

Results for the third quarter of 2023

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PRESENTATION AGENDA



The most important events in ELEKTROTIM S.A. and the ELEKTROTIM Capital Group against the backdrop of the market



Financial Results of ELEKTROTIM S.A. and the ELEKTROTIM Capital Group



The most significant events in ELEKTROTIM S.A. and the Capital Group against the market backdrop

THE MOST SIGNIFICANT EVENTS – CONTRACTS CONCLUDED IN Q1-Q3 2023



The backlog value of ELEKTROTIM S.A. as of September 30, 2023, amounted to **473 PLNm**.



Construction of traction substations in Zduńska Wola, Karsznice, Lublinek, and Knyszyn for **PKP ENERGETYKA S.A.** - contracts for a total amount of **78.5 PLNm net**



Construction of the 110 kV "Krasnosielc" substation with a 110 kV supply line for **PGE Dystrybucja S.A.** at a **net amount of 22 PLNm** (contract dated June 5, 2023).



Construction of a fiber optic line in Gdynia, Rumia, Łężyce, Wejherowo for the State Treasury – Cyber Space Center of the Armed Forces, Warsaw branch, at a **net amount of 15 PLNm** (contract dated May 19, 2023).



Expansion of the 110 kV substation, distribution station, and 20 kV switchgear for **TAURON Dystrybucja S.A.** at a **net amount of 15 PLNm** (contract dated March 7, 2023).



Construction of a fence in the military complex Goławice for the **Capital Infrastructure Management** in Warsaw at a **net amount of 14 PLNm** (contract dated August 7, 2023).



CURRENT EVENTS POST-SEPTEMBER 30, 2023

A contract with **KGHM Polska Miedz S.A.** branch in Lubin for the execution of construction and assembly works at the Copper Smelter Głogów - for an amount close to **45 PLNm net** (contract dated November 16, 2023).

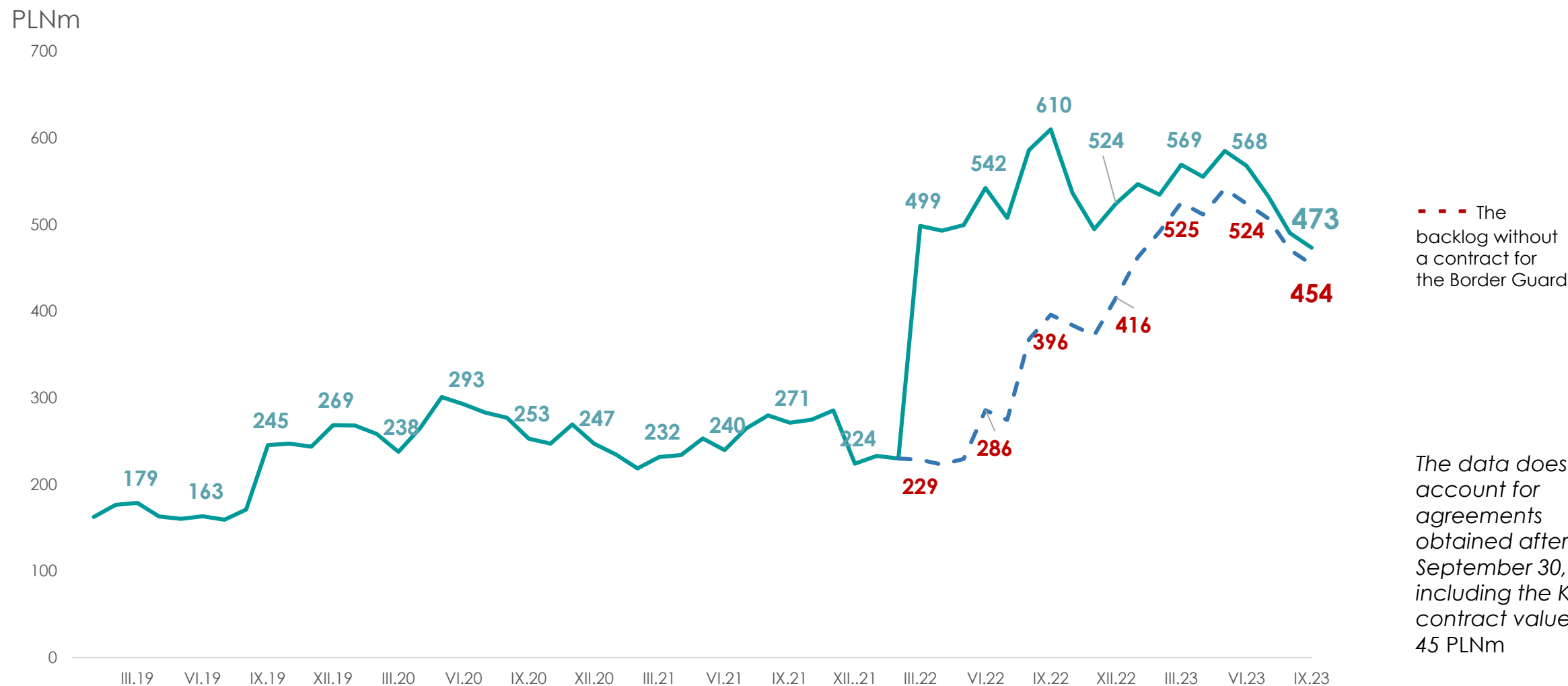
The most advantageous offer for "Designing and building an electronic barrier along the Bug River in the **Nadbuziański Border Guard Unit**." The consortium offer from ELEKTROTIM S.A. and OSTOYA-DataSystem Sp. z o.o. amounted to **279.2 PLNm** (November 14, 2023).



THE SITUATION OF ZEUS S.A.

- After the appointment of a new board in May 2022 and the General Meeting in July 2022, the Company **initiated the process of selling the business**, concurrently with the implementation of a recovery plan
- Confirmation of the possibility of selling the company - assets earmarked for sale since the end of 2022
- To facilitate operations until the transaction date, a **bridge loan of 2.5 PLNm was granted to ZEUS SA.**
- ELEKTROTIM S.A. made write-downs of ZEUS S.A. shares: as of the end of 2021, 2.16 PLNm, in 2022, 4.0 PLNm, and as of June 30, 2023, 1.87 PLNm. **As of June 30, 2023, the value of ZEUS S.A. shares on the books of ELEKTROTIM S.A. is 0 PLN**
- In July 2023, the key bidder withdrew from the transaction, and **subsequent entities (5) withdrew from acquiring the company in the period from August to October**
- **The exclusive body authorized to assess the grounds for bankruptcy is the management of ZEUS SA, which, on September 28, 2023, after being denied financing by ET, informed about the intention to file a petition (delayed information)**
- **On September 29, 2023, the management of ZEUS SA filed a petition for liquidation bankruptcy**
- **In Q3, the company was consolidated using the full consolidation method - no prospect of sale**
- ELEKTROTIM S.A. has written off a loan of 1.9 PLNm, an advance payment from the Opole contract (just under 0.7 PLNm net), **remaining exposed** only to off-balance sheet liabilities related to historically provided guarantees **totaling 0.6 PLNm**

ELEKTROTIM S.A. BACKLOG AS OF SEPTEMBER 30, 2023



- The company is participating in **tenders for the Border Guard - barriers on the Bug and Świsłocz rivers**, and allocates resources for these contracts
- **The electoral cycle** in Poland results in a slowdown of tenders, lack of decisiveness, and a revision of the strategic assumptions of projects (we estimate that the situation will not change significantly in the perspective of Q4'23 and Q1'24)
- **The significant current sales**, in connection with the above-mentioned factors, lead to a reduction in the backlog

CURRENT PLANS AND OPERATIONAL GOALS OF ELEKTROTIM S.A.

