevance, applicability, and effectiveness are verified. Committees and commissions have been established to monitor selected risk categories, including: the Audit Committee of the Supervisory Board of ET, the ET Risk Committee, the Financial Risk Committee, the Executive Risk Committee, the Information Security Committee, and the Health and Safety Committee.

The risk management systems in the Companies of the Capital Group are correlated with the management system in ELEKTROTIM S.A. In ELEKTROTIM S.A., the following significant risk categories have been defined within the following perspectives:

1. **Strategic perspective** - within this perspective, risk categories are analyzed, including risks (threats) that may materialize over a period longer than 24 months, namely:
  - **political risk category** - this category analyzes partial risks related to the possibility of intervention by government authorities in various countries or on the international stage, both concerning the entire economy and specific sectors.
  - **economic risk category** - this category analyzes partial risks that take into account the impact of external economic and financial factors on the company.
  - **long-term market risk category** - this category analyzes partial risks associated with the industry in which the ELEKTROTIM Capital Group operates. These risks are

related to customers, suppliers, and products offered by the companies, which may materialize over a period not shorter than 24 months.

- **corporate risk category** - this category examines partial risks concerning uncertainties associated with the risks and opportunities related to delivering benefits to the company's shareholders.

**2. Operational perspective** - within this perspective, risk categories are analyzed, including risks related to the current issues of the ELEKTROTIM Capital Group's operations, namely:

- **personnel risk category** - this category analyzes partial risks associated with managing the company's human capital.
- **short-term market risk category** - this category analyzes partial risks related to the industry in which the ELEKTROTIM Capital Group operates. These risks are associated with customers, suppliers, and products offered by the Group, which may materialize within a period shorter than 24 months.
- **executive risk category** - this category analyzes partial risks on a project that are not recognized in the current budget and may cause a negative deviation of the M1 margin value from the verified M1z margin value.
- **financial risk category** - this category analyzes partial risks that result in a decrease in remuneration or a reduction in the value of remuneration in the national currency.
- **information security risk category** - this category analyzes partial risks concerning the potential loss, destruction, and unauthorized access to important information held, processed, and transmitted by the ELEKTROTIM Capital Group.

**3. Financial reporting perspective** - within this perspective, risk categories are analyzed, including risks (threats) related to the recognition and interpretation of the current financial and payment situation concerning the ongoing operations of the ELEKTROTIM Capital Group, namely:

- **Financial reporting risk category** - this category analyzes partial risks associated with recognizing and interpreting the current financial and payment situation related to the ongoing activities of the ELEKTROTIM Capital Group.

**4. Compliance perspective** - within this perspective, risk categories are analyzed, including risks (threats) arising from legal obligations related to the functioning of the ELEKTROTIM Capital Group and its business activities, as well as its affiliation with public interest entities.

- **Legal compliance risk category** - this category analyzes partial risks that may materialize if the organization fails to adapt to new legal solutions and other regulations or if it does not comply with legal provisions, internal regulations, and the standards of conduct adopted by the organization.

Within the adopted perspectives, the significant risk factors and threats for the ELEKTROTIM Capital Group that may impact the Group's development and its financial results are presented below. The order of the individual groups and the specific factors within those groups is not presented in terms of the likelihood of their occurrence or their significance to the ongoing business operations.

#### **Within the Strategic Perspective:**

- **Risks related to the macroeconomic and geopolitical situation**

The financial results of the companies in the ELEKTROTIM Capital Group depend on the economic situation in the country and abroad. The ELEKTROTIM Capital Group operates in the construction market related to the implementation of infrastructure investments; therefore, a

slowdown in economic growth and conditions in the construction sector may adversely affect the achievement of the Group's strategic goals in the long term.

The ongoing uncertainty related to the geopolitical situation, primarily caused by the conflict in Ukraine, increasing tensions between the USA and China, the escalation of conflict in the Middle East and Gaza Strip, and the upcoming presidential elections in the USA, has a medium-level impact on key areas of the Group's operations, including commodity prices, transportation, and labor costs. The Group recognizes that the situation in Ukraine and Belarus may influence the increase in defense-related investments in Poland, as well as potentially lead to capital outflows, instability in interest rates, and macroeconomic conditions.

The companies within the Capital Group continuously monitor the macroeconomic and geopolitical situation—specifically analyzing economic data, observing financial markets, tracking changes in commodity prices and exchange rates, keeping an eye on changes and expected industry trends, and monitoring geopolitical events. This monitoring allows the Group to respond proactively to changes, make informed business decisions, and minimize risks.

- **Risks related to the political cycle**

The ELEKTROTIM Capital Group recognizes the risks associated with the political cycle—changes in policy, the dynamics of the democratic process, and the potential adjustments to key strategies and policies that may occur during electoral cycles or with new government and local government terms.

The year 2024, being the year of local and European elections, presents several significant risks that could impact the economy and investment decisions of enterprises. The post-election uncertainty, also related to potential changes in government and local authorities, may prompt investors to delay or halt investment decisions. A new government and administration might introduce changes in trade, fiscal, tax policies, and legal regulations that could affect the operations of companies and industries. Potential unrest, protests, or conflicts may lead to societal instability and disruptions in economic activities. These circumstances, along with the hesitance to invest in the short term, could moderately impact the Group's operations and financial results.

- **Risk related to epidemiological threats**

The risk associated with epidemiological threats, including the potential occurrence and spread of infectious diseases such as pandemics and epidemics, significantly affects the financial health of many business entities and impacts global market trends. As of July 1, 2023, the state of epidemic threat in Poland, introduced in connection with the SARS-CoV-2 virus infection, has been lifted. The cancellation of the epidemic threat status resulted in the removal of specific solutions and restrictions, restoring the legal status that existed before March 14, 2020. Currently, the Group assesses that the effects of the COVID-19 pandemic may be felt only to a small extent. However, the Group recognizes the risk of new virus variants emerging, which could worsen the market situation in the future and consequently lead to negative financial or organizational impacts.

