CONSOLIDATED FINANCIAL STATEMENT

of the ELEKTROTIM Capital Group

for 2022

Wrocław, April 27, 2023

CONTENTS:

SELECTED FINANCIAL DATA IN PLN AND IN EUR

	PLN		EUR	
	01.01.-31.12.2022/ 31.12.2022	01.01.-31.12.2021/ 31.12.2021	01.01.-31.12.2022/ 31.12.2022	01.01.-31.12.2021/ 31.12.2021
I. Net revenues from the sale of products, goods and materials	505 599	277 173	107 843	60 551
II. Profit (loss) from operations	33 191	9 256	7 080	2 022
III. Profit (loss) Gross	30 414	7 610	6 487	1 662
IV. Net profit (loss)	21 984	6 593	4 689	1 440
V. Net cash flows from operating activities	37 505	1 818	8 000	397
VI. Net cash flow from investing activities	5 479	-200	1 169	-44
VII. Net cash flows from financing activities	-4 982	-6 195	-1 063	-1 353
VIII. Net cash flow, total	38 002	-4 577	8 106	-1 000
IX. Total assets	268 326	180 820	57 214	39 314
X. Liabilities and provisions for liabilities	169 206	102 875	36 079	22 367
XI. Long-term liabilities	7 803	9 646	1 664	2 097
XII. Current liabilities	161 403	93 229	34 415	20 270
XIII. Equity capital	99 120	77 945	21 135	16 947
XIV. Share capital	9 983	9 983	2 129	2 171
XV. Number of shares (in pcs.)	9 983 009	9 983 009	9 983 009	9 983 009
XVI. Profit (loss) per ordinary share (in PLN/EUR)	2,20	0,66	0,47	0,14
XVII. Diluted earnings (loss) per ordinary share (in PLN/EUR)	2,20	0,66	0,47	0,14
XVIII. Book value per share (in PLN/EUR)	9,93	7,81	2,12	1,70
XIX. Diluted book value per share (in PLN/EUR)	9,93	7,81	2,12	1,70
XX. Declared or paid dividend per share (in PLN/EUR)	0,00	0,00	0,00	0,00

EUR rates used for conversions

	31.12.2022	31.12.2021	31.12.2021
mid-year exchange rate	4,6883	4,5775	4,5775
exchange rate on the last day of the reporting period	4,6899	4,5994	4,5994

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Assets	note	31.12.2022	31.12.2021
I.	**Non-current assets**		28 081	39 170

-	Intangible assets	2.3	142	1 315
-	Goodwill	2.4	6 394	8 706
-	Tangible fixed assets	2,5	12 432	18 829
-	Other long-term financial assets		2 452	3 696
-	Deferred tax assets	2,8	4 976	5 773
-	Other long-term non-financial assets	2,9	1 685	851
II.	**Current Assets**		240 245	141 650
-	Inventory	2,10	3 358	3 650
-	Trade receivables and other receivables	2.11	93 506	99 147
-	Contract assets	2.12	57 649	20 108
-	Other short-term financial assets		0	14
-	Cash and cash equivalents	2.13	56 733	18 731
-	Other short-term assets		0	0
1.	**Current assets other than Assets for sale**		211 246	141 650
2.	**Assets held for sale**	2,14	28 999	0
	Total assets		268 326	180 820

	Liabilities	note	31.12.2022	31.12.2021
I.	**Equity capital**		99 120	77 945
-	Share capital	2.15	9 983	9 983
-	Excess of the issue price above the nominal value of the shares		43 440	44 181
-	Other capitals		-46	71
-	Retained earnings		22 690	15 356
-	Net profit (loss)		21 984	6 593
-	*Equity attributable to owners of the parent company*		*98 051*	*76 184*
-	*Non-controlling interests*		*1 069*	*1 761*
II.	**Liabilities and provisions for liabilities**		169 206	102 875
1.	**Long-term liabilities**		7 803	9 646
-	Deferred income tax	2.8	1 551	947
-	Long-term reserves	2.16	2 626	3 147
-	Financial liabilities (credits, loans, debt securities, etc.)		0	0
-	Other long-term liabilities	2,17	0	481
-	Long-term lease liabilities	2,19	3 626	5 071
3.	**Current liabilities**		161 403	93 229
-	Short-term reserves	2.16	17 374	9 518
-	Trade liabilities and other liabilities	2.18	73 457	66 395
-	Other financial liabilities		0	217
-	Corporate income tax liabilities	2.20	3 135	1 262
-	Short-term lease liabilities	2.19	2 606	3 340
-	Contract liabilities	2.12	42 822	12 497
	Short-term liabilities other than those related to assets for sale		139 394	93 229
	Liabilities relating to assets held for sale		22 009	0
	Total liabilities		268 326	180 820

CONSOLIDATED RESULTS STATEMENT

	(calculation variant in PLN thousand)	note	01.01.-31.12.2022	01.01.-31.12.2021
-	Sales revenue	2.21	505 599	277 173

-	Personal sale expense	2.22	438 115	244 718
I	**Gross profit (loss) on sales**		67 484	32 455
-	Selling costs		11 823	10 691
-	General administration costs		16 269	11 932
-	Other operating income	2.23	2 867	3 181
-	Other operating cost	2.23	9 842	2 449
-	Gain (loss) on expected credit losses	2.23	774	-1 308
II	**Profit (loss) from operations**		33 191	9 256
-	Gain (loss) on loss of control	2.14	-2 602	0
-	Financial income	2.24	1 813	322
-	Financial costs	2.24	1 988	1 968
-	Goodwill write-off subordinate		0	0
III	**Profit (loss) Gross**		30 414	7 610
-	Income tax	2.27	7 975	1 142
-	Net profit (loss) from continuing operations		22 439	6 468
-	Profit (loss) from discontinued operations		0	0
IV	**Net profit (loss)**		22 439	6 468
-	attributable to shareholders of the parent company		21 984	6 593
-	attributable to non-controlling shareholders		455	-125

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

	in thousands PLN	**01.01.-31.12.2022**	**01.01.-31.12.2021**
1.	**Net profit (loss)**	22 439	6 468
2.	**Other comprehensive income; including:**	-117	91
	will not be reclassified to the result (actuarial write-offs	-117	91
	will be reclassified to the result	0	0
3.	**Total comprehensive income**	22 322	6 559
	attributable to shareholders of the parent company	21 867	6 684
	attributable to non-controlling shareholders	455	-125

PROFIT PER SHARE

	01.01.-31.12.2022	**01.01.-31.12.2021**
Profit (loss) per share	2,20	0,66
Earnings (loss) per share from continuing operations	2,20	0,66
Profit (loss) per share from discontinued operations	0,00	0,00
Diluted earnings (loss) per share	2,20	0,66
Diluted earnings (loss) per share from continuing operations	2,20	0,66
Diluted profit (loss) per share from discontinued operations	0,00	0,00

CONSOLIDATED CASH FLOW STATEMENT

(indirect method in PLN thousand)	**01.01.-31.12.2022**	**01.01.-31.12.2021**

I.	**Cash flows from operating activities**		
1.	**Profit (loss) Gross**	30 414	7 610
2.	**Total adjustments**	12 511	-3 667
-	Amortization	4 929	5 496
-	(Gains) exchange losses	0	0
-	Interest	648	715
-	(Profit) loss from investing activities	2 521	-208
-	Change in reserves	9 946	-3 478
-	Inventory change	-126	619
-	Change in receivables	-72 541	-8 107
-	Change in short-term liabilities, except for loans and credits	75 594	726
-	Other adjustments	-8 460	570
-	**Cash flow used in the business**	42 925	3 943
-	Paid income tax included in operating activities	-5 420	-2 125
3.	**Net cash flows from operating activities**	37 505	1 818
II.	**Cash flows from investing activities**		
-	Proceeds from disposal of property, plant and equipment, intangible assets other than goodwill, investment property and other non-current assets	112	240
-	Interest	392	6
-	other inflows from financial assets	6 641	630
-	Purchase of tangible fixed assets, intangible assets other than goodwill, investment properties and other fixed assets	-1 666	-1 076
-	Other investment expenses	0	0
1.	**Net cash flow from investing activities**	5 479	-200
III.	**Cash flows from financial activities**		
-	Net proceeds from the issue of shares and other equity instruments	0	404
-	Credits and loans	30	5
-	Other financial receipts (expenditures)	164	0
-	Acquisition of own shares (shares)	0	0
-	Dividends and other payments to owners	0	-270
-	Repayment of credits and loans	0	-1 894
-	Payment of liabilities under finance lease agreements	-4 136	-3 713
-	Interest	-1 040	-727
1.	**Net cash flows from financing activities**	-4 982	-6 195
IV.	**Net cash flow, total**	38 002	-4 577
	The effects of changes in exchange rates that affect cash	0	0
	Balance sheet change in cash, including:	38 002	-4 577
	Cash at the beginning of the period	18 731	23 308
	Cash at the end of the period	56 733	18 731
	with limited availability	9 096	4 135

STATEMENT ON CHANGES IN CONSOLIDATED EQUITY FOR THE PERIOD 01/01/2022 - 31/12/2022

in thousands PLN	Share capital	Excess of the issue price above the nominal value of the shares	Other capitals	Retained earnings	Equity of the parent company	Non-controlling interests	Total
State at the beginning of the period	9 983	44 181	71	21 949	76 184	1 761	77 945
Period profit	0	0	0	21 984	21 984	455	22 439
Other comprehensive income for the period	0	0	-117	0	-117	0	-117
Total income	0	0	-117	21 984	21 867	455	22 322
Issue of shares	0	0	0	0	0	0	0
Dividend	0	0	0	0	0	-216	-216
Acquisition of non-controlling interests	0	0	0	0	0	0	**0**
Increase (decrease) other	0	-741	0	741	0	-931	-931
Increase (decrease) of capital	0	-741	-117	22 725	21 867	-692	21 175
Balance at the end of the period	9 983	43 440	-46	44 674	98 051	1 069	99 120

STATEMENT OF CHANGES IN CONSOLIDATED EQUITY FOR THE PERIOD 01/01/2021 - 31/12/2021

in thousands PLN	Share capital	Excess of the issue price above the nominal value of the shares	Other capitals	Retained earnings	Equity of the parent company	Non-controlling interests	Total
State at the beginning of the period	**9 983**	**44 102**	**-20**	**15 436**	**69 501**	**1 752**	**71 253**
Period profit	0	0	0	6 593	6 593	-125	6 468
Other comprehensive income for the period	0	0	91	0	91	0	91
Total income	**0**	**0**	**91**	**6 593**	**6 684**	**-125**	**6 559**
Issue of shares	0	0	0	0	0	404	**404**
Dividend	0	0	0	0	0	0	**0**
Acquisition of non-controlling interests	0	0	0	0	0	0	**0**
Increase (decrease) other	0	79	0	-80	-1	-270	**-271**
Increase (decrease) of capital	**0**	**79**	**91**	**6 513**	**6 683**	**9**	**6 692**
Balance at the end of the period	**9 983**	**44 181**	**71**	**21 949**	**76 184**	**1 761**	**77 945**

1. ADDITIONAL INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENTS

1.1. General information about the parent company

The parent company of the Capital Group is ELEKTROTIM Spółka Akcyjna (hereinafter: the Company or the Issuer):

There was no change in the Company's name in the reporting period.

Legal form:	Joint Stock Company
Unit's registered office address:	ul. Stargardzka 8 54-156 Wrocław
Headquarters:	Poland
Country of registration:	Poland
Primary place of business:	Poland
Basic type of activity:	PKD 4321Z performing electrical installations of buildings and structures

The duration of the Capital Group's operations has not been limited.

These consolidated financial statements prepared for the year ended December 31, 2022 (including comparative data) were approved for publication by the Management Board of the parent company on April 28, 2023.

Register court: District Court for Wrocław Fabryczna in Wrocław,
VI Commercial Division of the National Court Register

1.2. Basis of preparation, principles of presentation

1.2.1. The basis for the preparation of the consolidated financial statements for 2022

These consolidated financial statements of the ELEKTROTIM Capital Group have been prepared in accordance with the International Financial Reporting Standards ("IAS/IFRS") approved by the European Union, applicable as at December 31, 2022.
ELEKTROTIM S.A., as the parent company whose shares are traded on the regulated market, in accordance with the requirements of the Accounting Act of September 29, 1994 (consolidated text, Journal of Laws 2023, item 120, as amended), prepares financial statements in accordance with the International Financial Reporting Standards ("IAS/IFRS") approved by the European Union and related interpretations announced in the form of regulations of the European Commission. As at December 31, 2022, there are no differences between these principles and the IFRS announced by the International Accounting Standards Board (IASB), in the opinion of the Management Board of the Parent Company, that would affect the ELEKTROTIM Capital Group.
It is prepared in accordance with IAS/IFRS approved by the EU, issued and effective at the time of preparing the consolidated financial statements.

The presented consolidated financial statements meet all the requirements of IAS/IFRS adopted by the EU and present fairly the Group's financial position as at December 31, 2022 and December 31, 2021, as well as the results of its operations and cash flows for 2022 and 2021..

1.2.2. Retrospective presentations of IAS/IFRS selected by the ELEKTROTIM Capital Group

In the case of retrospective introduction of changes in accounting principles, presentation or correction of errors, the Group presents a consolidated statement of financial position prepared additionally at the beginning of the comparative period, if the above changes are significant for the data presented at the beginning of the comparable period. In such a situation, presentation of notes to the third statement of financial position is not required.

1.2.3. Changes in the applied accounting principles

The accounting principles (policies) applied to the preparation of the consolidated financial statements are consistent with those applied to the preparation of the consolidated financial statements of the Group for the year ended December 31, 2021, except for the application of the following amendments to standards and new interpretations applicable to annual periods beginning on January 1, 2022:

Changes in standards or interpretations applicable and applied by the Group from 2022

New or amended standards and interpretations effective from 1 January 2022 and their impact on the consolidated financial statements of the Group:

- Amendments to IFRS 9, examples to IFRS 16, IAS 41 as part of Annual Improvements 2018-2020::
  - IFRS 1: additional exemption for the determination of cumulative exchange differences on consolidation;
  - IFRS 9: (1) in the 10% test to determine whether a modification should result in the discharge of an obligation, only fees that are exchanged between the obligor and the creditor should be included; (2) it was clarified that the fees incurred in the event of removal of the liability are recognized in the result, and in the event that the liability is not removed, they should be charged to the value of the liability;
  - IFRS 16: from example 13, the issue of an incentive from the lessor in the form of covering the costs of fit-outs incurred by the lessee, which raised interpretation doubts, was removed;
  - IAS 41: the prohibition of including tax flows in the valuation of biological assets has been deleted.

  The changes are effective for annual periods beginning on or after January 1, 2022 (except for the change in the example to IFRS 16, which is effective from the date of publication).
  The changes did not affect the consolidated financial statements of the Group.

- Amendment to IAS 16 "Property, plant and equipment"
  The amendment clarifies that the production carried out as part of the tests of the fixed asset before the use of the fixed asset should be recognized as (1) inventory in accordance with IAS 2 and (2) revenue when it is sold (and not affect the value of the fixed asset). Testing of a fixed asset is an element of its cost, while the cost of production is recognized in the result at the moment of recognizing the income from the sale of the inventory created during testing. The change applies to annual periods beginning on or after January 1, 2022.
  The change had no impact on the consolidated financial statements of the Group.

- Amendment to IAS 37 "Provisions, Contingent Liabilities and Contingent Assets"
  The amendment clarifies that the costs of fulfilling onerous contracts include incremental costs (e.g. labour costs) and the allocated portion of other costs directly related to the cost of fulfilment, e.g. depreciation.
  The change applies to annual periods beginning on or after January 1, 2022.
  The change had no impact on the consolidated financial statements of the Group.

- Amendment to IFRS 3 "Business Combinations"
  References to the definition of liabilities contained in the conceptual framework and the definition of contingent liabilities from IAS 37 have been clarified.
  The change applies to annual periods beginning on or after January 1, 2022.
  The change had no impact on the consolidated financial statements of the Group.

- Amendment to IFRS 16 "Leases"
  In 2020, the IAS Council published simplifications for lessees receiving relief due to the COVID-19 pandemic. One of the conditions was that the reliefs would apply only to payments due by the end of June 2021. As a result of the change, this date was postponed to June 2022. The change is effective for annual periods beginning on April 1, 2021 or later, with the possibility of earlier application.
  The amendment had no impact on the Group's consolidated financial statements as the Group did not use the simplification.

Standards and interpretations in force in the version published by the IASB, but not endorsed by the European Union, are shown below in the section on standards and interpretations that have not entered into force.

1.2.4. New standards and interpretations published but not yet effective

The following standards and interpretations have been issued by the International Accounting Standards Board or the International Financial Reporting Interpretations Committee, but have not yet entered into force:

Application of a standard or interpretation before its effective date

Voluntary early application of a standard or interpretation has not been used in these consolidated financial statements.