- Continuation of the Company's participation in projects:
 - increasing the **security** of Poland
 - Related to the **transformation of the energy sector**
 - In **local government** projects
- Development in the areas of **railway and urban traction power supply**, as well as **energy storage facilities**
- Stabilization in the field of **industry and manufacturing**
- Working on a product offering in the field of **nuclear energy**
- Development of managerial and engineering **competencies**
- Increasing **synergy** between the divisions of the ELEKTROTIM Group
- **Bankruptcy/liquidation proceedings of ZEUS S.A.**

MARKET ENVIRONMENT ASSESSMENT

POSITIVE FACTORS

- The chance of resolving the conflict between the EU and Poland and unlocking funds from the National Reconstruction Plan.
- Sustaining a high level of investments related to the country's security and defense.
- Continuation of structural investments, including in the energy and railway sectors.
- A good pace of investments in the road and local government segments.
- Growth in the dynamics of construction and assembly production - in September 2023, an increase of 11.5% compared to the same period last year (source: SPECTIS).
- Increasing interest of foreign capital in investments in Poland.
- Relative stability of prices in the construction materials market - in October 2023, compared to October 2022, the average price dynamic was -0.3% (source: PSB Handel Group).
- GDP growth forecasts for Poland in 2023 and 2024, with a 0.4% YoY GDP growth in 3Q 2023 according to GUS.

MARKET ENVIRONMENT ASSESSMENT

NEGATIVE FACTORS

- The electoral cycle in Poland, resulting in the suspension or slowdown of tenders, a lack of decisiveness, and a revision of the strategic assumptions of projects
- In the coming quarters, analysts at the SPECTIS agency do not anticipate a significant improvement in the dynamics of order portfolios for the largest contractors in the construction industry
- "Limited access to personnel due to a low unemployment rate (5% estimated by MRiPS at the end of October 2023)
- Risk of a price increase for materials after unlocking EU funds

Financial Results of ELEKTROTIM S.A. and Capital Group

CAPITAL GROUP/ ELEKTROTIM S.A.

Q1-Q3'2023

409 PLNm

Consolidated sales revenues in Q1-Q3 2023,
including **391.5 PLNm** for ELEKTROTIM S.A

26,7 PLNm

Consolidated net profit in Q1-Q3 2023,
including **33.2 PLNm** for ELEKTROTIM S.A.

474 PLNm

Consolidated backlog as of September 30, 2023,
including **473 PLNm** at ELEKTROTIM S.A. (excluding ZEUS S.A.)

385 PLNm

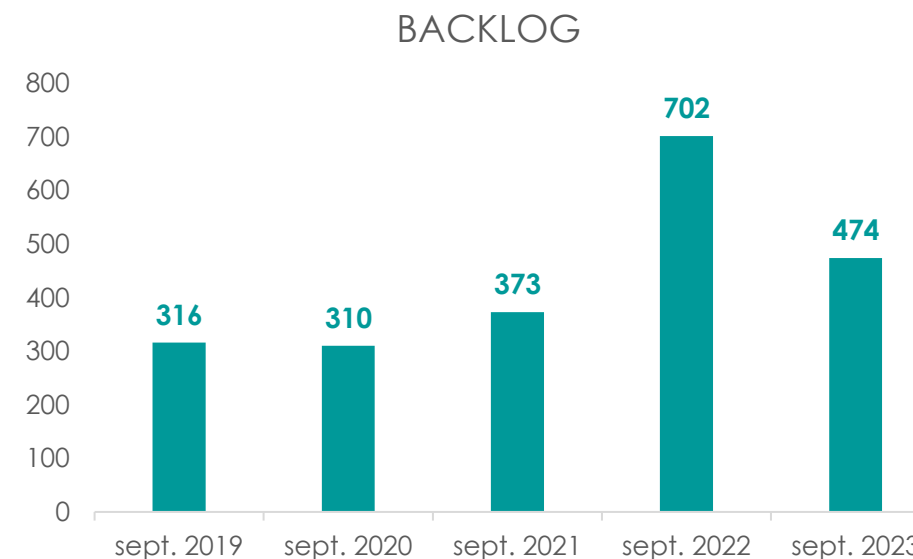
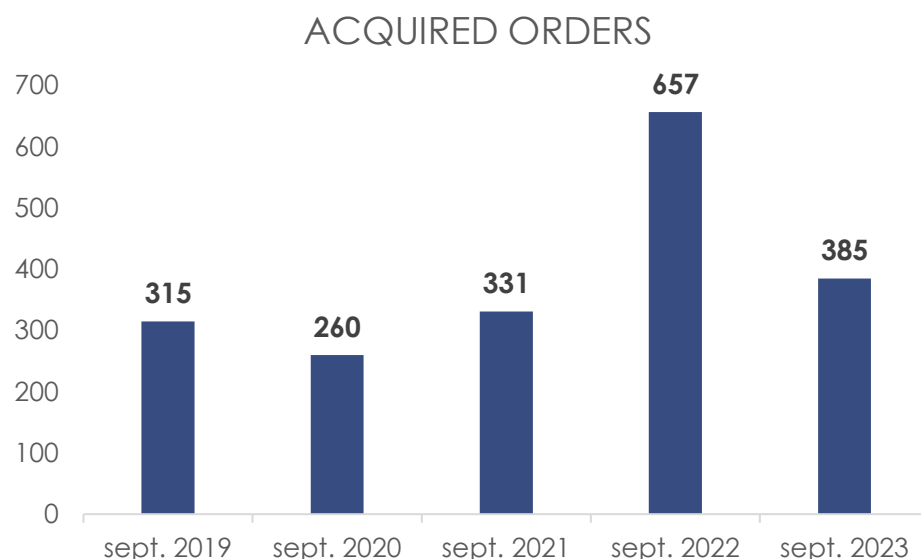
Orders acquired by ELEKTROTIM S.A.
(excluding ZEUS S.A.) [over the last 12 months].

210 projects within the Capital Group,
including **200** in ELEKTROTIM S.A.



ACQUIRED ORDERS AND BACKLOG OF THE CAPITAL GROUP

PLNm



- **Maintenance of the level** (excluding the border guard 2022 contract) of acquired orders and order backlog **despite the sale** of the **subsidiary** PROCOM SYSTEM S.A. in December 2022 and the absence of contracts from the subsidiary ZEUS S.A. in the data as of September 30, 2023
- **The company has the opportunity to secure significant contracts**, including new tender proceedings for the Border Guard on the Bug and Świsłocz rivers, and allocates resources for these contracts
- The electoral cycle in Poland, resulting in a slowdown of tenders, a lack of decisiveness, prolongs the process of acquiring new contracts (**we estimate that the situation will not change significantly in the perspective of Q4'23**)
- High sales, in conjunction with the above-mentioned factors, lead to a **reduction in the backlog, also in the perspective of Q4'23 and Q1'24, excluding the impact of large contracts**

2022 BORDER GUARD CONTRACT – SETTLEMENT STATUS

- The contract has been executed since 2022
- The accounting settlement of the contract in subsequent periods is as follows (data in thousands of PLN)

The impact of settling the contract with the Border Guard on the Company's and Group's income statement	Y2022	H1'2023	Q3'2023	TOTAL Y2022-Q3'23	Remaining for subsequent periods
Revenue from sales (impact on the P&L statement), including:"	197 879	46 572	12 583	257 034	21 665
Sales (issued invoices)	170 961	82 884	6 469	260 315	18 384

- **Accounting-wise (issued invoices + contract valuation), over 71% of the total value was settled in the results for the year 2022** (a total of 197.9 PLNm out of 278.8 PLNm), another 16.7% in H1'2023, and 4.5% in Q3'2023. Additionally, the advance payment received has been fully accounted for
- **As of September 30, 2023, 7.8% remains to be settled, i.e., 21.7 PLNm.**

CONSOLIDATED INCOME STATEMENT OF THE CAPITAL GROUP

Q1-Q3'2023, PLN thous.