- **Risks related to development**

Development-related risks include: market risk associated with expansion into new markets or sectors, and technological risk linked to the implementation of new technologies and processes. ELEKTROTIM S.A. plans to expand its offerings in renewable energy sources (RES), energy storage, smart grid technologies, as well as urban and railway infrastructure. Additionally, the company aims to engage in collaborations related to hydrogen and nuclear technologies.

The growth and development of the Company may require significant financial investments, including investments in new technology, working capital, hiring personnel, and developing new

products and services. The risks associated with entering new markets may pose threats related to unfamiliar market conditions, competition, and customer preferences. The materialization of these risks may have a moderate impact on the Group's operations.

To minimize these risks, the Company conducts thorough analyses, adjusts its internal processes and organizational structure, organizes access to external financing, enhances employee competencies, and adopts a flexible approach to changes.

- **Risk related to increasing competition**

The ELEKTROTIM Group operates in a competitive market, where both specialized entities and those from the broader construction industry are active. The unstable macroeconomic situation, low levels of public and private investment, and delayed disbursement of funds from the National Reconstruction Plan have significantly intensified competition. Further increases in competition may negatively affect the Group's future financial results and growth prospects. Additionally, rising competition can lead to rapid changes in customer expectations and preferences. In an increasingly competitive atmosphere, price becomes one of the most crucial elements of rivalry, which may result in shrinking profit margins. In the Group's assessment, the short-term exposure to this risk is moderate but is expected to be mitigated to a low level due to the anticipated growth in demand for the Company's services.

To mitigate risks, the companies within the Group are diversifying their sales segments, engaging in marketing and promotional activities, maintaining high-quality services, forming consortia, and implementing process innovations to gain a competitive advantage.

#### **Operational perspective:**

- **Personnel risks**

Personnel risks encompass those related to staff shortages, the loss of skilled employees, and the risk of rising personnel costs due to wage pressure. Companies within the ELEKTROTIM Group are exposed to the aforementioned risks to a high degree.

Poland has one of the lowest unemployment rates in the European Union. The harmonized unemployment rate, calculated according to the definition adopted by Eurostat, stood at 3% in Poland in June 2024, which is half of the EU average (6%). Poland ranks second in the EU. The registered unemployment rate in July 2024 was 5%, maintaining the same level as in July 2023. The stable situation in the labor market and the ongoing phenomenon of a "worker's market" present significant risks for construction companies due to the limited availability of skilled workers. One of the most pressing issues currently facing the ELEKTROTIM Group is the lack of employees, particularly skilled operational workers. Additionally, persistent inflation, rising energy prices, and unfavorable macroeconomic conditions may lead to a continuation of trends in 2024 related to increasing wage pressure and the loss of experienced employees. Therefore, when developing its strategy for 2023-2025, ELEKTROTIM S.A. identified this issue as the main risk facing the company.

To mitigate the risk, the Group has implemented preventive measures, including participation in job fairs, collaboration with vocational schools, organizing student internships, and developing engineering and managerial competencies through training sessions, courses, and studies. Additionally, the Group ensures stable employment and high work standards.

- **Executory and post-execution risks**

Executory and post-execution risks include: the risk associated with changes in the scope of work and/or the duration of completion, the risk of incurring additional costs not accounted for during the bidding stage, the risk related to untimely or inadequate fulfillment of contracts, the risk of

failures, accidents, disasters, and the risk of changes in raw material prices that may cause negative deviations from the originally planned margin.

In the business activities conducted by the companies within the ELEKTROTIM Capital Group, there is a risk associated with non-performance or improper performance of contracts. The companies operate multiple independent contracts simultaneously. Most of these are unique projects managed by a project manager, each with its own budget, scope, and completion deadline. Timely and proper fulfillment of contractual obligations is influenced by various factors, both dependent and independent of the contractor. Despite the implementation of control mechanisms and the mitigation of certain risks (credit, currency, insurance), there remains a possibility of encountering threats that could result in the execution of a contract with a margin lower than originally planned, including:

- Changes in the project scope or technologies not accounted for at the bidding stage,
- Increases in the prices of materials and services,
- Increased costs resulting from warranty obligations,
- Limitations in the availability of subcontractors or poor quality of services provided,
- Delays in the timely execution of projects,
- Delays in obtaining the necessary administrative decisions,
- Unfavorable weather or ground conditions,
- Occurrence of random events such as: failures, accidents, disasters.

The described circumstances and unfavorable changes in project scope may negatively impact the operations, financial situation, financial results, or reputation of the ELEKTROTIM Capital Group. The Group assesses that the level of exposure to the above risks is high. To minimize this exposure, the Group's companies monitor risks related to the execution of individual contracts right from the bidding stage. At various stages of contract execution, in addition to the Project Manager, appointed committees participate in the risk assessment: the Executive Risk Committee and the Financial Risk Committee. The monitoring covers all risks (opportunities and threats), including technical, economic, legal, logistical, environmental, health and safety, and quality risks. After the completion of selected contracts, during the final assessment, the risks and actions taken to mitigate them are discussed, and conclusions (best practices) are drawn.

#### • **Risks related to the production process**

The activities carried out by the ELEKTROTIM Capital Group are associated with risks generated by the production process. Most of the products sold are unique, innovative, and complex systems. The Group's employees provide services using the current state of technical knowledge, the latest technologies, project management methodologies, standardized solutions, and procedures that comply with international quality standards. The service offerings are developed through continuous exchange of views and experiences between the Company and the Client regarding needs and technical possibilities. Orders are executed over periods ranging from several weeks to several years. During each undertaking, changes occur that are introduced in a more or less formalized manner, generating the following risks associated with the course of the execution process:

- Incorrect identification of client needs;
- Inaccurate estimation of production costs,
- Changes in production costs during the production process,
- Changes in legal regulations,
- Management errors,
- Errors in change management,
- Errors in technical and technological solutions.

The consequences of risks associated with the service delivery process may include a reduction in revenues and/or an increase in costs, which, in turn, may lead to a decrease in the financial results of the ELEKTROTIM Capital Group. These risks can have various sources and natures, and their impact on financial results can be more or less significant.