Published standards and interpretations that did not come into force for the periods beginning on January 1, 2022 and their impact on the consolidated financial statements of the Group

Until the date of preparation of these consolidated financial statements, new or amended standards and interpretations were published, applicable to annual periods after 2022. The list also includes amendments, standards and interpretations published but not yet approved by the European Union.

- New IFRS 17 "Insurance Contracts"

  A new standard governing the recognition, measurement, presentation and disclosure of insurance and reinsurance contracts. The standard replaces the existing IFRS 4.
  The Group estimates that the new standard will not affect its consolidated financial statements as it does not conduct insurance activities.
  The standard is effective for annual periods beginning on or after January 1, 2023.

- Amendment to IAS 1 "Presentation of Financial Statements"

  The IAS Council clarified the rules for classifying liabilities as long-term or short-term mainly in two aspects:
  - it was clarified that the classification depends on the rights held by the entity as at the balance sheet date,
  - management's intentions to accelerate or delay payment of the liability are disregarded.

  The changes are effective for annual periods beginning on or after January 1, 2023. The Group is analysing the impact of the changes on its consolidated financial statements.

- Amendment to IAS 1 "Presentation of Financial Statements"

  The IAS Board clarified which information regarding the accounting policy applied by the entity is significant and requires disclosure in the financial statements. The Principles focus on tailoring disclosures to the individual circumstances of the entity. The Board warns against the use of standardized provisions copied from IFRS and expects that the basis of valuation of financial instruments will be considered as material information. The change is effective for annual periods beginning on or after January 1, 2023. The Group continues to assess the impact of the amendment on its consolidated financial statements.

- Amendment to IAS 8 "Accounting Principles (Policy), Changes in Accounting Estimates and Correcting Errors"

  The Board introduced a definition of an accounting estimate into the standard: Accounting estimates are monetary amounts in the financial statements that are subject to measurement uncertainty. The change is effective for annual periods beginning on or after January 1, 2023. The Group continues to assess the impact of the amendment on its consolidated financial statements.

- Amendment to IAS 12 "Income Taxes"

  The Council introduced the rule that if a transaction results in both positive and negative temporary differences in the same amount, assets and a deferred tax liability should be recognized even if the transaction does not result from the merger and does not affect the accounting or tax result. This means that assets and deferred tax liabilities must be recognized, e.g. when temporary differences in equal amounts occur in the case of leases (a separate temporary difference from the liability and right-of-use) or in the case of restoration liabilities. The principle that deferred tax assets and liabilities are offset if current tax assets and liabilities are offset has not been changed. The change is effective for annual periods beginning on or after January 1, 2023.

  The Group continues to assess the impact of the amendment on its consolidated financial statements..

- Amendment to IFRS 17 "Insurance contracts"

  The Board established transitional provisions on comparative data for entities that are simultaneously implementing IFRS 17 and IFRS 9 to reduce potential accounting mismatches resulting from differences between these standards. The change is effective for annual periods beginning on or after January 1, 2023. The Group estimates that the change will not affect its consolidated financial statements as it does not conclude insurance contracts..

- Amendment to IFRS 16 "Leases"

  The amendment clarifies the requirements for the valuation of a lease liability arising from a sale and leaseback transaction. It is intended to prevent incorrect recognition of the result on the transaction in the part relating to the retained right of use in the event that lease payments are variable and do not depend on an index or rate. The change is effective for annual periods beginning on or after January 1, 2024. The Group continues to assess the impact of the amendment on its consolidated financial statements..

The Group intends to implement the above regulations within the time limits provided for by the standards or interpretations.

The Group has not decided to early adopt any other standard, interpretation or amendment that has been published but has not entered into force under the provisions of the European Union.

As at the date of approval of the consolidated financial statements, the Group is in the process of verifying the impact of the introduction of the above standards and interpretations on the accounting policy applied by the Group, financial position, results of the Group's operations and the scope of information presented in the consolidated financial statements

1.2.5. Business continuation

The consolidated financial statements have been prepared on the assumption that the Group will continue as a going concern in the foreseeable future. As at the date of preparation of the consolidated financial statements, there are no circumstances indicating a threat to the continued operation of the ELEKTROTIM Group.

As at the date of approval of these consolidated financial statements for publication, there are no circumstances indicating a threat to the Group's ability to continue as a going concern in the period of 12 months from the date of the consolidated financial statements, excluding companies in the process of planned liquidation.

1.2.6. Companies included in the consolidated financial statements

ELEKTROTIM S.A. prepares consolidated financial statements for 2022 covers the following entities:
- ELEKTROTIM S.A. (parent entity),
- PROCOM SYSTEM S.A. (subsidiary from April 30, 2007 to December 12, 2022),
- ZEUS S.A. (subsidiary from July 18, 2012)
- OSTOYA-DataSystem Sp. z o.o. (subsidiary from January 11, 2017)

above the units are based in Poland.
On April 30, 2012, the subsidiary Infrabud Sp. z o. o. which was reflected in the changed composition of the ELEKTROTIM Group.

On October 29, 2013, the subsidiary Elektromont-Beta SA was sold, which was reflected in the changed composition of the ELEKTROTIM Group.
On October 6, 2015, the shares of ELTRAKO Sp. z o.o., which was reflected in the changed composition of the ELEKTROTIM Group.
On January 11, 2017, shares in ENAMOR System Sp. z o.o., which was reflected in the changed composition of the ELEKTROTIM Group (current name OSTOYA DataSystem Sp. z o.o.).
On February 28, 2018, ELEKTROTIM SA merged the subsidiary Mawilux SA, which was reflected in the changed composition of the ELEKTROTIM Group. As a result of the merger, Mawilux SA was dissolved on February 28, 2018 On that day, pursuant to art. 493 § 2 of the Commercial Companies Code - entering the merger into the Register of Entrepreneurs of the National Court Register competent for ELEKTROTIM S.A. with its registered office in Wrocław, i.e. to the register kept by the District Court for Wrocław-Fabryczna in Wrocław.
On January 2, 2019, ELEKTROTIM S.A. merged the subsidiary ELTRAKO Sp. z o.o.. As a result of the merger, ELTRAKO Sp. z o.o. was dissolved on 02/01/2019 On that day, pursuant to art. 493 § 2 of the Commercial Companies Code - entering the merger into the Register of Entrepreneurs of the National Court Register competent for ELEKTROTIM S.A. with its registered office in Wrocław, i.e. to the register kept by the District Court for Wrocław-Fabryczna in Wrocław.
On December 12, 2022, 100% of shares in the subsidiary Procom System S.A. were sold. which changed the composition of the Group.

1.3. Adopted accounting principles

1.3.1. Consolidation rules

ELEKTROTIM S.A. has been preparing consolidated financial statements since 2007.

The consolidated financial statements of the Capital Group include the parent company ELEKTROTIM S.A. and companies under its control. It is assumed that the Capital Group exercises control if, due to its involvement in the investee, it is exposed to, or has rights to, variable returns, and has the ability to influence these returns through its power over the entity.

The acquisition method is used for the acquisition of shares in business entities. Entities acquired or sold during the year are included in the consolidated financial statements from the date of purchase or until the date of sale, respectively.

Non-controlling interests are shown in a separate item of equity and represent that part of the total income and net assets of subsidiaries attributable to entities other than the Capital Group companies. The Group allocates the comprehensive income of subsidiaries between shareholders of the parent company and non-controlling entities based on their share in ownership.

Subsidiaries are consolidated using the full method. Balances of internal settlements between the Capital Group entities, transactions concluded within the Capital Group and any resulting unrealized gains or losses, as well as revenues and costs of the Capital Group are eliminated during the preparation of the consolidated financial statements. Unrealized losses are excluded from the consolidated financial statements in the same way as unrealized gains until there is an indication of impairment.

Connections

Business combinations falling within the scope of IFRS 3 are accounted for using the acquisition method. As at the date of taking control, the assets and liabilities of the acquiree are generally measured at fair value and, in accordance with IFRS 3, assets and liabilities are identified, regardless of whether they were disclosed in the consolidated financial statements of the acquiree before the acquisition.

Combination transactions under common control
In the case of business combinations of entities under common control, the Group does not apply the regulations resulting from IFRS 3, but settles such transactions using the pooling of interest method as follows:

• assets and liabilities of the acquiree are recognized in the carrying amount. The carrying amount is considered to be the value originally determined by the controlling entity, rather than the values arising from the separate financial statements of the acquiree,
• intangible assets and contingent liabilities are recognized on the principles applied by the entity before the merger, in accordance with the relevant IFRS,
• no goodwill is created - the difference between the consideration transferred and the acquired net assets of the controlled entity is recognized directly in equity, under retained earnings,
• non-controlling interests are measured in proportion to the carrying amount of the net assets of the controlled entity,
• comparative data is restated as if the merger had taken place at the beginning of the comparative period. If the date of occurrence of the subordination relationship over the entity is later than the beginning of the comparative period, comparative data are presented from the moment when the subordination relationship arose for the first time..

Due to the fact that as a result of the merger of the companies there was no change in control over the merging companies and the control exercised is not temporary, and this transaction is excluded from the scope of application of IFRS 3 "Business combinations" (pursuant to § 10 IAS 8, decisions on the application of relevant rules management of the entity; the economic substance of the transaction, which correctly reflects the actual state of affairs, is reorganization within the capital group, as a result of which the net value of the entire group does not change, nor does the scope of control exercised) merger as at the date of its execution, which means that the assets and liabilities of the acquired company will be recognized by adding up the relevant items in the books of the acquiring company at their current book values. The value of the share capital of the acquired company as well as mutual receivables and liabilities are excluded. The difference between the value of the issued shares and the book value is recognized in equity, and no additional goodwill is created.

Moreover, the books of accounts of the acquired companies were not closed and opened. The books of accounts may not be closed and opened if, pursuant to the Act, the merger is settled using the pooling of interests method and does not result in the creation of a new entity.

Goodwill

Goodwill shown in the balance sheet includes all goodwill of subsidiaries in the amount of the surplus of the purchase price of shares of this entity and non-controlling interests (measured in proportion to the share in net assets) over the fair value of the acquired net assets.
Detailed information on goodwill is disclosed in Note 2.4 to the consolidated financial statements.

Goodwill is not amortised, instead an annual impairment test is carried out in accordance with IAS 36 (see section on impairment of non-financial non-current assets).

1.3.2. Functional currency and presentation currency of financial statements and principles adopted to convert financial data

Functional currency
The Group's functional currency and the presentation currency of these consolidated financial statements is the Polish zloty.

Presentation currency
All amounts included in the consolidated financial statements are expressed in thousands of Polish zlotys (unless indicated otherwise). Due to the adopted method of presenting data in the consolidated financial statements in PLN thousand and the rounding technique used, individual items of the statements may not add up to the amounts shown therein (difference of PLN 1 thousand).

As a rule, transactions denominated in currencies other than Polish zloty are converted into Polish zlotys using the exchange rate applicable on the date of the transaction (spot exchange rate). However, if a sale or purchase transaction is preceded by the receipt or payment of an advance payment in a foreign currency, respectively, the advance payment as at the date of its payment is recognized at the exchange rate as at that day. Then, at the moment of recognition in the profit and loss account of the income earned in the currency or the cost or the purchased asset, these transactions are recognized at the exchange rate as at the date of recognition of the advance payment, and not at the exchange rate as at the date on which the income or cost or asset was recognized.

As at the balance sheet date, monetary items denominated in currencies other than Polish zloty are translated into Polish zlotys using the closing rate applicable at the end of the reporting period, i.e. the average exchange rate set for a given currency by the National Bank of Poland.

Non-monetary items recognized at historical cost, expressed in a foreign currency, are shown at the historical exchange rate as at the date of the transaction.

Non-monetary items recorded at fair value, expressed in a foreign currency, are valued at the exchange rate as at the date of determining the fair value, i.e. the average exchange rate set for a given currency by the National Bank of Poland.

Foreign exchange differences arising from the settlement of transactions or the translation of monetary items other than derivatives are recognized as net financial income or expenses, respectively, except for foreign exchange differences capitalized in the value of assets in cases specified in the accounting principles (presented in the section on borrowing costs).

1.3.3. Operating segments

In accordance with IFRS 8, the results of operating segments result from internal reports verified periodically by the Management Board of the parent company. The Parent Company's Management Board analyses the results of operating segments at the level of operating profit (loss).
The measurement of the results of operating segments used in management calculations is consistent with the accounting principles applied in the preparation of the consolidated financial statements. The sales revenues shown in the consolidated income statement do not differ from the revenues presented within the operating segments.
In order to present information in a way that allows for a proper assessment of the type and financial effects of the business activities conducted by the Group, operating segments were combined based on the criterion of product groups into three segments:

a) Segment of Installations
b) Grid Segment
c) Automation Segment

These segments have similar economic characteristics and are similar in terms of:
* type of products and services
* type of production processes
* type or groups of customers for given products and services
* methods used to distribute products or provide services

The Group's assets that cannot be directly attributed to the activities of a given operating segment are not allocated to assets of operating segments.

1.3.4. The accounting policies

The consolidated financial statements have been prepared on the historical cost basis, except for: derivative financial instruments, equity instruments measured at fair value, the change of which is recognized in the consolidated income statement, financial assets held for trading, which were measured at fair value. The consolidated financial statements have been prepared in accordance with the applicable IAS/IFRS standards.

1.3.4.1. Intangible assets

Intangible assets include trademarks, patents and licenses, computer software, development work and other intangible assets that meet the recognition criteria set out in IAS 38. This item also includes intangible assets that have not yet been put into use (intangible assets in progress manufacturing). As at the balance sheet date, intangible assets are stated at purchase price or production cost less amortization and impairment losses. Intangible assets with a definite useful life are amortized using the straight-line method over their economic useful lives. The useful lives of individual intangible assets are reviewed annually and, if necessary, adjusted from the beginning of the next financial year.

The expected useful life for individual groups of intangible assets is:
- proprietary copyrights, related rights, licenses, concessions - from one to five years
- costs of completed development works - from 3 to 5 years

Costs related to software maintenance, incurred in subsequent periods, are recognized as a cost of the period at the time they are incurred.

Profits or losses arising from the sale of intangible assets are defined as the difference between the sales revenue and the net value of these intangible assets and are recognized in the result under other operating income or expenses.
Depreciation charges are made in accordance with the accounting policies of the parent Group and other Group companies.

Research costs are recognized in the result when they are incurred.

Expenditures incurred for development works performed as part of a given project are transferred to the next period, if it can be assumed that they will be recovered in the future. The assessment of future benefits is based on the principles set out in IAS 36.

1.3.4.2. Tangible fixed assets

Tangible fixed assets are initially recognized at purchase price or production cost. The purchase price is increased by all costs directly related to the purchase and adaptation of the asset to a usable condition

After initial recognition, property, plant and equipment, except for land, are stated at purchase price or production cost less accumulated depreciation and impairment losses.

Tangible fixed assets in the course of production are not subject to depreciation until construction or assembly is completed and the fixed asset is handed over for use. Depreciation is calculated using the straight-line method over the estimated useful life of a given asset, which for individual groups of property, plant and equipment amounts to:

- buildings, premises and civil and water engineering facilities	from 3 to 40 years old
- technical devices and machines	from 1 to 10 years old
- means of transport	from 2.5 to 9 years old
- other fixed assets	from 2 to 10 years

Depreciation charges are made in accordance with the accounting policy of the Parent Company and other Group companies.

Economic useful lives and depreciation methods are reviewed once a year, resulting in a possible adjustment of depreciation charges in subsequent years.

Fixed assets are divided into components which are items of significant value, for which a separate period of economic usefulness can be assigned. It also includes the costs of general inspections and significant spare parts and equipment, if they will be used for more than a year.

Current maintenance costs incurred after the date of putting the fixed asset into use, such as maintenance and repair costs, are recognized in the result when they are incurred.

A given item of property, plant and equipment may be removed from the consolidated statement of financial position after its sale or if no economic benefits are expected from further use of such an asset. Profits or losses arising from the sale, liquidation or cessation of use of fixed assets are defined as the difference between the sales revenue and the net value of these fixed assets and are recognized in the result under other operating income or expenses.

1.3.4.3. Tangible fixed assets in the process of production

Tangible fixed assets in the process of production are tangible fixed assets classified as fixed assets in the period of their construction, assembly or improvement of an already existing fixed asset.
Fixed assets under construction are valued at least as at the balance sheet date in the amount of total costs directly related to their purchase or production, less impairment losses.
Tangible fixed assets in the course of production are not subject to depreciation until construction or assembly is completed and the fixed asset is handed over for use.

1.3.4.4. Leasing

Leasing has been defined as a contract or part of a contract that conveys the right to control the use of an identified asset for a given period in exchange for consideration. For this purpose, four basic aspects are analysed:

- whether the contract relates to an identified asset that is either explicitly stated in the contract or implicitly at the time the asset is made available to the Group,
- whether the Group has the right to obtain substantially all economic benefits from the use of the asset throughout its useful life to the extent specified in the contract,
- whether the Group has the right to direct the use of the identified asset throughout its useful life,
- whether the contract is payable.

