CONSOLIDATED FINANCIAL STATEMENT ELEKTROTIM S.A. FOR THE YEAR 2023

Wrocław, April 23, 2024

TABLE OF CONTENTS

SELECTED FINANCIAL DATA IN PLN AND CONVERTED TO EUR

	in thousands of PLN		in thousands of EUR	
	01.01.-31.12.2023/ 31.12.2023	01.01.-31.12.2022/ 31.12.2022	01.01.-31.12.2023/ 31.12.2023	01.01.-31.12.2022/ 31.12.2022
I. Net revenues from sales of products, goods, and materials	546,947	505,599	120,782	107,843
II. Operating profit (loss)	34,225	33,191	7,558	7,080
III. Gross profit (loss)	32,264	30,414	7,125	6,487
IV. Net profit (loss) attributable to the shareholders of the parent company	22,373	21,984	4,941	4,689
V. Net cash flows from operating activities	-3,898	37,505	-861	8,000
VI. Net cash flows from investing activities	2,521	5,479	557	1,169
VII. Net cash flows from financing activities	-22,196	-4,982	-4,902	-1,063
VIII. Net cash flows, total	-23,573	38,002	-5,206	8,106
IX. Assets, total	268,603	268,326	61,776	57,214
X. Liabilities and provisions for liabilities	165,433	169,206	38,048	36,079
XI. Long-term liabilities	16,425	7,803	3,778	1,664
XII. Short-term liabilities	149,008	161,403	34,270	34,415
XIII. Shareholders' equity	103,170	99,120	23,728	21,135
XXIV. Share capital	9,983	9,983	2,296	2,129
XV. Number of shares (in units)	9,983,009	9,983,009	9,983,009	9,983,009
XVI. Profit (loss) per ordinary share (in PLN/EUR)	2.24	2.20	0.49	0.47
XVII. Diluted profit (loss) per ordinary share (in PLN/EUR)	2.24	2.20	0.49	0.47
XVIII. Book value per share (in PLN/EUR)	10.33	9.93	2.38	2.12
XIX. Diluted book value per share (in PLN/EUR)	10.33	9.93	2.38	2.12
XX. Declared or paid dividend per share (in PLN/EUR)	1.50	0.00	0.33	0.00

APPLICATION OF EUR EXCHANGE RATES FOR CONVERSION

	31.12.2023	31.12.2022
annual average exchange rate	4.5284	4.6883
exchange rate on the last day of the reporting period	4.3480	4.6899

CONSOLIDATED FINANCIAL POSITION STATEMENT

				In thousands of PLN
	Item description	**note**	**31.12.2023**	**31.12.2022**
I.	**Fixed assets**		**31,706**	**28,081**
-	Intangible assets	2.3	187	142
-	Company value	2.4	6,394	6,394
-	Tangible fixed assets	2.5	13,050	12,432
-	Other long-term financial assets		1,328	2,452
-	Assets from deferred income tax	2.8	9,491	4,976
-	Other long-term non-financial assets	2.9	1,256	1,685
II.	**Current assets**		**236,897**	**240,245**
-	Inventories	2.10	2,876	3,358
-	Trade and other receivables	2.11	167,320	93,506
-	Assets from contracts	2.12	21,632	57,649
-	Cash and cash equivalents	2.13	33,160	56,733
	Current assets other than assets held for sale		224,988	211,246
	Assets held for sale	2.14	11,909	28,999
	Assets in total		**268,603**	**268,326**

				In thousands of PLN
	Item description	**note**	**31.12.2023**	**31.12.2022**
I.	**Equity**		**103,170**	**99,120**
-	Share capital	2.15	9,983	9,983
-	Difference between the issue price and the nominal value of shares		43,440	43,440
-	Other equity		-205	-46
-	Retained profits		29,698	22,690
-	Net profit (loss) attributable to shareholders of the parent company		22,373	21,984
-	***Equity attributable to owners of the parent company***		***105,289***	***98,051***
-	***Non-controlling interests***		***-2,119***	***1,069***
II.	**Liabilities and provisions for liabilities**		**165,433**	**169,206**
1.	**Long-term liabilities**		**16,425**	**7,803**
-	Deferred income tax liability provision	2.8	701	1,551
-	Long-term provisions	2.16	12,884	2,626
-	Long-term lease liabilities	2.18	2,840	3,626
3.	**Short-term liabilities**		**149,008**	**161,403**
-	Short-term provisions	2.16	19,647	17,374
-	Payables for goods and services and other liabilities	2.17	93,198	73,457
-	Other financial liabilities		61	0

-	Corporate income tax liabilities		1,689	3,135
-	Short-term lease liabilities	2.18	3,150	2,606
-	Short-term contract liabilities	2.12	4,721	42,822
	Other short-term liabilities not related to assets held for sale		**122,466**	**139,394**
	Liabilities related to assets held for sale		**26,542**	**22,009**
	Total liabilities		**268,603**	**268,326**

CONSOLIDATED INCOME STATEMENT

	Calculative variant, in thousands of PLN	note	01.01.-31.12.2023	01.01.-31.12.2022
-	Sales revenue	2.19	546,947	505,599
-	Cost of goods sold	2.20	470,830	438,115
I	**Gross profit (loss) from sales**		**76,117**	**67,484**
-	Selling expenses		8,616	11,823
-	General and administrative expenses		16,705	16,269
-	Other operating income	2.21	1,776	2,867
-	Other operating expenses	2.21	17,993	9,842
-	Profit (loss) from expected credit losses	2.21	-354	774
II	**Operating profit (loss)**		**34,225**	**33,191**
-	Profit (loss) on loss of control	2.14	0	-2,602
-	Financial income	2.22	1,790	1,813
-	Financial expenses	2.22	3,751	1,988
-	Impairment of value of subsidiary companies		0	0
III	**Gross profit (loss)**		**32,264**	**30,414**
-	Income tax	2.25	12,629	7,975
-	Net profit (loss) from continuing operations		19,635	22,439
-	Net profit (loss) from discontinued operations		0	0
IV	**Net profit (loss)**		**19,635**	**22,439**
-	Attributable to equity holders of the parent entity		22,373	21,984
-	Attributable to non-controlling interests		-2,738	455

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	in thousands of PLN	01.01.- 31.12.2023	01.01.- 31.12.2022
1.	**Net profit (loss)**	**19,635**	**22,439**
2.	**Other comprehensive income, which:**	-159	**-117**
	will not be reclassified to profit or loss (actuarial losses	-159	-117
	will be reclassified to profit or loss	0	0
3.	**Total comprehensive income**	**19,476**	**22,322**
	Attributable to equity holders of the parent entity	22,214	21,867
	Attributable to non-controlling interests	-2,738	455

PROFIT PER SHARE

Item description, in PLN	01.01.- 31.12.2023	01.01.- 31.12.2023
Profit (loss) per share	2.24	2.20
Profit (loss) per share from continuing operations	2.24	2.20
Profit (loss) per share from discontinued operations	0.00	0.00
Diluted profit (loss) per share	2.24	2.20
Diluted profit (loss) per share from continuing operations	2.24	2.20
Diluted profit (loss) per share from discontinued operations	0.00	0.00

CONSOLIDATED STATEMENT OF CASH FLOWS

	direct method, in thousands of PLN	01.01.- 31.12.2023	01.01.- 31.12.2022
I.	**Cash flows from operating activities**		
1.	**Gross profit (loss)**	**32,264**	**30,414**
2.	**Total adjustments**	**-17,749**	**12,511**
-	Depreciation	4,449	4,929
-	Profit (loss) from foreign exchange differences	0	0
-	Interest	1,279	648
-	Profit (loss) from investment activities	-83	2,521
-	Change in reserve balances	16,681	9,946
-	Change in inventory	481	-126
-	Change in receivables	-29,202	-72,541
-	Change in short-term liabilities, excluding loans and borrowings	-15,673	75,594
-	Other adjustments	4,319	-8,460
-	**Cash flows used in operations**	**14,515**	**42,925**
-	Income tax paid classified as operating activity	-18,413	-5,420
3.	**Net cash flows from operating activities**	**-3,898**	**37,505**
II.	**Cash flows from investing activities**		
-	Proceeds from sale of property, plant, and equipment, intangible assets other than goodwill, investment properties, and other long-term assets	86	112
-	Interest	1,118	392
-	Other investment income (including dividends and interest)	3,132	6,641
-	Purchase of property, plant, and equipment, intangible assets other than goodwill, investment properties, and other long-term assets	-1,815	-1,666
-	Other investment expenses	0	0
1.	**Net cash flows from investing activities**	**2,521**	**5,479**
III.	**Cash flows from financing activities**		
-	Net proceeds from issuance of shares and other equity instruments	0	0
-	Loans and borrowings (proceeds)	61	30
-	Other financial income (expenses)	6	164
-	Purchase of treasury shares (stock)	0	0
-	Dividends and other distributions to owners	-15,425	0
-	Repayments of loans and borrowings	0	0
-	Payments of lease liabilities	-4,285	-4,136
-	Interest	-2,553	-1,040

1.	**Net cash flows from financing activities**	**-22,196**	**-4,982**
IV.	**Net cash flows, total**	**-23,573**	**38,002**
	Effects of exchange rate changes on cash	**0**	**0**
	Balance change in cash, including:	**-23,573**	**38,002**
	Cash at the beginning of the period	**56,733**	**18,731**
	Cash at the end of the period	**33,160**	**56,733**
	with restricted use	13,203	9,096

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD 01.01.2023 - 31.12.2023

In thousands of PLN	Share capital	Excess of issue price over par value of shares	Other equity	Retained profits	Equity attributable to owners of the parent entity	Non-contr. interests	Total
Opening balance	**9,983**	**43,440**	**-46**	**44,674**	**98,051**	**1,069**	**99,120**
Period profit	0	0	0	22,373	22,373	-2,738	19,635
Other comprehensive income for the period	0	0	-159	0	-159	0	-159
Total income	**0**	**0**	**-159**	**22,373**	**22,214**	**-2,738**	**19,476**
Dividend	0	0	0	-14,976	-14,976	-450	-15,426
Increase (decrease) in other	0	0	0	0	0	0	0
Increase (decrease) in capital	**0**	**0**	**-159**	**7,397**	**7,238**	**-3,188**	**4,050**
Ending balance	**9,983**	**43,440**	-205	52,071	105,289	-2,119	103,170

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD 01.01.2022 - 31.12.2022

In thousands of PLN	Share capital	Excess of issue price over par value of shares	Other equity	Retained profits	Equity attributable to owners of the parent entity	Non-contr. interests	Total
Opening balance	**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**
Dividend	0	0	0	0	0	-216	-216
Increase (decrease) In other	0	-741	0	741	0	-931	-931
Increase (decrease) in capital	**0**	**-741**	**-117**	**22,725**	**21,867**	**-692**	**21,175**
Ending balance	**9,983**	**43,440**	**-46**	**44,674**	**98,051**	**1,069**	**99,120**

1. ADDITIONAL INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENT

1.1. General Information about the parent company

The parent company of the Capital Group is ELEKTROTIM Joint Stock Company (hereinafter referred to as the Company or Issuer):
During the reporting period, there was no change in the Company's name.
Legal form: Joint Stock Company
Registered office address: Stargardzka 8, 54-156 Wrocław, Poland
Headquarters: Poland
Country of registration: Poland
Primary place of business: Poland, Stargardzka 8, 54-156 Wrocław
Primary type of business: PKD 4321Z - electrical installation of buildings and structures
The duration of the Capital Group's operations has not been limited.
This consolidated financial statement for the year ended 31 December 2023 (including comparative data) was approved for publication by the Management Board of the parent company on 23-04-2024.
Court of registration: District Court for Wrocław Fabryczna in Wrocław, VI Economic Department of the National Court Register.

Composition of the Management Board of the parent company and changes that occurred within it during 2023:

From January 1, 2023 to December 31, 2023, the Management Board of ELEKTROTIM S.A. operated without changes in composition, namely:

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

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

The composition of the Supervisory Board of the parent company remained unchanged throughout 2023

From January 1, 2023 to December 31, 2023, the Supervisory Board of ELEKTROTIM S.A. operated without changes in composition, namely:

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

On the date of the Ordinary General Meeting of Shareholders of ELEKTROTIM S.A. approving the Company's financial statements for the year 2022, held on June 20, 2023, the mandate of the Chairman of the Supervisory Board, Mr. Maciej Posadzy, expired. As a result of the elections held, Mr. Marek Posadzy was reappointed to the Supervisory Board of ELEKTROTIM S.A.

1.2. Basis of preparation, presentation principles

1.2.1. Basis of preparation of the consolidated financial statements for the year 2023

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

The presented consolidated financial statements comply with all IFRS/IAS requirements adopted by the EU and accurately represent the financial position of the Group as of December 31, 2023, and December 31, 2022, as well as its operating results and cash flows for 2023 and 2022.

1.2.2. Changes in applied accounting policies

The accounting principles applied to prepare the consolidated financial statements are consistent with those applied in the preparation of the Group's consolidated financial statements for the year ended December 31, 2022, except for the following changes to standards and new interpretations applicable to annual periods beginning on January 1, 2023:

Changes in standards or interpretations applicable and adopted by the Group since 2023

New or amended standards and interpretations that are effective from January 1, 2023, and their impact on the Group's consolidated financial statements:

a) New IFRS 17 "Insurance Contracts"
The new standard regulates the recognition, measurement, presentation, and disclosure of insurance and reinsurance contracts. It replaces the previous IFRS 4 standard. The standard is effective for annual periods beginning on January 1, 2023, or later. The new standard did not impact the Group's financial statements because the contracts it enters into do not meet the definition of insurance contracts.

b) Amendment to IFRS 17 "Insurance Contracts"
The Board has established transitional provisions regarding comparative information for entities that are simultaneously implementing IFRS 17 and IFRS 9 to reduce potential accounting mismatches arising from differences between these standards. The amendment is effective for annual periods beginning on January 1, 2023, or later. The change did not affect the Group's financial statements.

c) Amendment to IAS 1 "Presentation of Financial Statements"
The IASB has clarified which information regarding the accounting policies applied by an entity is material and requires disclosure in the financial statements. The principles focus on tailoring disclosures to the individual circumstances of the entity. The Board cautions against the use of standardized provisions copied from IFRS and expects that the basis of valuation of financial instruments will be recognized as material information. The amendment is effective for annual periods beginning on January 1, 2023, or later. The change did not impact the Group's financial statements.

d) Amendment to IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors"

The Board introduced into the standard a definition of an accounting estimate: *Accounting estimates are monetary amounts in the financial statements that are subject to measurement uncertainty*. The amendment is effective for annual periods beginning on January 1, 2023, or later.
The change did not impact the Group's financial statements.

e) Amendment to IAS 12 "Income Taxes"
The Board introduced a principle that if a transaction results in both positive and negative temporary differences in the same amount, assets and deferred tax liabilities should be recognized even when the transaction does not result from a combination and has no impact on the accounting or tax profit. This means that assets and deferred tax liabilities must be recognized when temporary differences in equal amounts arise, for example, in the case of leasing (separate temporary difference from the liability and from the right to use) or in the case of provisions for site restoration. The principle stating that assets and liabilities for deferred income tax are offset if they relate to offsetting current tax assets and liabilities remains unchanged. The amendment is effective for annual periods beginning on January 1, 2023, or later.
The change did not impact the Group's financial statements.

f) Amendment to IAS 12 "Income Taxes"
The amendment introduces a temporary exemption from recognizing deferred tax arising from the implementation of the international tax reform (Pillar II) and an obligation to provide additional disclosures related to this. The change is effective for annual periods beginning on January 1, 2023, or later.
The change did not impact the Group's financial statements.

Standards and interpretations in the version published by the IASB but not endorsed by the European Union are listed below in the section concerning standards and interpretations that have not yet become effective.

1.2.3. New standards and interpretations that have been published but have not yet become 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 become effective:

The application of a standard or interpretation before its effective date

In this consolidated financial statement, no voluntary early adoption of standards or interpretations has been applied.

Published standards and interpretations that have not yet come into force for reporting periods beginning on January 1, 2023, and their impact on the Group's consolidated financial statements

As of the date of preparation of this consolidated financial statement, new or amended standards and interpretations have been published, applicable for annual periods beginning after 2023. The list also includes changes, standards, and interpretations published but not yet endorsed by the European Union.

a) Amendment to IFRS 1 "Presentation of Financial Statements"
The IASB clarified the principles for classifying liabilities as long-term or short-term, primarily in two aspects:
- It was clarified that the classification depends on the rights held by the entity at the balance sheet date.
- Intentions of management regarding the acceleration or delay of payment of obligations are not taken into account.

