



**Condensed interim consolidated
financial statement**

Of

ELEKTROTIM Capital Group

for the first half of 2023

Wrocław, September 19, 2023



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SELECTED FINANCIAL DATA IN PLN THOUSANDS AND IN THOUSAND EURO

Condensed interim consolidated financial statement for the period 01/01/2023 – 30/06/2023

| | PLN | | EUR | |
|--|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|
| | 01.01.- 30.06.2023/ 30.06.2023 | 01.01.- 30.06.2022/ 31.12.2022 | 01.01.- 30.06.2023/ 30.06.2023 | 01.01.- 30.06.2022/ 31.12.2022 |
| I. Net revenues from the sale of products, goods and materials | 225 785 | 128 862 | 48 945 | 27 756 |
| II. Profit (loss) from operations | 22 316 | -4 992 | 4 838 | -1 075 |
| III. profit (loss) Gross | 22 076 | -5 051 | 4 786 | -1 088 |
| IV. Net profit (loss). | 16 941 | -4 726 | 3 672 | -1 018 |
| V. Net cash flows from operating activities | -66 492 | 9 437 | -14 414 | 2 033 |
| VI. Net cash flow from investing activities | 1 490 | 381 | 323 | 82 |
| VII. Net cash flows from financing activities | 15 944 | 288 | 3 456 | 62 |
| VIII. Net cash flow, total | -49 058 | 10 106 | -10 635 | 2 177 |
| IX. total assets | 253 908 | 268 326 | 57 054 | 57 214 |
| X. Liabilities and provisions for liabilities | 153 542 | 169 206 | 34 501 | 36 079 |
| XI. Long-term liabilities | 7 107 | 7 803 | 1 597 | 1 664 |
| XII. Current liabilities | 146 435 | 161 403 | 32 905 | 34 415 |
| XIII. Equity capital | 100 366 | 99 120 | 22 553 | 21 135 |
| XIV. Share capital | 9 983 | 9 983 | 2 243 | 2 129 |
| XV. Number of shares (in pcs.) | 9 983 009 | 9 983 009 | 9 983 009 | 9 983 009 |
| XVI. Profit (loss) per ordinary share (in PLN/EUR) | 1,70 | -0,47 | 0,37 | -0,10 |
| XVII. Diluted earnings (loss) per ordinary share (in PLN/EUR) | 1,70 | -0,47 | 0,37 | -0,10 |
| XVIII. Book value per share (in PLN/EUR) | 10,05 | 9,93 | 2,26 | 2,12 |
| XIX. Diluted book value per share (in PLN/EUR) | 10,05 | 9,93 | 2,26 | 2,12 |
| XX. Declared or paid dividend per share (in PLN/EUR) | 0,00 | 0,00 | 0,00 | 0,00 |

EUR rates used for conversions

| | 30.06.2023 | 30.06.2022 | 31.12.2022 |
|---|------------|------------|------------|
| mid-year course | 4,613 | 4,6427 | 4,6883 |
| exchange rate on the last day of the reporting period | 4,4503 | 4,6806 | 4,6899 |

Condensed interim consolidated financial statements for the period 01/01/2023 – 30/06/2023

CONSOLIDATED STATEMENT OF FINANCIAL POSITION IN PLN THOUSAND

| Assets | mark | 30.06.2023 | 31.12.2022 |
|---|------|------------|------------|
| I. Fixed assets | | 27 740 | 28 081 |
| - Intangible assets | 2.2 | 177 | 142 |
| - Company value | 2.3 | 6 394 | 6 394 |
| - Property, plant and equipment | 2.4 | 12 900 | 12 432 |
| - Other long-term financial assets | | 2 440 | 2 452 |
| - Deferred tax assets | 2.7 | 4 108 | 4 976 |
| - Other long-term non-financial assets | | 1 721 | 1 685 |
| II. Current assets | | 226 168 | 240 245 |
| - Inventory | 2.8 | 11 015 | 3 358 |
| - Trade receivables and other receivables | 2.9 | 104 063 | 93 506 |
| - Contract assets | 2.10 | 78 772 | 57 649 |
| - Other short-term financial assets | | 0 | 0 |
| - Cash and cash equivalents | 2.11 | 7 675 | 56 733 |
| - Other short-term assets | | 0 | 0 |
| 1. Current assets other than Assets for sale | | 201 525 | 211 246 |
| 2. Fixed assets held for sale | 2.12 | 24 643 | 28 999 |
| Assets total | | 253 908 | 268 326 |

| Liabilities | mark | 30.06.2023 | 31.12.2022 |
|---|------|------------|------------|
| I. Equity capital | | 100 366 | 99 120 |
| - Share capital | 2.13 | 9 983 | 9 983 |
| - The excess of the issue price above the nominal value of shares | | 43 440 | 43 440 |
| - Other capitals | | -46 | -46 |
| - Retained earnings | | 29 698 | 22 690 |
| - Net profit (loss). | | 16 941 | 21 984 |
| - <i>Equity attributable to owners of the parent company</i> | | 100 016 | 98 051 |
| - <i>Non-controlling interests</i> | | 350 | 1 069 |
| II. Liabilities and provisions for liabilities | | 153 542 | 169 206 |
| 1. Long-term liabilities | | 7 107 | 7 803 |
| - Deferred income tax | 2.7 | 1 270 | 1 551 |
| - Long-term reserves | 2.14 | 2 450 | 2 626 |
| - Financial liabilities (credits, loans, debt securities, etc.) | | 0 | 0 |
| - Other long-term liabilities | | 0 | 0 |
| - Long-term leasing liabilities | | 3 387 | 3 626 |
| 3. Current liabilities | | 146 435 | 161 403 |
| - Short-term reserves | 2.14 | 13 935 | 17 374 |
| - Trade and service liabilities and other liabilities | 2.15 | 76 908 | 73 457 |
| - Financial liabilities (credits, loans, debt securities, etc.) | | 18 112 | 0 |
| - Corporate income tax liabilities | | 1 085 | 3 135 |
| - Short-term leasing liabilities | 2.16 | 2 892 | 2 606 |
| - Contract obligations | | 14 421 | 42 822 |
| Short-term liabilities other than those related to assets for sale | | 127 353 | 139 394 |
| Liabilities relating to fixed assets held for sale | | 19 082 | 22 009 |
| Long-term leasing liabilities | | 253 908 | 268 326 |

**CONSOLIDATED STATEMENT OF PROFIT**

| (calculation variant in PLN thousand) | | mark | 01.01.- 30.06.2023 | 01.01.- 30.06.2022 |
|---------------------------------------|---|------|-----------------------|-----------------------|
| - | Sales revenues | 2.1 | 225 785 | 128 862 |
| - | Personal sale expense | 2.1 | 190 838 | 123 387 |
| I | Gross profit (loss) from sales | | 34 947 | 5 475 |
| - | Sales costs | | 4 634 | 5 893 |
| - | General management costs | | 6 584 | 6 275 |
| - | Other operating income | 2.17 | 880 | 1 720 |
| - | Other operating cost | 2.17 | 2 255 | 741 |
| - | Gain (loss) on expected credit losses | 2.17 | -38 | 722 |
| II | Profit (loss) from operations | | 22 316 | -4 992 |
| - | Profit (loss) from loss of control | | 0 | 0 |
| - | Financial revenues | 2.18 | 1 389 | 855 |
| - | Financial costs | 2.18 | 1 629 | 914 |
| - | Write-down of the goodwill of a subordinated entity | | 0 | 0 |
| III | profit (loss) Gross | | 22 076 | -5 051 |
| - | Income tax | | 5 404 | -36 |
| - | Net profit (loss) from continuing operations | | 16 672 | -5 015 |
| - | Profit (loss) from discontinued operations | | 0 | 0 |
| IV | Net profit (loss) | | 16 672 | -5 015 |
| - | attributable to the shareholders of the parent entity | | 16 941 | -4 726 |
| - | attributable to non-controlling shareholders | | -269 | -289 |

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

| in PLN thousand | | 01.01.- 30.06.2023 | 01.01.- 30.06.2022 |
|-----------------|---|-----------------------|-----------------------|
| 1. | Net profit (loss) | 16 672 | -5 015 |
| 2. | Other comprehensive income; including: | 0 | 0 |
| | will not be reclassified to profit or loss (actuarial write-offs) | 0 | 0 |
| | will be reclassified to profit or loss) | 0 | 0 |
| 3. | Total comprehensive income | 16 672 | -5 015 |
| | attributable to the shareholders of the parent entity | 16 941 | -4 726 |
| | attributable to non-controlling shareholders | -269 | -289 |

CONSOLIDATED CASH FLOW STATEMENT

| (indirect method in PLN thousand) | | 01.01.- 30.06.2023 | 01.01.- 30.06.2022 |
|-----------------------------------|--|-----------------------|-----------------------|
| I. | Cash flow from operating activities | | |
| 1. | Profit (loss) Gross | 22 076 | -5 051 |
| 2. | Total adjustments | -81 962 | 15 282 |
| - | Depreciation | 2 221 | 2 678 |
| - | (Profits) exchange rate losses | 5 | 2 |
| - | Interest and share in profits (dividends) | -1 075 | 248 |
| - | (Profit) loss from investing activities | -83 | 32 |
| - | Change in reserves | -3 880 | -2 141 |
| - | Change in inventory | -7 658 | -7 396 |
| - | Change in the balance of receivables | -26 717 | 5 275 |
| - | Change in the balance of short-term liabilities, except for loans and credits | -43 778 | 16 349 |
| - | Other adjustments | -997 | 235 |
| - | Cash flow used in the business | -59 886 | 10 231 |
| - | Paid income tax included in operating activities | -6 606 | -794 |
| 3. | Net cash flow from operating activities | -66 492 | 9 437 |
| II. | Cash flows from investing activities | | |
| - | Proceeds from the disposal of property, plant and equipment, intangible assets other than goodwill, investment properties and other fixed assets | 86 | 52 |
| - | interest | 1 071 | 140 |
| - | other proceeds from financial assets | 1 278 | 791 |
| - | Purchase of tangible fixed assets, intangible assets other than goodwill, investment properties and other fixed assets | -945 | -602 |
| - | Other investment expenses | 0 | 0 |
| 1. | Net cash flow from investing activities | 1 490 | 381 |
| III. | Cash flow from financing activities | | |
| - | Net proceeds from the issue of shares and other capital instruments | 0 | 0 |
| - | Credits and loans | 0 | 0 |
| - | Other financial receipts (expenditures). | 0 | 0 |
| - | Acquisition of own shares (shares). | 0 | 0 |
| - | Dividends and other payments to owners | 0 | 0 |
| - | Repayment and taking out loans and credits | 18 112 | 2 922 |
| - | Payments of liabilities under financial leasing agreements | -1 722 | -2 247 |
| - | Interest | -446 | -387 |
| 1. | Net cash flow from financing activities | 15 944 | 288 |
| IV. | Net cash flow, total | -49 058 | 10 106 |
| | The effects of changes in exchange rates that affect cash | 0 | 0 |
| | Balance sheet change in cash, including: | -49 058 | 10 106 |
| | Cash at the beginning of the period | 56 733 | 18 731 |
| | Cash at the end of the period | 7 675 | 28 837 |
| | with limited use | 4 302 | 6 529 |