As at the commencement date, the Group measures the lease liability at the present value of the outstanding lease payments using the lease interest rate, if it can be easily determined. Otherwise, lease payments are discounted based on the marginal rate of return. Lease payments included in the value of the lease liability consist of fixed lease payments, variable lease payments depending on an index or rate, amounts expected to be paid as a residual value and payments for the exercise of call options, if their exercise is reasonably certain. In subsequent periods, the lease liability is reduced by repayments made and increased by accrued interest. The measurement of the lease liability is updated to reflect contract changes and reassessment of the lease term, exercise of a call option, guaranteed residual value or lease payments based on an index or rate. lease is periodically settled with lease payments.
Assets from rights of use are amortized on a straight-line basis over the term of the contract. In addition, interest on discounted lease liabilities was included in finance costs. As a rule, the revaluation of the liability is recognized as an adjustment to the right-of-use asset.
The Group applies practical solutions approved by the IFRS 16 standard for short-term leases and leases where the underlying asset is of low value. For such contracts, instead of recognizing right-of-use assets and lease liabilities, lease payments are recognized in profit or loss on a straight-line basis over the lease term. The Group presents rights of use in the same items of the consolidated statement of financial position as property, plant and equipment.

Based on the general definition of a lease, the Group companies identified that the right of perpetual usufruct of land in accordance with IFRS 16 meets the definition of a lease and should be recognized in the consolidated statement of financial position as assets under the right of use.

1.3.4.5. Impairment of non-financial fixed assets

The following assets are subject to the annual impairment test:

- goodwill, with the impairment test being carried out for the first time until the end of the period in which the merger took place,
- intangible assets with an indefinite useful life and
- intangible assets that are not yet in use.

With regard to other intangible assets and tangible fixed assets, shares in related entities and right-of-use assets, an assessment is made of whether there are any indications of impairment. If it is found that any events or circumstances may indicate a difficulty in recovering the carrying amount of a given asset, an impairment test is performed.

For the purposes of the impairment test, assets are grouped at the lowest level at which they generate cash flows independently of other assets or groups of assets (so-called cash-generating units). Assets that generate cash flows on their own are tested individually.
Goodwill is allocated to those cash-generating units that are expected to benefit from synergies resulting from the business combination, with at least operating segments being the cash-generating units.

If the carrying amount exceeds the estimated recoverable amount of the assets or cash-generating units to which the assets belong, then the carrying amount is reduced to the recoverable amount. The recoverable amount corresponds to the higher of the following two values: fair value less costs to sell or value in use.
When determining the value in use, estimated future cash flows are discounted to the present value using a discount rate reflecting current market assessments of the time value of money and the risk associated with a given asset component.

The impairment loss for the unit is first attributed to goodwill. The remaining amount of the write-down decreases proportionally the carrying amount of assets included in the cash-generating unit.
Impairment losses are recognized in the result under other operating expenses.
Goodwill write-downs are not reversed in subsequent periods. In the case of other assets, evidence indicating the possibility of reversing impairment losses is assessed as at subsequent balance sheet dates. Reversal of the write-down is recognized in the result under other operating income.

1.3.4.6. Investment Estates

Investment property is held for rental income and/or capital appreciation and is valued using the fair value model.
Investment property is initially recognized at purchase price or production cost, taking into account transaction costs. As at subsequent balance sheet dates, investment property is valued at fair value, determined by an independent appraiser, taking into account the location and nature of the property as well as current market conditions.
Profits or losses resulting from changes in the fair value of investment properties are recognized in the result in the period in which the changes occurred, under other operating income or expenses.
Investment property is derecognised from the consolidated statement of financial position when it is sold or permanently withdrawn from use, if no economic benefits are expected in the future. Gains or losses arising from these transactions are defined as the difference between the proceeds from the sale and the carrying amount of the property. These profits and losses are recognized in the result in other operating income or expenses in the period in which the investment property was liquidated or sold at the time the buyer takes control over the asset sold, in accordance with the requirements of IFRS 15. The amount of remuneration under the investment property sale transaction is determined in accordance with the requirements of IFRS 15 regarding the determination of the transaction price.

1.3.4.7. Inventories

Inventories are tangible current assets, including materials purchased for internal use, manufactured or processed finished products (goods and services), suitable for sale or in the process of production, semi-finished products and goods purchased for resale in an unprocessed state.
Inventories are valued at the lower of two values: purchase price/production cost and net realizable value. The purchase price or production cost includes purchase costs, processing costs and other costs.
The outgoing of finished products is recognized using the weighted average method of the actual production cost. Outgoings of materials and goods are determined using the first-in-first-out (FIFO) method.
The net realizable value is the estimated selling price determined in the ordinary course of business, less the costs of finishing and the costs necessary to make the sale.
The valuation of material inventories as at the balance sheet date takes into account revaluation write-offs for inventories not showing movement.
Work in progress is valued at direct costs incurred.

1.3.4.8. Financial instruments

Financial assets

As at the acquisition date, the Group measures financial assets at fair value, ie usually at the fair value of the payment made. Transaction costs are included by the Group in the initial valuation of all financial assets, except for the category of assets measured at fair value through profit or loss. An exception to this rule are trade receivables, which the Group measures at their transaction price within the meaning of IFRS 15. For the purposes of valuation after initial recognition, financial assets other than hedging derivatives are classified by the Group by:
• financial assets measured at amortized cost,
• financial assets measured at fair value through other comprehensive income,
• financial assets at fair value through profit or loss,
• equity instruments measured at fair value through other comprehensive income.

These categories determine the principles of valuation as at the balance sheet date and the recognition of gains or losses on valuation in the financial result or in other comprehensive income. The Group classifies financial assets into categories based on the business model operating in the Parent Company in terms of managing financial assets and contractual cash flows specific to a financial asset. A financial asset is measured at amortized cost if both of the following conditions are met (and not designated at initial recognition at fair value through profit or loss):

• the financial asset is maintained in accordance with the business model whose objective is to hold financial assets in order to obtain contractual cash flows,
• the contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The category of financial assets measured at amortized cost includes:
• loans,
• trade receivables and other receivables (excluding those for which the principles of IFRS 9 are not applied),
• cash and cash equivalents,
• debt securities.

The listed classes of financial assets are presented in the consolidated statement of financial position broken down into long-term and short-term assets.
Valuation of short-term receivables and cash and cash equivalents is carried out at the value requiring payment due to insignificant discount effects.
Interest income, impairment gains and losses, and foreign exchange differences related to these assets are calculated and recognized in profit or loss in the same way as financial assets measured at amortized cost. Other changes in the fair value of these assets are recognized in other comprehensive income. Upon derecognition of a financial asset measured at fair value through other comprehensive income, the accumulated gains or losses previously recognized in other comprehensive income are reclassified from equity to profit or loss.

A financial asset is measured at fair value through profit or loss if it does not meet the criteria for measurement at amortized cost or at fair value through other comprehensive income and is not an equity instrument designated at initial recognition for measurement at fair value through other comprehensive income. In addition, the Group includes in this category financial assets designated at initial recognition for measurement at fair value through profit or loss due to the fulfilment of the criteria set out in IFRS 9.

This category includes:
• all derivatives disclosed in the consolidated statement of financial position in a separate item "Derivative financial instruments", except for derivatives
• shares in companies other than subsidiaries and associates,
• participation units and investment certificates of investment funds Instruments belonging to this category are valued at fair value, and the effects of the measurement are recognized in the result under "Financial income" or "Financial costs", respectively. Profits and losses from the valuation of financial assets are determined by the change in fair value determined on the basis of prices from an active market current as at the balance sheet date or on the basis of valuation techniques if there is no active market. Dividends from equity instruments included in this category are recognized in the result in the item "Financial income" after meeting the conditions for recognizing income from dividends specified in IFRS 9,

Financial assets included in the categories measured at amortized cost and measured at fair value through other comprehensive income, due to the business model and the nature of the related cash flows, are assessed at each balance sheet date in order to recognize expected credit losses, regardless of whether there are indications of impairment values. The method of making this assessment and estimating allowances for expected credit losses differs for individual classes of financial assets.

For trade receivables, the Group estimates them individually, i.e. the credit risk of each counterparty is assessed individually.
Receivables as at the balance sheet date are shown in the amount due in accordance with the principles of prudent valuation, in net value - after taking into account write-downs on receivables.
For non-performing receivables, which will most likely not be settled after taking into account the collateral held, the Group Companies make a revaluation write-down using the following principles:

1. Write-downs for receivables not settled within 90 days from the due date are made quarterly, as at the end of each quarter. The revaluation write-down is made in the part of the unsecured value of receivables,
2. if the debtor or a third party submits an application to open bankruptcy proceedings, a revaluation write-off is made. The revaluation write-down is made in the part of the unsecured value of receivables,
3. . in the cases specified above, a departure from the above rules will require a decision of the Management Board of the Parent Company in writing.

The Group considers an insolvency event to be the failure of a counterparty to meet its obligations after 90 days from the due date of the receivable.

With regard to other asset classes, in the case of instruments for which the increase in credit risk from the first recognition was not significant or the risk is low, the Group assumes first recognizing losses from default for the next 12 months. If the increase in credit risk since its initial recognition has been significant, losses are recognized over the life of the instrument.

Trade and other receivables

Trade receivables with a maturity period of more than 12 months from the maturity date are measured at amortized cost using the effective interest rate based on WIBOR.

The Group applies a simplified approach assuming the calculation of allowances for expected credit losses for the entire life of the instrument. The estimate of the write-down is based primarily on historical overdue payments and linking the arrears with the actual repayments from the last 5 years, taking into account available information regarding the future.

The item trade receivables and other receivables include, in order to ensure the commensurability of costs and revenues, expenses incurred in a given period that relate to revenues in the next period, and then they will become costs. These assets include, among others: rents paid in advance, insurance, subscriptions, costs of ongoing development works, costs of preparing new production.

Financial liabilities

Financial liabilities are presented in the following items of the statement of financial position:

- credits, loans, other debt instruments,
- payables for deliveries and services and other liabilities and
- derivative financial instruments.

As at the acquisition date, the Group measures financial liabilities at fair value, i.e. usually at the fair value of the amount received. Transaction costs are included by the Group in the initial valuation of all financial liabilities, except for liabilities measured at fair value through profit or loss.
After initial recognition, financial liabilities are measured at amortized cost using the effective interest rate method, except for financial liabilities held for trading or designated as at fair value through profit or loss.

The category of financial liabilities at fair value through profit or loss includes derivatives other than hedging instruments.

Profits and losses from the measurement of financial liabilities are recognized in the financial result under financing activities.

Trade and other liabilities

Liabilities are obligations resulting from past events to perform services of a reliably determined value, which will result in the use of already owned or future assets.

Short-term liabilities are all liabilities due to deliveries and services, as well as all or part of other liabilities that become due within 12 months from the balance sheet date.
Long-term liabilities are liabilities not classified as short-term.
As at the balance sheet date, liabilities are shown in the amount due

Short-term trade liabilities are valued at the value requiring payment due to insignificant discount effects.

1.3.4.9. Cash and cash equivalents

Cash and cash equivalents include cash in hand and on bank accounts, deposits payable on demand and short-term highly liquid investments (up to 3 months), easily convertible to cash, for which the risk of changes in value is insignificant.

1.3.4.10. Other short-term financial assets

The Group uses currency forward contracts as hedges against the risk of exchange differences. Detailed information on derivatives is disclosed in additional explanatory notes to the consolidated financial statements.
Instruments belonging to this category are measured at fair value, and the effects of the valuation are recognized in the result under "Financial income" or "Financial costs", respectively. Profits and losses on the valuation of financial assets are determined by the change in fair value determined on the basis of prices from an active market current as at the balance sheet date or on the basis of valuation techniques if there is no active market
Derivative instruments are recognized at fair value as at the date of concluding the contract, and then revalued to fair value at each balance sheet date. The resulting profit or loss is immediately recognized in the profit and loss account.

1.3.4.11. Non-current assets held for sale and liabilities relating to non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered rather as a result of a sale transaction than as a result of their continued use. This condition is deemed to be met only when the sale transaction is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Classification of an asset as held for sale assumes the intention of the Parent Company's management to make a sale transaction within one year from the change of classification.

Non-current assets (and disposal groups) classified as held for sale are valued at the lower of the following two values: original carrying amount or fair value less selling costs.

1.3.4.12. Equity capital

Equity is determined in accordance with applicable regulations and the Parent Company's Articles of Association and is shown at nominal value, broken down into its components.
Share capital is shown at nominal value in accordance with the agreement of the parent company, i.e. ELEKTROTIM S.A. and an entry in the National Court Register.

Own shares (shares) are shown with a negative sign and are valued at the purchase price, these are usually own shares of the parent company purchased for redemption in accordance with the resolution of the General Meeting of Shareholders.

The capital from the sale of shares above their nominal value arises from the surplus of the issue price over the nominal value of shares, less the issue costs.

Retained earnings include results from previous years (including those transferred to capital by resolutions of shareholders).

1.3.4.13. Share-based payments

Share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. The fair value is measured using the Black-Scholes model. The expected useful life used in the model has been adjusted based on the best estimates of the company's management, as well as the impact of restrictions on transfer rights, exercise and behaviour. Detailed data on the method of determining the fair value of transactions carried out in the form of shares, accounted for using the equity method, are presented in the explanatory notes.
The fair value determined as at the date of granting the share-based payments is charged to costs on a straight-line basis over the vesting period, based on the Parent Company's estimates of the shares that will eventually be acquired..

1.3.4.14. Deferred tax assets and liabilities

Deferred tax is calculated using the balance sheet liability method as a tax to be paid or refunded in the future, referring to the differences between the carrying amounts of assets and liabilities and the corresponding tax values used to calculate the tax base.

The deferred tax provision is recognized for taxable taxable temporary differences, while the deferred tax asset is recognized to the extent that it is probable that future tax profits will be reduced by the recognized negative temporary differences.
The carrying amount of a deferred tax asset is reviewed at each balance sheet date, and if the expected future tax profits are not sufficient to recover the asset or part thereof, the value should be reduced accordingly.
Deferred tax assets and liabilities are calculated using the tax rates that will be applicable when the asset is realized or the liability becomes due, in accordance with the tax regulations (rates) legally or factually binding as at the balance sheet date.

1.3.4.15. Provisions for liabilities

Provisions are created when the Parent Company or the Group companies have an existing obligation (legal or constructive) resulting from past events, and when it is probable that the fulfilment of this obligation will result in the need for an outflow of economic benefits and the amount of this liability can be reliably estimated . The timing of the payment and the exact amount to be paid may be uncertain.
Reserves are created for the following titles:
• guarantees of after-sales service for products and services provided,
• pending court proceedings and disputes,
• restructuring, only if the Group is obliged to carry it out under separate regulations or binding agreements have been concluded in this regard.

Provisions are recognized at the value of the estimated expenditures necessary to fulfil the current obligation, based on the most reliable evidence available as at the date of preparation of the consolidated financial statements, including risk and uncertainty. If the impact of the time value of money is significant, the amount of the provision is determined by discounting the projected future cash flows to the present value, using a discount rate reflecting the current market assessments of the time value of money and the possible risk related to a given liability. If the discounting method was used, the increase in the provision due to the passage of time is recognized as a financial cost. If the Group expects the costs covered by the provision to be reimbursed, for example under an insurance contract, then the reimbursement is recognized as a separate asset, but only when there is reasonable certainty that the reimbursement will actually occur. However, the value of this asset may not exceed the amount of the reserve.
If the expenditure of funds to meet the current obligation is not probable, the amount of the contingent liability is not recognized in the consolidated statement of financial position, except for contingent liabilities identified in the process of business combination in accordance with IFRS 3.

Possible inflows containing economic benefits for the Group, which do not yet meet the criteria for recognition as assets, are contingent assets that are not recognized in the consolidated statement of financial position. Information on contingent assets is disclosed in additional explanatory notes.

1.3.4.16. Employee benefits

Liabilities and provisions for employee benefits disclosed in the consolidated statement of financial position include the following titles:
• short-term employee benefits for salaries (including bonuses and commissions)
• provisions for unused holidays and
• other long-term employee benefits, which the Group includes retirement severance pays.

The value of liabilities due to short-term employee benefits is determined without discount and disclosed in the consolidated statement of financial position in the amount due.
Provisions for unused holidays The Group creates a provision for the costs of accumulated paid absences, which it will have to incur as a result of the entitlement not used by employees, and which entitlement has accumulated as at the balance sheet date. The provision for unused holidays is a short-term provision and is not discounted.
In accordance with the remuneration systems in force in the parent company and in subsidiaries, employees are entitled to retirement severance pay. Retirement benefits are paid once, at the time of retirement. The amount of retirement benefits depends on the length of service and the average remuneration of the employee. The Group creates a provision for future liabilities due to retirement benefits in order to allocate costs to vesting periods by employees.
The present value of the provisions as at each balance sheet date is estimated by an independent actuary. The accrued provisions are equal to discounted payments that will be made in the future and relate to the period to the balance sheet date. Demographic information and employment turnover information are based on historical data.
The effects of the valuation of the provision for future liabilities due to retirement benefits are recognized through other comprehensive income.