The changes apply to annual periods beginning on or after January 1, 2024. Since the Group already applies principles consistent with the amended standard, the changes will not affect its financial statements.

b) Amendment to IFRS 1 "Presentation of Financial Statements"
The change clarifies that on the balance sheet date, the entity does not take into account covenants that will need to be met in the future when considering the classification of liabilities as long-term or short-term. Instead, the entity should disclose information about these covenants in the explanatory notes to the financial statements. The change applies to annual periods beginning on or after January 1, 2024.
The Group continues to assess the impact of the change on its financial statements.

c) Amendment to IFRS 16 "Leases"
The amendment clarifies the requirements regarding the valuation of lease liability arising from sale and leaseback transactions. It aims to prevent incorrect accounting of the transaction's outcome concerning the retained right-of-use asset when lease payments are variable and not dependent on an index or rate. The change is effective for annual reporting periods beginning on or after January 1, 2024.
The Group continues to assess the impact of the change on its financial statements.

d) Amendment to IAS 7 "Statement of Cash Flows" and IFRS 7 "Financial Instruments: Disclosures"
The changes clarify the characteristics of reverse factoring arrangements (also known as supply chain financing) and introduce a requirement to disclose information about agreements entered into with suppliers, including their terms, amounts of these liabilities, payment terms, and liquidity risk information.
The changes are effective for annual periods beginning on or after January 1, 2024.
The Group continues to assess the impact of the changes on its financial statements.

e) Amendment to IAS 21 "The Effects of Changes in Foreign Exchange Rates"
The amendment clarifies how an entity should assess whether a currency is exchangeable and how to determine the exchange rate in the absence of exchangeability, as well as requires disclosure of information to enable users of financial statements to understand the impact of the lack of exchangeability of the currency. The amendment applies to annual periods beginning on or after January 1, 2025.
The Group estimates that the changes will not have an impact on its financial statements.

The Group intends to implement the above regulations within the deadlines prescribed for application by the standards or interpretations.

The Group has not elected to early adopt any other standard, interpretation, or amendment that has been published but not yet effective under the regulations of the European Union.

As of the approval date of the consolidated financial statements, the Group is in the process of assessing the impact of implementing the above standards and interpretations on the Group's accounting policies, financial position, results of operations, and the scope of information presented in the consolidated financial statements.

1.2.4. Continuation of business operations

The consolidated financial statement has been prepared assuming the Group will continue its business operations in the foreseeable future.

As of the date of preparation and approval of this consolidated financial statement for publication, there are no circumstances indicating a threat to the Group's ability to continue its operations, substantially unchanged, for the next 12 months from the date of the consolidated financial statement, excluding ZEUS S.A., which filed for bankruptcy on September 29, 2023. The situation of the subsidiary is further described in section 2.39.

1.2.5. Companies included in the consolidated financial statements

ELEKTROTIM S.A. prepares consolidated financial statements for the year 2023, which include the following entities:

- ELEKTROTIM S.A. (the parent company),
- ZEUS S.A. (a subsidiary since July 18, 2012)
- OSTOYA-DataSystem Sp. z o.o. (a subsidiary since January 11, 2017)

The above-mentioned entities are based in Poland.
On April 30, 2012, the sale of the subsidiary company Infrabud Sp. z o.o. occurred, which was reflected in the altered composition of the ELEKTROTIM Group.
On October 29, 2013, the sale of the subsidiary Elektromont-Beta SA occurred, which was reflected in the altered composition of the ELEKTROTIM Group.
On October 6, 2015, the acquisition of shares in ELTRAKO Sp. z o.o. took place, which was reflected in the altered composition of the ELEKTROTIM Group.
On January 11, 2017, the acquisition of shares in ENAMOR System Sp. z o.o. took place, which was reflected in the altered composition of the ELEKTROTIM Group (currently named OSTOYA DataSystem Sp. z o.o.).
On February 28, 2018, ELEKTROTIM SA merged with its subsidiary Mawilux SA, which was reflected in the altered composition of the ELEKTROTIM Group. As a result of the merger, Mawilux SA was dissolved on February 28, 2018. On this day, in accordance with the provisions of Article 493 § 2 of the Commercial Companies Code, the merger was entered into the National Court Register maintained by the District Court for Wrocław-Fabryczna in Wrocław, competent for ELEKTROTIM S.A. based in Wrocław.
On January 2, 2019, ELEKTROTIM S.A. merged with its subsidiary ELTRAKO Sp. z o.o. As a result of the merger, ELTRAKO Sp. z o.o. was dissolved on January 2, 2019. On this day, in accordance with the provisions of Article 493 § 2 of the Commercial Companies Code, the merger was entered into the National Court Register maintained by the District Court for Wrocław-Fabryczna in Wrocław, competent for ELEKTROTIM S.A. based in Wrocław.
On December 12, 2022, the sale of 100% of the shares of the subsidiary company Procom System S.A. occurred, resulting in a change in the composition of the Group.

1.3. Adopted accounting policies

1.3.1. Consolidation principles

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 the companies under its control. It is assumed that the Capital Group exercises control if, due to its involvement in the entity in which it has invested, it is exposed to variable returns or has rights to variable returns, and has the ability to influence those returns through exercising power over the entity.

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

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

Subsidiaries are consolidated using the full consolidation method. Intercompany balances within the Capital Group, transactions within the Capital Group, as well as any resulting unrealized gains or losses, and the revenues and expenses of the Capital Group are eliminated during the preparation of the consolidated financial statements. Unrealized losses are excluded from the consolidated financial statements on the same basis as unrealized gains until impairment indicators are present.

Mergers

Transactions involving the combination of business entities, falling within the scope of IFRS 3, are accounted for using the acquisition method. As of the date of obtaining control, the assets and liabilities of the acquired entity 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 acquired entity before the acquisition.

Transactions of mergers under joint control

In the case of mergers involving entities under common control, the Group does not apply the regulations resulting from IFRS 3. Instead, it accounts for such transactions using the equity method as follows:

- Assets and liabilities of the acquired entity are recorded at book value. Book value is rather based on the value originally determined by the controlling entity, rather than values derived from the acquired entity's individual financial statements.
- Intangible assets and contingent liabilities are recognized based on the policies applied by the entity prior to the combination, in accordance with the relevant IFRS.
- Goodwill is not recognized – the difference between the consideration transferred and the net assets acquired of the controlled entity is directly recognized in equity, under retained earnings.
- Non-controlling interests are valued in proportion to the net book value of the controlled entity's assets.
- Comparative data is restated as if the combination occurred at the beginning of the comparative period. If the date of obtaining control over the entity is later than the beginning of the comparative period, comparative data is presented from the date when the control relationship was first established.

Due to the fact that the merger did not result in a change of control over the merging companies and the control exercised is not temporary, and this transaction is excluded from the scope of applying IFRS 3 "Business Combinations" (in accordance with IAS 8 paragraph 10, decisions regarding the application of appropriate accounting principles are made by the management of the entity; the economic substance of the transaction correctly reflects the factual situation, which is an intra-group reorganization resulting in no change in the net worth of the entire group and no change in the scope of control), the Management Board of the Controlling Company has adopted a resolution to apply the equity method to account for the above merger as of its execution date. This means that the assets and liabilities of the acquired company will be recorded, by aggregating the relevant items, in the books of the acquiring company at their existing book values. Excluded from this are the value of the acquired company's share capital and mutual receivables and liabilities. The difference between the value of the issued shares and the book value is shown in equity, and no additional goodwill is recognized.

Furthermore, there was no closing and reopening of the accounting books of the acquired companies. It is permissible not to close and reopen accounting books when, according to the law, the settlement of the merger occurs using the equity method and does not result in the creation of a new entity.

Company value

The company value presented in the balance sheet includes the entire value of subsidiary entities, consisting of the excess of the purchase price of the shares of that entity and non-controlling interests (valued proportionally to the share in net assets) over the fair value of the acquired net assets.
Detailed information on the company value is disclosed in Note 2.4 to the consolidated financial statements.

The company value is not subject to amortization; instead, an impairment test is conducted annually in accordance with IAS 36 (refer to the subpoint regarding impairment of non-financial assets).

1.3.2. Functional currency and presentation currency of financial statements, and principles adopted for financial data translation

Functional currency

The functional currency of the Group as well as the presentation currency of this consolidated financial statement is the Polish złoty.

Presentation currency

All amounts included in the consolidated financial statements are expressed in thousands of Polish złoty (unless otherwise stated). Due to the adopted method of presenting data in the consolidated financial statements in thousands of złoty and the rounding technique applied, individual items in the statements may not sum up to the amounts presented in them (difference of 1 thousand złoty).

As a rule, transactions denominated in currencies other than the Polish złoty are translated into Polish złoty using the exchange rate prevailing on the transaction date (spot rate). However, if a sale or purchase transaction is preceded by the receipt or payment of a deposit in a foreign currency, the deposit is recorded at the rate on that day. Then, at the time of recognition in the profit and loss account of revenue earned in the currency or cost or acquired asset component, these transactions are recorded at the rate on the date of recording the deposit, rather than at the rate on the date when the revenue or cost or asset component was recognized.

As of the balance sheet date, monetary items denominated in currencies other than the Polish złoty are translated into Polish złoty using the closing exchange rate prevailing at the end of the reporting period, i.e., the average rate established for a given currency by the National Bank of Poland.
Non-monetary items accounted for at historical cost, expressed in foreign currency, are reported at the historical exchange rate on the transaction date.
Non-monetary items recorded at fair value, expressed in foreign currency, are valued at the exchange rate on the date of fair value determination, i.e., the average rate established for a given currency by the National Bank of Poland.

Foreign exchange differences arising from the settlement of transactions or translation of monetary items other than derivative instruments are recognized accordingly as income or financial costs on a net basis, except for foreign exchange differences capitalized in the value of assets in cases specified by accounting principles (if applicable, presented in the section regarding external financing costs).

1.3.3. Operating segments

According to IFRS 8, the results of operating segments are derived from internal reports periodically reviewed by the Management Board of the controlling company. The Management Board of the controlling company analyzes the results of operating segments at the level of profit (loss) from operating activities.
The measurement of operating segment results used in managerial calculations is consistent with the accounting principles applied in the preparation of the consolidated financial statements. Revenue from sales presented in the consolidated financial statements does not differ from the revenues presented within the operating segments.
To present information in a manner that allows for a proper assessment of the nature and financial effects of the Group's business activities, the operating segments were combined based on product group criteria into three segments:
a) Installation Segment
b) Network Segment
c) Automation Segment

These segments exhibit similar economic characteristics and are alike in terms of:
- Type of products and services
- Type of production processes
- Type or groups of customers for specific products and services
- Methods used for product distribution or service provision

Assets of the Group that cannot be directly attributed to the activities of a specific operating segment are not allocated to the assets of the operating segments.

1.3.4. Accounting principles

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

1.3.4.1. Intangible assets

Intangible assets include trademarks, patents and licenses, computer software, development works, and other intangible assets that meet the recognition criteria specified in IAS 38. This item also includes intangible assets that have not yet been put into use (internally generated intangible assets in the course of production). Intangible assets as of the balance sheet date are recognized at cost or production cost, less amortization and impairment charges.

Intangible assets with a finite useful life are amortized using the straight-line method over their economic useful life. The useful life of each intangible asset is subject to annual review and, if necessary, adjusted from the beginning of the next financial year.

The estimated useful life for each group of intangible assets is as follows:
- - Copyrights, related rights, licenses, concessions: from one year to five years
- - Completed development works: from 3 to 5 years

Costs related to the maintenance of software, incurred in subsequent periods, are recognized as expenses in the period in which they are incurred.

Profits or losses arising from the disposal of intangible assets are determined as the difference between sales revenue and the net value of those intangible assets and are recognized in the income statement under other operating income or expenses.
Depreciation charges are made in accordance with the accounting policies of the controlling Group and other companies within the Group.

Research and development costs are recognized in the income statement when they are incurred.

Expenditures incurred on development work within a given project are carried forward to the next period if it is deemed that they will be recovered in the future. The assessment of future benefits is based on principles outlined in IAS 36.

1.3.4.2. Tangible fixed assets

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

After the initial recognition, tangible fixed assets, except for land, are presented at cost or production cost, reduced by depreciation and impairment charges.

Tangible fixed assets under construction are not subject to depreciation until the completion of construction or assembly and transfer of the asset for use. Depreciation is calculated using the straight-line method over the estimated useful life of the asset, which varies for different groups of tangible fixed assets:

- buildings, premises, and civil engineering and water management structures: from 3 to 40 years
- technical equipment and machinery: from 1 year to 10 years
- vehicles: from 2.5 to 9 years
- other fixed assets: from 2 to 10 years

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

The economic useful lives and depreciation methods are reviewed annually, leading to potential adjustments in depreciation charges in subsequent years.

Fixed assets are divided into components that represent significant items for which a separate period of economic usefulness can be assigned. Components also include costs of general inspections and significant spare parts and equipment if they are to be used for more than one 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 income statement when they are incurred.

A specific item of tangible fixed assets may be removed from the consolidated statement of financial position after its sale or if no further economic benefits are expected from the continued use of such asset. Profits or losses resulting from the sale, liquidation, or cessation of use of fixed assets are determined as the difference between the sales proceeds and the net carrying amount of those fixed assets and are recognized in the income statement under other operating income or expenses.

1.3.4.3. Fixed assets under construction

Fixed assets under construction refer to fixed assets during their construction, assembly, or improvement period of an existing fixed asset. Fixed assets under construction are valued no less frequently than on the balance sheet date at the total cost directly related to their acquisition or production, reduced by depreciation due to permanent impairment.
Fixed assets under construction are not subject to depreciation until the construction or assembly is completed and the fixed asset is put into use.

1.3.4.4. Leasing

Leasing has been defined as an agreement or a part of an agreement that transfers the right to control the use of an identified asset for a specified period in exchange for consideration. To determine this, four basic aspects are analyzed:

- whether the agreement pertains to an identified asset, which is either explicitly specified in the contract or implicitly identified at the time the asset is made available to the Group,
- whether the Group has the right to obtain substantially all of the economic benefits from using the asset throughout the period of use as specified in the contract,
- whether the Group has the right to direct the use of the identified asset throughout the period of use,
- whether the agreement is compensatory.

At the commencement date, the Group recognizes an asset from the right-of-use and a liability from the lease. The right-of-use asset is initially measured at the cost comprising the initial measurement of the lease liability, initial direct costs, estimated costs of dismantling and removing the underlying asset, and lease payments made at or before the commencement date, less any lease incentives received. The Group amortizes the right-of-use assets using the straight-line method from the commencement date to the end of the right-of-use term or the end of the lease term, whichever comes first.
As of the lease commencement date, the Group values the lease liability at the present value of the remaining lease payments using the interest rate implicit in the lease, if it can be easily determined. Otherwise, lease payments are discounted using the incremental borrowing rate. The lease payments included in the lease liability comprise fixed lease payments, variable lease payments based on an index or rate, amounts expected to be paid as a residual value guarantee, and payments for the exercise of purchase options if their exercise is reasonably certain. In subsequent periods, the lease liability is reduced by payments made and increased by accrued interest. The valuation of the lease liability is updated to reflect changes in the lease agreement and reassessment of the lease term, exercise of purchase options, residual value guarantees, or variable lease payments based on an index or rate. The lease liability valuation is periodically reconciled with lease payments.
Assets from the right-of-use are depreciated on a straight-line basis over the lease term. Additionally, interest on discounted lease liabilities is recognized as financial costs. As a rule, the update of the liability value is recorded as an adjustment to the right-of-use asset.
The Group applies the practical expedients permitted by IFRS 16 regarding short-term leases and leases of low-value assets. For such agreements, instead of recognizing right-of-use assets and lease liabilities, lease payments are accounted for on a straight-line basis over the lease term. The Group presents the right-of-use assets in the same line 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-use of land under perpetual usufruct, in accordance with IFRS 16, meets the definition of a lease and should be recognized in the consolidated statement of financial position as right-of-use assets.

1.3.4.5. Impairment of non-financial fixed assets

The following assets are subject to an annual impairment test:

a) goodwill, with the first impairment test conducted by the end of the period in which the business combination took place,
b) intangible assets with indefinite useful lives, and
c) intangible assets that are not yet available for use.

For other intangible assets, property, plant, and equipment, investments in associated entities, and right-of-use assets, an assessment is made to determine if there are any indicators of potential impairment. If any events or circumstances are identified that may indicate difficulty in recovering the carrying amount of a specific asset, an impairment test is conducted.