REPORT OF CHANGES IN CONSOLIDATED EQUITY FOR THE PERIOD 01/01/2023 - 30/06/2023

| in PLN thousand | Share capital | The excess of the issue price above the nominal value of shares | Other capitals | Retained earnings | Equity of the parent company | Non-controlling interests | Total |
|--|---------------|---|----------------|-------------------|------------------------------|---------------------------|---------|
| As at the beginning of the period | 9 983 | 43 440 | -46 | 44 674 | 98 051 | 1 069 | 99 120 |
| Period profit | 0 | 0 | 0 | 16 941 | 16 941 | -269 | 16 672 |
| Other comprehensive income for the period | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total income | 0 | 0 | 0 | 16 941 | 16 941 | -269 | 16 672 |
| Issue of shares | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Dividend | 0 | 0 | 0 | -14 976 | -14 976 | -450 | -15 426 |
| Acquisition of non-controlling shares | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Increase (decrease) other | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Increase (decrease) of capital | 0 | 0 | 0 | 1 965 | 1 965 | -719 | 1 246 |
| Status at the end of the period | 9 983 | 43 440 | -46 | 46 639 | 100 016 | 350 | 100 366 |

REPORT OF CHANGES IN CONSOLIDATED EQUITY FOR THE PERIOD 01/01/2022 - 30/06/2022

| in PLN thousand | Share capital | The excess of the issue price above the nominal value of shares | Other capitals | Retained earnings | Equity of the parent company | Non-controlling interests | Total |
|--|---------------|---|----------------|-------------------|------------------------------|---------------------------|--------|
| As at the beginning of the period | 9 983 | 44 181 | 71 | 21 949 | 76 184 | 1 761 | 77 945 |
| Period profit | 0 | 0 | 0 | -4 726 | -4 726 | -289 | -5 015 |
| Other comprehensive income for the period | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total income | 0 | 0 | 0 | -4 726 | -4 726 | -289 | -5 015 |
| Issue of shares | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Dividend | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Acquisition of non-controlling shares | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Increase (decrease) other | 0 | -741 | | 741 | 0 | 0 | 0 |
| Increase (decrease) of capital | 0 | -741 | 0 | -3 985 | -4 726 | -289 | -5 015 |
| Status at the end of the period | 9 983 | 43 440 | 71 | 17 964 | 71 458 | 1 472 | 72 930 |

1. ADDITIONAL INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENTS

1.1. General information about the parent company

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

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

Legal form: Joint Stock Company

Registered office address of the entity: ul. Stargardzka 8, 54-156 Wrocław

Headquarters: Poland

Country of registration: Poland

Primary place of business: Poland

Basic type of activity: PKD 4321Z performing electrical installations of buildings and structures

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

These condensed interim consolidated financial statements for the first half of 2023 (including comparative data) were approved for publication by the Management Board of the Parent Company on September 19, 2023.

Registration court: District Court for Wrocław Fabryczna in Wrocław,
6th Commercial Division of the National Court Register

1.2. Basis of preparation, principles of presentation

1.2.1. Basis for preparing the consolidated financial statement for the first half of 2023

The interim condensed financial statements of the ELEKTROTIM Capital Group cover the period of 6 months ended on June 30, 2023. It was prepared in accordance with IAS 34 Interim Financial Reporting in accordance with the relevant accounting standards applicable to interim financial reporting adopted by the European Union, published and in force at the time of preparation of the interim condensed financial statements.

The interim condensed financial statements do not contain all the information disclosed in the annual financial statements prepared in accordance with IFRS. These interim condensed financial statements should be read together with the financial statements of the ELEKTROTIM Capital Group for the financial year ended December 31, 2022.

The interim condensed financial statements were prepared with the assumption that the Group will continue as a going concern in the foreseeable future. As at the date of approval of these interim condensed financial statements of the ELEKTROTIM Capital Group for publication, there are no circumstances indicating a threat to the Group's continued operations.

1.2.2. Retrospective approaches to IAS/IFRS selected by the ELEKTROTIM Capital Group

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

1.2.3. Changes in the accounting principles used

The accounting principles (policies) used to prepare the condensed financial statements are consistent with those used to prepare the Company's financial statements for the year ended December 31, 2022.

Standards and changes to standards applied for the first time in 2023

The company applied the following standards and amendments to the standards for the first time:

- Amendments to IAS 1 Presentation of Financial Statements and Practice Statement 2: Disclosure of Accounting Policies,
- Amendments to IAS 8 „Accounting Policies, Changes in Accounting Estimates and Correction of Errors”,
- Amendments to IAS 12 „Income Taxes”: Deferred tax relating to assets and liabilities arising from a single transaction,
- IFRS 17 „Insurance Contracts” and amendments to IFRS 17,
- Amendments to IFRS 17 „Insurance Contracts”: First application of IFRS 17 and IFRS 9 - Comparative Information.

The above standards and changes to the standards did not have a significant impact on the Group's accounting policy previously used.

Standards and amendments to standards adopted by the IASB but not yet endorsed by the EU

IFRS as approved by the EU currently does not differ significantly from the regulations adopted by the International Accounting Standards Board (IASB), with the exception of the following standards and amendments to standards which, as of the date of preparation of the report, have not yet been adopted for use:

- IFRS 14 „Regulatory Accruals” - in accordance with the decision of the European Commission, the process of approval of the standard in the preliminary version will not be initiated before the publication of the standard in the final version (effective for annual periods starting on or after January 1, 2016),
- Amendments to IFRS 10 „Consolidated Financial Statements” and IAS 28 „Investments in Associates and Joint Ventures” - Transactions of sale or contribution of assets between an investor and its associate or joint venture - work leading to the approval of these amendments has been postponed by the EU indefinitely - the entry into force has been postponed indefinitely by the IASB,
- Amendments to IAS 1 „Presentation of Financial Statements” - Classification of liabilities as short-term or long-term, Classification of liabilities as short-term or long-term - deferral of the entry into force and Long-term contract liabilities containing covenants (effective for annual periods beginning on 1 January 2024 or after that date),
- Amendments to IFRS 16 „Leases” - Lease liability under sale and leaseback (effective for annual periods beginning on January 1, 2024 or after that date),
- Amendments to IAS 12 „Income Taxes” - International tax reform - Pillar II model rules (applicable to annual periods beginning on or after January 1, 2023),
- Amendments to IAS 7 „Cash Flow Statement” and IFRS 7 „Financial Instruments – Disclosures” - Supplier Financing Agreements (effective for annual periods beginning on or after January 1, 2024).
- Amendments to IAS 21 „The Effects of Changes in Foreign Exchange Rates” - No exchange option (effective for annual periods beginning on or after January 1, 2025).

The above-mentioned standards and amendments to the standards would not have a significant impact on the financial statements if they were applied by the Group as at the balance sheet date.

The Group did not decide to introduce interpretation standards or changes that have not entered into force earlier.

1.2.4. Continuation of the business

These condensed financial statements have been prepared with the assumption that the Group will continue as a going concern in the foreseeable future. As at the date of approval of these interim condensed financial statements of the ELEKTROTIM Capital Group for publication, there are no circumstances indicating a threat to the Group's continued operations.

1.2.5. Companies included in the consolidated financial statements

ELEKTROTIM S.A. prepares consolidated financial statements for the first half of 2023 covering the following entities:

- ELEKTROTIM S.A. (parent entity),
- ZEUS S.A. (subsidiary from July 18, 2012)
- OSTOYA-DataSystem Sp. z o. o. (subsidiary from January 11, 2017)

Above mentioned units are based in Poland.

On April 30, 2012, the subsidiary Infrabud Sp. z o. o. was sold, which was reflected in the changed composition of the ELEKTROTIM Group.

On October 29, 2013, the subsidiary Elektromont-Beta S.A. was sold, which was reflected in the changed composition of the ELEKTROTIM Group.

On October 6, 2015, the shares of ELTRAKO Sp. z o. o. were acquired, which was reflected in the changed composition of the ELEKTROTIM Group.

On January 11, 2017, the shares of ENAMOR System Sp. z o. o. were purchased, which was reflected in the changed composition of the ELEKTROTIM Group (current name OSTOYA DataSystem Sp. z o. o.).

On February 28, 2018, ELEKTROTIM S.A. merged the subsidiary Mawilux S.A., which was reflected in the changed composition of the ELEKTROTIM Group. As a result of the merger, Mawilux S.A. was dissolved on February 28, 2018. On this day, in accordance with Art. 493 § 2 of the Commercial Companies Code - entering the merger into the register of entrepreneurs of the National Court Register competent for ELEKTROTIM S.A. based in Wrocław, i.e. to the register kept by the District Court for Wrocław-Fabryczna in Wrocław.

On January 2, 2019, ELEKTROTIM S.A. merged the subsidiary ELTRAKO Sp. z o. o. As a result of the merger, ELTRAKO Sp. z o. o. was terminated on 02/01/2019. On this day, in accordance with Art. 493 § 2 of the Commercial Companies Code - entering the merger into the register of entrepreneurs of the National Court Register competent for ELEKTROTIM S.A. based in Wrocław, i.e. to the register kept by the District Court for Wrocław-Fabryczna in Wrocław.

On December 12, 2022, 100% of the shares of the subsidiary Procom System S.A. were sold, which resulted in a change in the composition of the Group.

1.3. Adopted accounting principles

1.3.1. Consolidation rules

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

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

The acquisition method is used to acquire 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 sale, respectively.

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

Subsidiaries are consolidated using the full method. Balances of internal settlements between entities of the Capital Group, transactions concluded within the Capital Group and any resulting unrealized profits or losses, as well as revenues and costs of the Capital Group are eliminated when preparing the consolidated financial statements. Unrealized losses are excluded from the consolidated financial statements on the same basis as unrealized profits, until there is evidence of impairment.

Company goodwill

The goodwill shown in the balance sheet includes the entire goodwill of subsidiaries in the amount of the surplus of the purchase price of shares of this entity and non-controlling shares (measured in proportion to the share in net assets) over the fair value of the acquired net assets.

Detailed information on goodwill is disclosed in note 2.3 to the consolidated financial statements.

Goodwill is not amortized, instead an impairment test is performed annually in accordance with IAS 36 (see subsection on impairment of non-financial fixed assets).

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

Functional currency

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

Presentation currency

All amounts included in the consolidated financial statements are expressed in thousands of Polish zlotys (unless otherwise indicated). Due to the method of presenting data in consolidated financial statements in thousands of PLN and the rounding technique used, individual items in the reports may not add up to the amounts shown therein (a difference of PLN 1,000).