Item	Q1-Q3 2022	Q1-Q3 2023	Separately Q3 2023
Sales	271 855	409 007	183 222
Gross sales	26 997	62 437	27 490
<i>Gross sales profitability</i>	9.9%	15.3%	15.0%
EBIT	7 927	37 106	14 790
EBITDA	11 535	40 376	15 839
Gross profit	8 418	36 174	14 098
Net profit	6 189	25 457	8 785
<i>Net profit profitability</i>	2.3%	6.2%	4.8%

Increase in revenues along with the gross sales result

Significant improvement in operating profitability compared to 2022

Despite the accounting burden of losses, ZEUS S.A. operating results significantly higher than in 2022

ESP related to loss in ZEUS SA (no tax asset in ZEUS SA)

The net result of the Capital Group for Q3'2023 is above 9-month 2022, despite taking into account the loss in ZEUS SA

INDIVIDUAL INCOME STATEMENT OF THE CAPITAL GROUP

Q1-Q3'2023, PLN thous.

Item	Q1-Q3 2022	Q1-Q3 2023	Separately Q3 2023
Sales	214 893	391 457	177 985
Gross sales	20 228	61 377	27 202
<i>Gross sales profitability</i>	9.4%	15.7%	15.3%
EBIT	8 737	43 194	19 114
EBITDA	11 364	45 863	19 971
Gross profit	9 599	42 731	18 452
Net profit	7 583	33 225	14 211
<i>Net profit profitability</i>	3.5%	8.5%	8.0%

Q1-Q3: Over 80% increase in revenues and a 3-fold increase in gross sales results compared to 2022

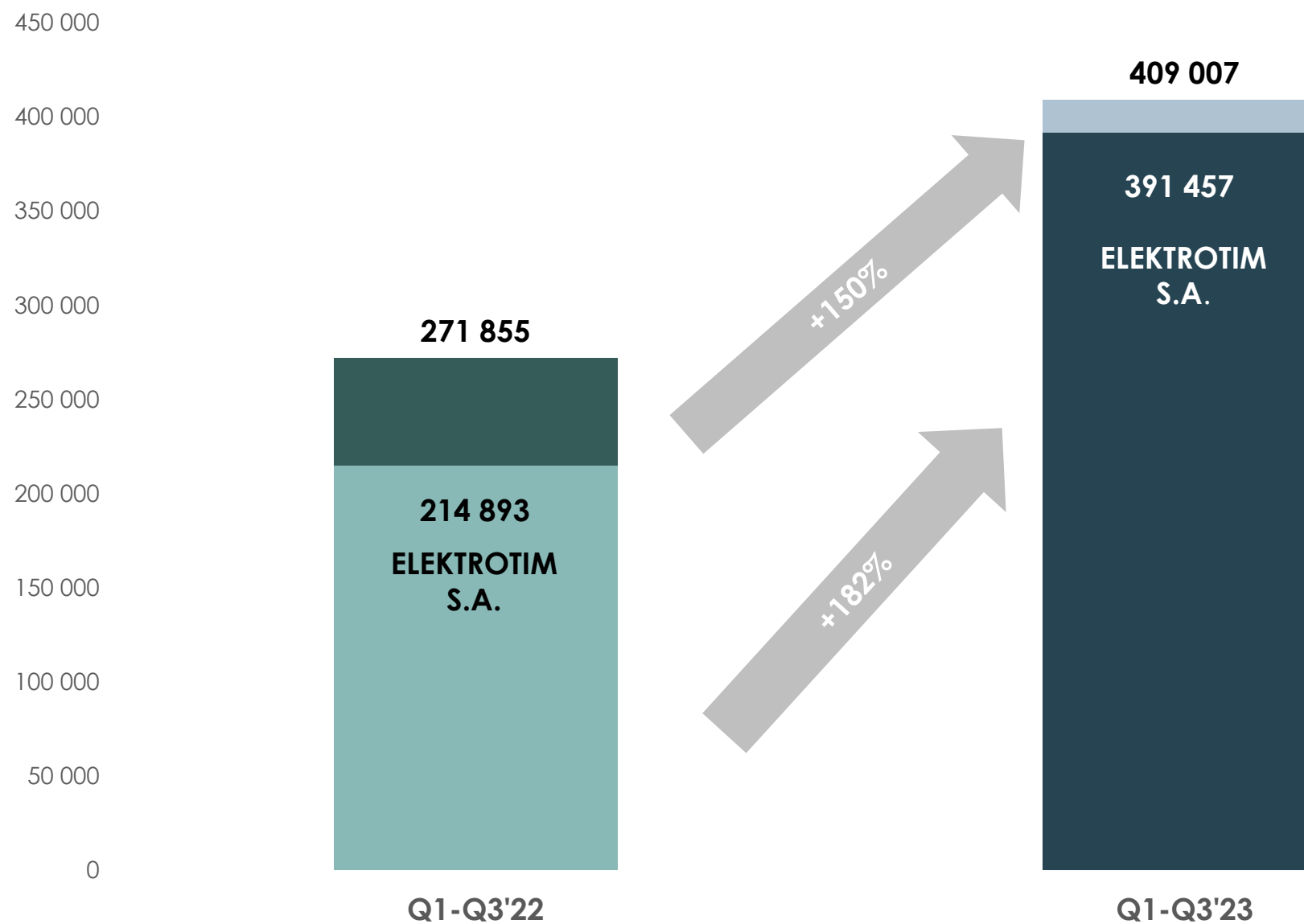
Tax related to NKUP (including part of ZEUS SA deductions)

Q1-Q3: Several-fold increase in net result and 2.5-fold increase in profitability compared to 2022

The net result separately for Q3'2023 is almost twice as high as for the full 9 months of 2022