For the purpose of conducting an impairment test, assets are grouped at the lowest level at which they generate cash flows independently of other assets or groups of assets (known as cash-generating units). Assets that generate cash flows independently are tested individually.
Goodwill is allocated to those cash-generating units from which the benefits of the synergies of the business combination are expected, with cash-generating units being at least the operating segments.

If the carrying amount exceeds the estimated recoverable amount of the assets or the cash-generating units to which these assets belong, the carrying amount is reduced to the recoverable amount. The recoverable amount is the higher of the following two values: fair value less costs of disposal or value in use. In determining the value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

The impairment charge for a cash-generating unit is first allocated to the goodwill. Any remaining impairment is then proportionally allocated to the carrying amount of the assets within the cash-generating unit.
The impairment adjustment for impairment losses is recognized in the income statement as part of other operating expenses.
Impairment adjustments to the value of the company are not reversed in subsequent periods. For other asset components, the indications for possible reversal of impairment adjustments are reassessed at each subsequent balance sheet date. Reversal of the impairment is recognized in the income statement as part of other operating income.

1.3.4.6. Investment properties

An investment property is held for the purpose of earning rental income and/or capital appreciation and is valued based on the fair value model.
The initial recognition of an investment property is based on the purchase price or production cost, taking into account transaction costs. Subsequent to the initial recognition, the investment property is valued at fair value, determined by an independent appraiser, considering the property's location, characteristics, and current market conditions.
Profits or losses arising from changes in the fair value of investment properties are recognized in the income statement in the period in which the changes occur, under the line item of other operating income or expenses.
Investment property is removed from the consolidated statement of financial position upon its sale or permanent withdrawal from use, if no future economic benefits are expected. Profits or losses resulting from these transactions are determined as the difference between the sales proceeds and the carrying amount of the investment property. These gains and losses are recognized in the income statement under other operating income or expenses in the period in which the disposal or sale of the investment property occurs upon transfer of control to the buyer in accordance with the requirements of IFRS 15.

The amount of consideration received in the sale of investment property is determined in accordance with the requirements of IFRS 15 regarding the determination of transaction price.

1.3.4.7. Inventories

Inventories are tangible current assets comprising materials purchased for consumption in-house, manufactured or processed finished goods (products and services), ready for sale or in the process of production, work in progress, and goods purchased for resale in an unprocessed state.
Inventory is valued at the lower of two values: cost of acquisition/production or net realizable value. Cost of acquisition or production includes purchase costs, processing costs, and other expenses.
The cost of goods sold is accounted for using the weighted average method of actual production cost. Material and merchandise costs are determined using the first-in, first-out (FIFO) method.
Net realizable value is the estimated selling price in the ordinary course of business, reduced by finishing costs and costs necessary to complete the sale.
The valuation of material inventory on the balance sheet date includes creating write-downs for inventory with no movement.
Work in progress is valued based on direct costs incurred.

1.3.4.8. Financial instruments

Financial assets
On the acquisition date, the Group values financial assets at fair value, typically based on the fair value of consideration paid. Transaction costs are included in the initial measurement of all financial assets, except for financial assets measured at fair value through profit or loss. An exception to this principle is receivables for goods and services, which the Group values at their transaction price as per IFRS 15. For subsequent measurement purposes, after initial recognition, financial assets other than derivative hedging instruments, the Group classifies them as follows:

- financial assets measured at amortized cost,
- financial assets measured at fair value through other comprehensive income,
- financial assets measured at fair value through profit or loss,
- equity instruments measured at fair value through other comprehensive income.

These categories determine the valuation principles on the balance sheet date and the recognition of profits or losses from valuation in the financial result or in other comprehensive income. The Group classifies financial assets into a specific category based on the business model operating within the controlling company for financial asset management and the contractual cash flow characteristics of the financial asset. A financial asset is measured at amortized cost if both of the following conditions are met (and has not been designated at initial recognition to be measured at fair value through profit or loss):

- the financial asset is held within a business model whose objective is to hold financial assets to collect contractual cash flows,
- the contractual terms of the financial asset give rise, on specified dates, to cash flows that consist solely of payments of principal and interest on the outstanding principal amount.

To the category of financial assets measured at amortized costs, the Group includes:

- loans,
- trade receivables and other receivables (excluding those for which IFRS 9 principles do not apply),
- cash and cash equivalents,
- debt securities.

The mentioned classes of financial assets are presented in the consolidated statement of financial position divided into long-term and short-term assets.
Short-term receivables, cash, and cash equivalents are valued at amounts due because the effects of discounting are insignificant.
Interest income, gains and losses from impairment, and foreign exchange differences related to these assets are calculated and recognized in the financial result in the same manner as for financial assets measured at amortized cost. Other changes in the fair value of these assets are recognized through other comprehensive income. When recognition of a component of financial assets measured at fair value through other comprehensive income ceases, accumulated gains or losses previously recognized in other comprehensive income are reclassified from equity to the financial result.

A component of financial assets 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 to be measured at fair value through other comprehensive income. Additionally, the Group includes in this category financial assets designated at initial recognition to be measured at fair value through profit or loss due to meeting the criteria specified in IFRS 9.

This category includes:

- all derivative instruments presented in the consolidated statement of financial position under a separate heading "Derivative Financial Instruments",
- shares and equity interests in entities other than subsidiaries and associates,
- units of participation and investment certificates of investment funds.

Instruments belonging to this category are measured at fair value, and the effects of valuation are recognized in the financial result under the respective headings of "Financial Income" or "Financial Costs". Gains and losses from the valuation of financial assets are determined by changes in fair value determined based on current market prices as of the balance sheet date from an active market or based on valuation techniques if an active market does not exist. Dividends from equity instruments included in this category are recognized in the financial result under "Financial Income" upon meeting the criteria for recognizing dividend income as specified in IFRS 9.

Financial assets classified as measured at amortized cost and measured at fair value through other comprehensive income due to the business model and nature of associated cash flows are subject to assessment on each balance sheet date to recognize expected credit losses, regardless of whether there are indicators of impairment. The method of making this assessment and estimating allowances for expected credit losses varies for each class of financial assets.
For trade receivables, the Group estimates them individually, meaning the credit risk of each counterparty is assessed individually.
Trade receivables are reported on the balance sheet at the amount due, applying prudent valuation principles, and are presented net of allowances for updating receivables.
The Group employs a simplified approach, assuming the calculation of allowances for expected credit losses for the entire instrument's lifetime. The estimate of the allowance is primarily based on historically observed defaults and the relationship between default and actual repayment over the last 5 years, considering available future information. The Group pays particular attention to receivables overdue by more than 90 days, for which individual analysis is conducted.

For other classes of assets, for instruments where the increase in credit risk since initial recognition has not been significant or the risk is low, the Group assumes recognition of losses from default for the next 12 months initially. If the increase in credit risk since initial recognition has been significant, losses appropriate for the entire life of the instrument are recognized.

Trade receivables and other receivables

Trade receivables and other receivables with a maturity exceeding 12 months from the due date are valued at amortized cost, using the effective interest rate based on the WIBOR.

The Group adopts a simplified approach, assuming the calculation of allowances for expected credit losses for the entire instrument's lifetime. The estimate of the allowance is primarily based on historically observed defaults and the relationship between default and actual repayment over the last 5 years, considering available future information.

In the position of trade receivables and other receivables, expenditures related to revenues of the subsequent period are recognized to ensure the matching of costs and revenues incurred during the period. These assets include, among others, prepaid rents, insurance, subscriptions, costs of ongoing development work, and costs of preparing new production.

Financial liabilities

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

a) Loans, borrowings, other debt instruments,
b) Trade payables, other payables,
c) Derivative financial instruments,
d) Lease liabilities.

On the acquisition date, the Group values financial liabilities at fair value, typically based on the fair value of the amount received. Transaction costs are included in the initial measurement of all financial liabilities, except for financial 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 designated as held for trading or designated as measured at fair value through profit or loss.

The Group includes derivative financial instruments other than hedging instruments in the category of financial liabilities measured at fair value through profit or loss.

Gains and losses from the valuation of financial liabilities are recognized in the financial result under financial activities.

Trade payables and other payables

Liabilities are obligations arising from past events, the settlement of which will result in the outflow of resources embodying economic benefits, both present and future, of a reliably determined value.

The Group classifies a liability as short-term when:

- it is expected to be settled within the normal operating cycle of the entity,
- it is primarily held for trading purposes,
- the liability is due within twelve months from the end of the reporting period, or
- there is no unconditional right to defer the settlement of the liability for at least twelve months after the end of the reporting period.

Long-term liabilities are liabilities not classified as short-term.

On the balance sheet date, liabilities are reported at the amount due.

Short-term trade payables are valued at the amount due because the effects of discounting are insignificant.

1.3.4.9. Cash and cash equivalents

Cash and cash equivalents include cash on hand and in bank accounts, demand deposits, and short-term investments with high liquidity (up to 3 months), easily convertible into cash, for which the risk of value change is insignificant.

1.3.4.10. Other short-term financial assets

The Group utilizes currency forward contracts as hedging instruments against foreign exchange risk. Detailed information on derivative instruments is disclosed in the additional explanatory notes to the consolidated financial statements.
Instruments belonging to this category are measured at fair value, and the effects of valuation are recognized in the financial result under the respective headings of "Financial Income" or "Financial Costs". Gains and losses from the valuation of financial assets are determined by changes in fair value determined based on current market prices as of the balance sheet date from an active market or based on valuation techniques if an active market does not exist.
Derivative instruments are initially recognized at fair value on the contract inception date and then revalued to fair value on each balance sheet date. The resulting gain or loss is recognized immediately in the income statement.

1.3.4.11. Assets held for sale and liabilities associated with assets held for sale

Assets and disposal groups are classified as held for sale if their carrying amount will be recovered primarily through a sale transaction rather than through continued use. This condition is considered met only when the occurrence of a sale transaction is highly probable, and the asset (or disposal group) is available for immediate sale in its current condition. The classification of an asset as held for sale implies the intention of the controlling company's management to complete the sale transaction within one year from the date of classification change.

Assets held for sale (and disposal groups) classified as held for sale are valued at the lower of two values: their original carrying amount or fair value less costs associated with the sale.

1.3.4.12. Equity

Shareholders' equity is determined in accordance with applicable regulations and the articles of association of the controlling company and presented at nominal value, divided into its components.
Share capital (stock) is presented at nominal value according to the agreement of the controlling entity, i.e., ELEKTROTIM S.A., and the entry in the National Court Register.

Treasury shares are shown with a negative sign and are valued at cost. These are typically the controlling entity's own shares acquired for the purpose of their redemption in accordance with a resolution of the General Meeting of Shareholders.

Capital from the sale of shares above their nominal value arises from the surplus of the issue price over the nominal value of the shares, reduced by the issuance costs.

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

1.3.4.13. Payments made in the form of shares

Payments made in the form of shares to employees and other individuals providing similar services are valued at the fair value of the equity instruments on the date of grant. Fair value is determined using the Black-Scholes model. The expected service period 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 behavior. Detailed information on the method of determining the fair value of transactions settled in shares, accounted for using the equity method, is provided in the explanatory notes.
The fair value determined on the date of grant of share-based payments is expensed on a straight-line basis over the vesting period, based on the controlling company's estimated number of shares that will ultimately be acquired.

1.3.4.14. Deferred tax assets and liabilities

Deferred tax is calculated using the balance sheet liability method as tax payable or refundable in the future, relating to differences between the carrying amounts of assets and liabilities and their respective tax bases used for calculating taxable income.

Deferred tax liability is recognized for all taxable temporary differences, while the deferred tax asset is recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilized.
The carrying amount of the deferred tax asset is reviewed at each balance sheet date, and if it is expected that future taxable profits will not be sufficient to recover the asset or a portion thereof, the carrying amount should be appropriately reduced.
Deferred tax assets and liabilities are calculated using tax rates that will be applicable when the asset is realized or the liability becomes due, in accordance with the tax regulations legally or effectively in force on the balance sheet date.

1.3.4.15. Reserves for liabilities

Reserves are established when the Parent Company or Group companies have an existing obligation (legal or customary) arising from past events, and when it is probable that fulfilling this obligation will result in an outflow of economic benefits, and a reliable estimate of the amount of this obligation can be made. The timing and exact amount of the settlement may be uncertain.
Reserves are created, among others, for the following purposes:

- Warranty guarantees for post-sale services provided for completed construction contracts and other services,
- Ongoing legal proceedings and disputes,
- Restructuring, only if the Group is obligated to carry it out based on separate regulations or binding agreements have been concluded in this regard.

Reserves are recorded at the estimated costs necessary to fulfill the current obligation, based on the most reliable evidence available as of the date of preparation of the consolidated financial statements, including considerations of risk and uncertainty. When the time value of money is significant, the size of the reserve is determined by discounting forecasted future cash flows to present value, using a discount rate reflecting current market assessments of the time value of money and any associated risk with the obligation. If the discounting method is applied, the increase in the reserve over time is recognized as a financial cost. If the Group expects the costs covered by the reserve to be reimbursed, for example, under an insurance policy, then this reimbursement is recognized as a separate asset, but only when there is sufficient certainty that the reimbursement will indeed occur. However, the value of this asset cannot exceed the amount of the reserve.

Contingent liabilities and assets:
Contingent liabilities are recognized in accordance with IAS 37. In cases where the expenditure of funds to fulfill the present obligation is not probable, the amounts of the contingent liability are not included in the consolidated financial statements, except for contingent liabilities identified in the business combination process in accordance with IFRS 3.

Potential inflows that entail economic benefits for the Group, but do not yet meet the criteria for recognition as assets, constitute contingent assets, which are not included in the consolidated statement of financial position. Information about contingent assets is disclosed in the additional explanatory notes.

1.3.4.16. Employee benefits

The liabilities and provisions for employee benefits shown in the consolidated statement of financial position include the following items:

- short-term employee benefits for wages (including bonuses and commissions)
- provisions for unused leave
- other long-term employee benefits, including pension benefits.

The value of short-term employee benefits obligations is determined without discounting and is presented in the consolidated statement of financial position at the amount due for payment.

The provision for unused leave is created by the Group as a provision for the costs of accrued paid absences that it will incur due to employees' unused entitlements, which have accumulated as of the balance sheet date. The provision for unused leave constitutes a short-term provision and is not discounted.

According to the remuneration systems in place at the Parent Company and its subsidiaries, employees are entitled to retirement benefits. These retirement benefits are paid as lump sums upon retirement. The amount of retirement benefits depends on the length of service and the employee's average salary. The Group creates a provision for future obligations related to retirement benefits to allocate costs to the periods during which employees earn the entitlements.
The present value of provisions on each balance sheet date is estimated by an independent actuary. The accrued provisions equal the discounted payments that will be made in the future and relate to the period up to the balance sheet date. Demographic information and employment turnover data are based on historical data.
The effects of valuing provisions for future obligations related to retirement benefits are accounted for through other comprehensive income.

1.3.4.17. Accruals and deferred income

The Group recognizes prepaid expenses related to future reporting periods under the "Accruals and deferred income" section in assets.

In the "Accruals and deferred income" section included in liabilities, the Group presents deferred income, including cash received for the financing of fixed assets, which is accounted for in accordance with IAS 20 "Government Grants."

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

Grants are recognized only when there is sufficient certainty that the Group will meet the conditions attached to the grant and that the grant will be received. A grant related to a specific cost item is recognized as income in a manner that matches the associated costs. A grant funding an asset is gradually recognized as income over the periods in proportion to the depreciation charges for that asset. For presentation purposes in the consolidated statement of financial position, the Group does not deduct the grant from the carrying amount of the asset; instead, the grants are shown as deferred income under "Accruals and deferred income."

1.3.4.18. Revenue, costs, and financial result

Revenue from sales includes only revenue from contracts with customers covered by IFRS 15. The method of recognizing sales revenue in the consolidated financial statements, including both the amount and the timing of revenue recognition, is determined by a five-step model comprising the following steps:
a) identification of the contract with the customer,
b) identification of performance obligations,
c) determination of transaction price,
d) allocation of the transaction price to the performance obligations,
e) recognition of revenue as the performance obligations are satisfied or upon their completion.