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

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

Non-monetary items recognized at historical cost expressed in a foreign currency are carried at the historical exchange rate on the transaction date.

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

Exchange differences arising from the settlement of transactions or the translation of monetary items other than derivatives are recognized as financial revenues or costs, respectively, in the net amount, with the exception of exchange differences capitalized in the value of assets in cases specified in accounting principles (presented in the section on external financing costs).

1.3.3. Operating segments

According to IFRS 8, the results of operating segments result from internal reports periodically verified by the Management Board of the parent company. The Management Board of the Parent Company analyses the results of operating segments at the level of profit (loss) from operating activities.

The measurement of operating segment results used in management calculations is consistent with the accounting principles used in preparing the consolidated financial statements. Sales revenues disclosed in the consolidated profit and loss statement do not differ from revenues presented within operating segments.

In order to present information in a way that allows for a proper assessment of the type and financial effects of the economic activities conducted by the Group, the operating segments were combined into three segments based on the product group criterion:

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

These segments have similar economic characteristics and are similar in terms of:

- * type of products and services
- * type of production processes
- * type or groups of customers for given products and services
- * methods used to distribute products or provide services

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

1.3.4. The accounting policies

The consolidated financial statements were prepared on the basis of the historical cost principle, with the exception of: derivative financial instruments, equity instruments measured at fair value, the change of which is recognized in the consolidated profit and loss statement, financial assets held for trading which were measured at fair value. The consolidated report was prepared in accordance with the applicable IAS/IFRS standards.

1.3.5. Subjective assessments and uncertainty of estimates

Uncertainty of estimates

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

Construction service contracts

In the case of contracts implemented by the Group, it applies the provisions of IFRS 15 „Revenue from contracts with customers” and shows sales revenues in the profit and loss account based on measuring the degree of advancement of their implementation (determined in the proportion of contract costs incurred for work performed by the end of the period in relation to the estimated total costs of the contract). In their case, there is a risk that the Group has incorrectly estimated production costs, there will be changes in production costs during the product production process, there will be errors in the management of the task or errors in technical and technological solutions, the task implementation will occur with delay or delay. The result of these risks may be a reduction in revenues and/or an increase in costs and, consequently, a reduction in the Group's financial result.

Deferred tax asset

The Group recognizes a deferred tax asset based on the assumption that a tax profit will be achieved in the future allowing its use. A deterioration of the tax results obtained in the future could make this assumption unjustified.

Write-downs on goodwill (value of shares in subsidiaries)

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

The recoverable value was determined as one of two values, depending on which of them is higher: fair value less costs of disposal or value in use of a given asset. The value in use was estimated using the DCF method. The DCF method is based on discounted financial flows generated by subsidiaries with assumed operating schedules and sales proceeds. The discount factor takes into account the weighted cost of external and equity capital (WACC). The recoverable value of shares and the amount of write-offs revaluing shares is estimated as at June 30, 2023 and may change depending on the revenues generated and production costs incurred, project implementation schedules and the calculation of the discount rate in the future. Actual results may differ from these estimates, which were calculated based on data available on the date they were prepared. It is also related to the uncertainty regarding the appropriate estimation of market conditions in the coming years.

Depreciation rates

The amount of depreciation rates is determined based on the expected economic useful life of the tangible fixed assets and intangible assets.

During the 12-month period ended June 30, 2023, the Group verified the originally assumed useful lives of fixed assets and intangible assets and found that there was no need to change the estimated useful lives.

Provisions

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

Income tax

Tax regulations in force in Poland are subject to frequent changes, causing significant differences in their interpretation and significant doubts in their application. Tax authorities have control instruments enabling them to verify the tax bases (in most cases during the previous 5 financial years). As a result, determining tax liabilities, assets and deferred tax liabilities may require significant judgment, including those relating to transactions that have already occurred, and the amounts presented and disclosed in the financial statements may change in the future as a result of audits by tax authorities.

As a result, determining tax liabilities, assets and deferred tax liabilities may require significant judgment, including those relating to transactions that have already occurred, and the amounts presented and disclosed in the financial statements may change in the future as a result of audits by tax authorities.

Lease period

When determining the lease liability, the Company estimates the lease period, which includes:

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

In assessing whether the Group will exercise or not exercise the extension option, the Group shall take into account all relevant facts and circumstances that constitute an economic incentive for it to exercise or not exercise the option.

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

2. ADDITIONAL INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENTS

2.1. Information regarding operating segments

Products and services from which reportable segments derive their revenues

The ELEKTROTIM Group offers its products on the construction and assembly works market for public and non-public customers.

The reporting segments separated in the ELEKTROTIM Group constitute an aggregation of the Group's organizational structure, the operational part of which was divided into separately managed economic entities (plants) grouped into divisions. The criteria for separating individual plants and divisions were product companies and territorial distribution.

In order to present information in a way that allows for a proper assessment of the type and financial effects of the business activities conducted by the Group, the operating segments were combined into three segments based on the product group criterion:

- Installations segment
- Grid Segment

- Automation Segment

Together, these segments meet the following principles:

Together, these segments meet the following principles:

- the combination was carried out in accordance with the overarching principle of IFRS 8 „presenting information in a way that enables users of financial statements to assess the type and financial effects of the economic activities in which the entity is engaged and the economic environment in which it operates.”
- segments show similar economic characteristics
- segments are similar in:
 - * type of products and services
 - * type of production processes
 - * type or companies of customers for given products and services
 - * methods used to distribute products or provide services

The principles used to measure information regarding segments are consistent with the principles resulting from the Group's accounting policy.

Products offered by the Installation Segment

a) Construction and executive designs, including:

- designs of electrical power and light installations for industrial and commercial facilities,
- designs of MV and LV wire power lines,
- designs of MV/LV transformer stations,
- lighting designs for roads, streets and squares,
- traffic light designs,
- illumination designs for objects of architectural value,
- Christmas illumination designs,
- sanitary installation designs,
- designs of low-current installations.

The products listed are offered by the **Design Studio**.

b) Electrical installations including:

- transformer stations,
- electrical power and light installations in facilities:
 - industrial
 - residential
 - public utility
 - warehouses
 - sports
 - military.

The products mentioned are offered by the **Electrical Installations Department**.

c) Electrical switchboards, including:

- SM6 type MV switchboards,
- OKKEN type LV MCC switchboards,
- PRISMA type LV switchboards for electricity distribution,
- X-ENERGY type switchboards, SOT type street lighting cabinets,
- meter boards.

The products mentioned are offered by the **Production Department**.

d) Low current installations, including:

- computer systems integrating BMS and SMS
- structured wiring systems,
- fire alarm systems
- access control systems,
- CCTV systems,
- technical protection systems
- building automation installations

- work registration systems,
- perimeter protection systems,
- EiB systems,
- telecommunications systems.

The products mentioned are offered by the **Low Current Installation Department**.

e) Service of electrical installations and devices, including:

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

The services mentioned are provided by the **Service Department**.

Products offered by the Grid Segment:

o Electrical networks including:

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

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

o Telecommunications networks, including:

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

The products mentioned are offered by the **Teletechnical Networks Department**.

a) Road infrastructure elements, including:

- thin and thick-layer road and street markings,
- vertical markings
- road traffic organization: temporary and final
- road traffic safety devices
- traffic organization projects.

The products mentioned are offered by the **Traffic Engineering Department**.

b) Signalling and lighting service, including:

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

The products mentioned are offered by the **Signalling and Lighting Department**.

c) Systems:

- automation for power generation,
- automation for environmental protection institutions,
- industrial informatics,
- automation for industry.

d) High voltage grids, including:

- overhead HV power lines

- HV wire power lines
- electric power protection automatics (EAZ)
- telemechanics
- superior systems
- HV/MV stations

The products mentioned are offered by the **High Voltage Department**

Products offered by the Automation Segment

a) Automation systems for power generation

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

The products are offered by the **Energy Automation Department**.

b) Automation systems for environmental protection installations

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

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

c) Power automation systems

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

The products are offered by the **Power Automation Department**.

d) Industrial IT systems

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

The products are offered by the **Industrial IT Department**.

e) Other automation systems

- BMS

- fire detection and temperature monitoring system – PROList

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

Segment revenues and results

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

| Business segments | 01.01- 30.06.2023 | 01.01- 30.06.2023 | 01.01- 30.06.2023 | 01.01- 30.06.2022 | 01.01- 30.06.2022 | 01.01- 30.06.2022 |
|---|-------------------------|----------------------|------------------------|--------------------------|----------------------|-----------------------|
| | Installation Segment | Grid Segment | Automatio n Segment | Installatio n Segment | Grid Segment | Automation Segment |
| Sales revenue from external customers | 99 212 | 126 556 | 0 | 52 176 | 53 549 | 23 137 |
| Revenues within and from other segments | 7 988 | 140 | 0 | 1 828 | 455 | 0 |
| Cost of producing products sold | 92 721 | 106 228 | 0 | 54 276 | 50 698 | 20 696 |
| Gross profit (loss) from sales | 14 479 | 20 468 | 0 | -272 | 3 306 | 2 441 |

Segment assets

The Group does not analyse the segment's assets and liabilities in the statements used by the Parent Company's Management Board for operational and analytical purposes, as assets and liabilities are not assigned to a segment.

Geographic information

The Group operates only in one geographical area - Poland.