In the Group's assessment, the degree of exposure to these risks is high. To minimize this risk, the ELEKTROTIM Capital Group has developed, implemented, and maintains an integrated management system based on ISO standards and quality control procedures related to technical standards for product testing. The company continuously engages in activities to raise awareness among employees and management regarding legal responsibility for products resulting from the declaration of conformity issued for each product.

- **Financial risks**

Financial risks include risks related to changes in exchange rates, changes in interest rates, loss or reduction of financial liquidity, and credit risk. Companies within the ELEKTROTIM Capital Group are exposed to the aforementioned risks to a medium degree.

The ELEKTROTIM Capital Group is exposed to currency risk. The Group is primarily exposed to the risk associated with the EUR/PLN and USD/PLN exchange rates. The source of transactional exposure to currency risk comes from contracts related to the supply of materials and raw materials, resulting in cash flows whose value in the base currency is dependent on future levels of foreign exchange rates. The Group aims to purchase foreign currencies on terms no worse than those assumed in the execution budgets and to balance the value of assets and liabilities expressed in a given currency. The exposure to currency risk changes throughout the year, depending on the volume of transactions conducted in foreign currencies and the value of currencies accumulated for payments. There is a risk that despite the use of hedging mechanisms, the cost of materials and equipment purchased in foreign currency, when converted to the local currency, will be higher than that assumed in the budget, which may lead to an increase in costs and a decrease in the originally planned margin.

The risk of changes in interest rates arises primarily from the use of bank loans, borrowings, and leasing services by the Group's companies, which are interest-rated at variable rates. The Group manages these risks by maintaining appropriate monitoring of its debt levels. Managing the risk of interest rate changes focuses on optimizing the level of indebtedness while utilizing trade credit to a market-conditioned extent and taking into account financial costs in management calculations related to contract financing and realized margins.

The ELEKTROTIM Capital Group is also exposed to temporary disruptions or, in extreme cases, the loss of its ability to meet obligations by their due dates. This may be caused by sudden changes in market conditions, the method of contract settlement (payment upon project completion), delays by clients in fulfilling their obligations to the Group, client bankruptcies, and limited availability of financing sources. To effectively manage liquidity risk, the Group optimizes its financing sources, utilizing options such as bank loans, factoring, and internal funds, appropriately adjusting the payment terms of each to ensure maximum cash flow efficiency.

The specificity of construction activities exposes the Group to a concentration of credit risk. The nature of the projects undertaken often requires significant working capital due to their relatively high value and long completion times. Contracts entered into by companies in the ELEKTROTIM Capital Group also stipulate the obligation to establish securities for the proper and timely execution of the contract, as well as the removal of defects and shortcomings, in the form of bank or insurance guarantees. Additionally, prolonged acceptance procedures for completed works, the obligation to settle debts to subcontractors within a specified timeframe, and the established payment terms after the completion of the entire contract result in a significant commitment of funds to current operations. In the event of potential limitations in the availability of financing sources or the termination of credit and insurance agreements, there is a risk of



reduced operational scale due to decreased bidding capacity, which could consequently impact turnover and financial results. To minimize this risk, the Group intends to focus on short- and medium-term projects with high margins, manage securities and guarantees rationally, increase the value of working capital, and diversify sales segments.

- **Risk of impairment and/or bankruptcy of subsidiaries**

The risk of impairment and/or bankruptcy of subsidiaries is associated with the activities of the individual companies within the Capital Group and the factors affecting their financial performance (decline in revenues, profits, operational difficulties, changes in the market environment, high competition, changes in legal regulations, excessive debt). As of June 30, 2024, ELEKTROTIM S.A. held an 82% stake in OSTOYA-Data System Sp. z o.o. The risk of impairment and/or bankruptcy may impact the valuation of the entire Group and potentially the value of the parent company's shares, including a deterioration in the Group's consolidated financial results.

- **Risks related to information security, i.e., loss of information, change in information integrity, unauthorized access to sensitive information**

In the activities of the ELEKTROTIM Capital Group, there exists a risk associated with information security concerning threats that may affect the confidentiality, integrity, and availability of data and information systems. The companies within the Group collect, process, and share sensitive information. These activities are conducted in accordance with the requirements of the implemented management system compliant with the PN-EN ISO/IEC 27001:2017 standard. In the Group's assessment, the degree of exposure to the above risks is moderate. To minimize risks related to information security, the Group employs appropriate security practices, such as regular software updates, the use of strong passwords, implementing antivirus solutions and firewalls, training employees on information security, and developing incident response plans.

- **Risk associated with cyber threats**

In the era of digital transformation and process automation, as well as migration to cloud environments, there are increasingly more potential threats arising from attacks or IT incidents. Cyber risks, such as IT failures, system breaches, ransomware attacks, or data breaches, have ranked as the most significant global risk for the third consecutive time. Cyber threats are continually evolving as hackers and criminals gain access to new technologies (including those based on artificial intelligence) or find new ways to exploit vulnerabilities and weaknesses in systems, increasing the speed and scale of attacks while creating malware or fake news. In the Group's assessment, the degree of exposure to these risks is moderate. To minimize risk, the Group has implemented security principles compliant with the requirements of the PN-EN ISO/IEC 27001:2017 standard, conducts regular audits and training, monitors network activity, and responds to all incidents.

- **Risk of losing the ability to protect classified information**

Companies within the ELEKTROTIM Capital Group undertake projects subject to the regulations of the Act on the Protection of Classified Information dated August 5, 2010. A prerequisite for engaging in these projects is possessing the appropriate certifications (such as personal security and industrial security certifications). There is a risk that, despite exercising due diligence, circumstances may arise that result in the loss or non-renewal of the certifications held. The consequences of this may include the loss of the ability to provide services to strategic clients and difficulties in fulfilling signed contracts, which in turn may lead to a decrease in sales and the Group's financial performance. In the Group's assessment, the degree of exposure to these risks is moderate.