Identification of the contract with the customer
The Group recognizes a contract with a customer only when all of the following criteria are met:
- Both parties have entered into a contract (either in writing, orally, or through customary business practices) and are committed to fulfilling their obligations;
- The Group can identify the rights of each party regarding the goods or services to be transferred;
- The Group can identify the payment terms for the goods or services to be transferred;
- The contract has commercial substance (meaning that it is expected to change the Group's risk, timing, or amount of future cash flows);
- 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 time a contract is entered into, the Parent Company and Group companies evaluate the goods or services promised in the contract with the customer and identify as a performance obligation any promise to transfer to the customer a good or service (or bundle of goods or services) that can be distinguished, or a group of separate goods or services that are substantially the same and transferred to the customer in the same way.
An asset or service is identified if it meets both of the following conditions:
- the customer can benefit from the asset or service either directly or through its use in conjunction with other readily available resources, and
- the Group's obligation to transfer the asset or service to the customer can be identified separately from other obligations specified in the contract.

Determining the transaction price and allocating it to the obligations to perform the service
To determine the transaction price, the Group considers the terms of the agreement and the customary business practices it applies. The transaction price is the amount of consideration that the Group expects to be entitled to in exchange for transferring promised goods or services to the customer, excluding amounts collected on behalf of third parties. The consideration specified in the agreement with the customer may include fixed amounts, variable amounts, or both.

In cases where the agreement includes a significant financing component, the Group adjusts the promised amount of contractual consideration for the effects of the time value of money. The Group

applies a practical expedient where it does not make adjustments for the effects of a significant financing component for contracts with payment terms of less than one year.
The Group enters into agreements with customers that do not contain a significant financing component.

Guarantees provided by the Parent Company and its subsidiaries for services sold are accounted for in accordance with IAS 37, as their terms only reflect an assurance that the services provided by the Group will operate in accordance with the intended purpose as expressed in the agreed-upon specification.

The Group allocates the transaction price to each obligation to provide services at an amount that reflects the consideration to which it expects to be entitled in exchange for transferring the promised goods or services to the customer.

Revenue recognition during or after fulfillment of performance obligations
The Group recognizes revenue when fulfilling (or during the process of fulfilling) obligations to provide services by delivering the promised goods or services to the customer.

The Group recognizes revenue in accordance with IFRS 15 for contracts based on the provision of comprehensive construction and installation services. The transfer of an asset occurs when the customer gains control over that asset. Revenue is recognized as amounts equal to the transaction price allocated to the specific performance obligation. It is considered that in the case of the Group providing construction and installation services, there is essentially a single performance obligation. Therefore, the allocation of the transaction price to the performance obligation does not require estimation.
The Group employs various payment terms, including prepayments made several days before delivery and deferred payment terms of up to 60 days. Payment terms depend on the credit risk assessment of the customer and the ability to secure the receivables. Consequently, payment terms are not tied to the timing of fulfilling the performance obligation. Prepayments received are recognized by the Group as contract liabilities, while for deferred payment terms, the Group recognizes the receivable as an asset at the time the invoice is issued, provided that the sole condition for payment is the passage of time. Payment becomes due either before the delivery is made (prepayment) or within the specified number of days from the date of sale indicated on the respective invoice, depending on the payment terms stipulated in each contract.

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

IFRS 15 requires a consistent method of revenue recognition for contracts and obligations with similar characteristics. The Group uses the cost-to-cost method to measure the value of goods and services, which involves recognizing revenue based on the proportion of costs incurred to date relative to the total estimated costs (input method). If it is not possible to use the input method, or if the contract specifics require it, the Group applies an alternative measurement method. When a performance obligation is not satisfied over time, it is recognized that the Group satisfies it at a specific point in time. If it is probable that the total costs associated with fulfilling a contract will exceed the total revenue, according to IAS 37, the anticipated loss (the excess of costs over revenue) is recognized as an operating expense, and a provision for onerous contracts (provision for expected contract losses) is established).
The Group presents the valuation of contracts in progress under "Contract Assets" in the assets section. Unsettled amounts accrued and invoiced for work performed under the contract, as well as amounts retained by customers, are presented under "Trade and other receivables." Unsettled amounts due to suppliers, for which the Group has received invoices, and amounts retained from suppliers are presented under "Trade and other payables."

Consideration received for undelivered goods and unfinished services (advances) is recognized as contract liabilities in the consolidated statement of financial position.
Contracts with customers do not contain a significant financing component.

The cost of products, goods, and materials sold is determined in a manner proportional to the primary revenue and is recognized in the income statement using the cost of sales format. Costs are concurrently grouped by their nature and allocated to cost centers using the functional classification.

In accordance with the principle of accrual accounting, the parent company and subsidiaries within the Group recognize in the income statement all costs incurred during the reporting period regardless of their actual payment period. Costs incurred but not related to the current period are recognized as prepaid expenses in assets, while costs not yet incurred but attributable to the current period represent accruals for unbilled expenses in liabilities.

The Group continuously accounts for project acquisition costs and does not capitalize customer acquisition costs. Project acquisition costs are settled in the form of sales commission in the year in which the acquired project is sold.

Other operating income and expenses encompass repetitive revenues and costs indirectly related to ordinary operations, particularly activities not constituting the core business, associated with the disposal and liquidation of fixed assets, as well as the revaluation of fixed assets and inventories, receivables updates, transfers or receipts of assets and cash for no consideration, fines and compensations, and other items.

Financial revenues and expenses include benefits derived from ownership, lending, or sale of financial assets as well as charges for borrowing funds from third parties, resulting in financial obligations, as well as the effects of impairment of financial assets. It encompasses revenues and expenses from financial transactions attributable to the current fiscal year.

1.3.4.19. Subjective judgments and estimation uncertainty

Estimation uncertainty

Key assumptions about the future and other significant sources of uncertainty at the end of the reporting period associated with substantial risk of significant adjustment to the carrying amounts of assets and liabilities in the next financial year:

Construction service contracts

In the case of contracts being executed, the Group applies the provisions of IFRS 15 "Revenue from Contracts with Customers" and recognizes revenue in the income statement based on the measurement of the degree of completion of their execution (determined in proportion to the costs incurred for work performed to date compared to the estimated total contract costs). There is a risk in these cases that the Group has inaccurately estimated production costs, changes in production costs will occur during the production process, errors will occur in managing task execution or in technical and technological solutions, task execution will be delayed or postponed. As a result of these risks, there may be a decrease in revenue and/or an increase in costs, ultimately affecting the Group's financial result.

Component of deferred tax assets

The Group recognizes the component of deferred tax assets based on the assumption that future taxable profit will allow for its utilization. Deterioration in future tax results could render this assumption unjustified.

Goodwill impairment (value of shares/stocks in subsidiaries)

At the end of each reporting period, the Board assesses whether there are indications of goodwill impairment (value of shares/stocks in subsidiaries). In case such indications exist, the Board makes impairment charges to update the value of these assets to their recoverable amount.

The recoverable amount has been determined as one of two values, depending on which is higher: fair value less costs of disposal or the asset's utility value. The utility value was estimated using the DCF method, which relies on discounted cash flows generated by subsidiaries based on assumed operational schedules and sales inflows. The discount rate considers the weighted cost of external and internal capital (WACC). The recoverable value of shares/stocks and the amount of impairment charges to update the value of shares/stocks are estimates as of December 31, 2023, and may change depending on revenues earned, production costs incurred, project implementation schedules, and discount rate calculations in the future. Actual results may differ from these estimates calculated based on data available at the time of estimation, due to uncertainty regarding accurate market condition estimations in the coming years.

Depreciation rates

The depreciation rates are determined based on the expected useful economic life of the tangible fixed assets and intangible assets.
During the 12-month period ended December 31, 2022, the Group conducted a review of the originally adopted useful life of fixed assets and intangible assets and determined that there was no need to change the estimated useful life.

Provisions

Employee benefits provisions - retirement benefits - are estimated using actuarial methods. The amount of provisions for employee benefits shown in the consolidated financial statements results from an estimation made by an independent actuary. Assumptions regarding the discount rate and wage growth rate affect the level of provisions.

Income tax

The tax laws in force in Poland are subject to frequent changes, leading to significant differences in their interpretation and substantial uncertainties in their application. Tax authorities have tools to verify the tax base (typically for the previous 5 financial years). Consequently, determining income tax liabilities, assets, and deferred tax provisions may require significant judgment, including regarding transactions already completed, and the amounts presented and disclosed in financial statements may change in the future as a result of tax authority audits.

As a result, determining tax liabilities, assets, and deferred income tax provisions may require significant judgment, including regarding past transactions, and the amounts presented and disclosed in financial statements may change in the future due to tax authority audits.

Lease term

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

- Non-cancellable lease period,
- Periods covered by options to extend the lease if it's reasonably certain that the lessee will exercise that option,
- Periods covered by options to terminate the lease if it's reasonably certain that the lessee will not exercise that option.

When assessing whether the Group will exercise an option to extend or not to exercise an option to terminate, the Group considers all relevant facts and circumstances that provide economic incentive for it to exercise or not exercise the option.

The lease liability presented in the financial statements reflects the best estimates of the lease term. However, changes in circumstances in the future may result in an increase or decrease in the lease liability, along with the corresponding adjustment to the right-of-use assets.

2. ADDITIONAL INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENT

2.1. Information regarding operating segments

Products and services from which reporting segments derive their revenues

The ELEKTROTIM Group offers its products in the construction and installation market for both public and private clients.

The reporting segments delineated within the ELEKTROTIM Group represent an aggregation of the organizational structure of the Group, with its operational part divided into separately managed economic entities (plants) grouped into verticals. The criterion for distinguishing individual plants as well as verticals was based on product groups and geographical distribution.

To present information in a way that allows for a proper assessment of the nature and financial effects of business activities conducted by the Group, operational segments were consolidated based on product groups into three segments:

- Installations Segment
- Networks Segment
- Automation Segment

These segments collectively adhere to the following principles:

a) The consolidation was carried out in accordance with the overriding principle of IFRS 8 "Operating Segments, which aims to present information in a manner that enables users of financial statements to assess the nature and financial effects of the entity's activities and the economic environment in which it operates."

b) The segments exhibit similar economic characteristics.

c) The segments are similar in:
   - the type of products and services
   - the type of production processes
   - the type or groups of customers for specific products and services
   - the methods used in distributing products or providing services

The measurement principles applied to segment information are consistent with the accounting policy of the Group.

Products offered by the Installation Segment

a) Construction and execution projects, including:

- Electrical power and lighting installation projects for industrial and commercial facilities,
- Medium and low voltage cable power line projects,
- Substation projects for medium/low voltage,
- Road, street, and square lighting projects,
- Traffic light signaling projects,
- Architectural illumination projects,
- Festive lighting projects,
- Sanitary installation projects,
- Low-voltage installation projects.

The mentioned products are offered by the Design Office.

b) Electrical installations including:
- Transformer stations,
- Power and lighting electrical installations in buildings:
— Industrial
— Residential
— Public utility
— Warehousing
— Sports
— Military

The mentioned products are offered by the Electrical Installations Department.

c) Electrical switchgear including:
- SM6 type MV switchgear,
- OKKEN type MCC low voltage switchgear,
- PRISMA type low voltage distribution switchgear,
- X-ENERGY type switchboards,
- SOT type street lighting cabinets,
- Meter boards.

The mentioned products are offered by the Production Department.

d) Low-voltage installations including:
- Computer systems integrating BMS and SMS
- Structured cabling systems
- Fire alarm systems
- Access control systems
- Industrial television systems
- Technical protection systems
- Building automation installations
- Work recording systems
- Circumferential protection systems
- EiB systems
- Telecommunication systems.

The mentioned products are offered by the Low-Voltage Installations Department.

e) Electrical installation and equipment servicing including:
- Low-voltage equipment servicing,

- Measurement and control work for station and dispatcher telemechanics,
- Electrical measurements.

The mentioned services are provided by the Service Department.

Products offered by the Networks Segment

a) Electrical networks including:
- Traffic light signaling,
- Street lighting,
- Object illuminations,
- Airport navigational lighting,
- MV and LV cable lines,
- Telecommunication networks,
- MV and LV transformer stations.

The listed products are offered by the Electrical Networks Department.

b) Telecommunication networks, including:
- Telecommunication ducts,
- Copper telecommunication lines,
- Optical fiber telecommunication lines,
- Radio beacons (NDB, DVOR/DME),
- Radar systems,
- Antenna systems,
- Other navigation and radiocommunication systems.

The listed products are offered by the Telecommunication Networks Department.

c) Road infrastructure elements, including:
- Horizontal road markings (thin and thick layers) for roads and streets,
- Vertical road markings,
- Road traffic organization: temporary and permanent,
- Road traffic safety devices,
- Traffic organization projects.

The listed products are offered by the Traffic Engineering Department.

d) Signal and lighting maintenance services, including:
- Operation, modernization, and maintenance of traffic signals,
- Operation and maintenance of road and plaza lighting,
- Operation, modernization, and maintenance of external lighting and illumination of objects,
- Maintenance of power light installations,
- Traffic signal controllers.

The listed products are offered by the Signaling and Lighting Department.

e) Systems:
- Automation systems for power generation,
- Automation systems for environmental protection installations,
- Industrial informatics,
- Automation systems for industry.

f) High voltage networks, including:
- Overhead high voltage power lines
- Underground high voltage power lines
- Power system protection automation (PSPA)
- Telemechanics
- Master systems
- High voltage / medium voltage substations

The listed products are offered by the High Voltage Division.

Products offered by the Automation Segment

a) Automation systems for power generation, including:
- automation system for power generation blocks,
- automation system for water treatment and wastewater treatment installations,
- automation system for fuel handling, ash removal, and slag removal installations,
- automation system for heating systems,
- automation system for compressor systems,
- automation system for flue gas cleaning installations,
- design of automation for power generation blocks and auxiliary installations,
- automation system for small installations in the power industry,
- maintenance services.

The listed products are offered by the Energy Automation Department.

b) Automation systems for environmental protection installations, including:
- automation and electrical installations for wastewater treatment plants,
- automation and electrical installations for water treatment plants,
- automation and electrical installations for pumping systems,
- automation systems for wastewater treatment plants,
- automation systems for water treatment plants,
- automation systems for pumping systems,
- monitoring systems for water and sewage networks,
- automation projects for wastewater treatment plants,
- automation projects for water treatment plants,
- maintenance services,
- fish protection and monitoring system – Neptun,
- scanner for monitoring fishways.

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

c) Electrical power automation systems, including:
- CERTAN PQ-100 - electric power quality meter,
- disturbance recorder,
- supervision system for the power system and energy balancing,
- disturbance and power quality recording and analysis system,
- network and equipment operation system,
- maintenance services.

The listed products are offered by the Electrical Power Automation Department.

d) Industrial informatics systems, including:
- SKSR Startup Loss Control System
- MESKAN Modular Exploitation Control System
- VECTAN Device Exploitation Control System
- PROMAN Production Process Management and Visualization System
- CERTAN SYSTEM
- Communication interfaces
- Custom software development
- Maintenance services for proprietary products

The products are offered by the Industrial Informatics Department.

e) Other automation systems, including:
- BMS
- Fire detection and temperature monitoring system – PROList

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

Segment revenues and results

Below is the analysis of revenues and results of the Group in individual reporting segments:

Business segments	01.01-31.12.2023	01.01-31.12.2023	01.01-31.12.2023	01.01-31.12.2022	01.01-31.12.2022	01.01-31.12.2022
	Installation Segment	**Network Segment**	**Automation Segment**	**Installation Segment**	**Network Segment**	**Automation Segment**
Revenue from external customers	175,335	371,563	0	303,469	158,864	43,266
Revenue from intersegment activities	14,976	612	0	29,432	1,500	0
Cost of goods sold	180,172	306,180	0	284,989	146,880	37,178
Gross profit (loss) from sales	**10,139**	**65,995**	**0**	**47,912**	**13,484**	**6,088**

Segment assets

The Group does not analyze segment assets and liabilities in the reports used by the Management Board of the parent company for operational and analytical purposes, as assets and liabilities are not allocated to segments.

Geographical information

The Group operates only in one geographical area – in Poland. The breakdown of revenues by geographical structure has been presented in note 2.19.