2.2. Intangible assets

Intangible assets

| | 30.06.2023 | 31.12.2022 |
|--|------------|------------|
| completed development work | 0 | 0 |
| acquired concessions, patents, licenses and similar values | 177 | 142 |
| other intangible assets | 0 | 0 |
| Intangible assets, total | 177 | 142 |

Changes in intangible assets (by type) for the first half of 2023.

| | development costs | concessions, patents, licenses and similar values | other intangible assets | Intangible assets Total |
|---|-------------------|---|-------------------------|-------------------------|
| gross value of intangible assets at the beginning of the period | 18 | 103 | 5 069 | 5 190 |
| increases (due to) | 0 | 0 | 149 | 149 |
| - purchase | 0 | 0 | 149 | 149 |
| - acquisition of subsidiaries | 0 | 0 | 0 | 0 |
| | 0 | 0 | 0 | 0 |

| | | | | |
|---|----|-----|-------|-------|
| reduction (due to) | 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 | 18 | 103 | 5 218 | 5 339 |
| accumulated depreciation (remission) at the beginning of the period | 18 | 65 | 4 964 | 5 047 |
| depreciation for the period (due to) | 0 | 5 | 110 | 115 |
| - planned write-offs | 0 | 5 | 110 | 115 |
| - acquisition of subsidiaries | 0 | 0 | 0 | 0 |
| - reduction | 0 | 0 | 0 | 0 |
| accumulated depreciation (remission) at the end of the period | 18 | 70 | 5 074 | 5 162 |
| impairment losses at the beginning of the period | | | | 0 |
| - increases | 0 | 0 | 0 | 0 |
| - reduction | 0 | 0 | 0 | 0 |
| impairment losses at the end of the period | 0 | 0 | 0 | 0 |
| net value of intangible assets at the end of the period | 0 | 33 | 144 | 177 |

Changes in intangible assets (by type) for 2022

| | development costs | concessions, patents, licenses and similar values | other intangible assets | Intangible assets Total |
|---|-------------------|---|-------------------------|-------------------------|
| gross value of intangible assets at the beginning of the period | 18 | 109 | 5 040 | 5 167 |
| increases (due to) | 0 | 44 | 29 | 73 |
| - purchase | 0 | 44 | 29 | 73 |
| - acquisition of subsidiaries | 0 | 0 | 0 | 0 |
| | 0 | 0 | 0 | 0 |
| reduction (due to) | 0 | 50 | 0 | 50 |
| - sale | 0 | 0 | 0 | 0 |
| - liquidation | 0 | 50 | 0 | 50 |
| | 0 | 0 | 0 | 0 |
| gross value of intangible assets at the end of the period | 18 | 103 | 5 069 | 5 190 |
| accumulated depreciation (remission) at the beginning of the period | 18 | 109 | 4 744 | 4 871 |
| depreciation for the period (due to) | 0 | -44 | 220 | 176 |

| | | | | |
|---|----|-----|-------|-------|
| - planned write-offs | 0 | 6 | 220 | 226 |
| - acquisition of subsidiaries | 0 | 0 | 0 | 0 |
| - reduction | 0 | -50 | 0 | -50 |
| accumulated depreciation (remission) at the end of the period | 18 | 65 | 4 964 | 5 047 |
| impairment losses at the beginning of the period | | | | 0 |
| - increases | 0 | 0 | 0 | 0 |
| - reduction | 0 | 0 | 0 | 0 |
| impairment losses at the end of the period | 0 | 0 | 0 | 0 |
| net value of intangible assets at the end of the period | 0 | 38 | 105 | 143 |

Intangible assets (ownership structure)

| | 30.06.2023 | 31.12.2022 |
|--|------------|------------|
| own | 144 | 104 |
| used under a rental or lease agreement or other agreement, including a leasing agreement | 0 | 0 |
| Intangible assets, total | 144 | 104 |

2.3. Company goodwill

| | 30.06.2023 | 31.12.2022 |
|---|--------------|--------------|
| - subsidiaries | 3 998 | 6 310 |
| - PWS | 2 396 | 2 396 |
| - | 0 | 0 |
| Goodwill of subordinated entities, total | 6 394 | 8 706 |
| Write-offs due to permanent loss of value | 0 | 2 312 |
| Carrying amount, total | 6 394 | 6 394 |

Change in the goodwill of subordinated entities

| | 30.06.2023 | 31.12.2022 |
|--|------------|------------|
| status at the beginning of the period | 6 394 | 8 706 |
| increases (due to) | 0 | 0 |
| - acquisition of subsidiaries | 0 | 0 |
| reductions due to the sale of a subsidiary | 0 | 2 312 |
| status at the end of the period | 6 394 | 6 394 |

On April 1, 2012, as part of the ongoing restructuring of the Capital Group the process that had been in progress since February 1, 2012 was completed. the process of incorporating products manufactured by the subsidiary Elektromont Beta S.A. to the product offer of the ELEKTROTIM S.A. Grid Division. and at the same time, all employees of this company were taken over by ELEKTROTIM S.A. pursuant to Article 231 of the Labor Code. Thus, the entire activity of Elektromont Beta S.A. was transferred to ELEKTROTIM S.A. Due to the above, ELEKTROTIM S.A., in accordance with IAS 36.87 regarding

the reorganization of the structure of an economic entity, transferred the goodwill of Elektromont Beta S.A. established as at the date of taking control from the current cash-generating centre (which was the subsidiary) to the new cash-generating centre, which is the High Voltage Division, which is part of the Network Division. This is the lowest level at which the goodwill can be monitored for the internal needs of ELEKTROTIM S.A. (IAS 36.80 to 87).

Due to the internal reorganization within ELEKTROTIM S.A. goodwill from the High Voltage Division, which is part of the Grid Division, was assigned to the newly established cash-generating centre, i.e. the Power Stations Division within the Network Division.

According to the impairment test carried out on the cash-generating unit after restructuring, to which goodwill was assigned after comparing the carrying value with its recoverable value, an impairment loss was made in 2013 in the amount of PLN 1,707,000, in order to conduct the test, the following assumptions were made: period of forecast cash flows - 5 years, discount rate 11%.

As at December 31, 2017, a write-down was made on the value of the shares of Mawilux S.A. in the amount of PLN 3,954,000 based on the Gordon model assuming a 5-year cash flow forecast period and assuming a discount rate of 13.7% and a 3% growth rate after the forecast period.

As at December 31, 2022, impairment tests were performed on the financial assets of cash-generating centres (High Voltage Division and Airport Services Division) and subsidiaries.

The asset impairment test did not indicate the need to write down goodwill. This test was carried out assuming a 5-year cash flow forecast period and a discount rate of 11%, growth rate after the forecast period of 3%. Impairment tests were performed by an external company.

In connection with the sale of shares of the subsidiary Procom System S.A. on December 12, 2022. the goodwill assigned to the company decreased by PLN 2,312,000 in 2022.

As at June 30, 2023, there were no indications of a potential impairment of the carrying value of goodwill.

In the first half of 2023, no goodwill write-off was made.

2.4. Tangible fixed assets

| | 30.06.2023 | 31.12.2022 |
|--|---------------|---------------|
| a) fixed assets, including: | 12 394 | 12 134 |
| - land | 869 | 869 |
| - buildings, premises and civil engineering facilities | 5 315 | 5 153 |
| - technical devices and machines | 1 788 | 1 828 |
| - means of transport | 4 226 | 4 114 |
| - other fixed assets | 196 | 170 |
| b) fixed assets under construction | 506 | 298 |
| | 0 | 0 |
| Tangible fixed assets, total | 12 900 | 12 432 |

Balance sheet fixed assets (ownership structure)

| | 30.06.2023 | 31.12.2022 |
|--|---------------|---------------|
| own | 5 938 | 5 594 |
| used under a rental or lease agreement or other agreement, including a leasing agreement | 6 962 | 6 838 |
| Balance sheet fixed assets, total | 12 900 | 12 432 |

Changes in fixed assets (by type) for the first half of 2023

| | Land | Buildings, premises and civil engineering facilities | Technical devices and machines | Means of transport | Other fixed assets | Fixed assets, total |
|---|------|--|--------------------------------------|-----------------------|--------------------------|------------------------|
| gross value of fixed assets at the beginning of the period | 869 | 9 425 | 8 994 | 12 277 | 2 102 | 33 667 |
| increases (due to) | 0 | 916 | 217 | 802 | 86 | 2 021 |
| - purchase | 0 | 916 | 217 | 802 | 86 | 2 021 |
| - acquisition of a subsidiary | 0 | 0 | 0 | 0 | 0 | 0 |
| | 0 | 0 | 0 | 0 | 0 | 0 |
| reduction (due to) | 0 | 0 | 11 | 319 | 35 | 365 |
| sale and liquidation | 0 | 0 | 11 | 319 | 35 | 365 |
| | 0 | 0 | 0 | 0 | 0 | 0 |
| gross value of fixed assets at the end of the period | 869 | 10 341 | 9 200 | 12 760 | 2 153 | 35 323 |
| accumulated depreciation (remission) at the beginning of the period | 0 | 4 272 | 7 155 | 8 163 | 1 932 | 21 522 |
| depreciation for the period (due to) | 0 | 754 | 257 | 371 | 25 | 1 407 |
| - planned write-offs | 0 | 754 | 265 | 689 | 60 | 1 768 |
| - acquisition of a subsidiary | 0 | 0 | 0 | 0 | 0 | 0 |
| - sale and liquidation | 0 | 0 | 8 | 318 | 35 | 361 |
| | 0 | 0 | 0 | 0 | 0 | 0 |
| accumulated depreciation (remission) at the end of the period | 0 | 5 026 | 7 412 | 8 534 | 1 957 | 22 929 |
| impairment losses at the beginning of the period | 0 | 0 | 0 | 0 | 0 | 0 |
| - increases | 0 | 0 | 0 | 0 | 0 | 0 |
| - reduction | 0 | 0 | 0 | 0 | 0 | 0 |
| impairment losses at the end of the period | 0 | 0 | 0 | 0 | 0 | 0 |
| net value of fixed assets at the end of the period | 869 | 5 315 | 1 788 | 4 226 | 196 | 12 394 |

Changes in fixed assets (by type) for 2022

| | Land | Buildings, premises and civil engineering facilities | Technical devices and machines | Means of transport | Other fixed assets | Fixed assets, total |
|--|------|--|--------------------------------------|-----------------------|--------------------------|------------------------|
| gross value of fixed assets at the beginning of the period | 869 | 9 103 | 7 709 | 11 688 | 1 966 | 31 335 |
| increases (due to) | 0 | 322 | 1 292 | 1 858 | 149 | 3 621 |
| - purchase | 0 | 322 | 1 292 | 1 858 | 149 | 3 621 |
| - acquisition of a subsidiary | 0 | 0 | 0 | 0 | 0 | 0 |
| | 0 | 0 | 0 | 0 | 0 | 0 |
| reduction (due to) | 0 | 0 | 18 | 1 269 | 13 | 1 300 |
| sale and liquidation | 0 | 0 | 18 | 1 269 | 13 | 1 300 |

| | 0 | 0 | 0 | 0 | 0 | 0 |
|---|-----|-------|-------|--------|-------|--------|
| gross value of 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 (due to) | 0 | 1 430 | 560 | 97 | 89 | 2 176 |
| - planned write-offs | 0 | 1 430 | 574 | 1 321 | 102 | 3 427 |
| - acquisition of a subsidiary | 0 | 0 | 0 | 0 | 0 | 0 |
| - sale and liquidation | 0 | 0 | 14 | 1 224 | 13 | 1 251 |
| | 0 | 0 | 0 | 0 | 0 | 0 |
| accumulated depreciation (remission) at the end of the period | 0 | 4 272 | 7 155 | 8 163 | 1 932 | 21 522 |
| impairment losses at the beginning of the period | 0 | 0 | 0 | 0 | 0 | 0 |
| - increases | 0 | 0 | 0 | 0 | 0 | 0 |
| - reduction | 0 | 0 | 0 | 0 | 0 | 0 |
| impairment losses at the end of the period | 0 | 0 | 0 | 0 | 0 | 0 |
| net value of fixed assets at the end of the period | 869 | 5 153 | 1 828 | 4 114 | 170 | 12 134 |

Leasing

Value of assets due to right of use was presented in the separate statement of financial position together with fixed assets owned by the Group.