#### **Within the Financial Reporting Perspective:**



- **Risk of misrepresentation of financial results due to erroneous estimates**

ELEKTROTIM S.A. presents its standalone and consolidated financial results in accordance with IAS/IFRS. The financial statements are audited by an independent auditor, and the audit report is published along with the financial results report. There is a risk that, despite exercising due diligence and having a well-organized internal control system in place, accounting estimates may contain errors in the valuation of unsold inventory, contract valuations, improper recognition of revenue from customer contracts, and impairment of intangible assets. Erroneous estimates may result in a significant distortion of the reported results. In the Group's assessment, the degree of exposure to this risk is moderate. To minimize this risk, the Group employs appropriate estimation methods and techniques, taking into account best practices in accounting and finance, ensuring proper control and oversight of accounting and financial reporting processes, and regularly conducting reviews and audits.

**Within the Compliance Perspective:**

- **Regulatory risk (compliance with law)**

Regulatory risk refers to the potential negative consequences that may arise from non-compliance or changes in laws and regulations concerning the operations of the Group's companies or the economic sector. The companies within the ELEKTROTIM Capital Group continuously analyze the legal landscape and promptly adjust their organizations to meet the requirements of national and EU regulations. There is a risk that, despite exercising due diligence, due to possible interpretational discrepancies or a lack of transparency and consistency in the legal changes being introduced, the companies may not adapt to the evolving legal environment within the stipulated timeframe. Amendments to regulations that are significant for the companies' operations may lead to increased operational costs, as changes may necessitate adjustments to the activities and processes occurring within the companies (e.g., KSeF, ESG). Legal disputes or financial penalties imposed for failing to fulfill obligations arising from regulations, such as tax laws, reporting obligations for companies listed on the stock exchange, data protection laws, etc., may result in lost revenue and decreased customer trust. In the Group's assessment, the degree of exposure to these risks is moderate. To minimize this risk, the companies monitor legal changes and adjust their actions and procedures to remain compliant with regulatory requirements.

- **Legal dispute risk**

Legal dispute risk refers to the potential negative outcomes of court proceedings in which the companies of the Capital Group are parties. The consequences of this risk include losses related to criminal, civil, and administrative liability, as well as damage to reputation. In the Group's assessment, the degree of exposure to this risk is moderate. To minimize this risk, the companies first undertake actions aimed at avoiding resolution of disputes through litigation.

- **Risk associated with implementing a sustainable development policy**

The ELEKTROTIM Capital Group observes a growing interest from investors and other entities in environmental, social, and corporate governance (ESG) issues. Reporting on sustainable development (publishing ESG data in accordance with the CSRD directive) aims to ensure comparability and transparency of information provided by companies, enabling investors to make informed decisions regarding sustainable investments. ELEKTROTIM S.A. will be subject to mandatory reporting in 2025 (with the report published in 2026); however, it already recognizes certain associated risks, including:

- The complexity of legal requirements, including the topic of sustainable development itself,

- Low awareness and understanding of ESG reporting issues among employees and contractors,
- Lack of tools for data collection (the need to gather new data that the company has not previously monitored or collected, e.g., carbon footprint),
- Lack of or limited availability of data on contractors regarding ESG.

To minimize the risk, the Company is increasing awareness and understanding of ESG reporting issues by training personnel and collaborating with specialized consulting firms. In the assessment of ELEKTROTIM S.A., the level of exposure to the above risk is low.

## 7. CORPORATE INFORMATION

### 7.1. Shares and shareholding

**Indication of shareholders who directly or indirectly through subsidiaries hold at least 5% of the total number of votes at the issuer's general meeting as of the date of the report, along with the indication of the number of shares held by these entities, the percentage share of these shares in the share capital, the number of votes resulting from them, and the percentage share of these shares in the total number of votes at the general meeting.**

List of shareholders holding at least 5% of the total number of votes at the general meeting according to the information held by the Company as of the date of publication of the report.

The Company's shares are not privileged with respect to voting rights. Each share entitles the holder to one vote.

The list of shareholders has been prepared according to their shareholdings in the Company's share capital amounting to PLN 9,983,009.00.

Shareholder	Number of shares	Share in equity	Number of votes at the AGM	Share in total votes at the AGM
Fundacja Rodzinna VESPER	1,319,534	13.22%	1,319,534	13.22%
Krzysztof and Ewa Folta	1,040,000	10.42%	1,040,000	10.42%
PTE Allianz Polska S.A.	979,236	9.81%	979,236	9.81%
Futuro Fundacja Rodzinna	600,000	6.01%	600,000	6.01%
Nationale Nederlanden PTE S.A.	584,244	5.85%	584,244	5.85%

### **Indication of changes in the ownership structure of significant shareholdings of the issuer during the period from the date of submission of the previous periodic report**

1. The Company received a notification on July 11, 2024, prepared pursuant to Article 69 of the Act on Public Offerings and the Conditions for Introducing Financial Instruments to Organized Trading and Public Companies, from Mr. Mirosław Nowakowski regarding a change in his shareholding. This notification pertains to the transfer of shares as a result of a donation made by Mr. Mirosław Nowakowski to Futuro Fundacja Rodzinna based in Wrocław.

According to the received notification—prior to the change—Mr. Mirosław Nowakowski held 600,000 shares of the Company, representing 6.01% of the Company's share capital, which entitled him to exercise 600,000 votes at the Company's General Meeting from shares constituting 6.01% of the total number of votes at the Company's General Meeting. After the change, i.e., following the transfer (donation) of the shares, Mr. Mirosław Nowakowski holds 0 shares, representing 0% of the Company's share capital, which gives him the right to exercise 0 votes from shares constituting 0% of the total number of votes at the Company's General Meeting.

2. The Company received a notification on July 14, 2024, prepared pursuant to Article 69 of the Act on Public Offerings and the Conditions for Introducing Financial Instruments to Organized Trading and Public Companies, from Mr. Mirosław Nowakowski, President of the Board of Futuro Fundacja Rodzinna based in Wrocław, regarding a change in the shareholding, specifically the crossing of 5% of the total number of votes in the Company as a result of a donation made by Mr. Mirosław Nowakowski to Futuro Fundacja Rodzinna based in Wrocław.