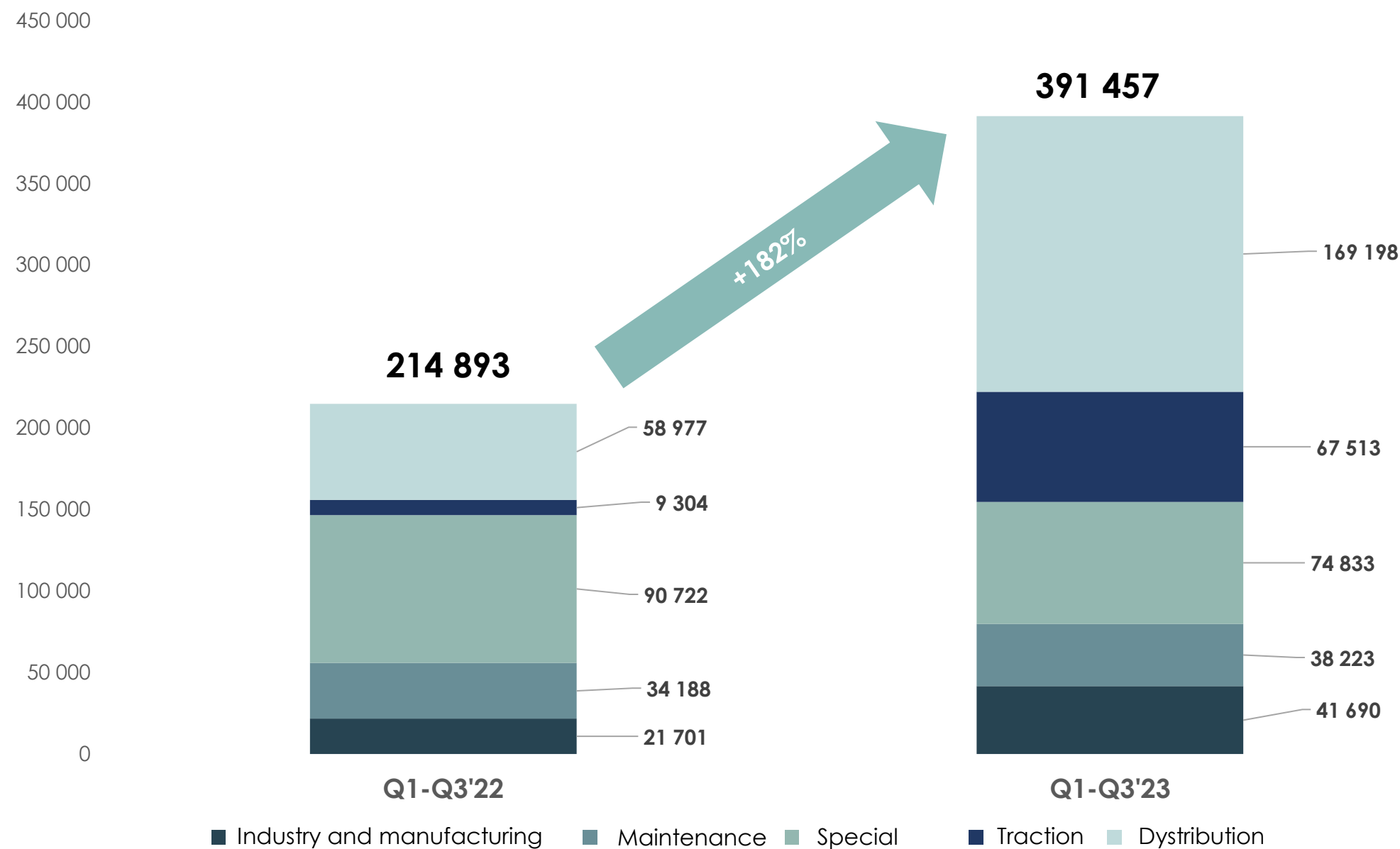
CONSOLIDATED REVENUES OF THE CAPITAL GROUP

Q1-Q3'2023, PLN thous.



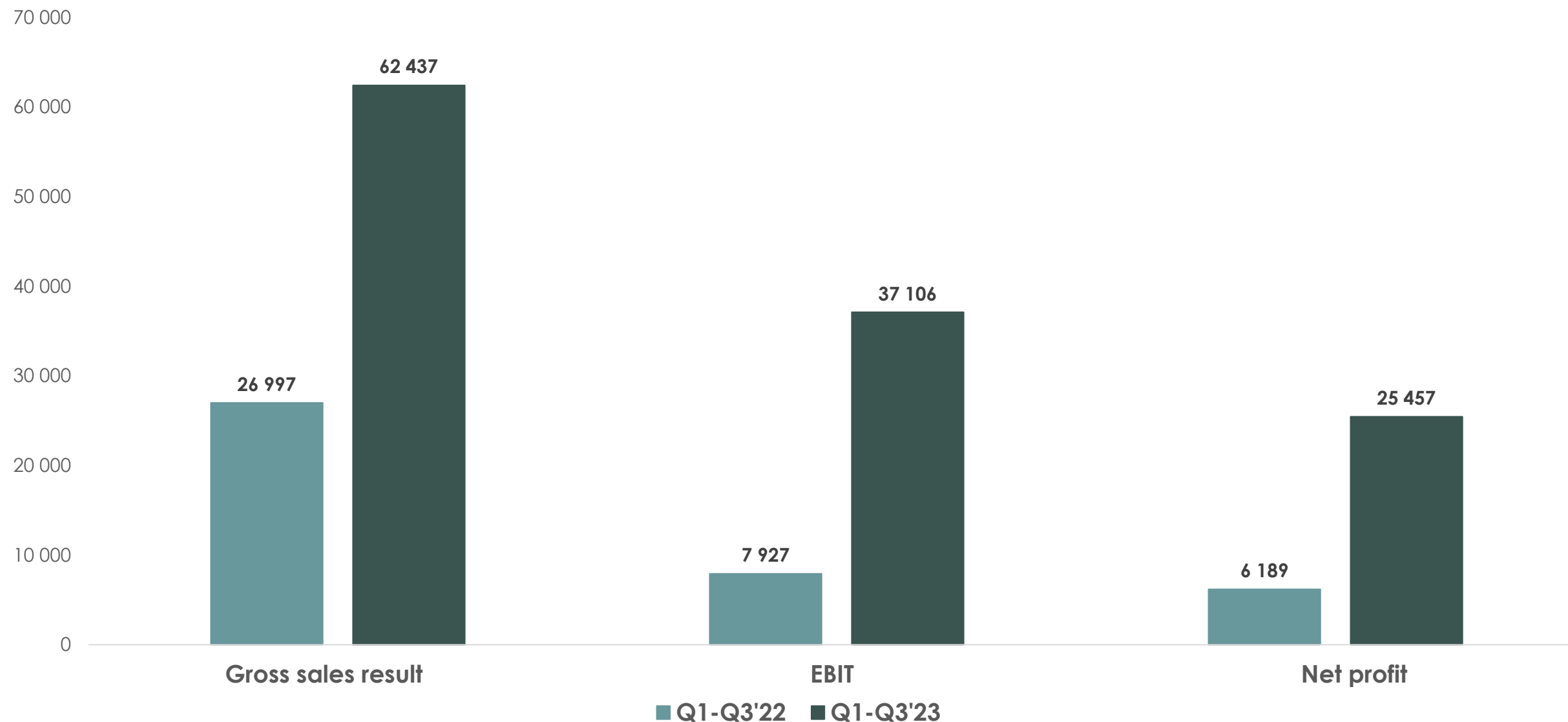
INDIVIDUAL REVENUES OF ELEKTROTIM S.A. – BY BUSINESS SEGMENTS

Q1-Q3'2023, PLN thous.