Information on leading customers

Leading customers

Customer	Revenues from sale in thousands of PLN	Share in %
PGE Energetyka Kolejowa S.A.	90,151	16
PGE Dystrybucja S.A.	86,439	16
Komenda Główna Straży Granicznej	67,102	12
Nestle Purina Manufacturing Operations Poland sp. z o.o.	51,963	10
Solartech Sp. z o.o.	50,260	9
NEA Operator sp. z o.o.	25,579	5
Tauron Dystrybucja S.A.	19,229	4

SKARB PAŃSTWA- CENTRUM ZASOBÓW CYBERPRZESTRZENI SIŁ ZBROJNYCH	17,852	3
ONDE S.A.	11,302	2
ENERGA - OPERATOR S.A.	11,227	2
Others	115,844	21

2.2. Investments in subsidiary entities

Selected information about the subsidiaries included in the consolidation

Name of the entity (company), indicating the legal form	ZEUS S.A.	OSTOYA-DataSystem Sp. z o.o.
registered office	Pruszcz Gdański	Gdańsk
business activity	execution of electrical installations	implementation of IT systems in security management
nature of the relationship (subsidiary, joint venture, associate, with specification of direct and indirect relationships)	subsidiary	Subsidiary
applied consolidation method / equity method valuation, or indication that the entity is not subject to consolidation / equity method valuation	full method	full method
date of obtaining control / joint control / significant influence	18.07.2012	11.01.2017
value of shares (at acquisition cost)	0	233
book value of shares	0	644

percentage of share capital held	88.12	82
share in the total number of votes at the general meeting	88.12	82
indication, other than specified under items j) or k), of the basis of control / joint control / significant influence		
equity of the entity	- 20,385	1,661
liabilities and provisions for liabilities of the entity	31,019	560
receivables of the entity:	8,727	130
total assets of the entity	10,634	2,221
sales revenue	14,063	3,267
net profit (loss)	- 23,502	300
unpaid by the issuer value of shares in the entity		
dividends received or due from the entity for the last fiscal year	0	2,050

2.3. Intangible assets

Intangible assets

Item description		In thousands of PLN
	31.12.2023	31.12.2022
Completed development work	0	0
Acquired concessions, patents, licenses, and similar assets	187	142
Other intangible assets	0	0
Intangible assets, total	**187**	**142**

Changes in intangible assets (by group categories) for 2023

In thousands of PLN	Costs of development work	Concessions, patents, licenses, and similar values	Other intangible assets	Total intangible assets
Gross value of intangible assets at the beginning of the period	9	245	5,327	5,581
Increases (from)	**0**	**0**	**184**	**184**
- purchase	0	0	184	184
- acquisition of subsidiaries	0	0	0	0
	0	0	0	0
Decreases (from)	**0**	**0**	**0**	**0**
- sale	0	0	0	0
- liquidation	0	0	0	0
	0	0	0	0
Gross value of intangible assets at the end of the period	**9**	**245**	**5,511**	**5,765**

Accumulated depreciation (remission) at the beginning of the period	**9**	**207**	**5,222**	**5,438**
Depreciation for the period (from)	**0**	**9**	**131**	**140**
- planned write-downs	0	9	131	140
- acquisition of subsidiaries	0	0	0	0
- decreases	0	0	0	0
Accumulated depreciation (remission) at the end of the period	**9**	**216**	**5,353**	**5,578**
Write-downs due to permanent impairment at the beginning of the period	0	0	0	0
- increases	0	0	0	0
- decreases	0	0	0	0
Write-downs due to permanent impairment at the end of the period	0	0	0	0
Net value of intangible assets at the end of the period	**0**	**29**	**158**	**187**

Changes in intangible assets (by asset groups) in 2022

In thousands of PLN	Costs of development work	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 (from)	**0**	**44**	**29**	**73**
- purchase	0	44	29	73
- acquisition of subsidiaries	0	0	0	0
Decreases (from)	**0**	**50**	**0**	**50**
- sale	0	0	0	0
- liquidation	0	50	0	50
Gross value of intangible assets at the end of the period	**18**	**103**	**5,069**	**5,190**
Accumulated depreciation (remission) at the beginning of the period	18	109	4,744	4,871
Depreciation for the period (from)	**0**	**-44**	**220**	**176**
- planned write-downs	0	6	220	226
- acquisition of subsidiaries	0	0	0	0
- decreases	0	-50	0	-50
Accumulated depreciation (remission) at the end of the period	**18**	**65**	**4,964**	**5,047**
Write-downs due to permanent impairment at the beginning of the period	0	0	0	0
- increases	0	0	0	0
- decreases	0	0	0	0
Write-downs due to permanent impairment 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**

Intangible assets (ownership structure)

		In thousands of PLN
	31.12.2023	31.12.2022
owned	187	142
used under lease, rental, or other agreement, including lease agreement	0	0
total intangible assets	**187**	**142**

2.4. Goodwill

		31.12.2023	in thousands of PLN 31.12.2022
-	subsidiaries	3,998	6,310
-	PWS	2,396	2,396
Value of subsidiary companies, total		**6,394**	**8,706**
Write-downs from the sale of a subsidiary		0	2,312
Balance sheet value, total		**6,394**	**6,394**

Change in the value of subsidiary companies

	31.12.2023	in thousands of PLN 31.12.2022
Balance at the beginning of the period	6,394	8,706
Increases (from)	0	0
- Acquisition of subsidiary entities	0	0
- Decreases (from) due to the sale of subsidiary units	0	2,312
End of period balance	**6,394**	**6,394**

As of December 31, 2023, impairment tests were conducted on financial assets of cash-generating departments (High Voltage Department and Airport Services Department) as well as subsidiaries.
The impairment test on assets did not indicate the need for an impairment loss to be recognized in the company's value. This test was conducted assuming a 5-year cash flow forecast period, with a discount rate of 11% and a growth rate of 3% beyond the forecast period.
Impairment tests were conducted by an external firm.

2.5. Tangible fixed assets

		31.12.2023	w tys. PLN 31.12.2022
a)	**fixed assets, including:**	**12,522**	**12,134**
-	land	869	869
-	buildings, premises, and civil engineering structures	4,512	5,153
-	technical equipment and machinery	2,087	1,828
-	vehicles	4,862	4,114
-	other fixed assets	192	170
b)	**fixed assets under construction**	**528**	**298**
tangible fixed assets, total		**13,050**	**12,432**

Fixed assets (ownership structure)

in thousands of PLN	31.12.2023	31.12.2022
owned	6,171	5,594
used under lease, rental, or other agreement, including lease agreement	6,879	6,838
total fixed assets	**13,050**	**12,432**

Changes in fixed assets (by asset groups) in 2023

In thousands of PLN	land	buildings, premises, and civil engineering structures	technical equipment and machinery	vehicles	other fixed assets	total fixed assets
Gross value of fixed assets at the beginning of the period	896	9,425	8,994	12,277	2,102	33,667
increases (from)	**0**	**931**	**795**	**2,176**	**128**	**4,030**
- purchase	0	931	795	2,176	128	4,030
- acquisition of subsidiaries	0	0	0	0	0	0
decreases (from)	**0**	**0**	**269**	**729**	**35**	**1,033**
Sale and liquidation	0	0	269	729	35	1,033
Gross value of fixed assets at the end of the period	**869**	**10,356**	**9,520**	**13,724**	**2,195**	**36,664**
Accumulated depreciation (remission) at the beginning of the period	0	4,272	7,155	8,163	1,932	21,522
Depreciation for the period (from)	**0**	**1,572**	**278**	**699**	**71**	**2,620**
- planned write-downs	0	1,572	545	1,428	106	3,651
- acquisition of subsidiaries	0	0	0	0	0	0
- decreases	0	0	267	729	35	1,031
Accumulated depreciation (remission) at the end of the period	**0**	**5,844**	**7,433**	**8,862**	**2,003**	**24,142**
Write-downs due to permanent impairment at the beginning of the period	0	0	0	0	0	0
- increases	0	0	0	0	0	0
- decreases	0	0	0	0	0	0
Write-downs due to permanent impairment at the end of the period	0	0	0	0	0	0
Net value of fixed assets at the end of the period	**869**	**4,512**	**2,087**	**4,862**	**192**	**12,522**

Changes in fixed assets (by type groups) in 2022

In thousands of PLN	land	buildings, premises, and civil engineering structures	technical equipment and machinery	vehicles	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 (from)	**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
decreases (from)	**0**	**0**	**18**	**1,269**	**13**	**1,300**
Sale and liquidation	0	0	18	1,269	13	1,300
Gross value of fixed assets at the end of the period	**869**	**9,425**	**8,983**	**12,277**	**2,102**	**33,656**
Accumulated depreciation (remission) at the beginning of the period	0	2,842	6,595	8,066	1,843	19,346
Depreciation for the period (from)	**0**	**1,430**	**560**	**97**	**89**	**2,176**
- planned write-downs	0	1,430	574	1,321	102	3,427
- acquisition of subsidiaries	0	0	0	0	0	0
- decreases	0	0	14	1,224	13	1,251
Accumulated depreciation (remission) at the end of the period	**0**	**4,272**	**7,155**	**8,163**	**1,932**	**21,522**
Write-downs due to permanent impairment at the beginning of the period	0	0	0	0	0	0
- increases	0	0	0	0	0	0
- decreases	0	0	0	0	0	0
Write-downs due to permanent impairment 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**

Lease

The value of assets from the right to use has been presented in the consolidated financial statements along with fixed assets owned by the Group.

Values of the right to use in accordance with IFRS 16 have been presented in the table "Changes in assets from the right to use".

Changes in assets from the right to use (by type groups) in 2023

in thousands of PLN	land	buildings, premises, and civil engineering structures	technical equipment and machinery	vehicles	other fixed assets	total fixed assets
Gross value at the beginning of the period	0	6,523	643	5,072	0	12,238
Increases (from)	**0**	**907**	**0**	**1,835**	**0**	**2,742**
- conclusion of a lease agreement	0	0	0	1,835	0	1,835
- changes resulting from modifications to agreements	0	907	0	0	0	907
Decreases (from)	**0**	**0**	**0**	**419**	**0**	**419**
- termination of a lease agreement	0	0	0	142	0	142
- changes in profile / buyouts	0	0	0	277	0	277
Value at the end of the period	**0**	**7,430**	**643**	**6,488**	**0**	**14,561**
Accumulated depreciation (remission) at the beginning of the period	0	3,578	29	1,793	0	**5,400**
Depreciation for the period (from)	**0**	**1,490**	**72**	**720**	**0**	**2,282**
- planned write-downs	0	1,490	72	1,008	0	2,570
- changes in profile / buyouts	0	0	0	0	0	0
- depreciation of terminated leases / return	0	0	0	142	0	142
- changes in profile / buyouts	0	0	0	146	0	146
Accumulated depreciation (remission) at the end of the period	**0**	**5,068**	**101**	**2,513**	**0**	**7,682**
Write-downs due to permanent impairment at the beginning of the period	0	0	0	0	0	0
- increases	0	0	0	0	0	0
- decreases	0	0	0	0	0	0

Write-downs due to permanent impairment at the end of the period	0	0	0	0	0	0
Net value at the end of the period	**0**	**2,362**	**542**	**3,975**	**0**	**6,879**

Changes in assets from the right to use (by type groups) in 2022

in thousands of PLN	land	buildings, premises, and civil engineering structures	technical equipment and machinery	vehicles	other fixed assets	total fixed assets
Gross value at the beginning of the period	0	6,332	35	4,677	0	11,044
Increases (from)	**0**	**191**	**643**	**1,759**	**0**	**2,593**
- conclusion of a lease agreement	0	0	643	1,759	0	2,402
- changes resulting from modifications to agreements	0	191	0	0	0	191
Decreases (from)	**0**	**0**	**35**	**1,364**	**0**	**1,399**
- termination of a lease agreement	0	0	0	575	0	575
- changes in profile / buyouts	0	0	35	789	0	824
Value at the end of the period	**0**	**6,523**	**643**	**5,072**	**0**	**12,238**
Accumulated depreciation (remission) at the beginning of the period	0	2,217	26	1,919	0	4,162
Depreciation for the period (from)	**0**	**1,361**	**3**	**-126**	**0**	**1,238**
- planned write-downs	0	1,361	31	902	0	2,294
- changes in profile / buyouts	0	0	-28	-516	0	-544
- depreciation of terminated leases / return	0	0	0	512	0	512
Accumulated depreciation (remission) at the end of the period	**0**	**3,578**	**29**	**1,793**	**0**	**5,400**
Write-downs due to permanent impairment at the beginning of the period	0	0	0	0	0	**0**
- increases	0	0	0	0	0	**0**

- decreases	0	0	0	0	0	**0**
Write-downs due to permanent impairment at the end of the period	**0**	**0**	**0**	**0**	**0**	**0**
Net value at the end of the period	**0**	**2,945**	**614**	**3,279**	**0**	**6,838**

2.6. Financial assets

Other long-term financial assets

		In thousands of PLN
	31.12.2023	31.12.2022
Other entities	**1,328**	**2,394**
shares or stocks	0	0
other long-term financial assets (including deposits and security deposits)	1,328	2,394
Total long-term financial assets	**1,328**	**2,394**

Change in the state of long-term financial assets (by type groups)

		in thousands of PLN
	31.12.2023	31.12.2022
State at the beginning of the period	**2,394**	**3,340**
Granted loans	0	0
Other long-term financial assets	2,394	3,340
Increases (from)	**0**	**0**
Granted loans	0	0
Other long-term financial assets	0	0
Decreases (from)	**1,066**	**946**
Granted loans	0	0
Other long-term financial assets	1,066	946
State at the end of the period	**1,328**	**2,394**
Granted loans	0	0
Other long-term financial assets	**1,328**	**2,394**

Short-term financial assets (by liquidity)

		in thousands of PLN
	31.12.2023	31.12.2022
Restricted liquidity financial assets (balance value)	0	0

Total balance value	**0**	**0**

2.7. Financial liabilities

Long-term financial liabilities

	31.12.2023	In thousands of PLN 31.12.2022
Credits and loans	0	0
Total long-term liabilities	**0**	**0**

Short-term financial liabilities

	31.12.2023	in thousands of PLN 31.12.2022
Financial obligations (loans, credits, bonds, etc.)	61	0
Credits and loans	**61**	**0**

2.8. Assets and provision for deferred income tax

Change in the state of assets from deferred income tax

		in thousands of PLN	
		31.12.2023	31.12.2022
1.	**State of assets from deferred income tax at the beginning of the period, including:**	**4,976**	**4,072**
a)	referred to the financial result	4,976	4,072
2.	**Increases**	**9,461**	**4,969**
a)	Attributed to the financial result of the period in connection with negative temporary differences, due to	9,461	4,969
	Write-downs for updating receivables	955	878
	Write-downs for updating inventories	559	591
	Unpaid salaries	1	0
	Employee benefits provision	1,731	1,685
	Warranty repair provision	2,540	588
	Others	3,675	1,227
b)	Attributed to the financial result of the period due to tax loss	0	0
3.	**Decreases**	**4,946**	**4,065**
a)	Attributed to the financial result of the period due to negative temporary differences, related to:	4,946	4,065
	Reversal of temporary differences	0	14
4.	**State of assets from deferred income tax at the end of the period, total, including:**	**9,491**	**4,976**
a)	Referred to the financial result, related to:	9,491	4,976
	Write-downs for updating receivables	957	880

	Write-downs for updating inventories	559	591
	Unpaid salaries	1	0
	Employee benefits provision	1,738	1,693
	Warranty repair provision	2,555	595
	Others	3,681	1,217
	Attributed to the financial result of the period due to tax loss	0	0
b)	Attributed to equity	0	0
c)	Attributed to goodwill	0	0

Change in the state of deferred income tax reserve

		in thousands of PLN	
		31.12.2023	31.12.2022
1.	**State of deferred income tax reserve at the beginning of the period, including:**	**1,551**	**799**
a)	Attributed to the financial result	1,551	799
2.	**Increases**	685	**1,547**
a)	Attributed to the financial result of the period due to positive temporary differences, related to:	685	1,547
	valuation of receivables	0	0
	valuation of long-term contracts	0	799
	fixed assets and intangible assets	670	709
	others	15	39
3.	**Decreases**	**1,535**	**795**
a)	Attributed to the financial result of the period due to positive temporary differences	1,535	795
4.	**State of deferred income tax reserve at the end of the period, total**	701	**1,551**
a)	Attributed to the financial result, related to:	701	1,551
	valuation of receivables	0	0
	valuation of long-term contracts	0	799
	fixed assets and intangible assets	680	712
	others	21	40
b)	Attributed to equity	0	0
c)	Attributed to goodwill	0	0

2.9. Other long-term non-financial assets

in thousands of PLN

		31.12.2023	31.12.2022
a)	**Prepaid expenses, including:**	**1,130**	**1,005**
	insurance	1,044	762
	others	96	244
b)	**Other accrued expenses, including:**	**126**	**680**
	Other accrued expenses	36	36
Other accrued expenses, total		**1,256**	**1,685**

2.10. Inventories

		in thousands of PLN	
		31.12.2023	31.12.2022
a)	materials	1,242	1,494
b)	semi-finished products and work in progress	1,634	1,864
c)	finished products	0	0
d)	goods	0	0
e)	advances for deliveries	0	0
Inventories, total		**2,876**	**3,358**
Write-downs of inventories		2,944	3,110
Inventories gross, total		**5,820**	**6,468**

Change in the state of inventory write-downs

		In thousands of PLN	
		31.12.2023	31.12.2022
State at the beginning of the period		3,110	659
a)	increases	21	2,471
b)	utilization	0	0
c)	reversal	187	20
State of inventory write-downs at the end of the period, including:		**2,944**	**3,110**
	materials	2,944	3,110

In 2023, the Group made inventory value adjustments totaling 21,000 PLN.
There was also a reversal of write-downs amounting to a total of 187,000 PLN.