The values of the right of use in accordance with IFRS 16 are presented in the table „Changes in assets due to rights of use“.

Changes in assets due to rights of use (by type groups) for the first half of 2023

| | Land | Buildings, premises and civil engineering facilities | Technical devices and machines | Means of transport | Other fixed assets | Fixed assets, total |
|---|------|--|--------------------------------|--------------------|--------------------|---------------------|
| gross value at the beginning of the period | 0 | 6 523 | 643 | 5 072 | 0 | 12 238 |
| increases (due to) | 0 | 892 | 0 | 560 | 0 | 1 452 |
| - Conclusion of a leasing agreement | 0 | 0 | 0 | 560 | 0 | 560 |
| - Changes resulting from modifications to contracts | 0 | 892 | 0 | 0 | 0 | 892 |
| | 0 | 0 | 0 | 0 | 0 | 0 |
| reduction (due to) | 0 | 0 | 0 | 270 | 0 | 270 |
| Termination of the leasing contract | 0 | 0 | 0 | 0 | 0 | 0 |
| profile changes/purchased | 0 | 0 | 0 | 270 | 0 | 270 |

| | | | | | | |
|---|---|-------|-----|-------|---|--------|
| value at the end of the period | 0 | 7 415 | 643 | 5 362 | 0 | 13 420 |
| accumulated depreciation (remission) at the beginning of the period | 0 | 3 578 | 29 | 1 793 | 0 | 5 400 |
| depreciation for the period (due to) | 0 | 714 | 36 | 308 | 0 | 1 058 |
| - planned write-offs | 0 | 714 | 36 | 483 | 0 | 1 233 |
| profile changes/purchased | 0 | 0 | 0 | 0 | 0 | 0 |
| depreciation of the terminated lease/return | 0 | 0 | 0 | 175 | 0 | 175 |
| - | 0 | 0 | 0 | 0 | 0 | 0 |
| accumulated depreciation (remission) at the end of the period | 0 | 4 292 | 65 | 2 101 | 0 | 6 458 |
| impairment losses at the beginning of the period | 0 | 0 | 0 | 0 | 0 | 0 |
| -increases | 0 | 0 | 0 | 0 | 0 | 0 |
| -reductions | 0 | 0 | 0 | 0 | 0 | 0 |
| impairment losses at the end of the period | 0 | 0 | 0 | 0 | 0 | 0 |
| net value at the end of the period | 0 | 3 123 | 578 | 3 261 | 0 | 6 962 |

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

| | Land | Buildings, premises and civil engineering facilities | Technical devices and machines | Means of transport | Other fixed assets | Fixed assets, total |
|---|------|--|--------------------------------|--------------------|--------------------|---------------------|
| gross value at the beginning of the period | 0 | 6 332 | 35 | 4 677 | 0 | 11 044 |
| increases (due to) | 0 | 191 | 643 | 1 759 | 0 | 2 593 |
| - Conclusion of a leasing agreement | 0 | 0 | 643 | 1 759 | 0 | 2 402 |
| - Changes resulting from modifications to contracts | 0 | 191 | 0 | 0 | 0 | 191 |
| | 0 | 0 | 0 | 0 | 0 | 0 |
| reduction (due to) | 0 | 0 | 35 | 1 364 | 0 | 1 399 |
| Termination of the leasing contract | 0 | 0 | 0 | 575 | 0 | 575 |
| profile changes/purchased | 0 | 0 | 35 | 789 | 0 | 824 |
| value at the end of the period | 0 | 6 523 | 643 | 5 072 | 0 | 12 238 |
| | 0 | 2 217 | 26 | 1 919 | 0 | 4 162 |

| | | | | | | |
|---|---|-------|-----|-------|---|-------|
| accumulated depreciation (remission) at the beginning of the period | | | | | | |
| depreciation for the period (due to) | 0 | 1 361 | 3 | -126 | 0 | 1 238 |
| - planned write-offs | 0 | 1 361 | 31 | 902 | 0 | 2 294 |
| profile changes/purchased | 0 | 0 | -28 | -516 | 0 | -544 |
| depreciation of the terminated lease/return | 0 | 0 | 0 | 512 | 0 | 512 |
| - | 0 | 0 | 0 | 0 | 0 | 0 |
| accumulated depreciation (remission) at the end of the period | 0 | 3 578 | 29 | 1 793 | 0 | 5 400 |
| impairment losses at the beginning of the period | 0 | 0 | 0 | 0 | 0 | 0 |
| -increases | 0 | 0 | 0 | 0 | 0 | 0 |
| -reductions | 0 | 0 | 0 | 0 | 0 | 0 |
| impairment losses at the end of the period | 0 | 0 | 0 | 0 | 0 | 0 |
| net value at the end of the period | 0 | 2 945 | 614 | 3 279 | 0 | 6 838 |

2.5. Financial assets

Other long-term financial assets

| | 30.06.2023 | 31.12.2022 |
|--|--------------|--------------|
| In other units | 2 382 | 2 394 |
| other long-term financial assets, including long-term deposits | 2 382 | 2 394 |
| Long-term financial assets, total | 2 382 | 2 394 |

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

| | 30.06.2023 | 31.12.2022 |
|---------------------------------------|------------|------------|
| status at the beginning of the period | 2 394 | 3 340 |
| | 0 | 0 |
| loans granted | 0 | 0 |
| other long-term financial assets | 2 394 | 3 340 |
| increases (due to) | 0 | 0 |
| loans granted | 0 | 0 |
| other long-term financial assets | 0 | 0 |
| reduction (due to) | 12 | 946 |
| loans granted | 0 | 0 |
| other long-term financial assets | 12 | 946 |
| status at the end of the period | 2 382 | 2 394 |
| | 0 | 0 |
| loans granted | 0 | 0 |

| | | |
|--|-------|-------|
| other long-term financial assets, including long-term deposits | 2 382 | 2 394 |
|--|-------|-------|

2.6. Financial liabilities

Long-term financial liabilities

| | 30.06.2023 | 31.12.2022 |
|-------------------------------------|------------|------------|
| - credits and loans | 0 | 0 |
| Long term liabilities, total | | 0 |

Short-term financial liabilities

| | 30.06.2023 | 31.12.2022 |
|---|------------|------------|
| Financial liabilities (credits, loans, debt securities, etc.) | 18 112 | 0 |
| - credits and loans | 18 112 | 0 |

2.7. Assets and provisions for deferred income tax

Change in deferred tax assets

| | 30.06.2023 | 31.12.2022 |
|--|------------|------------|
| The balance of deferred tax assets at the beginning of the period, including: | 4 976 | 4 072 |
| transferred to the financial result | 4 976 | 4 072 |
| Increases | 4 076 | 4 969 |
| Referred to the financial result for the period in connection with negative temporary differences (due to) | 4 076 | 4 969 |
| - write-offs for receivables | 879 | 878 |
| - write-downs on inventories | 588 | 591 |
| - unpaid wages | 0 | 0 |
| - provision for employee benefits | 834 | 1 685 |
| - provision for warranty repairs | 532 | 588 |
| - other | 1 243 | 1 227 |
| - IAS/IFRS | 0 | 0 |
| Recognized in the financial result for the period in connection with tax loss (due to) | 0 | 0 |
| Reductions | 4 944 | 4 065 |
| Referred to the financial result for the period in connection with negative temporary differences (due to) | 4 944 | 4 065 |
| - reversal of temporary differences | 0 | 14 |
| Deferred tax assets at the end of the period, total, including: | 4 108 | 4 976 |
| Referred to the financial result | 4 108 | 4 976 |
| - write-offs for receivables | 881 | 880 |
| - write-downs on inventories | 588 | 591 |
| - unpaid wages | 1 | 0 |
| - provision for employee benefits | 843 | 1 693 |
| - provision for warranty repairs | 547 | 595 |
| - other | 1 248 | 1 217 |
| - IAS/IFRS | 0 | 0 |

| | | |
|--|---|---|
| - recognized in the financial result for the period in connection with the tax loss (due to) | 0 | 0 |
| transferred to equity capital | 0 | 0 |
| transferred to goodwill | 0 | 0 |

Change in the balance of deferred tax liabilities

| | 30.06.2023 | 31.12.2022 |
|--|------------|------------|
| The balance of the deferred tax liability at the beginning of the period, including: | 1 551 | 799 |
| Referred to the financial result | 1 551 | 799 |
| Increases | 1 251 | 1 547 |
| Recognized in the financial result for the period due to positive temporary differences (due to) | 1 251 | 1 547 |
| - valuation of receivables | 0 | 0 |
| - valuation of long-term contracts | 543 | 799 |
| - fixed assets and intangible assets | 691 | 709 |
| - others | 17 | 39 |
| Reductions | 1 532 | 795 |
| Referred to the financial result for the period in connection with positive temporary differences (due to) | 1 532 | 795 |
| | 0 | 0 |
| Total deferred tax liability at the end of the period | 1 270 | 1 551 |
| Referred to the financial result | 1 270 | 1 551 |
| - valuation of receivables | 0 | 0 |
| - valuation of long-term contracts | 543 | 799 |
| - fixed assets and intangible assets | 704 | 712 |
| - others | 23 | 40 |
| Referred to equity capital | 0 | 0 |
| Referred to the goodwill of the company | 0 | 0 |

2.8. Inventory

| | 30.06.2023 | 31.12.2022 |
|---|---------------|--------------|
| materials | 7 058 | 1 494 |
| semi-finished products and work in progress | 3 957 | 1 864 |
| finished products | 0 | 0 |
| goods | 0 | 0 |
| the remaining | 0 | 0 |
| Inventory, total | 11 015 | 3 358 |
| Write-downs on inventories | 3 097 | 3 110 |
| Inventories, total gross | 14 112 | 6 468 |

Change in inventory write-downs

| | 30.06.2023 | 31.12.2022 |
|--|--------------|--------------|
| As at the beginning of the period | 3 110 | 659 |
| | 0 | 0 |
| increase | 0 | 2 471 |
| use | 0 | 0 |
| termination | 13 | 20 |
| State of inventory write-downs at the end of the period, including: | 3 097 | 3 110 |

| | | |
|-----------|-------|-------|
| Materials | 3 097 | 3 110 |
| Goods | 0 | 0 |

In the first half of 2023, the Group did not update the value of inventories. Write-offs in the total amount of PLN 13,000 were reversed.