According to the received notification—prior to the change—Futuro Fundacja Rodzinna based in Wrocław held 0 shares of the Company, representing 0% of the Company's share capital, which entitled it to exercise 0 votes from shares constituting 0% of the total number of votes at the Company's General Meeting. After the change, i.e., following the acquisition (receipt of the donation) of the Company's shares, Futuro Fundacja Rodzinna based in Wrocław holds 600,000 shares of the Company, representing 6.01% of the Company's share capital, which gives it the right to exercise 600,000 votes at the Company's General Meeting from shares constituting 6.01% of the total number of votes at the Company's General Meeting.

3. The Company received a notification on July 18, 2024, prepared pursuant to Article 69 of the Act on Public Offerings and the Conditions for Introducing Financial Instruments to Organized Trading and Public Companies, from Mr. Krzysztof Wieczorkowski regarding a change in the shareholding, specifically the sale of shares as a result of a donation made by Mr. Krzysztof Wieczorkowski to Fundacja Rodzinna VESPER based in Wrocław.

According to the received notification—prior to the change—Mr. Krzysztof Wieczorkowski held 1,319,534 shares of the Company, representing 13.22% of the Company's share capital, which entitled him to exercise 1,319,534 votes at the Company's General Meeting from shares constituting 13.22% of the total number of votes at the Company's General Meeting. After the change, i.e., following the sale (donation) of the shares, Mr. Krzysztof Wieczorkowski holds 0 shares, representing 0% of the Company's share capital, which gives him the right to exercise 0 votes from shares constituting 0% of the total number of votes at the Company's General Meeting.

4. The Company received on July 18, 2024, a notification, prepared based on Article 69 of the Public Offering Act and the conditions for introducing financial instruments to the organized trading system and public companies, from Ms. Dorota Wieczorkowska, President of the Board of Fundacja Rodzinna VESPER based in Wrocław, regarding a change in the shareholding status, specifically the crossing of 5% of the total voting rights in the Company as a result of a donation made by Mr. Krzysztof Wieczorkowski to Fundacja Rodzinna VESPER based in Wrocław.

According to the received notification – before the change – Fundacja Rodzinna VESPER held 0 shares of the Company, representing 0% of the share capital of the Company, which granted the right to exercise 0 votes from shares representing 0% of the total number of votes at the Company's General Meeting. After the change, i.e., following the acquisition (receipt of the donation) of the Company's shares, Fundacja Rodzinna VESPER holds 1,319,534 shares of the Company, representing 13.22% of the share capital of the Company, which grants the right to exercise 1,319,534 votes at the Company's General Meeting from shares representing 13.22% of the total number of votes at the Company's General Meeting.

5. The Company received on August 9, 2024, a notification, prepared based on Article 69 in connection with Article 87(1)(5) of the Public Offering Act and the conditions for introducing financial instruments to the organized trading system and public companies, from Mr. Krzysztof Folta regarding a change in the shareholding status of Ewa and Krzysztof Folta.

According to the submitted notification, as a result of the conducted transactions, the shareholding of Mr. Krzysztof and Ms. Ewa Folta in the share capital of the Company changed as follows:

Decrease in the shareholding directly before the change: from 15.76% to 15.19%;

Decrease in the shareholding directly before the change: from 15.07% to 14.9%;

Decrease in the shareholding directly before the change: from 13.06% to 12.83%;

Decrease in the shareholding directly before the change: from 10.92% to 10.66%;

Decrease in the shareholding directly before the change: from 10.036% to 9.966%;

Increase in the shareholding directly before the change: from 8.41% to 10.42%.

**Summary of the shareholding status of the issuer's shares or rights to them by the persons managing and supervising the issuer as of the date of the report submission, along with an indication of changes in the shareholding status during the period from the date of the previous periodic report, separately for each of these individuals.**

The total number of shares of ELEKTROTIM S.A. is 9,983,000 bearer shares with a nominal value of PLN 1.00 each.

### Management Board

Name and function	Number of shares of ELEKTROTIM SA	Percentage share in the Company's equity (and votes at the General Meeting)
Dariusz Kozikowski – Member of the Management Board	4,980	0.05%
Maciej Posadzy – Member of the Management Board	36,000	0.36%

Mr. Maciej Posadzy, appointed as a Member of the Management Board of the Company as of July 1, 2024, having served as the Chairman of the Supervisory Board of the Company until June 25, 2024, purchased shares of the Company on June 12 and 13, 2024, which was published in current report No. 22/2024 on June 14, 2024.

The other Members of the Management Board, namely Artur Więżnowski, Krzysztof Wójcikowski, and Marek Piotrowski, do not hold any shares of the Company.

### Supervisory Board

Name and function	Number of shares of ELEKTROTIM SA	Percentage share in the Company's equity (and votes at the General Meeting)
Jan Walulik – Chairman of the Supervisory Board	410,000	4.11%
Jan Siniarski – Member of the Supervisory Board	350	0.004%

In connection with the appointment of Mr. Jan Siniarski to the position of Member of the Supervisory Board of the Company as of June 25, 2024, the Company provides information about the shareholding of Mr. Jan Siniarski in the Company.

The other Members of the Supervisory Board do not hold shares in the Company.

## 7.2. Dividend policy and dividends

### Description of the dividend payout policy

In the first half of 2023, the Company adopted a new dividend payout policy as part of its strategy for the years 2023-2025.

According to the adopted policy, the Management Board of the Company, after obtaining a positive opinion from the Supervisory Board, will recommend to the Ordinary General Meeting of ELEKTROTIM S.A. the payment of dividends ranging from 50% to 75% of the net profit.

In determining the amount of the dividend recommended by the Management Board, various factors are taken into account, including: business assessment, development prospects and related investment needs of the Company and the Group, liquidity situation, cost of debt financing, ability to secure financing for existing and future obligations, the necessity to maintain debt at a safe level, as well as analysis of the current and projected market situation.

### Dividend payment

On June 25, 2024, the Ordinary General Meeting of the Company allocated PLN 24,957,522.50 for dividend payments to shareholders, amounting to PLN 2.50 per share of ELEKTROTIM S.A., which represents approximately 62% of the net profit of ELEKTROTIM S.A. for the year 2023.