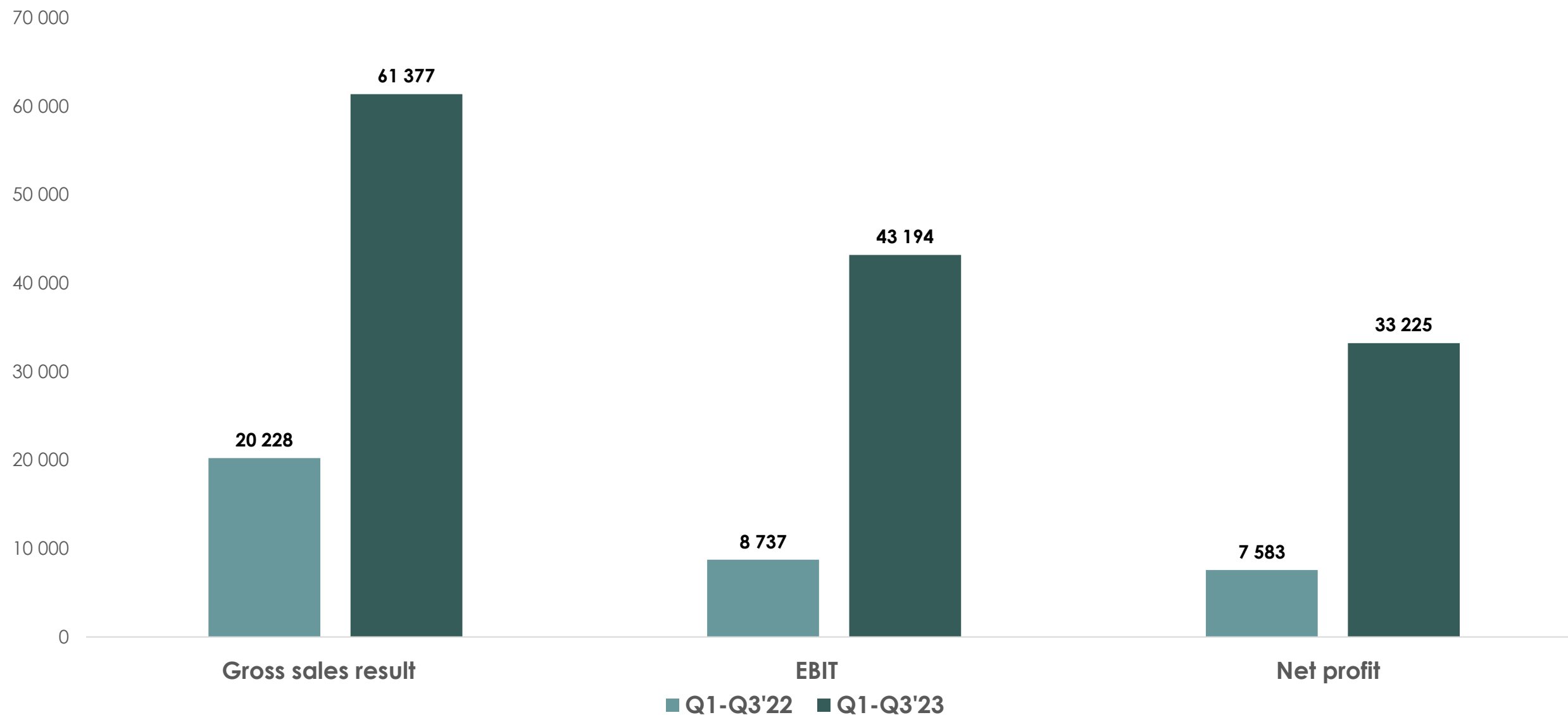
SELECTED ITEMS OF THE INCOME STATEMENT FOR THE ELEKTROTIM CAPITAL GROUP

Q1-Q3'2023, PLN thous.



SELECTED ITEMS OF THE INCOME STATEMENT FOR ELEKTROTIM S.A.

Q1-Q3'2023, PLN thous.

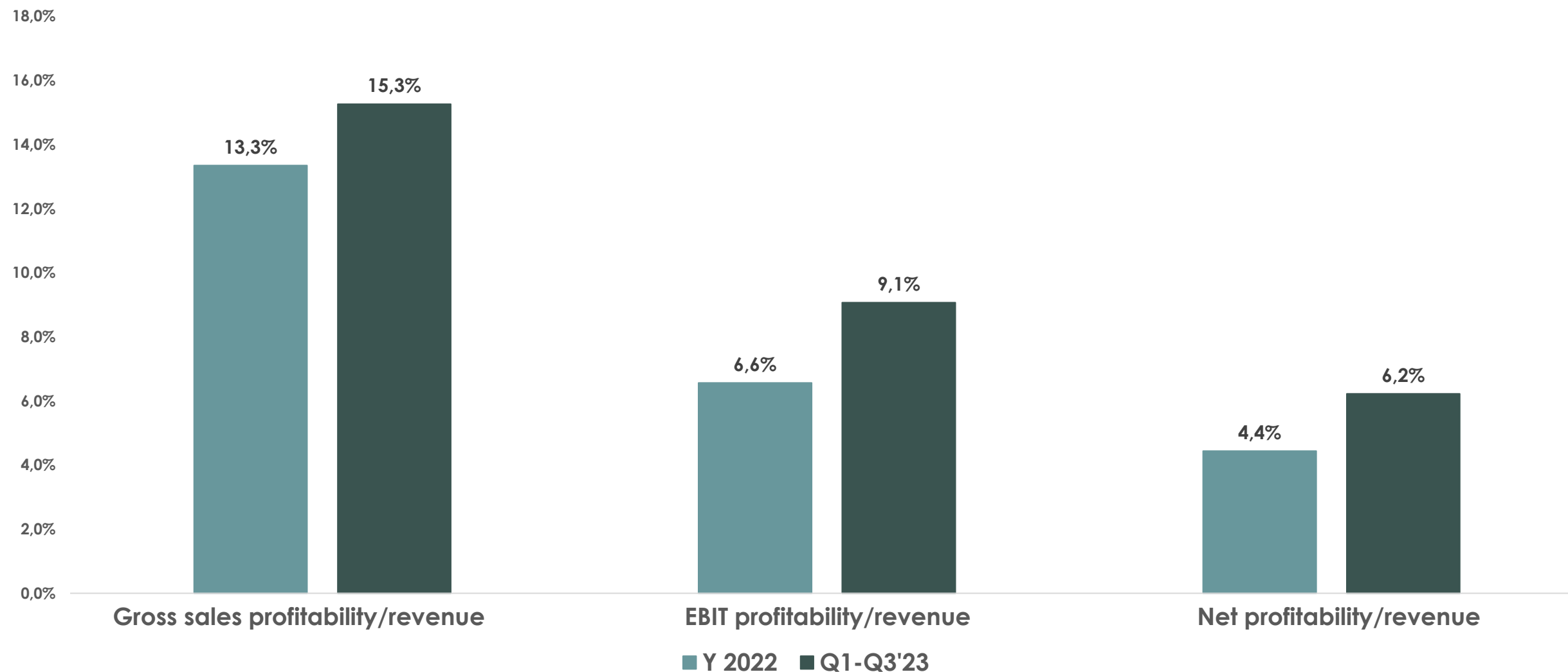


SELECTED DATA OF THE ELEKTROTIM CAPITAL GROUP DIVIDED BY COMPANIES

Q1-Q3'2023, PLN thous. (without consolidation adjustments)

	Sales	EBIT	Gross profit	Net profit
ELEKTROTIM S.A.	391 457	43 194	42 731	33 225
ZEUS S.A.	17 175	-10 172	-10 432	-11 575
OSTOYA Data System Sp. z o.o.	2 998	766	735	667

PROFITABILITY IN THE ELEKTROTIM GROUP



Profitability for Q1-Q3'2023 is higher than for the entire year 2022, despite the observed seasonality in the industry (highest results in Q3-Q4).

An optimistic outlook for Q4'2023.