1.3.4.17. Deferred income

The Group recognizes in assets under "Accruals" prepaid costs relating to future reporting periods.

The item "Accruals" included in liabilities presents deferred income, including cash received to finance fixed assets, which are accounted for in accordance with IAS 20 "Government Grants".

Accrued expenses are shown under "Trade payables and other payables".

Subsidies are recognized only when there is sufficient certainty that the Group will meet the conditions related to a given subsidy and that the subsidy will actually be received. A subsidy related to a given cost item is recognized as income commensurate with the costs that the subsidy is intended to compensate. The subsidy financing the asset is gradually recognized in the result as income over the periods in proportion to the depreciation charges made on this asset. For the purposes of presentation in the consolidated statement of financial position, the Group does not deduct subsidies from the carrying amount of assets, but shows subsidies as deferred income under "Accruals".

1.3.4.18. Costs of external financing

Borrowing costs directly related to the acquisition or production of assets that require a longer period of time to be fit for use or resale are added to the costs of production of such assets until the assets are substantially ready for their intended use or resale.
All other external financing costs are recognized directly in the profit and loss account in the period in which they were incurred.

1.3.4.19. Revenues, costs and financial result

Revenues and profits – it is understood as the probable emergence of economic benefits in the reporting period, of a reliably determined value, in the form of an increase in the value of assets or a decrease in the value of liabilities, which will lead to an increase in equity or reduction of its deficiency in a manner other than the contribution of funds by shareholders or owners.

Sales revenues are only revenues from contracts with customers within the scope of IFRS 15. The method of recognizing sales revenues in the consolidated financial statements, including both the value and the moment of revenue recognition, is defined by a five-stage model comprising the following steps:
- identification of the contract with the client,
- identification of performance obligations,
- determining the transaction price,
- assigning the transaction price to performance obligations,
- Recognition of revenue when or after performance obligations are satisfied.

Identification of the contract with the customer
The Group recognizes a contract with a customer only when all of the following criteria are met:
- the parties to the contract have entered into a contract (whether in writing, orally or in accordance with other customary commercial practices) and are obliged to perform their obligations;
- The Group is able to identify the rights of each party regarding the goods or services to be transferred;
- The Group is able to identify payment terms for the goods or services to be transferred;
- the contract has economic substance (i.e. the risk, timing or amount of the Group's future cash flows may be expected to change as a result of the contract);
- it is probable that the Group will receive the consideration to which it is entitled in exchange for the goods or services that will be transferred to the customer.

Identification of performance obligations

At the conclusion of the contract, the Parent Company and the Group companies assess the goods or services promised in the contract with the customer and identify as a performance obligation each promise to provide the customer with a good or service (or a bundle of goods or services) that can be separated or grouped distinct goods or services that are substantially the same and are provided to the customer in the same manner.
A good or service is distinct if it meets both of the following conditions:

- the customer can benefit from the good or service either directly or through association with other resources that are readily available to him, and
- the Group's obligation to transfer the good or service to the customer can be distinguished from other obligations specified in the contract.

Determining the transaction price
In order to determine the transaction price, the Group takes into account the terms of the contract and its usual commercial practices. The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for the transfer of promised goods or services to the customer, excluding amounts collected on behalf of third parties. The remuneration specified in the contract with the client may include fixed amounts, variable amounts or both.

If the contract contains a significant financing component, the Group adjusts the promised amount of contractual consideration for the effect of the time value of money. The Group applies a practical solution, according to which adjustments for the impact of a significant financing component are not made in the case of contracts with payment terms shorter than 1 year.
The Group performs contracts with a client that do not contain a significant element of financing.

Guarantees granted by the parent company and subsidiaries for the services sold are recognized in accordance with IAS 37, because their terms reflect only the assurance that the services provided by the Group will operate in accordance with the intentions of the parties, expressed in the agreed specification.

The Group assigns a transaction price to each performance obligation in an amount that reflects the amount of consideration to which it is expected to be entitled in exchange for transferring the promised goods or services to the customer.

Recognition of revenue when or after performance obligations are satisfied

The Group recognizes revenue when (or during) the performance obligation is satisfied by transferring the promised good or service to the customer.

The Group measures revenues in accordance with IFRS 15 for contracts based on the provision of broadly understood construction and construction and assembly services. An asset is transferred when the customer obtains control of the asset. Revenues are recognized as amounts equal to the transaction price that has been assigned to a given performance obligation. It is generally recognized that when the Group provides construction and assembly services, a single performance obligation arises. Thus, the issue of allocating the transaction price to the performance obligation does not require estimation.

The Group applies various payment terms, including both prepayments up to a few days before delivery and deferred payment terms up to 60 days. Payment terms depend on the recipient's credit risk assessment and the possibility of securing the receivables. Therefore, payment dates do not depend on the moment of fulfillment of the performance obligation. The Group recognizes prepayments received as contractual liabilities, while in the case of deferred payment dates, the Group recognizes the remuneration due as a receivable at the time of issuing the invoice, if the only condition for receiving payment is the passage of time. Payment of remuneration becomes due, depending on the payment terms contained in individual contracts, either before the delivery (prepayment) or within the indicated number of days from the date of sale indicated on the invoice.

Revenue from contracts with customers is recognized in the amount equal to the transaction price, which is the amount of consideration to which the Group expects to be entitled in exchange for the transfer of promised goods or services to the customer, excluding amounts collected on behalf of third parties.

IFRS 15 requires the use of a uniform method of revenue recognition for contracts and liabilities with similar characteristics. The method of measuring the value of goods and services used by the Group is the method of the share of costs incurred up to the date of determining revenue in the total costs of the service (the method based on expenditures). If it is not possible to use the input-based method, or if it is required by the specificity of the contract, the Group applies the measurement method. If a performance obligation is not satisfied over time, the Group is deemed to have satisfied it at a point in time. If it is probable that the total costs related to the execution of the contract will exceed the total revenues, in accordance with IAS 37, the expected loss (excess of costs over revenues) is charged to operating costs and, on the other hand, a provision is created for onerous contracts (provision for expected losses on contracts).
The Group presents in assets in the item "Assets due to contracts", the valuation in relation to contracts in progress that are subject to valuation. Outstanding amounts accrued and invoiced for work performed under the contract and amounts

retained by customers are presented under "trade and other receivables". Outstanding amounts due to suppliers for which the Group received invoices and amounts retained from suppliers are presented item "trade and other payables".
Remuneration received for undelivered goods and uncompleted services (advances) are recognized in the consolidated statement of financial position as contract liabilities.
The contracts with the client do not contain a significant element of financing.

Costs and losses – this is understood as probable decreases in economic benefits in the reporting period, of a reliably determined value, in the form of a decrease in the value of assets or an increase in the value of liabilities and provisions, which will lead to a decrease in equity or an increase in its deficiency in a manner other than the withdrawal of funds by shareholders or owners.
The costs of products, goods and materials sold are determined in a manner commensurate with the revenues from core activities and are recognized in the income statement in the calculation version using the direct method. Costs are grouped in parallel in the type-based system, with simultaneous entry into cost centres in the calculation system.

In accordance with the accrual principle, the Parent Company and the companies belonging to the Group recognize in the profit and loss account all costs attributable to a given reporting period, regardless of the period of their actual settlement. Costs incurred that do not relate to a given period are recognized in assets as prepaid expenses, while costs not incurred and related to a given period are liabilities for uninvoiced costs.

The Group settles the costs of acquiring projects on an ongoing basis and does not reward the costs of acquiring clients. The settlement of project acquisition costs takes the form of a commercial commission in the year in which the acquired project is sold.

Other operating income and costs - recurring income and costs are recognized here only indirectly related to ordinary activity and related in particular to activities that are not the proper subject of activity, related to the sale and liquidation of fixed assets, as well as revaluation of fixed assets and inventories and receivables, transfer or receipt free of charge of assets and cash, penalties and damages, and others.

Financial income and costs are benefits obtained from holding, borrowing or selling financial assets and fees charged for borrowing cash from third parties, which gives rise to financial liabilities, as well as the effects of impairment of financial assets. Revenues and costs from financial operations related to a given financial year are included here.

1.3.5. Subjective assessments and uncertainty of estimates

Uncertainty of estimates

Basic assumptions regarding the future and other key sources of uncertainty existing at the end of the reporting period, which are associated with a significant risk of a significant adjustment to the carrying amounts of assets and liabilities in the next financial year:

Construction contracts

In the case of contracts performed by the company, the Group applies the provisions of IFRS 15 "Revenue from contracts with customers" and shows sales revenue in the income statement based on the measurement of the stage of their implementation (determined as the proportion of contract costs incurred for work performed by the end of the period in to the estimated total contract costs). In their case, there is a risk that the Group has incorrectly estimated the production costs, there will be changes in the production costs during the product manufacturing process, there will be errors in managing the implementation of the task or errors in technical and technological solutions, the implementation of the task will occur with a delay or delay. The result of these risks may be a decrease in revenues and/or an increase in costs, and consequently a decrease in the Group's financial result.

Deferred tax asset

The Group recognizes a deferred tax asset based on the assumption that in the future a tax profit will be generated that will allow for its use. Deterioration of the tax results obtained in the future could make this assumption unjustified.

Goodwill write-downs (value of shares in subsidiaries)

At the end of each reporting period, the Management Board assesses whether there are any indications of goodwill impairment (value of shares in subsidiaries). If there are indications of impairment, the Management Board makes write-downs updating the value of these assets to the level of recoverable value.

The recoverable amount was determined as one of two values, depending on which of them is higher: fair value less costs of sale or the value in use of a given asset. The value in use was estimated using the DCF method. The DCF method is based on discounted cash flows generated by subsidiaries with assumed operational schedules and proceeds from sales. The discount factor takes into account the weighted cost of external and equity capital (WACC). The recoverable amount of shares/shares and the amount of write-downs on the value of shares/shares is the value estimated as at December 31, 2022 and may change depending on the generated revenues and incurred production costs, project implementation schedules and discount rate calculations in the future. Actual results may differ from those estimates, which were calculated on the basis of data available as at the date of their preparation. It is also related to the uncertainty regarding the correct estimation of market conditions in the coming years.

Depreciation rates

The amount of depreciation rates is determined on the basis of the expected economic useful life of tangible fixed assets and intangible assets.
In the period of 12 months ended 31 December 2022, the Group verified the originally assumed useful lives of tangible and intangible assets and concluded that there was no need to change the estimated useful lives..

Reserves

Provisions for employee benefits - retirement benefits - are estimated using actuarial methods. The amount of provisions for employee benefits shown in the consolidated financial statements results from the estimation made by an independent actuary. The level of provisions is affected by the assumptions regarding the discount rate and the salary increase ratio.

Income tax

The tax regulations in force in Poland are subject to frequent changes, causing significant differences in their interpretation and significant doubts in their application. The tax authorities have control instruments enabling them to verify the tax bases (in most cases in the previous 5 financial years). As a consequence, the determination of tax liabilities, deferred tax assets and liabilities may require significant judgement, including with regard to transactions that have already taken place, and the amounts presented and disclosed in the financial statements may change in the future as a result of inspections by tax authorities.

As a consequence, the determination of tax liabilities, deferred tax assets and liabilities may require significant judgement, including with regard to transactions that have already taken place, and the amounts presented and disclosed in the financial statements may change in the future as a result of inspections by tax authorities.

Lease period

When determining the lease liability, the Group estimates the lease term, which includes:

- irrevocable lease period,
- periods during which there is an option to extend the lease, if it can be assumed with sufficient certainty that the lessee will exercise this option,
- periods during which there is an option to terminate a lease, if it can be reasonably assumed that the lessee will not exercise that option.

When assessing whether the Group will exercise the extension option or not exercise the termination option, the Group takes into account all relevant facts and circumstances that give it an economic incentive to exercise or not exercise the option.

The lease liability presented in the statement of financial position reflects the best estimates as to the lease term, however, a change in circumstances in the future may result in an increase or decrease in the lease liability and the recognition of a corresponding adjustment in right-of-use assets.

2. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2.1. Information on operating segments

Products and services from which the reporting segments derive their revenues
The company ELEKTROTIM offers its products on the market of construction and assembly works for public and non-public customers.

Reporting segments identified in the Company constitute an aggregation of the Company's organizational structure, the operational part of which has been divided into separately managed economic organisms (plants) grouped into divisions. The criterion for separating individual plants and divisions were product companies and territorial distribution. In order to present information in a way that allows for a proper assessment of the type and financial effects of the business activities conducted by the Company, operating segments were combined based on the criterion of product groups into three segments:
- Installations Segment
- Grid Segment
- Automation Segment

These segments meet the following rules jointly:
- the merger was carried out in accordance with the overriding principle of IFRS 8 "presentation of information in a way that allows users of financial statements to assess the type and financial effects of economic activities in which the entity is involved and the economic environment in which it operates".
- the segments have similar economic characteristics
- the segments are similar in:
  * type of products and services
  * type of production processes
  * the type or company of customers for the products and services in question
  * methods used to distribute products or provide services

The applied principles of measuring segment information are consistent with the principles resulting from the Company's accounting policy.

Products offered by the Installations Segment

a) **Construction and executive designs, including**:
- designs of power and light electrical installations for industrial, service and commercial facilities,
- designs of MV and LV cable power lines,
- projects of MV/LV transformer stations,
- lighting projects for roads, streets and squares,
- traffic light designs,
- projects of illumination of buildings of architectural value,
- Christmas illumination projects,
- designs of sanitary installations,

projects of low-current installations. The listed products are offered by Pracownia Projektowa.

b) Electrical installations, including:
- transformer stations,
- electrical power and light installations in facilities:
  - industrial
  - residential
  - public utility
  - storage
  - sports
  - military.

The listed products are offered by the Electric Installations Department.

c) Electrical switchboards, including:
- SM6 type MV switchgears,
- OKKEN LV MCC switchgears,

- LV switchgears for distribution of electricity, type PRISMA,
- X-ENERGY switchboards, SOT street lighting cabinets,
- counter boards.

The listed products are offered by the Production Department.

d) Low current installations, including:

- computer systems integrating BMS and SMS
- structured wiring systems,
- fire alarm systems
- access control systems,
- CCTV systems,
- technical protection systems
- building automation installations
- work registration systems,
- perimeter protection systems,
- EiB systems,
- telecommunications systems.

The listed products are offered by Low-current Installation Department.

e) Service of electrical installations and devices, including:

- service of low voltage equipment,
- measurement and control works of station and dispatch telemechanics,
- electrical measurements.

The listed services are provided by the Service Department.

Products offered by the Grid Segment:

○ **Electric networks, including:**

- traffic lights,
- road lighting,
- illuminations of objects,
- airport navigation lighting,
- MV and LV cable lines,
- teletechnical networks,
- MV and LV transformer stations

The listed products are offered by the **Electrical Networks Department**.

○ **Telecommunication networks, including:**

- Teletechnical sewers,
- Copper telecommunication lines,
- Fiber optic telecommunications lines
- radio beacons (NDB, DVOR/DME),
- radar systems,
- antenna systems,
- other navigation and radio communication systems

The products listed above are offered by the Department of Teletechnical Networks.

a) Elements of road infrastructure, including:

- horizontal thin and thick-layer marking of roads and streets,
- vertical marking
- traffic organization: temporary and final
- road safety devices
- traffic organization projects.

These products are offered by the Department of Motion Engineering.

b) Signalling and lighting service, including:

- operation, modernization and maintenance of traffic lights,

- service and maintenance of road and square lighting,
- operation, modernization and maintenance of external lighting and illumination of buildings,
- maintenance of the light power installation,
- traffic light controllers.

These products are offered by the Signalling and Lighting Department.

c) Systems:

- automation for power generation,
- automation for environmental protection installations,
- industrial IT,
- automation for industry.

d) High voltage grids, including:

- overhead HV power lines
- cable HV power lines
- power protection automation (EAZ)
- telemechanics
- master systems
- HV/MV stations

The listed products are offered by the High Voltage Division

Products offered by the Automation Segment

a) Automation systems for power generation

- automation system for the power unit
- automation system for water and sewage treatment installations
- automation system for fuel feeding, ash removal and slagging installations
- automation system for heating systems
- automation system of compressor systems
- automation system for flue gas purification installation
- design of power unit automation and auxiliary installations
- automation system for small installations in the power industry
- maintenance services.

The products are offered by Power Automation Department.

b) Automation systems for environmental protection installations

- automation and electrical installations for sewage treatment plants
- automation and electrical installations for water treatment plants
- automation and electrical installations for pump systems
- automation system for sewage treatment plants
- automation system for water treatment plants
- automation system for pump systems
- monitoring system of water and sewage networks
- design of automation for sewage treatment plants
- automation design for a water treatment plant
- maintenance services
- fish protection and monitoring system - Neptun
- a scanner for monitoring fish passes.