2.9. Trade receivables and other receivables

Trade receivables and other receivables

| | 30.06.2023 | 31.12.2022 |
|---|----------------|---------------|
| - receivables from other entities | 102 640 | 91 928 |
| - active accruals of costs | 1 423 | 1 578 |
| Trade receivables and other net receivables, total | 104 063 | 93 506 |

Short-term receivables

| | 30.06.2023 | 31.12.2022 |
|---|----------------|---------------|
| Receivables from related entities | 102 640 | 91 928 |
| For supplies and services, repayment period: | 92 383 | 84 826 |
| - up to 12 months | 90 916 | 83 591 |
| - over 12 months | 1 467 | 1 235 |
| Other receivables | 43 | 0 |
| Other receivables, including: | 10 214 | 7 102 |
| - taxes, customs duties, social and health insurance and other benefits | 7 076 | 5 765 |
| - surplus of the Social Benefits Fund | 0 | 0 |
| - other | 3 138 | 1 337 |
| - investigation in the court | 0 | 0 |
| Net short-term receivables, total | 102 640 | 91 928 |
| write-offs revaluating receivables | 5 509 | 5 471 |
| Gross short-term receivables, total | 108 149 | 97 399 |

Gross short-term receivables (currency structure)

| | 30.06.2023 | 31.12.2022 |
|--|----------------|---------------|
| a) in Polish currency | 108 149 | 97 262 |
| b) in foreign currencies (according to currencies and after conversion to PLN) | 0 | 137 |
| PLN | 0 | 137 |
| EUR | 0 | 29 |
| PLN | 0 | 0 |
| USD | 0 | 0 |
| Short-term receivables, total | 108 149 | 97 399 |

Change in the balance of write-offs for short-term receivables

| | 30.06.2023 | 31.12.2022 |
|---|------------|------------|
| As at the beginning of the period | 5 471 | 6 245 |
| Increases (due to) | 86 | 304 |
| - write-offs for overdue and non-performing receivables | 86 | 304 |
| - updating the value of receivables | 0 | 0 |
| Reductions (due to) | 48 | 1 078 |

| | | |
|---|--------------|--------------|
| - liquidation of write-offs after repayment of receivables | 48 | 964 |
| - write-off of uncollectible receivables | 0 | 114 |
| Status of write-offs revaluating short-term receivables at the end of the period | 5 509 | 5 471 |

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

| | 30.06.2023 | 31.12.2022 |
|---|-------------------|-------------------|
| Up to 1 month | 46 774 | 48 297 |
| Over 1 month to 3 months | 39 432 | 25 002 |
| Over 3 months to 6 months | 217 | 31 |
| Over 6 months to 1 year | 80 | 221 |
| Over 1 year | 1 846 | 1 632 |
| Overdue receivables | 9 144 | 14 687 |
| Trade receivables, total (gross) | 97 493 | 89 870 |
| Write-offs on trade receivables | 5 110 | 5 044 |
| Trade receivables, total (net) | 92 383 | 84 826 |

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

| | 30.06.2023 | 31.12.2022 |
|---|-------------------|-------------------|
| Up to 1 month | 184 | 8 459 |
| Over 1 month to 3 months | 1 777 | 96 |
| Over 3 months to 6 months | 985 | 3 |
| Over 6 months to 1 year | 71 | 0 |
| Over 1 year | 6 127 | 6 129 |
| Trade receivables, total (gross) | 9 144 | 14 687 |
| Write-offs on trade receivables | 4 732 | 4 642 |
| Trade receivables, total (net) | 4 412 | 10 045 |

2.10. Contract assets and liabilities

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

| | 30.06.2023 | 31.12.2022 |
|---|-------------------|-------------------|
| Services in progress - valuation of the transaction amount assigned to liabilities that has not been met as of December 31, 2022. | 57 649 | 14 214 |
| Services in progress - valuation of the transaction amount assigned to liabilities that has not been met as of June 30, 2023. | 78 772 | 57 649 |
| Impact on revenues for the current reporting period | 21 123 | 43 435 |
| Capitalized costs for contracts in progress at the end 31/12/2022 | 60 712 | 24 553 |
| Capitalized costs for contracts in progress at the end 30/06/2023 | 75 917 | 53 446 |
| Impact on the cost of production for the current reporting period | 15 205 | 28 893 |
| Impact on the financial result on balance | 5 918 | 14 542 |

Contract assets concern revenues from construction and assembly contracts estimated as at June 30, 2023.

Additional information regarding contracts under implementation of IFRS 15

| | 30.06.2023 | 31.12.2022 |
|--|------------|------------|
| Estimated amount of receivables due to contracts in progress | 78 772 | 57 649 |
| Estimated amount of liabilities related to contracts in progress | 75 917 | 53 446 |
| The amount of retained deposits and guarantees related to work performed | 2 913 | 2 625 |
| The amount of advance payments received for the provision of supplies and services | 14 421 | 42 822 |

Contract liabilities

| | 30.06.2023 | 31.12.2022 |
|--|---------------|---------------|
| - advance payments received for deliveries | 14 421 | 42 822 |
| Total contract liabilities | 14 421 | 42 822 |

2.11. Cash and cash equivalents

| | 30.06.2023 | 31.12.2022 |
|---|--------------|---------------|
| g) cash and other financial assets | 7 675 | 56 733 |
| - cash in hand and on accounts | 7 675 | 56 733 |
| - other cash assets | 0 | 0 |
| - other monetary assets | 0 | 0 |
| Short-term financial assets, total | 7 675 | 56 733 |

2.12. Assets held for sale

| | 30.06.2023 | 31.12.2022 |
|--|---------------|---------------|
| a) initial value at the beginning of the period | 28 999 | 0 |
| reclassification as assets for sale | 0 | 28 999 |
| sale | 0 | 0 |
| reduction in the value of assets | 6 256 | |
| Assets held for sale at the end of the period | 24 643 | 28 999 |

Assets intended for sale at the end of the first half of 2023 amounted to PLN 24,643 thousand, this value concerns the assets of the subsidiary whose shares ELEKTROTIM offers for sale. Liabilities relating to assets remaining for sale at the end of the year amount to PLN 19,082 thousand.

| Assets reclassified as held for sale | 30.06.2023 |
|---|---------------|
| I. Fixed assets | 5 350 |
| - Property, plant and equipment | 4 150 |
| - Other long-term financial assets | 98 |
| - Deferred tax assets | 1 102 |
| II. Assets | 19 293 |
| - Trade receivables and other receivables | 11 374 |
| - Contract assets | 7 812 |
| - Cash and cash equivalents | 107 |
| Total assets | 24 643 |

| Liability items reclassified as liabilities relating to assets for sale | | 30.06.2023 |
|---|---|------------|
| II. | Liabilities and provisions for liabilities | 19 082 |
| 1. | Long-term liabilities | 596 |
| - | Deferred income tax | 175 |
| - | Long-term reserves | 0 |
| - | Financial liabilities (credits, loans, debt securities, etc.) | 0 |
| - | Long-term leasing liabilities | 421 |
| 3. | Current liabilities | 18 486 |
| - | Short-term reserves | 912 |
| - | Trade and service liabilities and other liabilities | 16 824 |
| - | Other financial obligations | 0 |
| - | Corporate income tax liabilities | 654 |
| - | Short-term leasing liabilities | 96 |
| - | Contract obligations | 0 |
| Total liabilities | | 19 082 |

2.13. Equity capital

Core capital

| Share capital (structure) | 30.06.2023 | 30.06.2023 | 30.06.2023 | 30.06.2023 | 30.06.2023 | 30.06.2023 | 30.06.2023 |
|--|------------|------------|------------|------------|------------|------------|------------|
| a) nominal value of one share in PLN | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| b) series/emission | A | B | C | C | C | C | D |
| c) type of action | bearer | bearer | bearer | bearer | bearer | bearer | bearer |
| d) type of preference shares | common | common | common | common | common | common | common |
| e) type of limitation of rights to shares | | | | | | | |
| f) number of shares in thousands pieces | 5 206 | 794 | 91 | 74 | 111 | 24 | 3683 |
| g) value of the series/issue at nominal value in thousands PLN | 5 206 | 794 | 91 | 74 | 111 | 24 | 3683 |
| h) method of covering capital | cash | cash | cash | cash | cash | cash | cash |
| i) Date of registration | 30-11-1998 | 18-10-2006 | 27-02-2009 | 16-03-2010 | 28-02-2011 | 11-04-2013 | 11-05-2007 |
| j) right to dividend (from date) | 01-01-1999 | 01-01-2006 | 01-01-2009 | 01-01-2010 | 01-01-2011 | 01-01-2013 | 01-01-2007 |
| k) number of shares, total in thousands pieces | | | | | | | |
| Share capital, total in PLN thousand | | | | | | | 9 983 |

Retained earnings and net profit

| | 30.06.2023 | 31.12.2022 |
|-------------------------------------|---------------|---------------|
| - Other reserve capitals | 49 258 | 40 856 |
| - Profit (loss) from previous years | -19 560 | -18 166 |
| - Net profit (loss). | 16 941 | 21 984 |
| Retained earnings, total | 46 639 | 44 674 |

2.14. Reserves

Change in the balance of other long-term reserves (by title)

| | 30.06.2023 | 31.12.2022 |
|--|------------|------------|
| a) status at the beginning of the period | 2 626 | 2 440 |
| reserves for warranty repairs | 2 265 | 2 179 |
| provision for employee benefits | 361 | 261 |
| provisions for contractual penalties | 0 | 0 |



| | | | |
|----|--------------------------------------|-------|-------|
| | the remaining | 0 | 0 |
| b) | increases (due to) | 186 | 315 |
| | reserves for warranty repairs | 186 | 215 |
| | provision for employee benefits | 0 | 100 |
| | provisions for contractual penalties | 0 | 0 |
| | the remaining | 0 | 0 |
| c) | use (of title) | 0 | 0 |
| | reserves for warranty repairs | 0 | 0 |
| | provision for employee benefits | 0 | 0 |
| | provisions for contractual penalties | 0 | 0 |
| | the remaining | 0 | 0 |
| d) | termination (of title) | 362 | 129 |
| | reserves for warranty repairs | 362 | 129 |
| | provision for employee benefits | 0 | 0 |
| | provisions for contractual penalties | 0 | 0 |
| | the remaining | 0 | 0 |
| e) | status at the end of the period | 2 450 | 2 626 |
| | reserves for warranty repairs | 2 089 | 2 265 |
| | provision for employee benefits | 361 | 361 |
| | provisions for contractual penalties | 0 | 0 |
| | the remaining | 0 | 0 |

Change in the balance of other short-term provisions (by title)

| | 30.06.2023 | 31.12.2022 | |
|----|---------------------------------------|------------|--------|
| a) | status at the beginning of the period | 17 374 | 7 376 |
| | reserves for warranty repairs | 960 | 899 |
| | provision for employee benefits | 9 139 | 2 601 |
| | provisions for contractual penalties | 7 274 | 3 876 |
| | the remaining | 1 | 0 |
| b) | increases (due to) | 4 333 | 14 244 |
| | reserves for warranty repairs | 89 | 985 |
| | provision for employee benefits | 2 729 | 8 382 |
| | provisions for contractual penalties | 1 515 | 4 876 |
| | the remaining | 0 | 1 |
| c) | use (of title) | 496 | 22 |
| | reserves for warranty repairs | 3 | 22 |
| | provision for employee benefits | 493 | 0 |
| | provisions for contractual penalties | 0 | 0 |
| | the remaining | 0 | 0 |
| d) | termination (of title) | 7 276 | 4 224 |
| | reserves for warranty repairs | 155 | 902 |
| | provision for employee benefits | 6 971 | 1 844 |
| | provisions for contractual penalties | 150 | 1 478 |
| | the remaining | 0 | 0 |
| e) | status at the end of the period | 13 935 | 17 374 |
| | reserves for warranty repairs | 891 | 960 |
| | provision for employee benefits | 4 404 | 9 139 |
| | provisions for contractual penalties | 8 639 | 7 274 |
| | the remaining | 1 | 1 |

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

Due to the underpayment of receivables from Military Infrastructure Board Poznań in the amount of PLN 1,956 thousand, the receivables item on the assets side and the reserve item on the liabilities side were reduced by the amount of PLN 1,956 thousand.