CONSOLIDATED BALANCE SHEET OF THE ELEKTROTIM CAPITAL GROUP – ASSETS

01-09 2023, PLN thous.

Item	31.12.2022	30.09.2023
Fixed assets, including	28 081	31 832
Intangible assets	142	161
The company's valuation	6 394	6 394
Tangible fixed assets	12 432	16 890
Long-term investments	2 452	2 526
Assets from title deferred income tax	4 976	4 119
Other long-term non-financial assets	1 685	1 742
Current assets, including:	240 245	244 203
Inventories	3 358	5 496
Short-term receivables	93 506	93 452
Contract assets	57 649	130 358
Cash and cash equivalents	56 733	14 897
Balance sheet total	268 326	276 035

Increase in fixed assets (mainly in the Tangible fixed assets) as a result of the full consolidation of ZEUS S.A.

Purchase of materials for implemented contracts

Increase in the value of unsold works due to the increase in the scale of operations

Optimization of cash levels
Free current account limits of over PLN 65 million

Cash disclosed as at September 30, 2023 is mainly guarantees, VAT accounts and foreign currencies

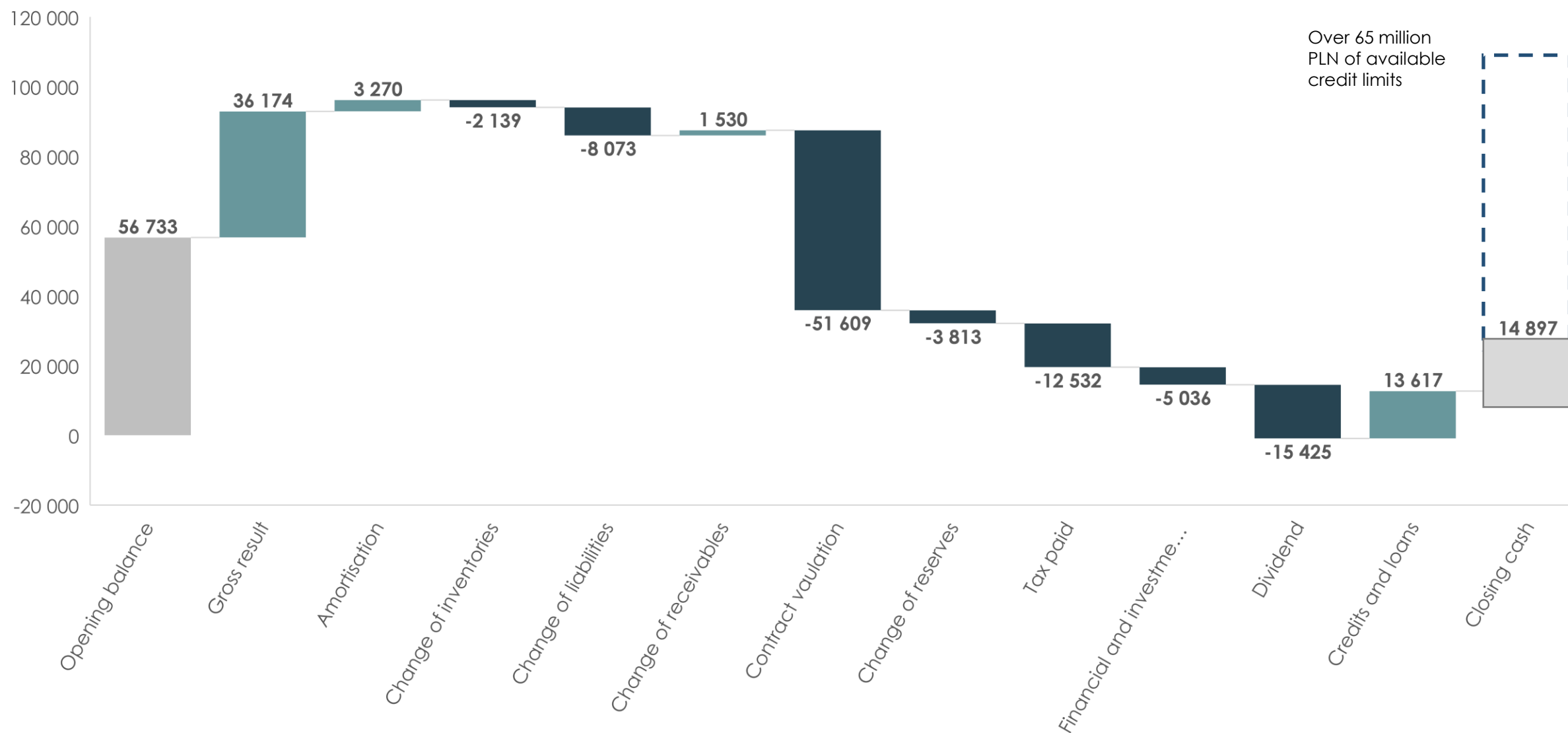
CONSOLIDATED BALANCE SHEET OF THE ELEKTROTIM CAPITAL GROUP – LIABILITIES

01-09 2023, PLN thous.

Item	31.12.2022	30.09.2023	
Equity	99 120	109 151	→ Increase in equity - impact of (-) dividend and (+) net profit
Liabilities and provisions for liabilities	169 206	166 884	→ Noticeable negative impact of ZEUS S.A.
Long-term liabilities	7 803	7 661	
Short-term liabilities including:	161 403	159 223	
Credits and loans	0	13 617	→ Use of financial leverage - increase in the scale of operations
Delivery liabilities	66 981	106 475	
Advance payments from recipients	42 822	13 822	→ Settlement of advance payments from customers (mainly a contract with the border guard)
Leasing	2 606	2 979	
Total liabilities	268 326	276 035	