The products are offered by the Industrial Automation Department and the Power Automation Department.

c) Power automation systems

- CERTAN PQ-100 - electricity quality indicator meter
- disturbance recorder
- power system supervision and energy balancing system
- a system for recording disturbances and analysing the quality of electricity
- network and equipment operation system
- maintenance services.

he products are offered by the Power Automation Department.

d) Industrial IT systems

- SKSR Starting Losses Control System
- MESKAN Modular Operating Control System
- VECTAN Equipment Operation Control System
- PROMAN System for visualization and production process management support)
- CERTAN SYSTEM
- communication interfaces
- custom software development
- servicing own products.

The products are offered by the Industrial Information Technology Department.

e) Other automation systems

- BMS
- fire detection and temperature monitoring system - PROList

The products are offered by the Power Automation Department, the Industrial Automation Department and the Electroenergetic Automation Department.

Segment revenues and results

Below is an analysis of the Company's revenues and results in individual segments covered by the reporting:

Business segments	01.01-31.12.2022	01.01-31.12.2022	01.01-31.12.2022	01.01-31.12.2021	01.01-31.12.2021	01.01-31.12.2021
	Installation Segment	Grid Segment	Automation Segment	Installation Segment	Grid Segment	Automation Segment
Sales revenue from external customers	303 469	158 864	43 266	142 872	99 817	34 484
Revenue within and from other segments	29 432	1 500	0	10 876	707	0
The cost of producing the products sold	284 989	146 880	37 178	141 224	86 857	28 220
Gross profit (loss) on sales	47 912	13 484	6 088	12 524	13 667	6 264

Segment assets

The Company does not analyse the assets and liabilities of the segment in the statements used by the Management Board of the Parent Company for operational and analytical purposes, as assets and liabilities are not allocated to the segment.

Geographic information

The company operates in only one geographical area - in Poland. The breakdown of revenues by territorial structure is presented in Note 2.21

Information about leading customers

Main customers

No.	Customer	Share (%)
1	Komenda Główna Straży Granicznej	41
2	ENEA Operator Sp. z o.o. Oddział Dystrybucji Szczecin	6
3	SK Hi-Tech Battery Materials Poland sp. z o.o.	6
4	Nestle Purina Manufacturing Operations Poland sp. z o.o.	4
5	FW WARTA Sp. z o.o.	3
6	Miejskie Przedsiębiorstwo Wodociągów i Kanalizacji S.A.	3

7	Skarb Państwa – Centrum Zasobów Cyberprzestrzeni Sił Zbrojnych	3
8	Tauron Dystrybucja S.A.	3
9	Others	32
	Total:	100

2.2. Investments in subsidiaries

Selected information on subordinated entities covered by consolidation

a)	name (business name) of the entity, indicating the legal form	PROCOM SYSTEM S.A.	ZEUS S.A.	OSTOYA-DataSystem Sp. z o.o.
b)	seat	Wrocław	Pruszcz Gdański	Gdańsk
c)	subject of the enterprise	production of systems for industrial controllers	making electrical installations	implementation of IT systems in the area of security management
d)	nature of the relationship (subsidiary, jointly controlled entity, associate, specifying direct and indirect links)	Shares of the company were sold on 12-12-2022	subsidiary	subsidiary
e)	the method of consolidation/valuation using the equity method or an indication that the entity is not subject to consolidation/valuation using the equity method full method full method		the complete method	the complete method
f)	date of taking control / joint control / obtaining significant influence		18.07.2012	11.01.2017
g)	value of shares (shares) at purchase price		7 311	233
i)	carrying amount of shares (shares)		5 898	644
j)	percentage of share capital held		88,12	82
k)	share in the total number of votes at the general meeting		88,12	82
l)	an indication other than specified in point j) or k), basis of control/joint control/significant influence			
m)	entity's equity		3 134	3 862
n)	liabilities and provisions for liabilities of the entity		24 939	1 709
o)	receivables of the entity:		11 878	2 675
p)	total assets of the entity		28 073	5 571
r)	sales revenue		42 155	6 738
-	net profit (loss)		-835	3 037
s)	the value of shares (shares) in the entity unpaid by the issuer			
t)	dividends received or due from the entity for the last financial year		0	0

2.3. Intangible assets

Intangible assets

	31.12.2022	31.12.2021
completed development work	0	1 214
acquired concessions, patents, licenses and similar assets	142	0
other intangible assets	0	101
Intangible assets, total	142	1 315

Changes in intangible assets (by type) for 2022.

	development costs	concessions, patents, licenses and similar values	other intangible assets	Total intangible assets
gross value of intangible assets at the beginning of the period	18	109	5 040	5 167
increases (due to)	0	44	29	73
- purchase	0	44	29	73
- acquisition of subsidiaries	0	0	0	0
	0	0	0	0
reduction (due to)	0	50	0	50
- sale	0	0	0	0
- liquidation	0	50	0	50
	0	0	0	0
gross value of intangible assets at the end of the period	18	103	5 069	5 190
accumulated depreciation (redemption) at the beginning of the period	18	109	4 744	4 871
depreciation for the period (due to)	0	-44	220	176
- planned write-offs	0	6	220	226
- acquisition of subsidiaries	0	0	0	0
- reductions	0	-50	0	-50
accumulated depreciation (redemption) at the end of the period	18	65	4 964	5 047
impairment losses at the beginning of the period				0
- increases	0	0	0	0
- reductions	0	0	0	0
impairment losses at the end of the period	0	0	0	0

net value of intangible assets at the end of the period	0	38	105	143

Changes in intangible assets (by type) for 2021.

	development costs	concessions, patents, licenses and similar values	other intangible assets	**Total intangible assets**
gross value of intangible assets at the beginning of the period	2 337	367	6 435	9 139
increases (due to)	276	0	-140	136
- purchase	276	0	-140	136
- acquisition of subsidiaries	0	0	0	0
	0	0	0	0
reduction (due to)	233	0	0	233
- sale	0	0	0	0
- liquidation	0	0	0	0
	233	0	0	233
gross value of intangible assets at the end of the perioc	2 380	367	6 295	9 042
accumulated depreciation (redemption) at the beginning of the period	826	364	5 848	7 038
depreciation for the period (due to)	340	3	346	689
- planned write-offs	340	3	346	689
- acquisition of subsidiaries	0	0	0	0
- reductions	0	0	0	0
accumulated depreciation (redemption) at the end of the period	1 166	367	6 194	7 727
impairment losses at the beginning of the period	0	0	0	0
- increases	0	0	0	0
- reductions	0	0	0	0
impairment losses at the end of the period	0	0	0	0
net value of intangible assets at the end of the period	1 214	0	101	1 315

Intangible assets (ownership structure)

	31.12.2022	**31.12.2021**

own	142	1 060
used on the basis of a rental, tenancy or other agreement, including a leasing agreement	0	255
Intangible assets, total	142	1 315

2.4. Goodwill

		31.12.2022	31.12.2021
-	subsidiaries	6 310	6 664
-	PWS (Electricity Substations, Distribution Division)	2 396	2 396
-		0	0
Total goodwill of subsidiaries		8 706	9 060
Write-offs for the sale of a subsidiary		2 312	354
Carrying amount, total		**6 394**	8 706

Change in goodwill of subsidiaries

	31.12.2022	31.12.2021
state at the beginning of the period	8 706	9 060
increases (due to)	0	0
- acquisition of subsidiaries	0	0
reduction due to the sale of a subsidiary	2 312	354
state at the end of the period	6 394	8 706

As of April 1, 2012, as part of the ongoing restructuring of the Capital Group, the process of incorporating products implemented by the subsidiary company Elektromont Beta S.A. to the product offer of the ELEKTROTIM S.A. Network Division. and at the same time, all employees of this company were taken over by ELEKTROTIM S.A. pursuant to Art. 231 of the Labor Code. Thus, the entire activity of Elektromont Beta S.A. was transferred to ELEKTROTIM S.A. In connection with the above, ELEKTROTIM S.A., in accordance with IAS 36.87 referring to the reorganization of the structure of the economic entity, rewrote the goodwill of Elektromont Beta S.A. created as at the date of taking control from the previous cash-generating unit (which was the subsidiary) to the new cash-generating unit, which is the High Voltage Plant, which is part of the Grid Division. This is the lowest level at which goodwill can be monitored for the internal needs of ELEKTROTIM S.A. (IAS 36.80 to 87).
Due to the internal reorganization within ELEKTROTIM S.A. goodwill from the High Voltage Plant, which is part of the Grid Division, was allocated to the newly established cash-generating unit, i.e. the Power Stations Plant within the Grid Division. In 2013, a revaluation write-down of PLN 1,707 thousand was made from the impairment test of the cash-generating unit after restructuring, to which goodwill was allocated after comparing the carrying amount with its recoverable amount. In order to carry out the test, the following assumptions were made: period of projected cash flows - 5 years, discount rate 11%.
As at December 31, 2017, a write-down of the value of shares in Mawilux SA was made in the amount of PLN 3,954,000. based on the Gordon model, assuming a 5-year cash flow forecast period and assuming a discount rate of 13.7% and a 3% growth rate after the forecast period.
As at December 31, 2022, impairment tests were carried out on the financial assets of the cash-generating units (High Voltage Plant and Airport Services Department) and subsidiaries.
The performed asset impairment test did not show the need to recognize a goodwill write-down. This test was carried out assuming a 5-year cash flow forecast period and a discount rate of 11%, growth rate after the forecast period of 3%.
Impairment tests were performed by an external company.

In connection with the sale of the subsidiary Procom System S.A. the goodwill allocated to the company decreased by PLN 2 312 thousand.

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2.5. Property, plant and equipment

		31.12.2022	31.12.2021
a)	fixed assets, including:	12 134	18 533
-	land	869	2 532
-	buildings, premises and civil and water engineering facilities	5 153	9 460
-	technical devices and machines	1 828	1 533
-	means of transport	4 114	4 857
-	other fixed assets	170	151
b)	fixed assets under construction	298	296
Tangible fixed assets, total		12 432	18 829

Balance sheet fixed assets (ownership structure)

	31.12.2022	31.12.2021
own	5 594	9 433
used under a rental, lease or other agreement, including a leasing agreement, including:	6 838	9 396
Balance sheet fixed assets, total	12 432	18 829

Changes in fixed assets (by type groups) for 2022

	land	buildings, premises and civil and water engineering facilities	technical devices and machines	means of transport	other fixed assets	Total fixed assets
gross value of fixed assets at the beginning of the period	869	9 103	7 709	11 688	1 966	31 335
increases (due to)	0	322	1 292	1 858	149	3 621
- purchase	0	322	1 292	1 858	149	3 621
- acquisition of subsidiaries	0	0	0	0	0	0
	0	0	0	0	0	0
reduction (due to)	0	0	18	1 269	13	1 300
sale and liquidation	0	0	18	1 269	13	1 300
	0	0	0	0	0	0
gross value of intangible assets at the end of the period	869	9 425	8 983	12 277	2 102	33 656
accumulated depreciation (redemption) at the beginning of the period	0	2 842	6 595	8 066	1 843	19 346
depreciation for the period (due to)	0	1 430	560	97	89	2 176
- planned write-offs	0	1 430	574	1 321	102	3 427
- acquisition of subsidiaries	0	0	0	0	0	0
- sale and liquidation	0	0	14	1 224	13	1 251

	0	0	0	0	0	0
accumulated depreciation (redemption) at the end of the period	0	4 272	7 155	8 163	1 932	21 522
impairment losses at the beginning of the period	0	0	0	0	0	0
- increase	0	0	0	0	0	0
- reductions	0	0	0	0	0	0
impairment losses at the end of the period	0	0	0	0	0	0
net value of fixed assets at the end of the period	869	5 153	1 828	4 114	170	12 134

Changes in fixed assets (by type groups) for 2021

	land	buildings, premises and civil and water engineering facilities	technical devices and machines	means of transport	other fixed assets	Total fixed assets
gross value of fixed assets at the beginning of the period	2 532	15 116	10 266	15 843	2 508	46 265
increases (due to)	0	517	566	1 025	62	2 170
- purchase	0	-1 432	566	1 025	62	221
- acquisition of subsidiaries	0	0	0	0	0	
	0	1 949	0	0	0	1 949
reduction (due to)	0	-7	370	1 772	0	2 135
sale and liquidation	0	-7	370	1 772	0	2 135
	0	0	0	0	0	0
gross value of intangible assets at the end of the period	2 532	15 640	10 462	15 096	2 570	46 300
accumulated depreciation (redemption) at the beginning of the period	0	3 989	8 631	10 065	2 298	24 983
depreciation for the period (due to)	0	2 191	298	174	121	2 784
- planned write-offs	0	2 191	651	1 826	121	4 789
- acquisition of subsidiaries	0	0	0	0	0	
- sale and liquidation	0	0	353	1 659	0	2 012
	0	0	0	-7	0	-7
accumulated depreciation (redemption) at the end of the period	0	6 180	8 929	10 239	2 419	27 767
impairment losses at the beginning of the period	0	0	0	0	0	0
- increase	0	0	0	0	0	0
- reductions	0	0	0	0	0	0
impairment losses at the end of the period	0	0	0	0	0	0
net value of fixed assets at the end of the period	2 532	9 460	1 533	4 857	151	18 533

Leasing

Value of assets due to right-of-use was presented in the consolidated statement of financial position together with the Group's property, plant and equipment.
The values of the right of use in accordance with IFRS 16 are presented in the table "Changes in assets due to right of use".

Changes in assets due to rights of use (by type) for 2022

	land	buildings, premises and civil and water engineering facilities	technical devices and machines	means of transport	other fixed assets	Total fixed assets
gross value at the beginning of the period	0	6 332	35	4 677	0	11 044
increases (due to)	**0**	191	643	1 759	0	2 593
- Conclusion of a leasing contract	0	0	643	1 759	0	2 402
- Changes resulting from contract modifications	0	191	0	0	0	191
	0	0	0	0	0	**0**
reduction (due to)	**0**	0	35	1 364	0	1 399
Termination of the leasing contract	0	0	0	575	0	575
profile changes/bought out	0	0	35	789	0	824
value at the end of the period	**0**	6 523	643	5 072	0	12 238
accumulated depreciation (redemption) at the beginning of the period	0	2 217	26	1 919	0	4 162
depreciation for the period (due to)	**0**	1 361	3	-126	0	1 238
- planned write-offs	0	1 361	31	902	0	2 294
profile changes/bought out	0	0	-28	-516	0	-544
-- depreciation of the completed lease/return	0	0	0	512	0	512
-	0	0	0	0	0	0
accumulated depreciation (redemption) at the end of the period	**0**	3 578	29	1 793	0	5 400
impairment losses at the beginning of the period	0	0	0	0	0	**0**
- increase	0	0	0	0	0	**0**
- reductions	0	0	0	0	0	**0**
impairment losses at the end of the period	**0**	**0**	**0**	**0**	**0**	**0**
net worth at the end of the period	**0**	2 945	614	3 279	0	6 838

Changes in assets due to rights of use (by type) for 2021.

	land	buildings, premises and civil and water engineering facilities	technical devices and machines	means of transport	other fixed assets	Total fixed assets
gross value at the beginning of the period	0	9 127	415	6 675	14	16 231
increases (due to)	0	532	0	1 107	44	1 683
- Conclusion of a leasing contract	0	441	0	1 107	44	1 592
- Changes resulting from contract modifications	0	91	0	0	0	**91**
	0	0	0	0	0	**0**
reduction (due to)	0	0	380	1 089	0	1 469
Termination of the leasing contract	0	0	0	414	0	414
	0	0	380	675	0	1 055
value at the end of the period	0	9 659	35	6 693	58	16 445
accumulated depreciation (redemption) at the beginning of the period	0	2 308	247	2 210	1	4 766
depreciation for the period (due to)	0	2 028	-221	473	3	2 283
planned write-offs	0	2 028	75	1 259	3	3 365
	0	0	0	0	0	0
	0	0	0	414	0	414
	0	0	296	372	0	668
accumulated depreciation (redemption) at the end of the period	0	4 336	26	2 683	4	7 049
impairment losses at the beginning of the period	0	0	0	0	0	**0**
- increase	0	0	0	0	0	**0**
- reductions	0	0	0	0	0	**0**
impairment losses at the end of the period	**0**	**0**	**0**	**0**	**0**	**0**
net worth at the end of the period	0	5 323	9	4 010	54	9 396

2.6. Financial assets

Other long-term financial assets

	31.12.2022	31.12.2021
other units	2 394	3 696
other long-term financial assets, including long-term deposits	2 394	3 696
Long-term financial assets, total	2 394	3 696

Change in long-term financial assets (by type)