In 2018, a change was made in the presentation regarding the provisions for penalties received from the District Infrastructure Management Board in Szczecin in the amount of PLN 503,000; provisions for fines received from the Military Counterintelligence Service in the amount of PLN 35,000; provisions for penalties received from Tauron Dystrybucja in the amount of PLN 35,000.

The above presentation changes resulted in a decrease in the balance sheet total by the total amount of PLN 2,494 thousand.

Starting from the consolidated financial statements for the first half of 2020, the amount of PLN 2,494 thousand is presented both on the receivables side (assets) and on the reserves side (liabilities).

2.15. Trade and service liabilities and other liabilities

| | 30.06.2023 | 31.12.2022 |
|--|---------------|---------------|
| - Trade and service liabilities | 58 278 | 66 981 |
| - due to taxes, customs duties, insurance and other benefits | 1 795 | 3 863 |
| - due to remuneration | 1 541 | 2 250 |
| - Other (including dividends) | 15 294 | 363 |
| - passive short-term accruals | 0 | 0 |
| Trade and other liabilities, total | 76 908 | 73 457 |

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

| | 30.06.2023 | 31.12.2022 |
|--|---------------|---------------|
| a) liabilities before their due date | 47 331 | 58 407 |
| b) overdue liabilities | 10 947 | 8 574 |
| up to 1 month | 10 887 | 3 558 |
| over 1 month to 3 months | 88 | 4 963 |
| over 3 months to 6 months | 0 | 5 |
| over 6 months to 1 year | 0 | 32 |
| over 1 year | 2 | 16 |
| Total trade liabilities (gross) | 58 278 | 66 981 |

2.16. Lease liabilities

| | 30.06.2023 | 31.12.2022 |
|--|--------------|--------------|
| a) Short-term liabilities | 2 892 | 2 596 |
| b) Long-term liabilities | 3 387 | 3 626 |
| Liabilities related to leasing, rental and other similar contracts in total | 6 279 | 6 222 |

Additional information on leasing (IFRS 16)

The Group does not recognize liabilities under short-term leases or leases for which the underlying asset has a low value. Moreover, the value of leasing liabilities does not include contingent leasing fees dependent on factors other than the index or rate.

| | 30.06.2023 | 31.12.2022 |
|--|------------|------------|
| leasing interest | 417 | 593 |
| the cost of short-term leasing and leasing of low-value assets | 141 | 178 |

| | | |
|---------------------------|--------------|--------------|
| value of leasing payments | 1 421 | 2 772 |
| Total | 1 979 | 3 543 |

2.17. Other operating income and expenses

Other operating income

| | 01.01.-30.06.2023 | 01.01.-30.06.2022 |
|--|-------------------|-------------------|
| - Profit from the disposal of non-financial fixed assets | 84 | 17 |
| - Subsidies | 0 | 0 |
| - Other operating income | 796 | 1 703 |
| Other operating income, total | 880 | 1 720 |

Other operating cost

| | 01.01.-30.06.2023 | 01.01.-30.06.2022 |
|--|-------------------|-------------------|
| - Loss on disposal of non-financial fixed assets | 0 | 10 |
| - Revaluation of non-financial assets | 265 | 1 |
| - Other operational costs | 1 990 | 730 |
| Other operating costs, total | 2 255 | 741 |

Other operational costs

| | 01.01.-30.06.2023 | 01.01.-30.06.2022 |
|--|-------------------|-------------------|
| a) created provisions (due to) | 1 617 | 76 |
| Others, including expected losses on contracts | 1 617 | 76 |
| b) others, including: | 373 | 654 |
| costs of resold services | 41 | 41 |
| damages due to traffic incidents | 11 | 140 |
| court costs | 20 | 146 |
| donations | 5 | 14 |
| contractual penalties and compensation | 275 | 208 |
| other costs | 21 | 105 |
| Other operating costs, total | 1 990 | 730 |

Profit (loss) from expected credit losses

| | 01.01.-30.06.2023 | 01.01.-30.06.2022 |
|--|-------------------|-------------------|
| - Reinstate of write-offs on receivables | 48 | 875 |
| - Creation of an allowance for receivables | -86 | -153 |
| Result of expected credit losses, total | -38 | 722 |

2.18. Financial revenues and costs

Financial revenues

| | 01.01.-30.06.2023 | 01.01.-30.06.2022 |
|---|-------------------|-------------------|
| - Dividends and profit sharing | 0 | 0 |
| - Interest | 1 067 | 304 |
| - Profit from the disposal of investments | 0 | 0 |
| - Investment value update | 0 | 0 |

| | | |
|----------------------------------|--------------|------------|
| - Other | 322 | 551 |
| Operating revenues, total | 1 389 | 855 |

Financial costs

| | 01.01.-30.06.2023 | 01.01.-30.06.2022 |
|-------------------------------|-------------------|-------------------|
| - Interest | 1 070 | 660 |
| - Investment value update | 0 | 39 |
| - Other | 559 | 215 |
| Financial costs, total | 1 629 | 914 |

2.19. Profit (loss) on the sale of shares of subordinated entities

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

In the first half of 2023, no company from the Capital Group was sold.

2.20. Write-down of goodwill of subordinated entities

As at December 31, 2022, the Management Board of ELEKTROTIM S.A. subjected cash-generating units to which goodwill was assigned to impairment tests by comparing the carrying amount of the unit, including goodwill, with its recoverable amount, adopting the following assumptions: cash flow forecast period - 5 years, growth rate after the forecast period - 3%, discount rate - 11% and stated that there was no impairment of the facility or the related value and no impairment loss was made.

However, as a result of the sale of the subsidiary Procom System S.A. the goodwill assigned to it in the amount of PLN 2,312 thousand was settled in 2022 with the result from the sale of the investment.

As at June 30, 2023, there were no indications of a potential impairment of the carrying value of goodwill. No goodwill write-off was made in the first half of 2023.

2.21. Information about financial instruments

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

| | 30.06.2023 | 31.12.2022 |
|----------------------------|------------|------------|
| a) deposits over 12 months | 2 382 | 2 394 |
| b) loans granted | 0 | 0 |

Interest income

| | 30.06.2023 | 31.12.2022 |
|-------------------------|------------|------------|
| a) due to loans granted | 0 | 0 |

Loan and leasing liabilities:

| | 30.06.2023 | 31.12.2022 |
|---------------------|------------|------------|
| a) long-term loans | 0 | 0 |
| b) short-term loans | 18 112 | 0 |

As of June 30, 2023, there are no loans.

Derivative instruments

The company uses derivative transactions as security for existing currency payments.

As at June 30, 2023, there were no forward transactions or other derivative instruments.

Reclassifications of financial assets

In the period covered by the separate report, no reclassification of financial assets was carried out.

Financial risk management goals

The risks to which the Group is exposed include market risk (including currency risk, interest rate risk at fair value and price risk), as well as credit risk, liquidity risk and cash flow interest rate risk.

The company strives to minimize the impact of various types of risk using ongoing monitoring and diversification of financial instruments. A detailed description of the types of risk, including non-financial ones, is presented in the appropriate section of the Activity Report.

Market risk

ELEKTROTIM's activities involve exposure to financial risk resulting from changes in interest rates and currency exchange rates.

Management of currency risk

The company enters into transactions in foreign currencies. Therefore, there is a risk of currency fluctuations.

Sensitivity to currency risk

Most transactions are carried out in PLN. The Company is exposed primarily to risks related to EUR and USD currencies. The Company's financial assets and liabilities, other than derivatives denominated in foreign currencies, converted into PLN at the closing rate applicable on the balance sheet date.

Exposure to currency risk changes throughout the year depending on the volume of transactions conducted in currency.

As of June 30, 2023, the risk is immaterial due to the value of assets and liabilities denominated in foreign currencies.

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

| | Value in currency: | | | | | Value after conversion (PLN thousand) |
|---|--------------------|------------|----------|----------|----------|---------------------------------------|
| | EUR | USD | GBP | CHF | other | |
| | | | | | | As of 30.06.2023 |
| <i>Financial assets :</i> | | | | | | |
| Loans | | | | | | |
| Trade receivables and other financial receivables | | | | | | |
| Other financial assets | | | | | | |
| Cash and cash equivalents | 149 | 171 | 3 | 0 | 1 | 1 378 |
| <i>Financial liabilities :</i> | | | | | | |
| Credits, loans, other debt instruments | | | | | | |
| Lease liabilities | | | | | | |
| Trade and service liabilities and other financial liabilities | 765 | 83 | | | | 3 767 |
| Total currency risk exposure | 914 | 254 | 3 | 0 | 1 | 5 145 |

| As of 31.12.2022 | | | | | | |
|---|-------|-------|---|---|---|--------|
| <i>Financial assets (+):</i> | | | | | | |
| Loans | | | | | | |
| Trade receivables and other financial receivables | | | | | | |
| Other financial assets | | | | | | |
| Cash and cash equivalents | 826 | 926 | 3 | 0 | 1 | 7 968 |
| <i>Financial liabilities (-):</i> | | | | | | |
| Credits, loans, other debt instruments | | | | | | |
| Lease liabilities | | | | | | |
| Trade and service liabilities and other financial liabilities | 671 | 296 | | | | 4 459 |
| Total currency risk exposure | 1 497 | 1 222 | 3 | 0 | 1 | 12 427 |

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

The sensitivity analysis assumes an increase or decrease in the EUR/PLN and USD/PLN rates by 5% compared to the closing rate applicable on the balance sheet date, i.e. June 30, 2023.

| | Exchange rate fluctuations | Impact on financial result: | | | Impact on equity: | | |
|-----------------------------|----------------------------------|-----------------------------|------|-------|-------------------|------|-------|
| | | EUR | USD | total | EUR | USD | total |
| | | Stan na 30.06.2023 | | | | | |
| Exchange rate increase | 5% | 205 | 52 | 256 | 205 | 52 | 256 |
| A drop in the exchange rate | -5% | -205 | -52 | -256 | -205 | -52 | -256 |
| Stan na 31.12.2022 | | | | | | | |
| Exchange rate increase | 5% | 351 | 270 | 621 | 351 | 270 | 621 |
| A drop in the exchange rate | -5% | -351 | -270 | -621 | -351 | -270 | -621 |

Exposure to currency risk changes throughout the year depending on the volume of transactions conducted using the foreign currency. Therefore, the above sensitivity analysis can be considered as an estimate of the Group's exposure to currency risk as at the balance sheet date, determined by the scale of the analysed change. As of June 30, 2023, the risk is immaterial due to the value of assets and liabilities denominated in foreign currencies.