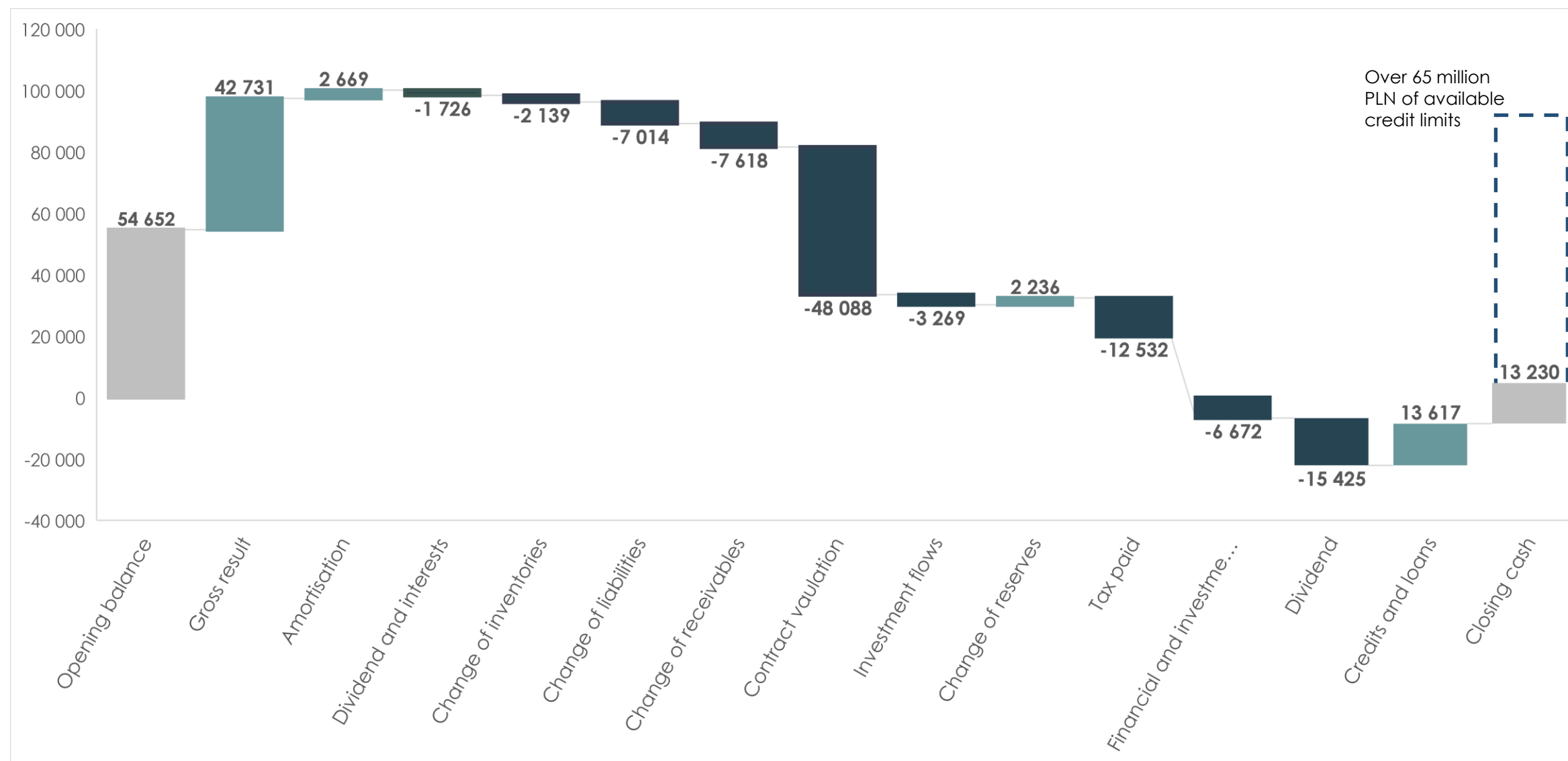
CONSOLIDATED CASH FLOW OF THE ELEKTROTIM CAPITAL GROUP

Q1-Q3'2023, PLN thous.

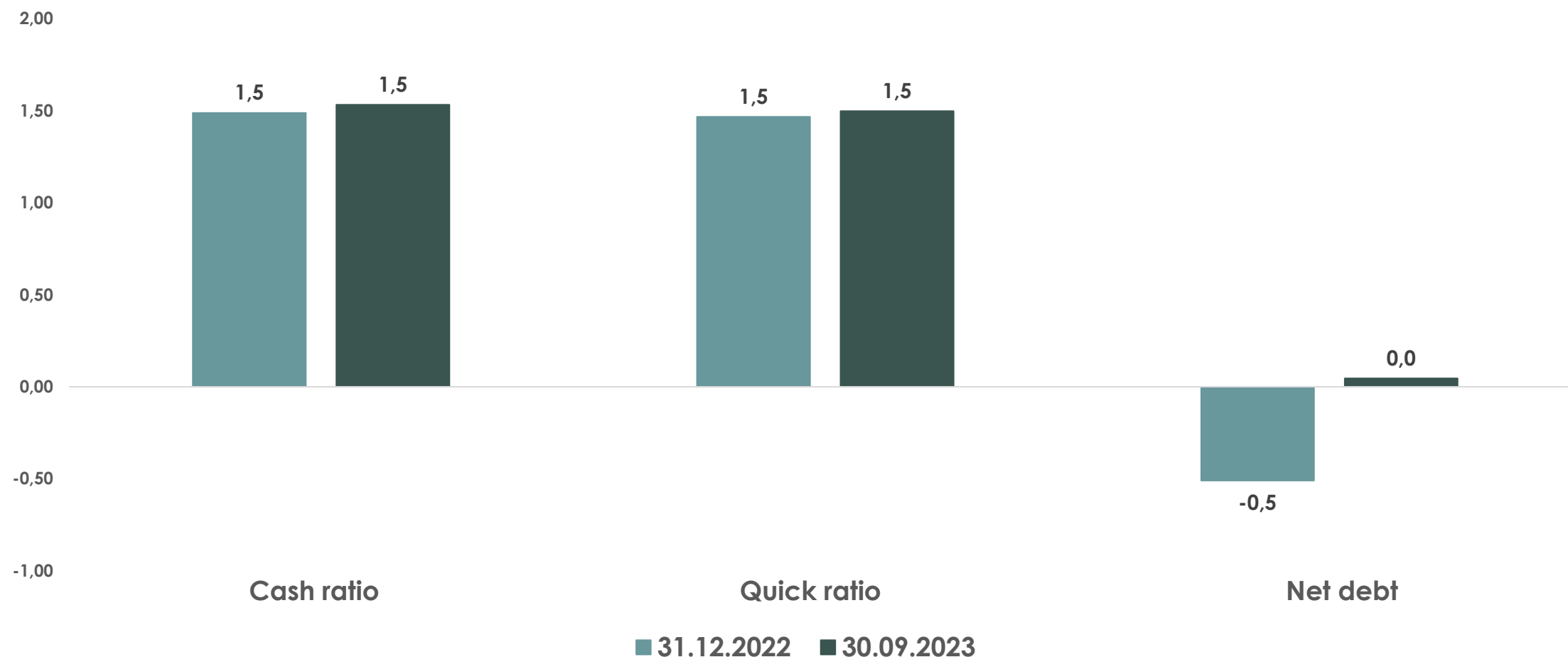


INDIVIDUAL CASH FLOW OF ELEKTROTIM S.A.

Q1-Q3'2023, PLN thous.



LIQUIDITY RATIOS OF THE ELEKTROTIM GROUP



Maintaining liquidity ratios at safe levels, no net financial debt

Increase in the scale of implemented contracts

Effective use of financial leverage

DIVIDEND POLICY

Dividend payment from net profit for 2022

On May 17, 2023, the Supervisory Board issued a positive opinion on the Management Board's request regarding the distribution of profit for 2022.

- 65% of net profit for 2022, which amounted to PLN 14,974.5 thousand. PLN, was allocated for the payment of dividend, i.e. PLN 1.50 per 1 share of ELEKTROTIM S.A.

As at June 30, 2023, the dividend was presented in the accounting as a short-term liability (except equity).

- 35% of net profit for 2022, which is PLN 8,111 thousand. PLN, was allocated to increase the reserve capital.

The proposed distribution of net profit for 2022 is consistent with the adopted Dividend Policy for 2023-2025, which provides for the payment of dividend to shareholders in the amount of 50% - 75% of net profit.