	31.12.2022	31.12.2021
state at the beginning of the period	3 340	4 418
	0	0
loans granted	0	0
other long-term financial assets	3 340	4 418
increases (due to)	0	26
loans granted	0	0
other long-term financial assets	0	26
reductions (due to)	946	806
loans granted	0	0
other long-term financial assets	946	806
state at the end of the period	2 394	3 638
	0	0
loans granted	0	0
Other long-term financial assets, including long-term deposits	2 394	3 638

Other short-term assets

	31.12.2022	31.12.2021
in other units	0	14
other short-term financial assets (by type)	0	14

Securities and other short-term financial assets (currency structure)

		31.12.2022	31.12.2021
a)	in Polish currency	0	14
b)	in foreign currencies (by currency and after conversion into PLN)	0	0
Securities, shares and other short-term financial assets, total		0	14

Short-term financial assets (by marketability)

		31.12.2022	31.12.2021
D.	With restricted marketability (carrying amount)	0	14
c)	other - by type groups (carrying amount):	0	14
-	fair value	0	14
-	market value	0	0
-	value at purchase prices	0	0
Carrying amount, total		**0**	14

2.7. Financial liabilities

Long-term financial liabilities

		31.12.2022	31.12.2021
-	credits and loans	0	0
Long-term liabilities, total		**0**	**0**

Short-term financial liabilities

	31.12.2022	31.12.2021
Financial liabilities (credits, loans, debt securities, etc.)	0	217
- credits and loans	0	217

2.8. Assets and provision for deferred income tax

Change in deferred tax assets

	31.12.2022	31.12.2021
Deferred tax assets at the beginning of the period, including:	4 072	7 014
recognized in the financial result	4 072	7 014
Increase	4 969	4 987
Recognized to the financial result for the period due to negative temporary differences (due to)	4 969	5 222
- write-downs on receivables	878	1 051
- write-downs on inventories	591	125
- unpaid wages	0	64
- provision for employee benefits	1 685	564
- reserve for warranty repairs	588	709
- other	1 227	1 893
- IAS / IFRS	0	816
Recognized to the financial result for the period due to tax loss (due to)	0	-235
Reductions	4 065	6 228
Recognized to the financial result for the period due to negative temporary differences (due to)	4 065	6 228

- reversal of temporary differences	14	50
Total deferred tax assets at the end of the period, including:	4 976	5 773
Charged to the financial result	4 976	5 773
- write-downs on receivables	880	1 103
- write-downs on inventories	591	125
- unpaid wages	0	87
- provision for employee benefits	1 693	735
- reserve for warranty repairs	595	808
- other	1 217	1 932
- IAS / IFRS	0	816
- recognized in the financial result of the period in connection with the tax loss (due to)	0	167
charged to equity	0	0
recognized in goodwill	0	0

Change in the balance of the provision resulting from deferred income tax

	31.12.2022	31.12.2021
Deferred tax liability at the beginning of the period, including:	799	2 552
recognized in the financial result	799	2 552
Increase	1 547	392
Charged to the financial result for the period due to positive temporary differences (due to)	1 547	392
- valuation of receivables	0	0
- valuation of long-term contracts	799	0
- fixed assets and intangible assets	709	780
- others	39	-388
Reductions	795	1 997
Recognized to the financial result for the period due to positive temporary differences (due to)	795	1 997
	0	0
Total deferred tax liability at the end of the period	1 551	947
Related to the financial result	1 551	947
- valuation of receivables	0	130
- valuation of long-term contracts	799	0
- fixed assets and intangible assets	712	783
- others	40	34
Charged to equity	0	0
Recognized in goodwill	0	0

2.9. Other long-term non-financial assets

	31.12.2022	31.12.2021
Prepayments and accruals, including:	1 005	832
- Insurance	762	522
- other	244	310
Other accruals, including:	680	19
- other accruals	36	19
Other accruals, total	1 685	851

2.10. Inventory

	31.12.2022	31.12.2021
materials	1 494	1 749
semi-finished products and work in progress	1 864	1 848
finished products	0	0
goods	0	0
remaining	0	53
Inventory, total	3 358	3 650
Inventory write-downs	3 110	731
Inventories, gross total	6 468	4 381

Change in inventory write-downs

	31.12.2022	31.12.2021
State at the beginning of the period	659	790
	0	0
increase	2 471	4
use	0	0
termination	20	63
Inventory write-downs at the end of the period:	3 110	731
Materials	3 110	727
Goods	0	4

In 2022, the Group revaluated inventories in the amount of PLN 2,471 thousand.
There was also a release of write-offs in the total amount of PLN 20 thousand.

2.11. Trade receivables and other receivables

Trade receivables and other receivables

		31.12.2022	31.12.2021
-	Receivables from other entities	91 928	97 411
-	active accruals of costs	1 578	1 736
	Total trade receivables and other receivables, net	93 506	99 147

Short-term receivables

	31.12.2022	31.12.2021

Receivables from other entities	91 928	97 411
For deliveries and services, with a repayment period:	84 826	92 935
- up to 12 months	83 591	88 154
- over 12 months	1 235	4 781
Other receivables	0	527
Other receivables, including:	7 102	3 949
- taxes, customs duties, social and health insurance and other benefits	5 765	2 538
- Social benefits fund surplus	0	17
- other	1 337	1 394
- enforced in court	0	0
Net short-term receivables, total	91 928	97 411
write-downs on receivables	5 471	8 035
Gross short-term receivables, total	97 399	105 446

Gross short-term receivables (by currency)

		31.12.2022	31.12.2021
a)	in Polish currency	97 262	104 339
b)	in foreign currencies (by currency and after conversion into PLN)	137	1 107
	PLN	137	985
	EUR	29	214
	PLN	0	122
	USD	0	30
Short-term receivables, total		**97 399**	**105 446**

Change in write-downs on short-term receivables

	31.12.2022	31.12.2021
State at the beginning of the period	6 245	6 727
Increases (due to)	304	2 457
- write-offs for overdue and threatened receivables	304	2 065
- updating the value of receivables	0	392
Reductions (due to)	1 078	1 149
- liquidation of write-offs after repayment of debts	964	912
- writing off uncollectible debts	114	61
Write-offs on short-term receivables at the end of the period	5 471	8 035

Trade receivables (gross) - with the repayment period remaining from the balance sheet date

	31.12.2022	31.12.2021
Up to 1 month	48 297	37 603
Over 1 month to 3 months	25 002	38 060
Over 3 months to 6 months	31	4 171
Over 6 months to 1 year	221	821
Over 1 year	1 632	5 178
Overdue receivables	14 687	14 972

Total trade receivables (gross)	89 870	100 805
Write-offs on trade receivables	5 044	7 870
Total trade receivables (net)	84 826	92 935

Trade receivables, overdue (gross) - divided into receivables outstanding in the period

	31.12.2022	31.12.2021
Up to 1 month	8 459	1 871
Over 1 month to 3 months	96	504
Over 3 months to 6 months	3	308
Over 6 months to 1 year	0	1 779
Over 1 year	6 129	10 510
Trade receivables, overdue, total (gross)	14 687	14 972
write-offs on trade receivables, overdue	4 642	7 474
Total trade receivables past due (net)	10 045	7 498

2.12. Contract assets and liabilities

Settlement of assets due to contracts during the implementation of IFRS 15

	31.12.2022	31.12.2021
Services in progress - valuation of the transaction amount assigned to liabilities, which was not met as at December 31, 2022.	14 214	30 480
Services in progress - valuation of the transaction amount assigned to liabilities, which was not met as at December 31, 2022.	57 649	20 108
Impact on revenue for the current reporting period	43 435	-10 372
Capitalized costs for contracts in progress at the end of December 31, 2022.	24 553	33 435
Capitalized costs for contracts in progress at the end of December 31, 2022.	53 446	25 188
Impact on the cost of production for the current reporting period	28 893	-8 247
Impact on the financial result per balance	14 542	-2 125

Assets from the contracts relate to the revenues from construction and assembly contracts estimated as at 31/12/2022.

Additional information on contracts during the implementation of IFRS 15

	31.12.2022	31.12.2021
Estimated amount of receivables from contracts in progress	57 649	20 108
Estimated amount of liabilities due to contracts in progress	53 446	25 188
Amount of retained deposits and guarantee collateral for work done	2 625	2 308
Amount of advance payments received for deliveries and services	42 822	12 497

Liabilities under contracts

		31.12.2022	31.12.2021
-	advances received for deliveries	42 822	12 497
Total contract liabilities		42 822	12 497

2.13. Cash and cash equivalents

		31.12.2022	31.12.2021
g)	cash and cash equivalents	56 733	18 731
-	cash in hand and on accounts	56 733	17 684
-	other cash	0	153
-	other monetary assets	0	894
Short-term financial assets, total other cash		**56 733**	**18 745**

Cash and cash equivalents (currency structure)

		31.12.2022	31.12.2021
a)	in Polish currency	48 765	17 648
b)	in foreign currencies (by currency and after conversion into PLN)	7 968	1 083
	EUR	826	124
	PLN	3 875	567
	CZK	1	1
	PLN	0	0
	USD	926	123
	PLN	4 077	498
	GBP	3	3
	PLN	16	18
	CHF	0	0
	PLN	0	0
Cash and cash equivalents, total		**56 733**	**18 731**

2.14. Fixed assets held for sale

		31.12.2022	31.12.2021
a)	the initial value at the beginning of the period	0	0
	reclassification to assets for sale	28 999	0
	sale	0	0
Assets held for sale at the end of the period		**28 999**	**0**

Assets held for sale at the end of 2022 amounted to PLN 28,999, this value applies to the assets of the subsidiary whose shares are offered for sale by Elektrotim. Liabilities related to assets to be sold at the end of the year amount to 22,009.

	Assets reclassified as held for sale	31.12.2022
I.	**Fixed assets**	5 562
-	Tangible fixed assets	4 331
-	Other long-term financial assets	98
-	Deferred tax assets	1 133
II.	**Assets**	23 437
-	Trade receivables and other receivables	11 060
-	Contract assets	11 004
-	Cash and cash equivalents	1 373
	Total assets	28 999

	Elements of liabilities reclassified to liabilities concerning assets for sale	31.12.2022
II.	**Liabilities and provisions for liabilities**	22 009
1.	**Long-term liabilities**	802
-	Deferred income tax	164
-	Long-term reserves	212
-	Financial liabilities (credits, loans, debt securities, etc.)	0,00
-	Long-term lease liabilities	426
3.	**Current liabilities**	21 207
-	Short-term reserves	685
-	Trade liabilities and other liabilities	20 088
-	Other financial liabilities	0,00
-	Corporate income tax liabilities	213
-	Short-term lease liabilities	221
-	Contract liabilities	0
	Total liabilities	22 009

On December 12, 2022, Elektrotim sold its subsidiary Procom System S.A. , the loss on disposal of this investment included in the consolidated financial statements amounted to PLN 2,602. At the same time, 931 non-controlling interests related to non-controlling shareholders were accounted for in the income from the investment sale transaction, and 2,312 of Procom's goodwill was recognized as costs.

The data in the table below show the assets and liabilities of Procom System S.A. on the date of loss of control. The consolidation adjustment concerns the obligation to pay dividends (from retained earnings).

	Assets reclassified as held for sale	Lost Control Day
I.	**Fixed Assets**	3 417
-	Intangible assets	1 377
-	Tangible fixed assets	1 455
-	Other long-term financial assets	200
-	Deferred tax assets	385
II.	**Assetes**	20 827
-	Inventories	419
-	Trade receivables and other receivables	8 377
-	Contract assets	11 408
-	Cash and cash equivalents	623
	Total Assets	**24 244**

	Elements of liabilities reclassified to liabilities concerning assets for sale	Lost Control Day

II.	**Liabilities and provisions for liabilities**	13 933
1.	**Long-term liabilities**	904
-	Deferred income tax	32
-	Long-term reserves	305
-	Financial liabilities (credits, loans, debt securities, etc.)	0
-	Long-term lease liabilities	567
3.	**Current liabilities**	13 029
-	Short-term reserves	729
-	Trade liabilities and other liabilities	7 348
-	Other financial liabilities	30
-	Corporate income tax liabilities	0
-	Short-term lease liabilities	877
-	Contract liabilities	4 045
	Total Liabilities	13 933

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Result on the loss of control after the sale of shares in Procom System S.A.

		01.01.-31.12.2022
-	Profit from selling	9 090
-	Net assets sold at the date of loss of control	-10 311
-	Goodwill of Procom	-2 312
-	Non-controlling interests of Procom	931
Result on loss of control		-2 602

2.15. Equity

Share capital

Share capital (structure)		31.12.2022	31.12.2022	31.12.2022	31.12.2022	31.12.2022	31.12.2022	31.12.2022
a)	nominal value of one share in PLN	1	1	1	1	1	1	1
b)	series/issue	A	B	C	C	C	C	D
c)	type of shares	bearer	bearer	bearer	bearer	bearer	bearer	bearer
d)	type of preference shares	ordinary	ordinary	ordinary	ordinary	ordinary	ordinary	ordinary
e)	type of limitation of rights to shares							
f)	number of shares in thous. pieces	5 206	794	91	74	111	24	3683
g)	value of the series/issue at nominal value in thous. PLN	5 206	794	91	74	111	24	3683
h)	the method of covering the capital	cash	cash	cash	cash	cash	cash	cash
i)	date of registration	30-11-1998	18-10-2006	27-02-2009	16-03-2010	28-02-2011	11-04-2013	11-05-2007
j)	right to dividend (from date)	01-01-1999	01-01-2006	01-01-2009	01-01-2010	01-01-2011	01-01-2013	01-01-2007
k)	number of shares, in total in thous. units							
Share capital, in total in thous. PLN								9983

Excess of the issue price above the nominal value of the shares

		31.12.2022	31.12.2021
a)	from the sale of shares above their nominal value	43 440	44 181
Reserve capital, together		**43 440**	44 181

Other capitals

		31.12.2022	31.12.2021
a)	due to revaluation of fixed assets	277	277
b)	gains/losses on valuation of financial instruments, including:	0	0
-	valuation of hedging instruments	0	0
c)	due to deferred tax	0	0
d)	exchange differences on conversion of foreign branches	0	0
e)	other (by type)	-323	-206
Other capitals total		**-46**	**71**

Retained earnings and net profit

		31.12.2022	31.12.2021
-	Other reserve capitals	40 856	34 371
-	Profit (loss) from previous years	-18 166	-19 015
-	Net profit (loss)	21 984	6 593
Retained earnings, total		44 674	21 949

Non-controlling shares

		31.12.2022	31.12.2021
a)	as at the beginning of the year	1 761	1 752
b)	increases (due to)	455	414
	purchase/sale of shares	0	404
	share in the financial result	455	10
c)	reductions (due to)	1 147	405
	purchase/sale of shares	931	135
	share in the financial result	216	270
Non-controlling interests at year-end		1 069	1 761

2.16. Reserves

Change in other long-term provisions (by title)

		31.12.2022	31.12.2021
a)	stock at the beginning of the period	2 440	2 836
	reserves for warranty repairs	2 179	2 260
	provision for employee benefits	261	497
	provisions for contractual penalties	0	0
	remaining	0	79
b)	increases (due to)	315	775

	reserves for warranty repairs	215	746
	provision for employee benefits	100	29
	provisions for contractual penalties	0	0
	remaining	0	0
c)	use (due to)	0	0
	reserves for warranty repairs	0	0
	provision for employee benefits	0	0
	provisions for contractual penalties	0	0
	remaining	0	0
d)	termination (due to)	129	464
	reserves for warranty repairs	129	315
	provision for employee benefits	0	70
	provisions for contractual penalties	0	0
	remaining	0	79
e)	balance at the end of the period	2 626	3 147
	reserves for warranty repairs	2 265	2 691
	provision for employee benefits	361	456
	provisions for contractual penalties	0	0
	remaining	0	0

Change in other short-term provisions (by title)

		31.12.2022	31.12.2021
a)	stock at the beginning of the period	7 376	11 700
	reserves for warranty repairs	899	1 168
	provision for employee benefits	2 601	4 476
	provisions for contractual penalties	3 876	5 117
	remaining	0	939
b)	increases (due to)	14 244	5 187
	reserves for warranty repairs	985	1 751
	provision for employee benefits	8 382	2 858
	provisions for contractual penalties	4 876	-29
	remaining	1	607
c)	use (due to)	22	1 081
	reserves for warranty repairs	22	144
	provision for employee benefits	0	774
	provisions for contractual penalties	0	0
	remaining	0	163
d)	termination (due to)	4 224	6 288
	reserves for warranty repairs	902	1 120
	provision for employee benefits	1 844	3 198
	provisions for contractual penalties	1 478	1 236
	remaining	0	734
e)	balance at the end of the period	17 374	9 518
	reserves for warranty repairs	960	1 655
	provision for employee benefits	9 139	3 362
	provisions for contractual penalties	7 274	3 852
	remaining	1	649

In 2017, a presentation change was made regarding the provision for penalties received from the Military Infrastructure Board in Poznań in the amount of PLN 1,956 thousand.