2.11. Accounts receivable from sales of goods and services, and other receivables

Receivables from goods and services and other receivables

		in thousands of PLN	
		31.12.2023	31.12.2022
-	Receivables from other entities	165,492	91,928
-	Accrued expenses for costs	1,828	1,578
Net receivables from goods and services and other receivables, total		**167,320**	**93,506**

Short-term receivables

		in thousands of PLN	
		31.12.2023	31.12.2022
a)	**Receivables from other entities**	**165,492**	**91,928**
	Financial assets (IFRS 9))	159,982	84,826
-	Receivables from goods and services, with repayment	159,982	84,826
	Up to 12 months	158,598	83,591
	More than 12 months	1,384	1,235
	Financial assets (excluding IFRS 9)	**5,510**	**7,102**
-	**Receivables from corporate income tax**	**100**	**0**
-	**Other receivables, including:**	**5,410**	**7,102**
	from taxes, subsidies, customs duties, social security and health insurance, and other benefits	3,680	5,765
	excess of the Social Benefits Fund	0	0
	others	1,730	1,337
	receivable pursued through litigation	0	0
Net short-term receivables, total		**165,492**	**91,928**
b)	**Write-downs for updating receivables**	**5,825**	**5,471**
Total gross short-term receivables		**171,317**	**97,399**

Gross short-term receivables (currency breakdown converted to PLN)

		in thousands of PLN	
		31.12.2023	31.12.2022
a)	**in Polish currency**	**170,208**	**97,262**
b)	**in foreign currencies (by currency and converted to PLN)**	**1,109**	**137**
	PLN	920	137
	EUR	209	29
	PLN	189	0
	USD	47	0
Total short-term receivables		**171,317**	**97,399**

Change in the provision for impairment of short-term receivables

		31.12.2023	31.12.2022
		in thousands of PLN	
Balance at the beginning of the period		5,471	6,245
a)	**increases (from)**	**894**	**304**
	provisions for receivables	894	304
b)	**decreases (from)**	**540**	**1,078**
	reversal of provisions after receivables collection	77	964
	write-off of uncollectible receivables	463	114
Balance of the provision for impairment of short-term receivables at the end of the period		**5,825**	**5,471**

Trade receivables (gross) - by remaining maturity from the balance sheet date

		31.12.2023	31.12.2022
		in thousands of PLN	
a)	up to 1 month	29,609	48,297
b)	over 1 month to 3 months	108,430	25,002
c)	over 3 months to 6 months	13,774	31
d)	over 6 months to 1 year	195	221
e)	over 1 year	1,741	1,632
f)	overdue receivables	11,797	14,687
Trade receivables, total (gross)		**165,546**	**89,870**
g)	provision for impairment of trade receivables	5,564	5,044
Trade receivables, total (net)		**159,982**	**84,826**

Overdue trade receivables (gross) - by period overdue

		31.12.2023	31.12.2022
		In thousands of PLN	
a)	up to 1 month	3,314	8,459
b)	over 1 month to 3 months	88	96
c)	over 3 months to 6 months	0	3
d)	over 6 months to 1 year	2,335	0
e)	over 1 year	6,060	6,129
Overdue trade receivables, total (gross)		**11,797**	**14,687**
f)	provision for impairment of overdue trade receivables	5,283	4,642
Overdue trade receivables, total (net)		**6,514**	**10,045**

2.12. Assets and liabilities from contracts

Recognition of revenue from contracts in progress under IFRS 15

		in thousands of PLN
	31.12.2023	31.12.2022
Services in progress at the end of the previous period	57,649	14,214
Services in progress at the date of taking control	0	0
Services in progress at the end of the current period	21,612	57,649
Impact on revenues for the current reporting period	**-36,037**	**43,435**
Costs capitalized relating to contracts in progress at the end of the previous period	53,446	24,553
Costs capitalized relating to contracts in progress at the date of taking control	0	0
Costs capitalized relating to contracts in progress at the end of the current period	34,427	53,446
Impact on costs for the current reporting period	**-19,019**	**28,893**
Impact on net financial result net	**-17,018**	**14,542**

Assets related to estimated revenues from construction and installation contracts as of December 31, 2023.

Additional information regarding contracts in progress under IFRS 15

		in thousands of PLN
	31.12.2023	31.12.2022
Estimated amount of receivables from contracts in progress	21,612	57,649
Estimated amount of liabilities from contracts in progress	34,427	53,446
Amount of retained deposits and warranty securities related to work performed	3,254	2,625
Amount of advances received for the provision of goods and services	4,721	42,822

Liabilities from contracts

		in thousands of PLN
	31.12.2023	31.12.2022
- Advance payments received for deliveries	4,721	42,822
Liabilities from contracts, total	**4,721**	**42 822**

2.13. Cash and cash equivalents

		in thousands of PLN
	31.12.2023	31.12.2022
Cash and other cash equivalents	**33,160**	**56,733**
- Cash on hand and in bank accounts	33,160	56,733

-	Other cash	0	0
-	Other monetary assets	0	0
Total short-term financial assets		**33,160**	**56,733**

Cash with restricted availability totaling 13,203 thousand PLN consists of funds in VAT accounts and security deposits.

Cash and other monetary assets (currency structure)

		31.12.2023	In thousands of PLN 31.12.2022
a)	**in Polish currency**	**31,703**	**48,765**
b)	**n foreign currencies, broken down by currency and converted to PLN**	**1,457**	**7,968**
	EUR	283	826
	PLN	1,228	3,875
	CZK	1	1
	PLN	0	0
	USD	54	926
	PLN	214	4,077
	GBP	3	3
	PLN	15	16
	CHF	0	0
	PLN	0	0
Cash and other monetary assets, total		**33,160**	**56,733**

2.14. Non-current assets held for sale

		in thousands of PLN 31.12.2023	31.12.2022
a)	Initial carrying amount at the beginning of the period	28,999	0
	Reclassification to assets held for sale	0	28,999
c)	Decreases (from)	17,090	0
	Revaluation of asset value	17,090	0
d)	Carrying amount at the end of the period	11,909	28,999
Assets held for sale at the end of the period		**11,909**	**28,999**

Assets held for sale at the end of 2023 amounted to 11,909 thousand PLN. This value pertains to assets of the subsidiary company, ZEUS S.A., whose shares the Parent Company offers for sale. Liabilities related to the remaining assets held for sale at the end of the year amount to 26,542 thousand PLN.

	Components of assets reclassified as held for sale	in thousands of PLN 31.12.2023
I.	**Fixed assets**	**3,807**
-	Tangible fixed assets	3,807
-	Other long-term financial assets	0
-	Deferred tax assets	0
II.	**Current assets**	**8,102**
-	Trade and other receivables	8,095
-	Assets from contracts	0
-	Cash and cash equivalents	7
	Total assets	**11,909**

	Liabilities reclassified to obligations related to assets held for sale	in thousands of PLN 31.12.2023
II.	**Liabilities and provisions for liabilities**	**26,542**
1.	**Long-term liabilities**	0
-	Deferred income tax provision	0
-	Long-term provisions	0
-	Financial liabilities (loans, borrowings, bonds, etc.)	0
-	Long-term lease liabilities	0
3.	**Short-term liabilities**	**26,542**
-	Short-term provisions	6,202
-	Liabilities from goods and services and other liabilities	20,298
-	Other financial liabilities	42
-	Short-term corporate income tax liabilities	0
-	Short-term leasing liabilities	0
-	Liabilities from contracts	0
	Liabilities from contracts	**26,542**

On December 12, 2022, ELEKTROTIM sold its subsidiary Procom System S.A.. The consolidated financial statement recorded a loss on the disposal of this investment amounting to PLN 2,602,000. Additionally, revenue from the disposal transaction included the settlement of 931 non-controlling interests related to shareholders not exercising control, while the costs accounted for PLN 2,312,000 representing the value of Procom company.

2.15. Equity

Share capital

Share capital (structure)		31.12.2023	31.12.2023	31.12.2023	31.12.2023	31.12.2023	31.12.2023	31.12.2023
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 shares	Bearer shares	Bearer shares	Bearer shares	Bearer shares	Bearer shares	Bearer shares
d)	Type of share privileges	Ordinary	Ordinary	Ordinary	Ordinary	Ordinary	Ordinary	Ordinary
e)	Type of share rights restrictions							
f)	Number of shares in thousands	5,206	794	91	74	111	24	3,683
g)	Value of series/issue based on nominal value in thousands of PLN	5,206	794	91	74	111	24	3,683
h)	Capital coverage method	cash	cash	cash	cash	cash	cash	Cash
i)	Registration date	30-11-1998	18-10-2006	27-02-2009	16-03-2010	28-02-2011	11-04-2013	11-05-2007
j)	Right to dividends (from date)	01-01-1999	01-01-2006	01-01-2009	01-01-2010	01-01-2011	01-01-2013	01-01-2007
Total share capital in thousands of PLN								**9,983**

Excess of the issue price over the nominal value of shares

			in thousands of PLN
		31.12.2023	31.12.2022
a)	From the sale of shares above their nominal value	43,440	43,440
Reserve capital, total		**43,440**	**43,440**

Other equity

			in thousands of PLN
		31.12.2023	31.12.2022
a)	from the revaluation of fixed assets	260	277
b)	from gains/losses on the valuation of financial instruments, including:	0	0
-	from the valuation of hedging instruments	0	0
c)	from deferred tax	0	0
d)	foreign exchange differences from the translation of foreign branches	0	0
e)	other	-465	-323
Total capital from valuation adjustments		**-205**	**-46**

Retained earnings and net profit

			in thousands of PLN
		31.12.2023	31.12.2022
-	Other reserve capital	49,258	40,856
-	Profit (loss) from previous years	-19,560	-18,166
-	Net profit (loss) attributable to the shareholders of the parent entity	22,373	21,984

Retained earnings, total	**52,071**	**44,674**

Non-controlling interests

		in thousands of PLN	
		31.12.2023	31.12.2022
a)	Balance at the beginning of the year	1,069	1,761
b)	Increases (from)	0	455
	- Acquisition/disposal of shares	0	0
	- Share in financial results	0	455
c)	Decreases (from)	3,188	1,147
	- Acquisition/disposal of shares	0	931
	- Share in financial results	3,188	216
Non-controlling interests at the end of the year		**-2,119**	**1,069**

2.16. Reserves

Change in the state of other long-term reserves (by titles)

		in thousands of PLN	
		31.12.2023	31.12.2022
a)	**Balance at the beginning of the period**	**2,626**	**2,440**
	Warranty repair reserves	2,265	2,179
	Employee benefits reserve	361	261
	Contractual penalties reserves	0	0
	Other reserves	0	0
b)	**Increases (from)**	**11,152**	**315**
	Warranty repair reserves	11,044	215
	Employee benefits reserve	108	100
	Contractual penalties reserves	0	0
	Other reserves	0	0
c)	**Utilization (from)**	**0**	**0**
	Warranty repair reserves	0	0
	Employee benefits reserve	0	0
	Contractual penalties reserves	0	0
	Other reserves	0	0
d)	**Termination (from)**	**894**	**129**
	Warranty repair reserves	894	129
	Employee benefits reserve	0	0
	Contractual penalties reserves	0	0
	Other reserves	0	0

e)	**Balance at the end of the period**	**12,884**	**2,626**
	Warranty repair reserves	12,415	2,265
	Employee benefits reserve	469	361
	Contractual penalties reserves	0	0
	Other reserves	0	0

Change in the state of other short-term reserves (by titles)

	Change in the state of other short-term reserves (by titles)		in thousands of PLN
		31.12.2023	31.12.2022
a)	**Balance at the beginning of the period**	**17,374**	**7,376**
	Warranty repair reserves	960	899
	Employee benefits reserve	9,139	2,601
	Contractual penalties reserves	7,274	3,876
	Other reserves	1	0
b)	**Increases (from)**	**11,403**	**14,244**
	Warranty repair reserves	468	985
	Employee benefits reserve	8,705	8,382
	Contractual penalties reserves	2,101	4,876
	Other reserves	129	1
c)	**Utilization (from)**	**544**	**22**
	Warranty repair reserves	35	22
	Employee benefits reserve	509	0
	Contractual penalties reserves	0	0
	Other reserves	0	0
d)	**Termination (from)**	**8,586**	**4,224**
	Warranty repair reserves	260	902
	Employee benefits reserve	8,176	1,844
	Contractual penalties reserves	150	1,478
	Other reserves	0	0
e)	**Balance at the end of the period**	**19,647**	**17,374**
	Warranty repair reserves	1,133	960
	Employee benefits reserve	9,159	9,139
	Contractual penalties reserves	9,225	7,274

Other reserves	130	1

2.17. Liabilities from deliveries and services and other liabilities

		in thousands of PLN	
		31.12.2023	31.12.2022
	Financial liabilities (IFRS 9)	68,857	67,233
-	Liabilities from deliveries and services	68,472	66,981
-	Liabilities from the purchase of fixed assets	385	252
	Financial liabilities (excluding IFRS 9)	24,341	6,224
-	Liabilities for taxes, duties, insurance, and other benefits	21,302	3,863
-	Liabilities for salaries	2,865	2,250
-	Other	559	363
-	Short-term accrued liabilities	0	0
Liabilities from deliveries and services and other liabilities, total		**93,198**	**73,457**

Liabilities from supplies and services (gross) - pre-due and overdue

		in thousands of PLN	
		31.12.2023	31.12.2022
a)	**Liabilities pre-due**	**63,932**	**58,407**
b)	**Overdue liabilities**	**4,540**	**8,574**
	Up to 1 month	4,205	3,558
	Over 1 month to 3 months	305	4,963
	Over 3 months to 6 months	13	5
	Over 6 months to 1 year	13	32
	Over 1 year	4	16
Total liabilities from supplies and services (gross)		**68,472**	**66,981**

2.18. Liabilities from leasing

		in thousands of PLN	
		31.12.2023	31.12.2022
a)	Short-term liabilities	3,150	2,596
b)	Long-term liabilities	2,840	3,626
Leasing, rental, and similar agreements obligations, total		**5,990**	**6,222**

Additional information regarding leases (IFRS 16)

The group does not include obligations from short-term leases and leases where the underlying asset has low value. Additionally, conditional lease payments dependent on factors other than an index or rate are not included in the value of lease liabilities.

in thousands of PLN

		31.12.2023	31.12.2022
a)	Lease interest	838	593
b)	Cost of short-term leases and leases of low-value assets	289	178
c)	Value of lease payments (principal repayment)	2,990	2,772
Total		**4,117**	**3,543**

2.19. Revenue from sales

Net income from sales of products (structural breakdown- types of activity)

	01.01.-31.12.2023	In thousands of PLN 01.01.-31.12.2022
Installation segment	175,335	303,469
Network segment	371,563	158,864
Automation segment	0	43,266
Total net sales revenue from products	**546,898**	**505,599**

Net sales revenue from products (territorial structure)

		01.01.-31.12.2023	in thousands of PLN 01.01.-31.12.2022
a)	country	546,898	502,898
b)	export	0	2,670
Total net sales revenue from products		**546,898**	**505,599**

Net revenue from sales of goods and materials (structural breakdown - types of activities)

	01.01.-31.12.2023	in thousands of PLN 01.01.-31.12.2022
Sales of materials	49	0
Net sales revenue of goods and materials, total	**49**	**0**

Net sales revenue of goods and materials (geographical structure)

		01.01.-31.12.2023	in thousands of PLN 01.01.-31.12.2022
a)	country	49	0
Total net revenue from sales of goods and materials		**49**	**0**

The territorial structure of sales of ELEKTROTIM Group in the year 2023

The Group presents the revenue from external customers divided by individual provinces. The Group does not present revenue from external customers assigned to individual countries. In the Group's assessment, assigning aggregated revenue to individual provinces accurately reflects the revenue structure for regional division..

An important category concerning revenues, which is thoroughly analyzed before entering into a contract, is the payment term. Due to the typically long payback period in construction, the Group endeavors to ensure that this term does not exceed 30 days, as is the case with most contracts. However, in contracts with PGE Energetyka Kolejowa S.A., the terms are set at 60 days. Further description regarding detailed procedures (in selecting contractors) is provided in the section concerning credit risk management.