The dividend was paid on July 28, 2023

SOURCES OF FINANCING FOR THE ELEKTROTIM GROUP

WARRANTY LIMITS as of 30.09.2023 – OVER 220 PLNm



Insurance - 222 400 thous. PLN	Use of 89 198 thous. PLN
Insurance - 6 000 thous. EUR	Use of 2 810 thous. EUR
Banking - 39 500 thous. PLN	Use of 14 948 thous. PLN

LEASING as of 30.09.2023 – OVER 5.7 PLNm



Cars – 3 049 thous. PLN
Real estate – 2 713 thous. PLN

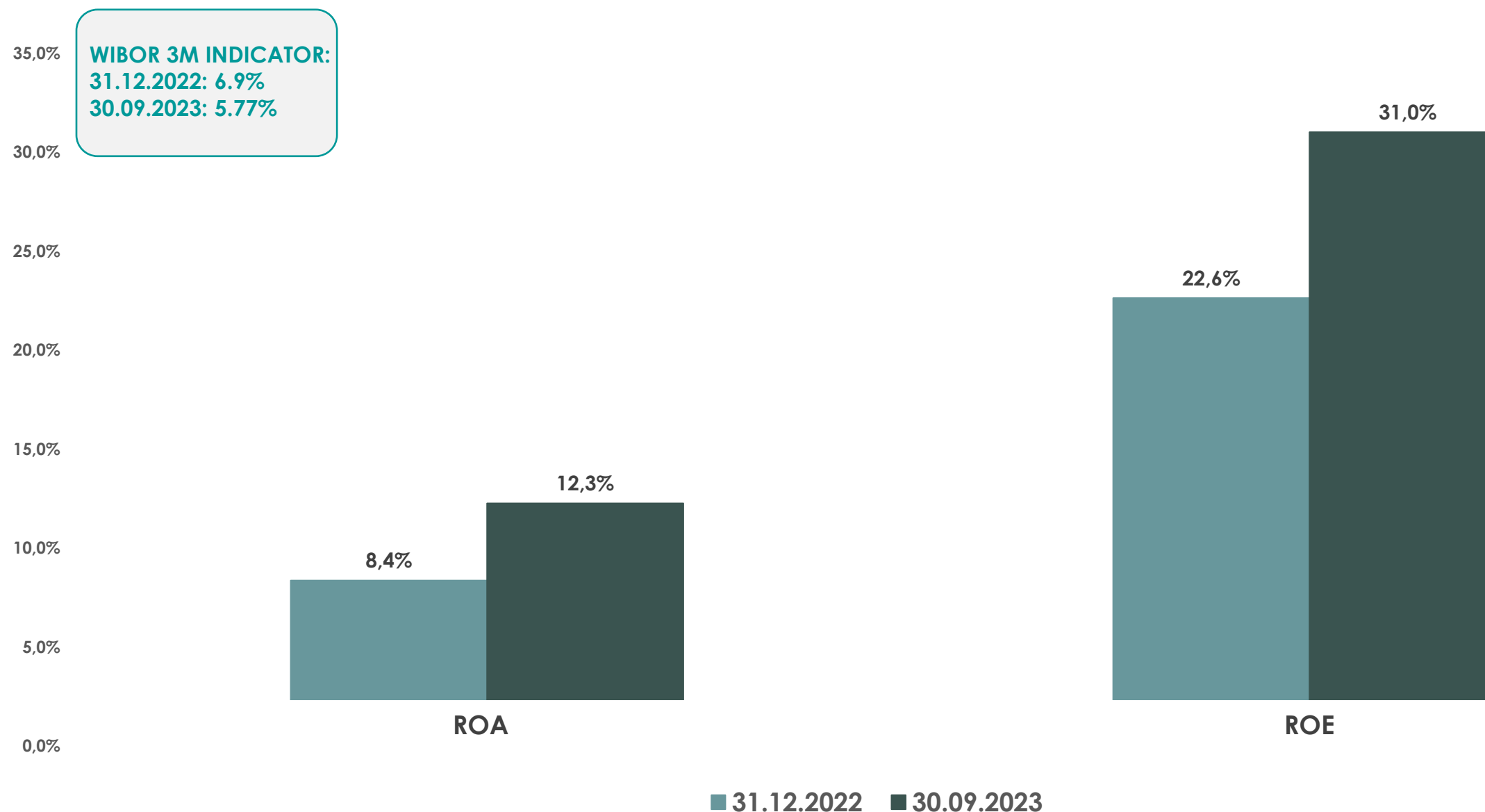
CREDITS as of 30.09.2023 - OVER 65 PLNm FREE LIMITS



Revolving loans – 79 PLNm
Use of 13.6 PLNm

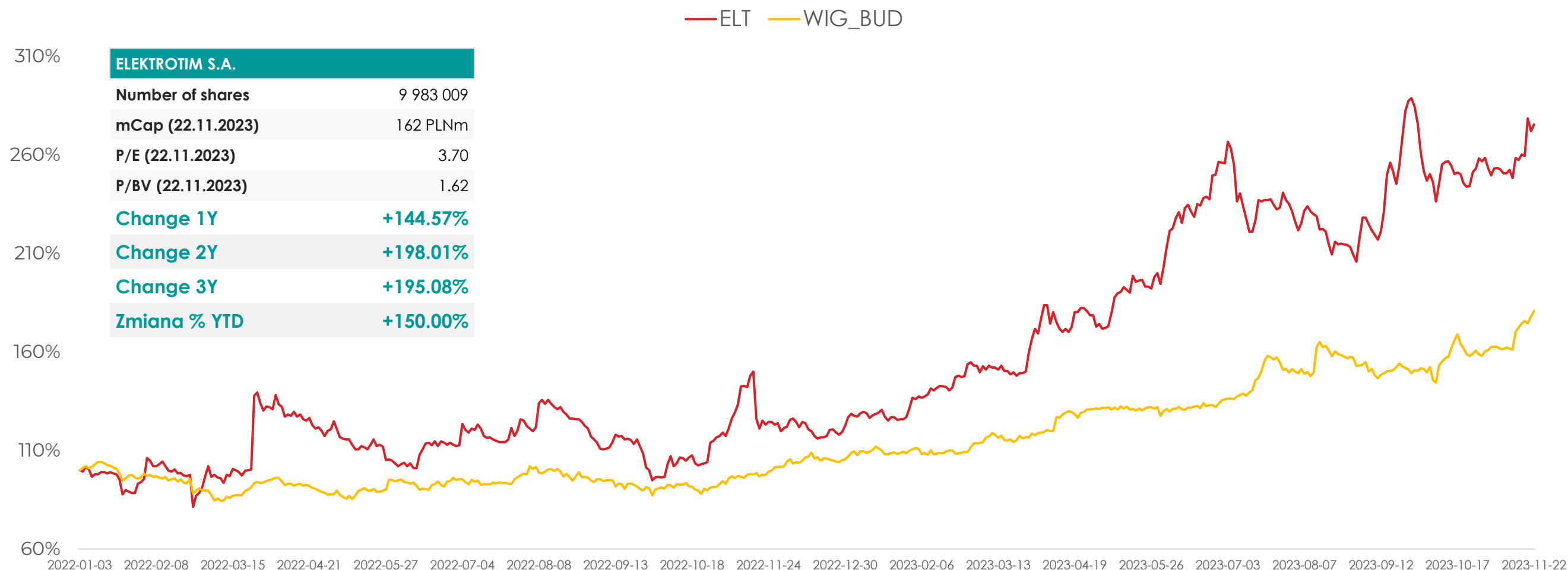
Selected Financial Ratios of the ELEKTROTIM Group

The data for Q1-Q3'23 has been annualized, while the data for 2022 pertains to the entire year



CHANGE IN ELEKTROTIM S.A. STOCK PRICE VS WIG_BUD INDEX

for period 01.01.2022 – 22.11.2023



Year-to-date, the P/BV ratio increased by +106.51%, to 1.62 as of November 22, 2023.

The ELT share price has increased by 150.00% since the beginning of the year compared to +71.21 of the WIG_Budownictwo index. The 2-year return on ELT shares is 198.01%

THANK YOU

WE GUARANTEE
YOUR SAFETY

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