The dividend was paid on September 4, 2024, and eligible to receive it were shareholders who held shares of the Company on August 12, 2024.

## 7.3. Management Board and Supervisory Board

### 7.3.1. Management Board

#### Composition of the Management Board and changes since last publication

**From January 1, 2024, to June 30, 2024**, the Management Board of ELEKTROTIM S.A. operated with the following members:

- |                          |   |                                    |
|--------------------------|---|------------------------------------|
| 1. Artur Więznowski      | - | President of the Management Board, |
| 2. Dariusz Kozikowski    | - | Member of the Management Board,    |
| 3. Krzysztof Wójcikowski | - | Member of the Management Board.    |

On June 25, 2024, the Supervisory Board expanded the Management Board from three to five members and appointed two new Members of the Management Board, Mr. Maciej Posadzy and Mr. Marek Piotrowski, effective July 1, 2024.

As of the date of the semi-annual report submission, the Management Board of ELEKTROTIM S.A. is composed of the following members:

- |                          |   |                                    |
|--------------------------|---|------------------------------------|
| 1. Artur Więznowski      | - | President of the Management Board, |
| 2. Dariusz Kozikowski    | - | Member of the Management Board,    |
| 3. Marek Piotrowski      | - | Member of the Management Board,    |
| 4. Maciej Posadzy        | - | Member of the Management Board,    |
| 5. Krzysztof Wójcikowski | - | Member of the Management Board.    |



**ARTUR  
WIĘZNOWSKI**  
President of the  
Management Board



**DARIUSZ  
KOZIKOWSKI**  
Member of the  
Management Board



**KRZYSZTOF  
WÓJCIKOWSKI**  
Member of the  
Management Board



**MACIEJ  
POSADZY**  
Member of the  
Management Board



**MAREK  
PIOTROWSKI**  
Member of the  
Management Board

The joint three-year term of the Management Board will expire on the date of the Ordinary General Meeting of ELEKTROTIM S.A. that approves the financial statements for the year 2024.



### 7.3.2. Supervisory Board

#### Composition of the Supervisory Board and changes since the last publication

**From January 1, 2024, to June 25, 2024**, the Supervisory Board of ELEKTROTIM S.A. operated with the following composition:

Chairman of the Supervisory Board	-	Maciej Posadzy,
Deputy Chairman of the Supervisory Board	-	Krzysztof Kaczmarczyk,
Secretary of the Supervisory Board	-	Lesław Kula,
Member of the Supervisory Board	-	Marek Gabryjelski,
Member of the Supervisory Board	-	Jan Walulik.

On the date of the Ordinary General Meeting of ELEKTROTIM S.A., which approved the company's financial statements for the year 2023 and took place on June 25, 2024, there was a change in the position of the Chairman of the Supervisory Board due to the resignation of Mr. Maciej Posadzy from this role and his appointment to the Management Board of the Company. Consequently, elections were held for a new Chairman of the Supervisory Board and for the members of the Supervisory Board.

As of June 25, 2024, the Supervisory Board operates with the following composition:

Chairman of the Supervisory Board	-	Jan Walulik,
Deputy Chairman of the Supervisory Board	-	Krzysztof Kaczmarczyk,
Secretary of the Supervisory Board	-	Lesław Kula,
Member of the Supervisory Board	-	Marek Gabryjelski,
Member of the Supervisory Board	-	Jan Siniarski.



**JAN WALULIK**  
Chairman of the  
Supervisory  
Board



**KRZYSZTOF  
KACZMARCZYK**  
Member of the  
Supervisory Board



**MAREK  
GABRYJELSKI**  
Member of the  
Supervisory  
Board



**LESŁAW  
KULA**  
Member of the  
Supervisory  
Board



**JAN  
SINIARSKI**  
Member of the  
Supervisory  
Board

Following the appointment of Mr. Jan Walulik as Chairman of the Supervisory Board, the composition of the Audit Committee has changed and is as follows:

Chairman of the Audit Committee	-	Marek Gabryjelski, independent member
Member of the Audit Committee	-	Krzysztof Kaczmarczyk, independent member
Member of the Audit Committee	-	Jan Siniarski, independent member

## 8. Other disclosures required by law

### **Description of factors and events, including unusual circumstances, significantly affecting the financial statements**

On January 24, 2024, the bankruptcy court issued a ruling concerning the safeguarding of ZEUS S.A.'s assets by appointing a Temporary Court Supervisor. Due to the fact that the company was not engaged in operational activities, virtually all legal actions concerning its assets exceeded the ordinary management scope and required the consent of the Temporary Court Supervisor, of which ZEUS S.A. was duly informed.

As a result of the ongoing efforts, in the first quarter of 2024, the Company found an interested party for the purchase of shares, and the share sale agreement was signed on March 27, 2024. The Company informed about the transaction in current report No. 12/2024 on the same day, and the constitutional entry in the shareholders' register was made the following day, i.e., on March 28, 2024.

Due to the previously submitted bankruptcy petition, ZEUS S.A. lost all of its industrial security certificates and the ability to carry out projects due to the loss of personnel and equipment resources. Therefore, the sale of shares, in the Management's assessment, does not pose a potential source of competition in the market where ELEKTROTIM S.A. operates.

On April 23, 2024, the District Court in Gdańsk-North, VI Economic Division, issued a decision regarding the declaration of bankruptcy for ZEUS S.A. and, among other things, summoned the creditors of the bankrupt company to report their claims to the receiver through the information system within 30 days. The court appointed Krzysztof Lipiński (license number 1517) as the receiver.

As a result of losing control over ZEUS S.A. in the first quarter of 2024, the accounting for the share sale transaction and the deconsolidation of the entity were recorded.

### **Management's position regarding the feasibility of previously published financial forecasts for the current year, in light of results presented in the report compared to forecasted results**

The Management Board of the Company has not published forecasts for the standalone and consolidated financial results of ELEKTROTIM S.A. and the ELEKTROTIM Capital Group due to changes in market trends and the difficulty in estimating the scale of these changes in the future.