Equally important, analyzed by the Group, is the market sales structure. In connection with the implementation of the new strategy of ELEKTROTIM S.A. for the years 2023-2025, the Management Board of the Parent Company has verified the Group's operating markets, defining 5 serviced markets.

ELEKTROTIM S.A. distinguishes 5 activity markets (distinguished according to the criterion of customer and product):

- Industrial - infrastructure for industrial plants
- Energy - energy generation, transmission, and distribution
- Local governments - road infrastructure, urban infrastructure, traffic engineering, municipal infrastructure
- Defense ministries - military, security services, border protection, airports
- Traction - power supply infrastructure for railway and urban traction

The market sales structure of the Capital Group

Market segment	Share (%)	
	2023	2022
Energy	36	53
Defense Ministries	25	23
Traction	15	0
Industrial	14	9
Local governments	11	15
SUMMARY	**100**	**100**

The territorial sales structure of the ELEKTROTIM Capital Group
By voivodeships

Voivodeships	Share %
Lower Silesian Voivodeship	33%
Podlaskie Voivodeship	21%
Łódź Voivodeship	16%
Masovian Voivodeship	12%
Lubusz Voivodeship	6%
Lesser Poland Voivodeship	12%

2.20. Cost of goods sold

		in thousands of PLN	
		01.01.-31.12.2023	01.01.-31.12.2022
a)	Depreciation	4,449	5,067
b)	Consumption of materials and energy	187,148	218,433
c)	External services	226,748	179,387
d)	Taxes and fees	693	688
e)	Salaries	54,163	54,563
f)	Social insurance and other benefits	10,336	10,899
g)	Other specific costs	5,889	6,684
Total costs by type		**489,426**	**475,721**
Change in inventories of products and accrued expenses		6,659	-9,514
Cost of manufacturing products for own use (negative amount)		0	0
Selling costs (negative amount)		-8,616	-11,823
General management costs (negative amount)		-16,705	-16,269
Cost of goods sold		**470,764**	**438,115**

2.21. Other operating revenues and costs

Other operating revenues

		in thousands of PLN	
		01.01.-31.12.2023	01.01.-31.12.2022
-	Profit from the disposal of non-financial fixed assets	217	66
-	Subsidies	0	0
-	Other operating revenues	1,559	2,801
Total other operating revenues		**1,776**	**2,867**

Other operating revenues

		in thousands of PLN	
		01.01.-31.12.2023	01.01.-31.12.2022
a)	**Reversed provisions (for)**	**1,173**	**1,776**
	Expected contract losses	1,173	1,776
	Other operating costs	0	0
b)	**Others, including:**	**1,276**	**1,025**
	Resale of services	522	527
	Reversed impairment losses	-228	121
	Received compensations	258	436
	Other	-166	-59
Total other operating revenues		**1,559**	**2,801**

Other operating expenses

		in thousands of PLN
	01.01.-31.12.2023	01.01.-31.12.2022
- Loss on disposal of non-financial fixed assets	133	0
- Impairment of non-financial assets	5,181	2,650
- Other operating expenses	12,679	7,192
Total other operating expenses	**17,993**	**9,842**

Other operating expenses

			in thousands of PLN
		01.01.-31.12.2023	01.01.-31.12.2022
a)	**Provisions created (for)**	**3,086**	**5,014**
	Others, including expected contract losses	3,086	5,014
b)	**Others, including:**	**9,593**	**2,178**
	Write-off of receivables	4,622	3
	Costs of resold services	106	88
	Damages from traffic incidents	36	229
	Legal costs	129	282
	Donations	7	15
	Contractual penalties and compensations	1,754	1,051
	Other costs	2,939	510
Total other operating expenses		**12,679**	**7,192**

Profit (loss) from expected credit losses

		in thousands of PLN
	01.01.-31.12.2023	01.01.-31.12.2022
- Reversal of impairment losses on receivables	540	1 078
- Creation of impairment losses on receivables	-894	-304
Total other operating expenses	**-354**	**774**

2.22. Financial revenues and costs

Financial revenues

		in thousands of PLN
	01.01.-31.12.2023	01.01.-31.12.2022
- Dividends and shares in profits	0	0
- Interest	1,417	627
- Profit from the disposal of investments	0	0
- Revaluation of investments	0	51

- Other	373	1,135
Total financial revenues	**1,790**	**1,813**

Financial revenues from interest

			in thousands of PLN
		01.01.-31.12.2023	01.01.-31.12.2022
a)	**from loans granted**	**0**	**0**
b)	**other interest**	**1,417**	**627**
-	from other entities	1,417	627
Total financial revenues from interest		**1,417**	**627**

Other financial revenues

			in thousands of PLN
		01.01.-31.12.2023	01.01.-31.12.2022
a)	**excess of positive exchange rate differences over negative ones**	**247**	**1,069**
-	realized	247	989
-	unrealized	0	80
b)	**reversed provisions**	**0**	**0**
c)	**others, including:**	**126**	**66**
	other, including discount on long-term receivables	126	66
Total other financial revenues		**373**	**1,135**

Financial costs

		in thousands of PLN
	01.01.-31.12.2023	01.01.-31.12.2022
- Interest	3,688	1,520
- Revaluation of investments	0	37
- Other	63	431
Total financial costs	**3,751**	**1,988**

Financial costs from interest

			in thousands of PLN
		01.01.-31.12.2023	01.01.-31.12.2022
a)	**from loans and credits**	**616**	**0**
-	for other entities	616	0
b)	**other interests**	**3,072**	**1,520**
-	for other entities	3,072	1,520

Total financial costs from interest	**3,688**	**1,520**

Other financial costs

			in thousands of PLN
		01.01.-31.12.2023	01.01.-31.12.2022
a)	**excess of negative exchange rate differences over positive ones, including:**	**11**	**226**
-	realized	3	213
-	unrealized	8	13
b)	**provisions created**	**0**	**0**
c)	**others, including:**	**52**	**205**
	discount on receivables	0	0
	other	52	204
Total other financial costs		**63**	**431**

2.23. Profit (loss) on sale of subsidiary shares

In 2022, the subsidiary Procom System S.A. was sold, resulting in a loss on the sale of shares amounting to 2,602 thousand PLN.

2.24. Write-down of goodwill of subsidiaries

As of December 31, 2023, the Management Board of ELEKTORTIM S.A. conducted impairment tests on cash-generating units to which goodwill has been allocated. This was done by comparing the carrying amount of the unit, including goodwill, with its recoverable amount, using the following assumptions: cash flow forecast period – 5 years, growth rate after the forecast period – 3%, and discount rate – 11%. The tests determined that there was no impairment of the unit or the related goodwill, and no write-down was made.
However, as a result of the sale of the subsidiary Procom System S.A. in 2022, the goodwill allocated to it, amounting to 2,312 thousand PLN, was settled with the result from the disposal of investments.

2.25. Income tax

Effective tax rate

		in thousands of PLN
	01.01.-31.12.2023	01.01.-31.12.2022
Profit before tax	**32,264**	**30,414**
Tax rate applied by the Group	19%	19%
Income tax at the Group's domestic tax rate	6,130	5,779
Tax charge/credit for income tax	12,629	7,897
Effective tax rate	**39%**	**26%**

Income tax on the Group's profit before tax differs from the theoretical amount that would have been obtained by applying the weighted average tax rate. In 2023, the effective tax rate is significantly distorted by the loss of the subsidiary ZEUS, amounting to -22,533 thousand PLN (profit before tax), without the possibility of creating a related tax asset.

Current income tax

			in thousands of PLN
		01.01.-31.12.2023	01.01.-31.12.2022
1.	**(Consolidated) gross profit (loss)**	**32,264**	**30,414**
-	Tax reported in the income statement	17,023	7,897

Deferred income tax reported in the income statement

			in thousands of PLN
		01.01.-31.12.2023	01.01.-31.12.2022
-	Decrease (increase) due to the origination and reversal of temporary differences	-4,394	78
Total deferred income tax		**-4,394**	**78**

2.26. Profit (loss) from discontinued operations

During the reporting period and the comparable data period, no types of business activities were discontinued, and no such discontinuation is planned for the next period.

2.27. Cash flows

In 2023, the Capital Group maintained an 8% increase in an already high volume of transactions from the previous year. Consequently, the value and structure of the elements comprising the consolidated cash flow statement changed. Notably, there was an increase in provisions while liabilities decreased, which negatively impacted cash flows from operating activities (-3,898 thousand PLN compared to 37,505 thousand PLN in 2022). Additionally, the dividend payout of 15,425 thousand PLN was reflected in the net cash flows of -23,573 thousand PLN compared to 38,002 thousand PLN the previous year. This affected the cash balance at the end of the reporting year, amounting to 33,160 thousand PLN compared to 56,733 thousand PLN at the end of 2022.

2.28. Information on financial instruments

During the period covered by the consolidated report, the Group acquired and sold trading assets understood as financial assets purchased to gain economic benefits from short-term price changes and fluctuations in other market factors over a period not exceeding 3 months (excluding hedging instruments). Additionally, hedging deposits were established for periods longer than 12 months.

		in thousands of PLN
	31.12.2023	31.12.2022
a) Deposits over 12 months	1,328	2,394
b) Loans granted	0	0

Liabilities from loans and credits

		in thousands of PLN
	31.12.2023	31.12.2022
a) Long-term loans and credits	0	0
b) Short-term loans and credits	61	0

As of December 31, 2023, there are no loans.

Derivative instruments

The Group uses derivative transactions as a hedge for existing currency payments.

As of December 31, 2023, there are no forward transactions.

Reclassifications of financial assets

During the period covered by the consolidated report, no reclassifications of financial assets were conducted.

Financial risk management objectives

The risks to which the Group is exposed include market risk (including currency risk, fair value interest rate risk, and price risk), as well as credit risk, liquidity risk, and cash flow interest rate risk.
The Group aims to minimize the impact of these various types of risk by employing ongoing monitoring and diversifying financial instruments.

Market risk

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

Currency risk management

The Group engages in transactions in foreign currencies. Consequently, there is a risk of exchange rate fluctuations.
The carrying amount of the Group's monetary assets and liabilities denominated in foreign currencies as of the balance sheet date is presented in the notes below.

Currency risk sensitivity
Most transactions are conducted in PLN. The Group is primarily exposed to risk related to EUR and USD currencies.

The Group's financial assets and liabilities, other than derivative instruments, expressed in foreign currencies and converted to PLN at the closing rate as of the balance sheet date are as follows:

	Value expressed in currency (in thousands):					Value after conversion (in thousands of PLN)
	EUR	USD	GBP	CHF	other	
	As of 31.12.2023					
financial assets (+):						
loans	0	0	0	0	0	0
trade receivables and	209	47	0	0	0	1,109
other financial receivables	0	0	0	0	0	0
other financial assets	0	0	0	0	0	0
cash and cash equivalents	**283**	**54**	**3**	**0**	**1**	**1,457**
financial liabilities (-):	0	0	0	0	0	0
loans, credits, and other debt instruments	0	0	0	0	0	0
lease liabilities	0	0	0	0	0	0
trade payables and	**395**	**0**	**0**	**0**	**0**	**1,742**
other financial liabilities	0	0	0	0	0	0
total exposure to currency risk	**887**	**101**	**3**	**0**	**1**	**4,308**
	As of 31.12.2022					
Financial assets (+):						
loans	0	0	0	0	0	0
trade receivables and	0	0	0	0	0	0
other financial receivables	0	0	0	0	0	0
other financial assets	0	0	0	0	0	0
cash and cash equivalents	**826**	**926**	**3**	**0**	**1**	**7,968**
financial liabilities (-):	0	0	0	0	0	0
loans, credits, and other debt instruments	0	0	0	0	0	0
lease liabilities	0	0	0	0	0	0
trade payables and	**671**	**296**	**0**	**0**	**0**	**4,459**
other financial liabilities	0	0	0	0	0	0
Total exposure to currency risk	**1,497**	**1,222**	**3**	**0**	**1**	**12,427**

	Value expressed in currency (in thousands)			Value after conversion (in thousands of PLN)
	EUR	USD	GBP	
			As of 31.12.2023	
Derivative financial instruments	***0***	***0***	***0***	***0***
Financial assets (+)				
Financial liabilities (-)				
Total exposure to currency risk	**0**	**0**	**0**	**0**
			As of 31.12.2022	
Derivative financial instruments	***0***	***0***	***0***	***0***
Financial assets (+)				
Financial liabilities (-)				
Total exposure to currency risk	**0**	**0**	**0**	**0**

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

The sensitivity analysis assumes a 5% increase or decrease in the EUR/PLN and USD/PLN exchange rates compared to the closing rate as of the balance sheet date, i.e., 31.12.2023.

	Exchange rate fluctuations	Impact on financial result:			Impact on equity:		
		EUR	USD	total	EUR	USD	total
				As of 31.12.2023			
Exchange rate increase	5%	195	20	215	195	20	215
Exchange rate decrease	-5%	-195	-20	-215	-195	-20	-215
				As of 31.12.2022			
Exchange rate increase	5%	351	270	621	351	270	621
Exchange rate decrease	-5%	-351	-270	-621	-351	-270	-621

Currency risk exposure changes throughout the year depending on the volume of transactions conducted in foreign currencies. Therefore, the above sensitivity analysis can be considered an estimate of the Group's exposure to currency risk on the balance sheet date, based on the scale of the analyzed change. As of 31.12.2023, the risk is insignificant 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 the debt levels.

Interest rate risk management focuses on minimizing fluctuations in interest cash flows related to financial assets and liabilities with variable interest rates.

The Group is exposed to interest rate risk in connection with the following categories of financial assets and liabilities:

- debt securities,
- loans and other debt instruments

Below is an analysis of the sensitivity of the financial result and other comprehensive income in relation to potential interest rate fluctuations. The calculation was based on a change in the average interest rate during the period of (+/-) 1 percentage point (based on the volatility of the 3M WIBOR over the last 5 years) and in relation to financial assets and liabilities sensitive to interest rate changes, i.e., those with variable interest rates.

		31.12.2023		31.12.2022	
	Interest rate fluctuations	**Impact on financial result**	**Impact on equity**	**Impact on financial result**	**Impact on equity**
Increase in interest rate	1%	421	421	314	314
Decrease in interest rate	-1%	-421	-421	-314	-314

Due to the small share of variable interest rate financial instruments, the Group does not conduct a sensitivity analysis for interest rate changes, as it considers such risk to be insignificant for the Group.

Credit risk management

The primary practice of the Group in credit risk management is to aim to engage in transactions only with entities of confirmed reliability. Potential customers are subjected to verification procedures by the Parent Company and Group companies before being assigned a trade credit limit. Ongoing monitoring of receivables from deliveries and services by customer is used to reduce the level of credit risk associated with these assets. Accordingly, the Group categorizes contractors who organize tenders based on the Public Procurement Law and central and local government budget units as financially reliable. For regular partners, financial reliability categories are assigned based on the credit limits granted by the insurer under the receivables insurance agreement.

The Group also uses credit ratings provided by reputable rating agencies. If the above criteria are not met, we request collateral in the form of advances, partial prepayments for services, or bank guarantees. When working for a general contractor, we secure our receivables in accordance with Article 647 of the Civil Code by notifying the investor. Such customer creditworthiness assessments aim to build a reliable receivables portfolio.

The Group has developed a model for estimating expected losses from the receivables portfolio and contract assets.

Credit risk is the risk that the Group will incur financial losses due to a customer or counterparty to a financial instrument failing to meet their contractual obligations.

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

		in thousands of PLN
Exposure to credit risk	**31.12.2023**	**31.12.2022**
Loans	0	0
Trade receivables and other receivables	167,320	93,506
Derivative financial instruments	0	0
Debt securities	0	0
Investment fund units	0	0
Other classes of other financial assets	0	0
Cash and cash equivalents	33,160	56,733
Contingent liabilities	259	294

Contract assets	21,632	57,649

Credit risk is mainly associated with the Group's receivables from customers and financial investments. The Group's main customers are commercial law companies, including companies with State Treasury participation. Credit risk is minimized by a trade receivables insurance agreement with Atradius Credit Insurance NV S.A. Branch in Poland (Parent Company).
To limit credit risk on receivables, the Group adheres to the principle of conducting transactions only with counterparties of proven creditworthiness and enforces a strict policy for granting credit limits.
The Group continuously monitors customer and creditor payment arrears, analyzing credit risk. In the opinion of the Management Board of the Parent Company, the above financial assets that are not overdue and not subject to impairment as of the respective balance sheet dates can be considered assets of good credit quality. The exposure to credit risk in terms of arrears and the age structure of overdue receivables not covered by impairment is presented in the table below.