Due to the underpayment of receivables from WZI Poznań in the amount of PLN 1,956 thousand, the item of receivables on the assets side and the item of provisions on the liabilities side were decreased by the amount of PLN 1,956 thousand. In 2018, a change was made in the presentation of provisions for penalties received from the District Infrastructure Board in Szczecin in the amount of PLN 503 thousand; provisions for penalties received from the Military Counterintelligence Service in the amount of PLN 35,000; provision for penalties received from Tauron Dystrybucja in the amount of PLN 35 thousand.
The above presentation changes resulted in a decrease in the balance sheet total by the total amount of PLN 2,494 thousand.
Starting from the consolidated financial statements for the first half of 2020, the amount of PLN 2,494 thousand is presented both on the side of receivables (assets) and on the side of provisions (liabilities).

2.17. Other long-term liabilities

	31.12.2022	31.12.2021
Deferred budget commitments	0	420
Retained deposits	0	61
Long-term accruals	0	0
Long-term liabilities, total	**0**	**481**

Long-term accruals

		31.12.2022	31.12.2021
b)	deferred income	0	0
- long-term (by title)		0	0
	subsidies settled over time	0	0
Other accruals, total		**0**	**0**

2.18. Trade liabilities and other liabilities

		31.12.2022	31.12.2021
-	Trade liabilities	66 981	51 946
-	for taxes, duties, insurance and other benefits	3 863	11 303
-	for salaries	2 250	2 650
-	other	363	490
-	short-term accruals	0	6
	Total trade and other payables	73 457	66 395

Liabilities due to deliveries and services (gross) - with the repayment period remaining from the balance sheet date

		31.12.2022	31.12.2021
a)	liabilities before the due date	58 407	39 895
b)	overdue liabilities	8 574	12 051
	Up to 1 month	3 558	9 852
	Over 1 month to 3 months	4 963	542
	Over 3 months to 6 months	5	118
	Over 6 months to 1 year	32	463
	Over 1 year	16	1 076

Total trade payables (gross)	66 981	51 946

Short-term accruals

		31.12.2022	31.12.2021
a)	accrued expenses	0	6
- short-term (by title)		0	6
	subsidies settled over time	0	6
b)	deferred income	0	0
- short-term (by title)		0	0
	subsidies settled over time	0	0
Other accruals, total		**0**	**6**

2.19. Lease liabilities

		31.12.2022	31.12.2021
a)	Short-term liabilities	2 596	3 340
b)	Long-term liabilities	3 626	5 071
Liabilities due to lease, rental and other similar contracts together		6 222	8 411

Additional information on leasing (IFRS 16)

The Company does not recognize liabilities due to short-term leases and leases for which the underlying asset is of low value. In addition, the value of lease liabilities does not include contingent lease payments depending on factors other than an index or rate.

	31.12.2022	31.12.2021
lease interest	593	628
the cost of short-term leases and leases of low-value assets	178	842
value of the lease payments	2 772	3 898
Total	3 543	5 368

2.20. Corporate income tax liabilities

		31.12.2022	31.12.2021
a)	Liabilities at the beginning of the period	1 262	1 725
b)	Liabilities at the end of the period	3 135	1 262
Liabilities due to corporate income tax at the end of the period		**3 135**	**1 262**

2.21. Sales revenue

Net revenues from the sale of products (material structure - types of activity)

	01.01.-31.12.2022	01.01.-31.12.2021
Installation Segment	303 469	142 872
Grid Segment	158 864	99 817
Automation Segment	43 266	34 484

Net revenue from product sales, total		**505 599**	**277 173**

Net revenues from the sale of products (territorial structure)

		01.01.-31.12.2022	01.01.-31.12.2021
a)	domestic	502 929	273 132
b)	export	2 670	4 041
Net revenue from product sales, total		**505 599**	**277 173**

Net revenues from the sale of goods and materials (material structure - types of activity)

		01.01.-31.12.2022	01.01.-31.12.2021
	Sale of materials	0	0
Total net revenue from sales of goods and materials		**0**	**0**

Net revenues from the sale of goods and materials (territorial structure)

		01.01.-31.12.2022	01.01.-31.12.2021
a)	domestic	0	0
Total net revenue from sales of goods and materials		**0**	**0**

Territorial sales structure of the ELEKTROTIM Capital Company in 2022

The company presents recognition of revenues from external customers broken down by particular voivodeships. Elektotim does not present revenues from external customers assigned to individual countries. In the Company's opinion, the allocation of aggregated revenues to individual voivodeships reliably illustrates the structure of revenues by region.

Territorial sales structure of the ELEKTROTIM Capital Company by voivodeships

No.	Voivodeship	Share in revenues (%)
1	Podlaskie	44
2	Dolnośląskie	24
3	Śląskie	8
4	Zachodnio-pomorskie	7
5	Mazowieckie	6
6	Other voivodeships	3
7	Łódzkie	3
8	Warmińsko-mazurskie	2
9	Pomorskie	2
10	Opolskie	1
11	Wielkopolskie	1
	Total:	**100**

2.22. Cost of sales

		01.01.-31.12.2022	01.01.-31.12.2021
a)	depreciation	5 067	5 470
b)	consumption of materials and energy	218 433	116 277
c)	external services	179 387	79 915
d)	taxes and fees	688	787
e)	remuneration	54 563	50 887
f)	social insurance and other benefits	10 899	10 220
g)	other costs by type (due to)	6 684	5 623
	business travels	2 368	1 744
	representation and advertising costs	395	322
	Insurance	3 267	2 637
	other	654	920
Costs by type, total		**475 721**	269 179
Change in inventory, products and accruals		-9 514	-1 838
Selling costs (negative value)		-11 823	-10 691
Administrative expenses (negative value)		-16 269	-11 932
The cost of producing the products sold		**438 115**	**244 718**

2.23. Other operating income and expenses

Other operating incomes

		01.01.-31.12.2022	01.01.-31.12.2021
-	Profit from the sale of non-financial fixed assets	66	110
-	Grants	0	70
-	Other operating income	2 801	3 001
Other operating income, total		2 867	3 181

Other operating income

		01.01.-31.12.2022	01.01.-31.12.2021
a)	released provisions (due to)	1 776	1 451
	expected contract losses	1 776	1 451
	Other operational costs	0	0
b)	other, including:	1 025	1 550
	resale of services	527	109
	revaluation write-downs	121	62
	compensation received	436	679
	other	-59	700
Other operating income, total		2 801	3 001

Remaining operating cost

		01.01.-31.12.2022	01.01.-31.12.2021
-	Loss on disposal of non-financial fixed assets	0	0
-	Revaluation of non-financial assets	2 650	177
-	Other operational costs	7 192	2 272
Other operating expenses, total		9 842	2 449

Other Operating Expenses

		01.01.-31.12.2022	01.01.-31.12.2021
a)	created provisions (due to)	5 014	563
	Other, including expected losses on contracts	5 014	563
b)	other, including:	2 178	1 709
	write-off of receivables	3	1
	costs of services resold	88	42
	damages due to traffic incidents	229	168
	court costs	282	488
	donations	15	5
	contractual penalties and damages	1 051	743
	other costs	510	262
Other operating costs, total		7 192	2 272

Profit(loss) due to expected credit losses

		01.01.-31.12.2022	01.01.-31.12.2021
-	Revocation of write-downs on receivables	1 078	1 149
-	Creation of a write-down on credit receivables, in total	-304	-2 457
Total expected credit loss score		774	-1 308

2.24. Financial income and expenses

Finance income

		01.01.-31.12.2022	01.01.-31.12.2021
-	Dividends and profit sharing	0	0
-	Interest	627	129
-	Profit on disposal of investments	0	0
-	Update of the investment value	51	7
-	Other	1 135	186
Operating income, total		1 813	322

Financial income from dividends and profit sharing

		01.01.-31.12.2022	01.01.-31.12.2021
b)	from other entities	0	0
Financial income from dividends and profit sharing, total		**0**	**0**

Interest income

		01.01.-31.12.2022	01.01.-31.12.2021
a)	due to loans granted	0	0
b)	other interest	627	129
-	from other units	627	129
Total interest finance income		627	129

Other financial income

	01.01.-31.12.2022	01.01.-31.12.2021

a)	surplus of positive exchange differences over negative ones	1 069	82
-	completed	989	-15
-	unrealized	80	97
b)	released provisions (due to)	0	0
c)	other, including:	66	104
	Other, including discounting of long-term receivables	66	104
Other financial income, total		1 135	186

Financial costs

		01.01.-31.12.2022	01.01.-31.12.2021
-	Interest	1 520	1 249
-	Update of the investment value	37	405
-	Other	431	314
Financial costs, total		1 988	1 968

Interest finance costs

		01.01.-31.12.2022	01.01.-31.12.2021
a)	on credits and loans	0	157
-	for related entities, including:	0	0
-	for other units	0	157
b)	other interest	1 520	1 092
-	for related entities, including:	0	0
-	for other units	1 520	1 092
Total interest finance charges		1 520	1 249

Other financial costs

		01.01.-31.12.2022	01.01.-31.12.2021
a)	surplus of negative exchange differences over positive ones, including:	226	85
-	completed	213	206
-	unrealized	13	-121
b)	created provisions (due to)	0	0
c)	other, including:	205	229
	Discounting of receivables	0	108
	Other	204	121
Other financial costs, total		431	314

2.25. Profit (loss) on the sale of shares in subsidiaries

In 2022, the subsidiary Procom System S.A. was sold. , the loss on the sale of shares amounted to PLN 2,602.

2.26. Write-down of goodwill of subsidiaries

As at December 31, 2022, the Management Board of ELEKTORTIM S.A. subjected cash-generating units to which goodwill has been allocated to impairment tests by comparing the carrying amount of the unit, including goodwill, with its recoverable amount, assuming the following assumptions: cash flow forecasting period - 5 years, growth rate after the forecasting period

– 3%, discount rate – 11% and stated that there was no impairment of the centre and the related value and no revaluation write-down was made.
However, as a result of the sale of the subsidiary Procom System S.A. the goodwill assigned to it in the amount of 2,312 was settled with the result on the sale of the investment.

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2.27. Income tax

Effective tax rate

	01.01.-31.12.2022	01.01.-31.12.2021
Result before tax	30 414	7 610
The tax rate applied by the Group	19%	19%
Income tax at the national rate	5 779	1 446
Debiting/crediting the result due to income tax	7 897	1 142
Effective tax rate	**25,96%**	**15,01%**

Income tax on the Group's profit before tax differs from the theoretical amount obtained using the weighted average tax rate.

Current income tax

		01.01.-31.12.2022	01.01.-31.12.2021
1.	Gross profit (loss) (consolidated)	30 414	7 610
-	Tax shown in the profit and loss account	7 897	1 507

Deferred income tax, shown in the profit and loss account

		01.01.-31.12.2022	01.01.-31.12.2021
-	decrease (increase) due to creation and reversal of temporary differences	78	- 365
Deferred income tax, total		**78**	- 365

2.28. Share in net profits (losses) of subordinated entities valued using the equity method

Share in net profits (losses) of subsidiaries valued using the equity method - the item does not exist.

2.29. Profit (loss) from discontinued operations

In the period covered by the report and comparable data, no type of business activity was discontinued and such discontinuation is not planned in the next period.

2.30. Cash flow

In 2022, the Capital Group significantly increased the turnover volume by over 82%, and thus the value and structure of the elements that make up the consolidated statement of cash flows changed. Particularly noteworthy are the incomparable changes in receivables and liabilities compared to previous years, which was reflected in a clear improvement in cash flows from operating activities (37,505 compared to 1,818 in 2021). As a result, net cash flows amounted to 38,002 compared to - 4,577 a year earlier, which affected the value of cash at the end of the reporting year to 56,733 compared to 18,731 at the end of 2021.

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2.31. Information on financial instruments

In the period covered by the consolidated statements, the Group purchased and sold assets held for trading, understood as financial assets acquired in order to obtain economic benefits resulting from short-term price changes and fluctuations of other market factors in a period not longer than 3 months (excluding hedging instruments). Security deposits were also established for periods longer than 12 months.

	31.12.2022	31.12.2021
a) deposits over 12 months	2 394	3 638
b) loans granted	0	0

Interest income

		31.12.2022	31.12.2021
a)	due to loans granted	0	0

Credit and lease liabilities:

	31.12.2022	31.12.2021
a) long-term loans	0	0
b) short-term loans	0	217

As at December 31, 2022, there are no loans.

Derivatives

The Group uses derivative transactions to hedge existing currency payments.

As at December 31, 2022, there are no forward transactions

Reclassification of financial assets

In the period covered by the consolidated financial statements, no reclassification of financial assets was carried out.

Financial risk management objectives

The risk to which the Group is exposed includes market risk (including currency risk, interest rate risk at fair value and price risk), as well as credit risk, liquidity risk and cash flow interest risk.
The Group strives to minimize the impact of various types of risk using ongoing monitoring and diversification of financial instruments.

Market risk

The activities of the ELEKTROTIM Group involve exposure to financial risk resulting from changes in interest rates and changes in exchange rates.

Currency risk management

The Group concludes transactions in foreign currencies. As a result, there is a risk of currency fluctuations.
The carrying amount of the Group's monetary assets and liabilities denominated in foreign currencies as at the balance sheet date is presented in the notes below.

Sensitivity to currency risk

Most transactions are carried out in PLN. The Group is exposed primarily to the risk related to EUR and USD.

The Group's financial assets and liabilities, other than derivatives, denominated in foreign currencies, translated into PLN at the closing rate as at the balance sheet date, are as follows:

	Value expressed in currency: (in thousands.):					Value after conversion (PLN thousand)
	EUR	USD	GBP	CHF	other	
						As of 31.12.2022
Financial assets (+):						
Loans						
Trade receivables and other financial receivables						
other financial receivables						
Other financial assets						
Cash and cash equivalents	826	926	3	0	1	7 968
Financial liabilities (-):						
Credits, loans, other debt instruments						
Leasing liabilities						
Trade liabilities and	671	296				4 459
other financial liabilities						
Total currency risk exposure	1 497	1 222	3	0	1	12 427
						Stan na 31.12.2021
Financial assets (+):						
Loans						

Trade receivables and other financial receivables	214	30				1 107
other financial receivables						
Other financial assets						
Cash and cash equivalents	124	123	3	0	1	1 083
Financial liabilities (-):						
Credits, loans, other debt instruments						
Leasing liabilities						
Trade liabilities and	982	3			74	4 584
other financial liabilities						
Total currency risk exposure	338	153	3	0	1	6 774

	Value expressed in currency: (in thousands.):			Value after conversion (PLN thousand)
	EUR	USD	GBP	
				As of 31.12.2022
Derivative financial instruments	0	0	0	0
Financial assets (+):				
Financial liabilities (-):				
Total currency risk exposure	0	0	0	0
				As of 31.12.2021
Derivative financial instruments	811	400		5 278
Financial assets (+):				
Financial liabilities (-):				
Total currency risk exposure	811	400	-	5 278

The sensitivity analysis of the financial result and equity in relation to the Group's financial assets and liabilities and fluctuations in the EUR/PLN and USD/PLN exchange rates is presented below.

The sensitivity analysis assumes an increase or decrease in the EUR/PLN and USD/PLN exchange rates by 5% compared to the closing rate applicable as at the balance sheet date, i.e. 31/12/2022.

	Exchange rate fluctuations	Impact on the financial result:			Impact on equity:		
		EUR	USD	total	EUR	USD	total
							As of 31.12.2022
Exchange rate increase	5%	351	270	621	351	270	621
Decrease in the exchange rate	-5%	-351	-270	-621	-351	-270	-621
							As of 31.12.2021
Exchange rate increase	5%	489	110	599	489	110	599
Decrease in the exchange rate	-5%	-489	-110	-599	-489	-110	-599

Exposure to currency risk changes during the year depending on the volume of transactions carried out in the currency. Thus, the above sensitivity analysis can be considered as determined by the scale of the analysed change, the estimation of the Group's exposure to currency risk as at the balance sheet date. As at December 31, 2022 the risk is immaterial due to the value of assets and liabilities denominated in foreign currencies.

Interest rate risk management

The Group is exposed to interest rate risk because its entities borrow funds at variable interest rates. The Group manages this risk by maintaining appropriate monitoring of debt.
Interest rate risk management focuses on minimizing fluctuations in interest flows on financial assets and liabilities bearing variable interest rates.
The Group is exposed to interest rate risk in connection with the following categories of financial assets and liabilities:

- loans,
- debt securities (bonds),
- credits, loans, other debt instruments

The sensitivity analysis of the financial result and other comprehensive income in relation to potential interest rate fluctuations is presented below. The calculation was made on the basis of the change in the average interest rate applicable in the period by (+/-) 1 p.p. (based on the volatility of WIBOR 3M in the last 5 years) and in relation to financial assets and liabilities sensitive to changes in interest rates, i.e. bearing variable interest rates.