### **Indication of significant proceedings pending before a court, arbitration body, or public administration authority related to the liabilities and claims of the issuer or its subsidiary, including subject matter, value of the dispute, date of initiation, parties involved, and position of the Issuer**

During the period covered by this interim report, neither the Issuer nor any other entities within the Capital Group have initiated any proceedings before a court, arbitration body, or public administration authority related to liabilities or claims with a value amounting to at least 10% of the Company's equity.

**Information on the conclusion by the issuer or its subsidiary of one or more transactions with related parties if they were concluded on terms other than market conditions**

Information regarding significant transactions concluded by ELEKTROTIM S.A. or its subsidiary has been included in the financial statement.

**Information on guarantees provided by the issuer or its subsidiary for loans or credits or the granting of guarantees—collectively to one entity or its subsidiary, if the total value of existing guarantees or warranties is significant, specifying:**

- a) the name (company) of the entity to which the guarantees or warranties were granted,
- b) the total amount of loans or credits that have been fully or partially guaranteed,
- c) the period for which the guarantees or warranties were granted,
- d) the financial terms on which the guarantees or warranties were provided, indicating the compensation of the issuer or its subsidiary for providing the guarantees or warranties,
- e) the nature of the relationships between the issuer and the entity that incurred the loans or credits;

Guarantees held by ELEKTROTIM S.A. and their utilization:

As of June 30, 2024, ELEKTROTIM S.A. has a total limit for bid bonds, performance bonds, warranty periods, and advance payments amounting to PLN 291,400 thousand and EUR 6,000 thousand. The utilization of these limits as of June 30, 2024, was PLN 85,400 thousand. In comparison, the total limit for guarantees as of June 30, 2023, was PLN 222,800 thousand and EUR 6,000 thousand, with utilization amounting to PLN 83,500 thousand.

In the first half of 2024, the Company secured new guarantees and warranties for existing contracts, which are described in more detail in the following paragraphs.

As of June 30, 2024, ELEKTROTIM S.A. remains the guarantor for the obligations of ZEUS S.A., a company in bankruptcy (previously part of the Capital Group), with a guarantee provided by the Company for the removal of defects and faults amounting to PLN 259,000 (valid until February 15, 2025).

**Information which, in the Issuer's opinion, is relevant for assessing its personnel, asset, and financial situation, financial results and their changes, as well as information that is important for evaluating the Issuer's ability to meet its obligations****Obtained financing**

On February 19, 2024, the Company entered into a multi-purpose credit limit agreement with Powszechna Kasa Oszczędności Bank Polski S.A.

Under the Agreement, the Bank granted the Company a limit of PLN 25 million, which can be partially used as an overdraft facility up to PLN 10 million, with the remaining portion available in the form of guarantees.

On May 27, 2024, the Company entered into the following agreements with Santander Bank Polska S.A.: (i) an overdraft facility agreement under which the Bank granted the Company a loan in the amount of PLN 25 million, and (ii) a bank guarantee limit agreement in the amount of PLN 15 million. After the balance sheet date, due to the issuance of a guarantee for a business partner, the guarantee limit was increased to PLN 23.5 million.

After the reporting period, on July 19, 2024, the Company entered into a revolving credit agreement with mBank S.A. for the amount of PLN 10 million and increased the guarantee line limit by PLN 15 million.

As of the approval date of this Report, the total value of available external financing limits amounts to PLN 144 million (including PLN 20 million from factoring).

#### **Extension of the Company's headquarters lease agreement**

On March 27, 2024, ELEKTROTIM S.A. signed an annex to the lease agreement for the Company's headquarters, extending the lease period until February 28, 2030.

#### **Completion of the strategic options review**

Following the sale of all shares in ZEUS S.A. in March 2024, the Company concluded its review of strategic options for the subsidiaries within the ELEKTROTIM Capital Group, as announced in Current Report No. 13/2024 on April 23, 2024, after obtaining a positive opinion from the Company's Supervisory Board.

Other information relevant to the assessment of the Issuer's situation, along with potential risks, has been included and described in this activity report, which forms part of the semi-annual financial report.

## 9. Identification of factors that, in the Company's opinion, will affect the results over at least the next quarter

### MACROECONOMIC FACTORS

#### Positive impact on the Company's/Group's situation:

- continuation of the implementation of programs approved by the European Commission. Within the Financial Perspective for 2021-2027, Poland has approximately PLN 320 billion at its disposal, according to data from the SL2021 system (as of July 1, 2024). From 2021 to July 2024, contracts for project funding with Polish beneficiaries were signed, with the value of eligible expenditures totaling PLN 85.8 billion, including PLN 67.9 billion of EU funding, which constitutes 21.0% of the available EU fund allocation.
- unlocking funds from the National Recovery Plan (KPO) for Poland. To achieve the goals set in the KPO by August 2026, it is planned to spend the entire available non-repayable funding for Poland, amounting to PLN 102.35 billion. The scope of reforms outlined in the KPO also requires additional support from the repayable portion of the Instrument to accelerate recovery and strengthen the competitiveness of the Polish economy. Poland is requesting PLN 51.96 billion from the loan portion of the Instrument from the European Commission. These funds will primarily be used to finance additional initiatives related to climate transition and digitalization. In total, PLN 154.31 billion is planned to be spent under the KPO.
- launch of the next edition of the FENKS program with a value exceeding EUR 24 billion. The program focuses on building technical and social infrastructure in line with sustainable development goals. It supports reducing the economy's emissions, including the development of renewable energy sources (RES), rail transport, and improving municipal wastewater management—areas in which the company already has experience. Under the program, over EUR 6 billion is allocated to the energy sector, almost EUR 4 billion to environmental initiatives, and nearly EUR 13 billion to transport.
- strengthening of the Polish zloty – ELEKTROTIM is not an exporter but incurs some costs in foreign currencies. A stronger zloty reduces cost pressure and increases the profitability of ongoing projects, as well as the competitiveness of bids submitted in tenders. The Group has secured the capacity for effective financing of supplies paid in foreign currencies.
- significant increase in defense spending and national security – The Polish government's planned "Tarcza Wschód" (Eastern Shield) program is expected to cost PLN 10 billion.
- growing awareness of security and resilience issues in response to sabotage and diversion threats targeting critical infrastructure (such as energy, railways, bridges, communication centers, water supplies, etc.). This creates opportunities for ELEKTROTIM S.A. and its subsidiary, Ostoya-DataSystem Sp. z o.o., to leverage their potential by offering ready-made security solutions, including advanced security systems.