Trade receivables gross as of 31-12-2023

	Impairment allowances on receivables	Receivables	In thousands of PLN Impairment allowances in %
a) not overdue	283	153,749	0.18%
b) overdue up to 1 month	53	3,314	1.60%
c) overdue more than 1 month up to 3 months	0	88	0.00%
d) overdue more than 3 months up to 6 months	0	0	0.00%
e) overdue more than 6 months up to 1 year	656	2,335	28.09%
f) overdue more than 1 year	4,572	6,060	75.45%
Total	**5,564**	**165,546**	**3.36%**
g) impairment allowances for trade receivables	5,564	5,564	
Total	**0**	**159,982**	

Trade and other receivables (gross) - as of 31-12-2022

	Impairment allowances on receivables	Receivables	In thousands of PLN Impairment allowances in %
a) not overdue	396	75,183	0.53%
b) overdue up to 1 month	6	8,459	0.07%
c) overdue more than 1 month up to 3 months	0	8	0.00%
d) overdue more than 3 months up to 6 months	0	3	0.00%
e) overdue more than 6 months up to 1 year	0	0	0.00%
f) overdue more than 1 year	4,642	6,217	74.67%
Total	**5,044**	**89,870**	**5.61%**
g) impairment allowances for trade receivables	5,044	5,044	100.00%
Total	**0**	**84,826**	

The analysis of total receivables in the age structure presented in note 2.11 shows that the majority of receivables belong to two age brackets: those with a payment term up to 1 month (18%) and those with a payment term of more than 1 month up to 3 months (65%) in 2023. Receivables with a payment term up to one month and between 1 and 3 months do not create credit risk because they are within the payment term. Their collection is continuously monitored by the collection department and the Financial Risk Committee to implement appropriate safeguarding procedures such as requesting guarantees or demanding payment from a reliable investor, especially when working with a general contractor.
The next significant group of receivables consists of overdue receivables, which make up 7% of gross receivables. Within this group, the largest category is receivables overdue by more than one year, accounting for 4% of total gross receivables.
Historically analyzing payment delinquencies and ultimately lost receivables, we have concluded that a significant increase in credit risk occurs when payments are overdue by more than 90 days from the original due date. This typically leads to non-fulfillment of obligations by the counterparty. In such cases, regardless of the future risk estimate, the Group applies a 100% impairment allowance to these receivables.

Regarding trade receivables, the Group is not exposed to credit risk associated with any single significant counterparty or group of counterparties with similar characteristics. Based on historically observed payment delinquency trends, overdue receivables not covered by an impairment allowance do not show 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 creditworthiness of the counterparties involved in the transactions. Cash and cash equivalents are deposited with financially sound institutions, primarily banks.
For loans granted, the Group considers them to have low credit risk, provided they are not overdue as of the assessment date and the borrower has confirmed the balance of the receivables.

The carrying amount of financial assets reported in the consolidated financial statements, after accounting for impairment losses, corresponds to the Group's maximum exposure to credit risk.

The Parent Company has not engaged in negotiations or made arrangements resulting from a significant increase in credit risk, nor has it changed payment terms or made other modifications affecting the expected cash flows from its receivables and contract assets.

Liquidity risk management

The Capital Group is exposed to liquidity risk, which is the ability to timely meet its financial obligations. The Group manages liquidity risk by monitoring payment deadlines and cash requirements for short-term payments (current transactions monitored on a weekly basis) and long-term cash needs based on cash flow forecasts updated every two months. Cash needs are compared with available sources of funds (including, in particular, the assessment of the ability to obtain financing in the form of loans) and are confronted with liquid investments and the balance of available cash.
Responsibility for liquidity risk management rests with the management board, which has developed an appropriate risk management system to manage the Group's short-, medium-, and long-term funds and meet liquidity management requirements. The Group manages liquidity risk by utilizing banking service offers and reserve credit lines, continuously monitoring forecasted and actual cash flows, and matching the maturity profiles of financial assets and liabilities.

Trade payables (gross) - before due date and overdue

		31.12.2023	in thousands of PLN 31.12.2022
a)	**Payables before due date**	**63,932**	**58,407**
b)	**Overdue payables**	**4,540**	**8,574**

up to 1 month	4,205	3,558
more than 1 month up to 3 months	305	4,963
more than 3 months up to 6 months	13	5
more than 6 months up to 1 year	13	32
more than 1 year	4	16
Total trade payables (gross)	**68,472**	**66,981**

Capital risk management
The Group manages capital to ensure that its entities are able to continue their operations while primarily focusing on maintaining business continuity and shareholder security. In 2023, considering the dynamically changing market conditions, the Management Board of the Parent Company developed and implemented the "ELEKTROTIM S.A. Strategy for 2023-2025." This strategy is oriented towards long-term, stable, and sustainable development that ensures the Group's value growth. In 2023, ELEKTROTIM S.A. saw the gradual phase-out of a contract with the Border Guard with a short payment term. In its place, capital-intensive contracts in the Distribution and, particularly, Traction areas (contracts with PGE Energetyka Kolejowa, with a one-time 60-day payment term after the protocol acceptance of works) were executed. As a result, the cash surplus presented as of December 31, 2023, was generated in the last few days of the year, while for most of the year, the Group's operations were financed through intensive use of available credit limits. This required maintaining a limit buffer for unforeseen events or extended acceptance procedures preventing invoicing and subsequent payment.
For the safety of the company and its shareholders, additional capitalizations required by the subsidiary ZEUS S.A., combined with ZEUS's inability to obtain financing from other sources, were assessed as too risky in the context of maintaining the Parent Company's liquidity security.

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

2.29. Off-balance sheet items, particularly contingent liabilities

Contingent liabilities are understood as potential obligations 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 entirely within the control of the entity.

The guarantee lines held by the group and their utilization
As of December 31, 2023, the Parent Company holds total guarantee limits for bid bonds, performance bonds, warranty and indemnity bonds, and advance payment guarantees amounting to 220,400 thousand PLN and 6,000 thousand EUR. The utilization as of December 31, 2023, is 84,640 thousand PLN and 3,190 thousand EUR.

The Management Board of ELEKTROTIM S.A. entered into an agreement with the shareholders of ZEUS S.A. to purchase up to 165,000 shares of ZEUS S.A. from January 1, 2015, to December 31, 2025, at a purchase price determined based on an income formula (earnings per share calculated as a multi-year average of the company's results). In 2018, 78,000 shares of ZEUS S.A. were purchased. There are 87,000 shares remaining to be purchased.

At the request of ELEKTROTIM, the bank issued a performance bond guarantee up to the amount of 259 thousand PLN for the subsidiary, with the beneficiary being a commercial law company. The guarantee is valid until February 15, 2025.

The non-controlling interest in relation to the above agreement is insignificant.

2.30. Calculation method of book value per share and diluted book value per share

Book value per share is calculated as the ratio of book value, which is the difference between total assets and liabilities, to the number of shares.
Diluted book value per share is calculated as the ratio of book value to the number of ordinary shares plus the potential number of shares the entity is obligated to issue.
The detailed values for these ratios for the years 2023 and 2022 are presented in the table below.

	31.12.2023	31.12.2022
Book value	103,170	99,120
Number of shares	9,983,009	9,983,009
Book value per share (in PLN)	10.33	9.93
Diluted number of shares	9,983,009	9,983,009
Diluted book value per share (in PLN)	10.33	9.93

2.31. Calculation method for profit (loss) per common share and diluted profit (loss) per common share

Profit per common share is calculated as the ratio of net profit from the income statement for a given period to the weighted average number of ordinary shares for that period. The weighted average number of common shares is calculated as the sum of the number of shares at the end of each month in the period divided by the number of months in the period.
Diluted profit per common share is calculated as the ratio of net profit from the income statement for a given period to the weighted average number of shares for that period, plus the weighted average potential number of shares the entity is obligated to issue.
The detailed values for this ratio for the years 2023 and 2022 are presented in the table below.

	01.01.-31.12.2023	01.01.-31.12.2022
Net profit (loss) (annualized)	19,635	22.439
Weighted average number of common shares	9,983,009	9,983,009
Profit (loss) per common share (in PLN)	2.23	2.20
Weighted average diluted number of common shares	9,983,009	9,983,009
Diluted profit (loss) per common share (in PLN)	2.23	2.20

2.32. Incurred and planned capital expenditures within the next 12 months from the balance sheet date

Capital expenditures 2023

Item description	Plan 2023	In thousands of PLN Implementation 31.12.2023
buildings and structures and related fixed assets	75	66
machinery, equipment, transportation means	1,040	1,253
intangible assets	790	487
Total	**1,905**	**1,806**

For 2024, the Parent Company has planned capital expenditures of 1,415 thousand PLN, which it intends to finance from its own funds.
The figures presented above represent capital expenditures excluding leases.

The other companies in the Capital Group have not planned any significant capital expenditures other than those related to leasing.

2.33. Information about transactions with related parties, if individually or collectively significant and concluded on terms other than market conditions

Transactions with related parties were conducted on market terms, taking into account prevailing market prices and conditions.
In its purchasing strategy, the Group is guided by selecting the most favorable market price available by continuously monitoring prices from multiple suppliers and choosing from among the most advantageous offers.

2.34. Information about average employment in full-time equivalents

		31.12.2023	31.12.2022
a)	**Employees in manual positions**	**117**	**139**
b)	**Employees in non-manual positions**	**217**	**256**
Total employment		**334**	**395**

2.35. Information about the value of remuneration and bonuses paid and due to management and supervisory personnel of the issuer

Detailed data on the remuneration received by individual Members of the Management Board of ELEKTROTIM S.A., divided into the portion of the remuneration received for serving on the management board and the portion related to employment in the parent company in a job position (in PLN).

Year 2023

		Remuneration for board appointment (in PLN)		Remuneration from employment contract (in PLN)		Total remuneration (in PLN)
		fixed	**variable**	**fixed**	**variable**	
Name of Management Board Member/ position	Period of office	1a	2a	1b	2b	
Artur Więznowski President of the Management Board	01.01.2023 31.12.2023	300,000.00	504,000.00	372,000.00	34,800.00	1,210,800.00
Dariusz Kozikowski Member of the Management Board	01.01.2023 31.12.2023	168,000.00	504,000.00	343,416.00	34,800.00	1,050,216.00
Krzysztof Wójcikowski Member of the Management Board	01.01.2023 31.12.2023	168,000.00	0.00	429,005.02	605,423.76*	1,202,428.78
Ariusz Bober** President of the Management Board in 2022	01.01.2022 13.12.2022	0.00	672,000.00	0.00	0.00	672,000.00

TOTAL	**636,000.00**	**1,680,800.00**	**1,144,421.02**	**675,023.76**	**4,135,444.78**

*Mr. Krzysztof Wojcikowski, who was employed as a Division Director in 2022, received in 2023, a realization commission in the amount of PLN 570,623.76 under his employment contract.
**Mr. Ariusz Bober, who served on the Management Board from 01.01.2022 to 13.12.2022, received in 2023 a bonus for meeting the Board's goals for 2022.

Members of the Management Board have the opportunity to participate in the Employee Pension Program and the Employee Capital Plan.

Information on the value of remuneration received by Members of the Management Board of ELEKTROTIM S.A. by virtue of performing functions in the authorities of subordinate units:

Year 2023

Name of Management Board Member	Name of the Company of the Capital Group	Period of office	Due, unpaid remuneration in 2023 (gross, PLN)	Remuneration due, paid in 2023 (gross, PLN)	Total renumeration (gross in PLN)
Artur Więznowski Chairman of the Supervisory Board	ZEUS S.A.	01.01.2023 - 31.12.2023	5,500.00	500.00	6,000.00
Dariusz Kozikowski Member of the Supervisory Board	ZEUS S.A.	01.01.2023 - 31.12.2023	2,500.00	500.00	3,000.00

The following table presents the remuneration (in PLN) received by each of the Supervisory Board Members for the period from January 1, 2023, to December 31, 2023, inclusive, for serving on the Board and for serving on the Audit Committee:

Name of the Supervisory Board Member	Role in the Supervisory Board	Total gross remuneration (gross PLN)
Maciej Posadzy	Chairman of the Supervisory Board	103,416.67 zł
Marek Gabryjelski	Member of the Supervisory Board	102,783.34 zł
Krzysztof Kaczmarczyk	Member of the Supervisory Board	84,783.34 zł
Lesław Kula	Member of the Supervisory Board	73,875.09 zł
Jan Walulik	Member of the Supervisory Board	84,783.34 zł

The total remuneration costs of the Supervisory Board in 2023 amount to 449,641.78 PLN.

2.36. Information about the value of outstanding agreements obligating the provision of services to entities within the Capital Group

The parent company and companies within the Group did not grant advances, loans, credits, guarantees, endorsements, or other agreements obligating the provision of services to the issuer, its dependent, associated, or affiliated entities, or to its management and supervisory personnel.

2.37. Proposal for the allocation of the net profit/loss of the parent company

As of the date of preparing this report, the Management Board of ELEKTROTIM S.A. has submitted a proposal to the Supervisory Board for the distribution of the profit generated in 2023 for evaluation. The Management Board's recommendation is in line with the dividend policy.

2.38. Information about the remuneration of the Expert Auditor of the parent company

The company ELEKTROTIM S.A. concluded on November 2, 2021, with an entity authorized to audit financial statements, namely with Grant Thornton Polska Prosta spółka akcyjna (formerly: Grant Thornton Polska Spółka z ograniczoną odpowiedzialnością Spółka komandytowa) with its registered office in Poznań, a contract for the performance of interim and annual individual and consolidated financial statements reviews for the years 2022-2024, as well as a contract for the assessment of remuneration reports for the years 2022-2024.

Expert Auditor Remuneration (net, in thousands of PLN)	2022	2023
Audit of the financial statements of ELEKTROTIM S.A.	41	61
Audit of the financial statements of the Capital Group	20	50
Review of the semi-annual financial report of ELEKTROTIM S.A.	22	27
Review of the semi-annual financial report of the Capital Group	30	30
Attestation service - assessment of the remuneration report	7	7
Tax advisory services	0	0
Other services	0	0

2.39. Information about significant events occurring after the balance sheet date

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

ELEKTROTIM S.A. sold 100% of its shares in the subsidiary company ZEUS on March 28, 2024

According to current report No. 12/2019 dated July 10, 2019, ELEKTROTIM S.A. conducted a review of strategic options for its subsidiary companies, aiming to choose the most favorable way to ensure the long-term development of the ELEKTROTIM Capital Group while respecting the interests of all shareholders of the Company.

As a result, the Parent Company entered into a sale agreement for all shares held in the subsidiary company under the name PROCOM SYSTEM S.A. with its registered office in Wrocław, as announced in report No. 33/2022 dated December 12, 2022. The review of strategic options was also conducted for the company ZEUS S.A. with its registered office in Pruszcz Gdański. After the appointment of a new management board (in May 2022) and a supervisory board (in July 2022), ZEUS S.A. began the process of selling the company, while simultaneously implementing a restructuring plan. Advanced negotiations with entities directly interested in acquiring ZEUS were conducted from December 2022, confirmed by, among others, the signing of a letter of intent and the establishment of a Virtual Data Room (VDR) for due diligence purposes. To enable the continuation of operations without significant changes (parallel to the sales process), a bridge loan of PLN 2.5 million was granted to the company. In July 2023, a key bidder withdrew from the transaction, and between August and October, another 5 entities withdrew from the acquisition process. Negotiations were conducted based on signed confidentiality agreements/letters of intent, and interested parties were provided with documents of ZEUS S.A. through the VDR. The Parent Company submitted a share purchase offer to one of the interested entities (which, however, was not accepted), while it did not receive binding share purchase offers from the remaining entities.

In the meantime, on September 29, 2023, due to worsening liquidity problems, the management of ZEUS S.A. filed for bankruptcy liquidation, which necessitated a re-analysis of the situation by the Parent Company, as well as consultations with financing and advisory entities. Additionally, there was a need to change the target group of entities potentially interested in acquiring shares of ZEUS S.A. As a result of these actions, the Parent Company found an entity interested in acquiring the shares in the first quarter of 2024, and the share purchase agreement was signed on March 27, 2024. The Parent Company informed about the conducted transaction in current report No. 12/2024 on the same day, and the constitutive entry in the shareholders' register was made the next day, on March 28, 2024.

Wrocław, April 23, 2024

Prepared by:

Lidia Zawilak
Chief Accountant

THE 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	