		31.12.2022		31.12.2021	
	Interest rate fluctuations	Impact on the financial result	Impact on equity	Impact on the financial result	Impact on equity
Interest rate increase	1%	314	314	226	226
Interest rate drop	-1%	-314	-314	-226	-226

Due to the small share of financial instruments with variable interest rates, the Group does not analyse the sensitivity to changes in interest rates, as in its opinion such risk is not significant for the Group.

Credit risk management

The basic practice of the Group in the field of credit risk management is to strive to conclude transactions only with entities with confirmed credibility. Potential recipients are subject to verification procedures by the parent company and Group companies before granting a trade credit limit. Ongoing monitoring of the level of trade receivables by contractors serves to reduce the level of credit risk related to these assets. Thus, the Group categorizes contractors who organize tenders based on the Public Procurement Act as well as central and local government budget units as financially credible. For regular partners, we assign categories of financial credibility based on credit limits granted by the insurer under the receivables insurance contract. We also use financial credibility ratings provided by credible rating institutions. If the above criteria are not met, we ask for security in the form of an advance payment, partial prepayments for services or bank guarantees. When we work for a general contractor, we secure our receivables in accordance with Art. 647 of the Civil Code at the investor by reporting them. Such customer credibility research is aimed at building a reliable portfolio of receivables.
The Group has developed a model for estimating expected losses from the portfolio of receivables and contract assets.

Credit risk is the risk of the Group incurring financial losses as a result of failure by a customer or counterparty being a party to a financial instrument to fulfil its contractual obligations.

The Group's maximum exposure to credit risk is determined by the carrying amount of the following financial assets and off-balance sheet liabilities::

Credit risk exposure	31.12.2022	31.12.2021
Loans		
Trade receivables and other receivables	93 506	99 147
Derivative financial instruments	0	14
Debt securities		
Investment fund units		
Other classes of other financial assets		
Cash and cash equivalents	56 733	18 731
Contingent liabilities	294	1 000

Credit risk is mainly related to the Group's receivables from customers and financial investments. The Group's main customers are commercial law companies, including companies with State Treasury shareholding. Credit risk is minimized by the agreement concluded with Atradius Credit Insurance NV S.A. Branch in Poland agreement for insurance of trade receivables (Parent Company).
In order to reduce the credit risk of receivables, the Group applies the principle of concluding transactions only with counterparties with proven creditworthiness and pursues a restrictive policy in the scope of granting credit limits
The Group continuously monitors the arrears of customers and creditors in settling payments, analyzing credit risk. In the opinion of the Parent Company's Management Board, the above financial assets, which are not overdue and covered by an impairment loss as at each balance sheet date, can be considered assets of good credit quality. However, the above assessment should be defined in the context of uncertainty and unknown effects of the current pandemic caused by the SARS-CoV-2 virus.
Exposure to credit risk in terms of arrears and the age structure of overdue receivables not covered by a write-down are presented in notes 7.4 and 7.5.

Gross trade receivables as at 31-12-2022

	Write-offs for receivables	Receivables	Write-offs in %
a) not past due	396	75 183	0,53%
b) overdue by 1 month	6	8 459	0,07%
c) overdue from 1 month to 3 months	0	8	0,00%
d) overdue from 3 months to 6 months	0	3	0,00%
e) overdue from 6 months to 1 year	0	0	0,00%
f) past due more than 1 year	4 642	6 217	74,67%
Total	5 044	89 870	5,61%
g) write-offs on trade receivables	5 044	5 044	100,00%
Total	0	84 826	

Trade receivables (gross) - as at 31-12-2021

		Write-offs for receivables	Receivables	Write-offs in %
a)	not past due	396	85 833	0,46%
b)	overdue by 1 month	0	1 871	0,00%
c)	overdue from 1 month to 3 months	0	504	0,00%
d)	overdue from 3 months to 6 months	73	308	23,70%
e)	overdue from 6 months to 1 year	1 575	1 779	88,53%
f)	past due more than 1 year	5 826	10 510	55,43%
Total		7 870	100 805	7,81%
g)	write-offs on trade receivables	7 870	7 870	100,00%
Total		0	92 935	

The analysis of receivables in their presented age structure shows that the majority of receivables are receivables belonging to two age ranges with a payment period of up to 1 month 53% and over 1 month up to 3 months 28% in 2022. Receivables with a maturity date up to one month and between 1 and 3 months do not create credit risk due to the fact that these are receivables within the payment deadline, their inflow is monitored on an ongoing basis by the debt collection units and the financial risk committee so that appropriate security procedures can be implemented as requesting a guarantee or requesting payment from a credible investor when we work for a general contractor.
Another significant group of receivables are overdue receivables, constituting 16% of gross receivables, and here the largest group of receivables are receivables over 1 year old, constituting 5% of total gross receivables. Historically analysing overdue payments and finally lost receivables, we came to the conclusion that a significant increase in credit risk occurs when more than 90 days are overdue in relation to the original payment date, which leads to the counterparty's default. In such a case, regardless of the future estimation risk, the Group covers these receivables with a 100% write-down.

With regard to trade receivables, the Group is not exposed to credit risk in connection with a single significant counterparty or a group of counterparties with similar characteristics. Based on the historical trends in arrears with payments, overdue receivables not covered by a write-down do not show a significant deterioration in quality. The credit risk of cash and cash equivalents, marketable securities and derivative financial instruments is considered insignificant due to the high credibility of the parties to the transaction. Cash and cash equivalents are invested in financial institutions with high financial credibility, which mainly include banks. For loans granted, the Group considers them to have low credit risk if they are not past due as at the assessment date and the borrower has confirmed the balance of the receivables.

The carrying amount of financial assets disclosed in the consolidated financial statements, after taking into account impairment losses, corresponds to the Group's maximum exposure to credit risk.
The parent company did not conduct negotiations and did not make arrangements resulting from a significant increase in credit risk or changes in payment dates, or would otherwise modify the expected cash flows from receivables and assets under the contract.

Liquidity risk management

The Capital Group is exposed to the risk of losing liquidity, i.e. the ability to pay financial liabilities on time. The Group manages liquidity risk by monitoring payment dates and demand for cash in terms of handling short-term payments (current transactions monitored on a weekly basis) and long-term demand for cash based on cash flow forecasts updated bimonthly. The demand for cash is compared with the available sources of obtaining funds (in particular by assessing the ability to obtain financing in the form of loans) and is confronted with liquid investments and free financial resources.

Responsibility for liquidity risk management lies with the Management Board, which has developed an appropriate system for managing this risk for the purposes of managing the Group's short-, medium- and long-term funds and meeting the requirements of liquidity management. The Group manages liquidity risk by using banking services and reserve credit lines, constantly monitoring projected and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Trade liabilities (gross) - with the repayment period remaining from the balance sheet date:

		31.12.2022	31.12.2021
a)	liabilities before the due date	58 407	39 895
b)	overdue liabilities	8 574	12 051
	Up to 1 month	3 558	9 852
	Over 1 month to 3 months	4 963	542
	Over 3 months to 6 months	5	118
	Over 6 months to 1 year	32	463
	Over 1 year	16	1 076
Total trade payables (gross)		66 981	51 946

Capital risk management

The Group manages capital to ensure that its entities will be able to continue operations while maximizing profitability for shareholders by optimizing the debt to equity ratio. In 2018, taking into account the dynamically changing market conditions, the Management Board of the parent company developed and implemented the "Strategy of ELEKTROTIM S.A. for 2019-2022", Strategy of ELEKTROTIM S.A. for the years 2019-2022 has been oriented towards long-term, stable and sustainable development ensuring an increase in the Group's value.

In their operations, companies from the ELEKTROTIM Capital Group use financial products such as working capital loans, bid bonds and performance bonds.

2.32. Data on off-balance sheet items, in particular contingent liabilities

Contingent liabilities understood as a possible liability arising from past events, the existence of which will only be confirmed by the occurrence or non-occurrence of one or more future events not under the entity's full control.

Guarantee lines owned by the company and their use.

As at December 31, 2022, the parent company has total limits for bid bonds, performance bonds, for the duration of the guarantee and warranty and for advance payments in the amount of PLN 207,700 thousand. and EUR 3,000 Utilization as at December 31, 2022 amounts to PLN 102,621 thousand and 2,810,000 EUR.

Management Board of ELEKTROTIM S.A. concluded with two shareholders of ZEUS S.A. an agreement for the purchase of up to 165,000 shares in ZEUS S.A. in the period from 01/01/2015 to 31/12/2025 for the purchase price determined on the basis of the income formula (earnings per share calculated as the average of the company's results for several years). In 2018, 78,000 shares of ZEUS SA were purchased. 87,000 shares remain to be purchased.

On behalf of Elektrotim, the bank issued a contract performance bond up to PLN 294,000. PLN for a subsidiary whose beneficiary is a commercial law company. The warranty is valid until July 31, 2023.

Minority (non-controlling) capital is immaterial in relation to the above agreement.

2.33. Calculation of book value per share and diluted book value per share

The book value per share is the quotient of the book value, i.e. the difference between the total assets and the company's external capital, divided by the number of shares.
The diluted book value per share is the book value divided by the number of ordinary shares plus the potential number of shares that the entity has committed to issue.
Detailed values of the ratio for 2022 and 2021 are presented in the table "Selected financial data"..

2.34. Method of calculating profit (loss) per ordinary share and diluted profit (loss) per ordinary share.

Earnings per ordinary share is the quotient of the net profit from the income statement for a given period divided by the weighted average number of ordinary shares from a given period. The weighted average number of ordinary shares is calculated as the sum of the number of shares at the end of each month of the period divided by the number of months in the period.
Diluted earnings per ordinary share is the quotient of the net profit from the income statement for a given period divided by the weighted average number of shares from the given period increased by the weighted average potential number of shares to be issued by the entity.
Detailed values of the ratio for 2022 and 2021 are presented in the table "Selected financial data".

	31.12.2022	**31.12.2021**
Book value	99 120	77 945
The number of actions	9 983 009	9 983 009
Book value per share (in PLN)	9,93	7,81
Diluted number of shares	9 983 009	9 983 009
Diluted book value per share (in PLN)	9,93	7,81

2.35. Investment outlays incurred and planned for the next 12 months from the balance sheet date

Capital expenditures 2022

	Implementation 31/12/2022
Buildings and structures and related fixed assets	224
Machines, devices, means of transport	1 077
Intangible assets	133
Total	**1 369**

The Group has sufficient own funds to finance the above. investment expenses.

2.36. Information on transactions with related entities, if individually or jointly they are significant and were concluded on terms other than market conditions

Transactions with related entities were concluded on an arm's length basis, taking into account the prices and conditions prevailing on the market.
In its purchasing strategy, the Group is guided by the selection of the best market price from those available on the market through constant monitoring of prices from many suppliers and selection from several best offers.

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2.37. Information on average employment in full-time equivalents

		31.12.2022	31.12.2021
a)	Workers in blue-collar positions	139	145
b)	Non-manual workers	256	309
Total employment		**395**	**454**

2.38. Information on the value of remuneration and bonuses paid and due to persons managing and supervising the issuer

Detailed data on the remuneration received by individual Members of the Management Board of ELEKTROTIM S.A., broken down into the part of the remuneration received for performing functions in the management board and the part related to employment in the company on a job position (in PLN).

Year 2022

		Remuneration for the appointment (in PLN)		Remuneration under the employment contract (in PLN)		total remuneration (in PLN)
		Constant	Variables	Constant	Variables	
Name of the Member of the Management Board / function	Term of office	1a	2a	1b	2b	
Ariusz Bober Chairman of the Board	01.01.2022 13.12.2022	245 117,20	196 308,00	325 350,29	27 018,88	793 794,37
Dariusz Kozikowski Member of the Board	01.01.2022 31.12.2022	144 933,34	128 299,00	281 648,29	34 800,00	589 680,63
Artur Więznowski Member of the Board do 13.12.2022; Chairman of the Board from 14.12.2022	01.01.2022 31.12.2022	151 320,44	45 000,00	320 428,58	34 800,00	551 549,02

Krzysztof Wójcikowski Member of the Board	14.12.2022 31.12.2022	8 129,03	0,00	16 000,00	0,00	24 129,03
Dariusz Połetek	01.01.2021 31.12.2021*		83 299,00			83 299,00
TOTAL		549 500,01	452 906,00	943 427,16	96 618,88	2 042 452,05

*Mr Dariusz Połetek, who held the position from 01/01/2021 to 31/12/2021, received a bonus in 2022 for achieving the objectives of the Management Board for 2021.

Members of the Management Board are participants in the Employee Pension Plan and the Employee Capital Plan.

Information on the value of remuneration received by Members of the Management Board of ELEKTROTIM S.A. for performing functions in the authorities of subordinated entities.

Year 2022

Name of the Member of the Management Board / function in the Supervisory Board	Name of the company from the Capital Group	Term of office	Total gross salary
Ariusz Bober Chairman of the Supervisory Board	ZEUS S.A.	13.06.2022 - 31.12.2022	500,00
Artur Więznowski Member of the Supervisory Board	ZEUS S.A.	13.06.2022 - 31.12.2022	500,00

The table below presents the remuneration (in PLN) received by each member of the Supervisory Board in the period from January 1, 2022 to December 31, 2022 in total for performing functions in the Supervisory Board and for performing functions in the Audit Committee.

Maciej Posadzy	Chairman of the Supervisory Board	67 780,00 PLN
Marek Gabryjelski	Member of the Supervisory Board	73 175,44 PLN
Krzysztof Kaczmarczyk	Member of the Supervisory Board	55 207,33 PLN
Lesław Kula	Member of the Supervisory Board	43 661,33 PLN
Jan Walulik	Member of the Supervisory Board	54 553,33 PLN

The total cost of remuneration of the Supervisory Board in 2022 is PLN 294,377.43.

2.39. Information on the value of unpaid contracts obliging to provide services to entities of the Capital Group

The parent company and the Group companies did not grant any advances, credits, loans, guarantees, sureties or other agreements obliging the issuer, its subsidiaries, co-subsidiaries and associates to managing and supervising persons.

2.40. Proposal for distribution of the parent company's net profit/loss

As at the date of this report, the Management Board of ELEKTROTIM S.A. submitted a motion for the assessment of the Supervisory Board regarding the distribution of profit earned in 2022. The recommendation of the Management Board is in line with the dividend policy.

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2.41. Information on the remuneration of the Statutory Auditor of the parent company

ELEKTROTIM S.A. concluded on November 2, 2021 with the entity authorized to audit financial statements, i.e. Grant Thornton Polska Prosta Spółka Akcyjna (previously: Grant Thornton Polska Spółka z ograniczoną odpowiedzialnością Spółka komandytowa) with its registered office in Poznań, an agreement for the performance of standalone reviews of interim financial statements for the years 2022-2024 and audits of the annual separate financial statements for the years 2022-2024.

The remuneration for the services for 2022 was set at a total amount of PLN 113,000. PLN net, including Grant Thornton Polska P.S.A. for the review of the separate and consolidated statements for the first half of 2022, she received remuneration in the amount of PLN 52 thousand. PLN net, and will receive PLN 61,000 for the audit in 2022. PLN net.

In 2022, it was provided to ELEKTROTIM S.A. by Grant Thornton Polska P.S.A. with its registered office in Poznań, another non-audit service, i.e. an assurance service regarding the assessment of the report on the remuneration of the Management Board and the Supervisory Board for 2021 in terms of including information required under Art. 90g of the Act on Public Offering and Conditions for Introducing Financial Instruments to Organized Trading and on Public Companies.

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2.42. Information on significant events that occurred after the balance sheet date

After the balance sheet date, according to the Management Board of the parent company, there were significant events not included in the consolidated financial statements:

The possible impact of the war in Ukraine on the business and financial situation

The war in Ukraine, and the resulting sanctions against Russia, do not have a direct impact on the directions of sales of our products and the purchase of materials, as we do not operate directly in Russia and Ukraine. Our distribution channels have never been linked to these markets, and our direct supply network has never been and is not dependent on these markets.

We employ several people from Ukraine and even their departure will not undermine the Company's workforce.
The war has a negative impact on the financial and commodity markets. Increasing shortages in the supply of raw materials affect the increase in prices and the availability of certain materials. There is also exchange rate risk as the markets react nervously in such uncertain times, which brings fluctuations in the exchange rates of major currencies. Such a situation makes it necessary to hedge both raw material prices and exchange rates, which in turn requires the involvement of larger working capital resources.

Increasing inflation resulting from, among other things, shortages of raw materials and materials is an additional risk factor in the conducted business activity. When offering future projects, we take into account the risks of inflation and exchange rate increases, we also try to avoid tasks with a long time horizon..

Wroclaw, April 27, 2023.

Made by:

Dariusz Połetek
Chief Accountant

MANAGEMENT BOARD OF ELEKTROTIM S.A.

President of the Management Board – Artur Więznowski	
Member of the Management Board – Dariusz Kozikowski	
Member of the Management Board – Krzysztof Wójcikowski	