### Potentially negative impact on the Company/Group:

- prolonged decision-making pause regarding important national programs, new investments, and personnel changes in the management of the largest State Treasury companies has resulted in a minimal number of tenders, and in some areas, a complete lack of tenders, alongside an increase in the number of companies participating in the bidding processes.
- decline in construction activity in the first half of 2024 - a decrease in construction and assembly production in Poland of 8.9% year-on-year in June 2024, following a decline of 6.5% year-on-year in May 2024 (GUS data). The dynamics of construction and assembly production in the second quarter of 2024 were worse than those recorded in the first quarter of 2024.
- according to the Polish Economic Institute, the coming months of 2024 may surprise the construction market with a slight slowdown caused by the end of investment cycles in companies and a transitional period between budget perspectives for EU cohesion funds.
- the anticipated accumulation of investments in the years 2025–2027 may result in a sharp increase in the prices of building materials and labor costs, as well as limited availability of materials and skilled labor.
- labor market situation – a so-called employee market is present, making it difficult to acquire and retain personnel with the appropriate qualifications and creating pressure for wage increases.

#### Sources:

1. (<https://www.gov.pl/web/planodbudowy/fundusze-europejskie-dla-polski-odblokowane->)
2. (<https://www.feniks.gov.pl/strony/dowiedz-sie-wiecej-o-programie/program-feniks/#O%20programie>)
3. (<https://stat.gov.pl/obszary-tematyczne/przemysl-budownictwo-srodki-trwale/budownictwo/dynamika-produkcji-budowlano-montazowej>)
4. „Produkcja budowlano-montażowa w czerwcu rdr spadła o 8,9 proc., a mdm wzrosła o 5,0 proc” - GUS - Stooq – 22.07.2024

## 9.1. ACQUIRED ORDERS / ORDER BOOK

In the first half of 2024, ELEKTROTIM S.A. concluded the period with an order portfolio valued at PLN 643,293 thousand, compared to PLN 567,864 thousand as of June 30, 2023, representing a 13% year-on-year increase in the order portfolio. The consistently high value of the contract portfolio is a result of the gradually recovering demand in the main markets. The growth dynamics of order value confirm the development of ELEKTROTIM's product and management competencies. Proper diversification of the contract portfolio allows for the acquisition of additional orders with a satisfactory margin. However, the scale of ELEKTROTIM's activity in the upcoming quarters and its success in securing new contracts will be influenced by market conditions, including the unblocking of EU funds, implementation of the Recovery Plan (KPO), transformation of the energy sector, and announced infrastructure investments.

In the last 12 months, from July 1, 2023, to June 30, 2024, the Company secured orders with a total net value of PLN 593,317 thousand, compared to PLN 496,785 thousand net in the period

from July 1, 2022, to June 30, 2023. This represents a 19% year-on-year increase in the total value of acquired contracts.

The ELEKTROTIM Group, during the period from July 1, 2023, to June 30, 2024, secured orders valued at PLN 593,494 thousand (this figure does not include orders from ZEUS S.A.), compared to PLN 497,277 thousand (excluding orders from ZEUS S.A.) in the period from July 1, 2022, to June 30, 2023. In comparable terms, without accounting for orders acquired by PROCOM SYSTEM S.A. and ZEUS S.A., there was also a year-on-year increase of 19%.

As of June 30, 2024, the ELEKTROTIM Group has an order portfolio valued at PLN 643,979 thousand, compared to PLN 568,482 thousand as of June 30, 2023 (excluding ZEUS S.A.), which represents a 13% increase compared to the end of the first half of the previous year.

This is the second consecutive quarter in which the order portfolio remains at historically high levels. Contracts signed during this period by ELEKTROTIM and the Capital Group exceeded a total of PLN 400 million and primarily involved the provision of services related to highly specialized products offered in the segments served by the company. Notable contracts include the second contract with Straż Graniczna (Border Guard) for the expansion of the perimeter barrier on the border with Belarus (on the Bug River), an agreement with Port Lotniczy Szczecin Goleniów for the implementation of navigation assistance systems at the airport along with accompanying infrastructure, and a contract signed with Polskie Sieci Elektroenergetyczne regarding the modernization of the 220/110 kV Adamów station, focusing on the expansion of the 220 kV and 110 kV substations. By executing projects in the high-voltage sector, the Company is gaining knowledge and experience that will enable it to participate in future contracts related to the ongoing energy transformation in Poland.



## 10. Declarations of the Management Board of ELEKTROTIM S.A.

### Truthfulness and reliability of the report

The Management Board of ELEKTROTIM S.A. declares that, to the best of its knowledge, the consolidated semi-annual financial statements of the ELEKTROTIM Capital Group for the period from January 1, 2024, to June 30, 2024—including the financial statements of ELEKTROTIM S.A. for the same period and comparative data—have been prepared in accordance with International Accounting Standards, International Financial Reporting Standards (IFRS), and the related interpretations announced in the form of implementing regulations by the European Commission, as well as the applicable accounting principles. The statements accurately, reliably, and clearly reflect the financial and asset situation of ELEKTROTIM S.A. and the ELEKTROTIM Capital Group, along with their financial results.

The Management Board of ELEKTROTIM S.A. declares that the Semi-Annual Management Report on the activities of the ELEKTROTIM Capital Group for the first half of 2024 presents a true picture of the development and achievements, as well as the situation of the Company and the Group, including a description of the main threats and risks.

#### MANAGEMENT BOARD OF ELEKTROTIM S.A.

President of the Management Board – Artur Więżnowski	
Member of the Management Board – Dariusz Kozikowski	
Member of the Management Board – Marek Piotrowski	
Member of the Management Board – Maciej Posadzy	
Member of the Management Board – Krzysztof Wójcikowski	