Interest rate risk management

The group is exposed to interest rate risk because its entities borrow funds at variable interest rates. The Group manages this risk by maintaining appropriate debt monitoring.

Interest rate risk management focuses on minimizing fluctuations in interest flows on financial assets and liabilities bearing variable interest rates.

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

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

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

Credit risk management

The Group's basic practice in the field of credit risk management is to strive to conclude transactions only with entities with proven credibility. Potential recipients are subjected to verification procedures by the Parent Company and Group companies before the trade credit limit is granted. Ongoing monitoring of the level of trade receivables across contractors serves to reduce the level of credit risk associated with these assets. Thus, the Group categorizes contractors who organize tenders based on the Public Procurement Act and central and local government budget units as financially reliable. For regular partners, we assign financial credibility categories based on the credit limits granted by the insurer under the receivables insurance agreement. We also use financial credibility ratings provided by reliable rating institutions. If you do not meet the above criteria, please provide security in the form of an advance payment, partial prepayments for services or bank guarantees. When we work for a general contractor, we secure our receivables according to the Art. 647 CC with the investor by reporting them. Such a customer credibility test is aimed at building a reliable receivables portfolio. The Group has built a model to estimate expected losses from the portfolio of receivables and contract assets.

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

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

| Exposure to credit risks | 30.06.2023 | 31.12.2022 |
|--|------------|------------|
| Loans | | |
| Receivables due to supplies and services and other receivables | 104 063 | 93 506 |
| Derivative financial instruments | 0 | 0 |
| Debt securities | | |
| Investment fund units | | |
| Other classes of other financial assets | | |
| Cash and cash equivalents | 7 675 | 56 733 |
| Contingent liabilities | 903 | 294 |

Credit risk is mainly related to the Group's receivables from customers and financial investments. The Group's main recipients are commercial law companies, including companies with State Treasury shareholding. Credit risk is minimized by the contract concluded with Atradius Credit Insurance NV S.A. Branch in Poland, trade receivables insurance agreement (Parent Company).

In order to limit the credit risk of receivables, the Group applies the principle of concluding transactions only with contractors with proven creditworthiness and pursues a restrictive policy regarding granting credit limits.

The Group continuously monitors the arrears of customers and creditors in making payments, analysing credit risk. In the opinion of the Management Board of the parent company, the above financial assets, which are not overdue and covered by impairment losses as at individual 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 the write-off are presented in the notes.

Gross trade receivables as at June 30, 2023

| | Write-offs for receivables | Receivables | Receivables in % |
|--|----------------------------|-------------|------------------|
| a) not expired | 378 | 88 349 | 0,43% |
| b) overdue for up to 1 month | 0 | 184 | 0,00% |
| c) overdue for more than 1 month and up to 3 months | 6 | 1 777 | 0,34% |
| d) overdue for more than 3 months and up to 6 months | 15 | 985 | 1,52% |

| | | | |
|--|----------|---------------|---------|
| e) overdue for more than 6 months to 1 year | 71 | 71 | 100,00% |
| f) overdue for more than 1 year | 4 640 | 6 127 | 75,73% |
| Total | 5 110 | 97 493 | 5,24% |
| g) write-offs revaluating receivables due to supplies and services | 5 110 | 5 110 | 100,00% |
| Total | 0 | 92 383 | |

The analysis of receivables in their presented age structure shows that the majority of receivables are receivables belonging to two age ranges with a due date of up to 1 month: 48%, and over 1 month to 3 months: 40% in 2023. Receivables with a due date up to one month and between 1 and 3 months do not constitute credit risk due to the fact that these are receivables on their due date, their inflow is monitored on an ongoing basis by the debt collection unit and the financial risk committee so that appropriate security procedures can be implemented, such as requesting a guarantee or requesting payment from a reliable investor if we work for a general contractor.

The next significant group of receivables are overdue receivables, constituting 9% of gross receivables, and the largest group of receivables are receivables over 1 year old, constituting 6% of total gross receivables.

Analysing historical overdue payments and ultimately lost receivables, we came to the conclusion that a significant increase in credit risk occurs beyond 90 days of overdue payments in relation to the original payment deadline, which leads to non-performance of the obligation by the contractor. In such a case, regardless of the risk of future assessment, the Group covers these receivables with a 100% write-off.

With respect to trade receivables, the Group is not exposed to credit risk in connection with a single significant contractor or a group of contractors with similar characteristics. Based on historical arrears trends, outstanding receivables not covered by the write-off do not show any significant deterioration in quality.

The credit risk of cash and cash equivalents, marketable securities and derivative financial instruments is considered immaterial due to the high credibility of the entities that are parties to the transaction. Cash and cash equivalents are invested in financial institutions with high financial credibility, mainly banks.

For loans granted, the Group considers them to be of low credit risk if they are not past due at the assessment date and the borrower has confirmed the receivable balance

The carrying amount of financial assets disclosed in the consolidated financial statements after taking into account impairment losses corresponds to the Group's maximum exposure to credit risk.

The parent company did not conduct negotiations and did not make arrangements resulting from a significant increase in credit risk or changes in payment dates, or would otherwise modify the expected flows from receivables and assets under the contract.

Liquidity risk management

The Capital Group is exposed to the risk of loss of liquidity, i.e. the ability to settle financial liabilities on time. The Group manages liquidity risk by monitoring payment dates and the demand for cash in terms of short-term payments (current transactions monitored on a weekly basis) and long-term cash demand based on cash flow forecasts updated on a bi-monthly basis. The demand for cash is compared with available sources of funds (in particular by assessing the ability to obtain financing in the form of loans) and is confronted with liquid investments and the state of available financial resources. Responsibility for liquidity risk management rests with the management board, which has developed an appropriate risk management system for the needs of managing the Group's short-, medium- and long-term funds and meeting liquidity management requirements. The Group manages liquidity risk by using banking service offers and reserve credit lines, constantly monitoring forecast and actual cash flows and adjusting the maturity profiles of financial assets and liabilities.

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

| | 30.06.2023 | 31.12.2022 |
|--------------------------------------|---------------|---------------|
| a) liabilities before their due date | 47 331 | 58 407 |
| b) overdue liabilities | 10 947 | 8 574 |
| up to 1 month | 10 887 | 3 558 |
| over 1 month to 3 months | 88 | 4 963 |
| over 3 months to 6 months | 0 | 5 |
| over 6 months to 1 year | 0 | 32 |
| over 1 year | 2 | 16 |
| Trade payables, total (gross) | 58 278 | 66 981 |

Capital risk management

The Group manages capital to ensure that its entities will be able to continue operating while maximizing profitability for shareholders by optimizing the debt to equity ratio. In 2023, taking into account the dynamically changing market conditions, the Management Board of the Parent Company developed and implemented the „ELEKTROTIM S.A. Strategy”. for the years 2023-2025”. The strategy for the years 2023-2025 was focused on at least maintaining such a large turnover volume and on long-term, stable and sustainable development ensuring an increase in the value of the Company and the Group.

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

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

Contingent liabilities understood as a possible obligation arising from past events, the existence of which will only be confirmed by the occurrence or lack thereof of one or more future events not entirely within the entity's control.

Warranty lines held by the Company and their use.

As at June 30, 2023, the parent company has total limits for bid and performance guarantees, guarantee and warranty periods and advance payments in the amount of PLN 222,774 thousand and EUR 6,000 thousand. Utilization as of June 30, 2023. amounts to PLN 83,551 thousand and EUR 2,810 thousand.

Management Board of ELEKTROTIM S.A. concluded with two shareholders of ZEUS S.A. contract for the purchase of up to 165,000 shares of ZEUS S.A. from January 1, 2015 to December 31, 2025 for the purchase price determined based on the income formula (earnings per share calculated as the average of several years of the company's results). In 2018, 78,000 shares of ZEUS SA were purchased. There are 87,000 shares left to purchase.

At the request of Elektrotim, the bank issued a contract performance bond up to the amount of PLN 903,000 for a subsidiary whose beneficiary is a commercial law company.

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

2.23. Method of calculating book value per share and diluted book value per share

The book value per share is the quotient of the book value, i.e. the difference between the total assets and the company's external capital, divided by the number of shares.

The diluted book value per share is the book value divided by the number of ordinary shares plus the potential number of shares that the entity has committed to issue.

Detailed indicator values for 2023 and 2022 are presented in the table „Selected financial data”.

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

Earnings per ordinary share is the quotient of the net profit from the income statement for a given period divided by the weighted average number of ordinary shares for a given period. The weighted average number of common shares is calculated as the sum of the number of shares at the end of each month of a given period divided by the number of months in the period.

Diluted earnings per ordinary share is the quotient of the net profit from the income statement for a given period divided by the weighted average number of shares for a given period increased by the weighted average potential number of shares that the entity committed to issue.

Detailed indicator values for 2023 and 2022 are presented in the „Selected financial data” table.

2.25. Information about transactions with related entities, if individually or collectively they are significant and were concluded on non-market terms

Transactions with related entities were concluded on an arm's length basis, taking into account prices and conditions prevailing on the market.

In its purchasing strategy, the Company is guided by the selection of the most favourable market price from those available on the market through constant monitoring of prices from many suppliers and selection from several of the most advantageous offers.

2.26. Information about significant events that occurred during the reporting period and after June 30, 2023**Possible impact of the war in Ukraine on the business and financial situation**

The war in Ukraine and the resulting sanctions imposed on Russia do not have a direct impact on the directions of sales of our products and purchases of materials, as we do not conduct direct operations in the territory of Russia and Ukraine. Our distribution channels have never been related to these markets, and our direct supply network has never been and is not dependent on these directions.

We employ several people from Ukraine and even their departure will not affect the Company's employee resources.

The war has a negative impact on financial and raw material markets. Increasing shortages in the supply of raw materials result in higher prices and availability of certain materials. There is also an exchange rate risk as markets react nervously in such uncertain times, which brings with it fluctuations in the rates of major currencies. This situation makes it necessary to secure both raw material prices and currency exchange rates, which in turn requires the involvement of larger working capital resources.

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

Prepared by:

| | |
|------------------------------------|--|
| Chief Accountant – Dariusz Połetek | |
|------------------------------------|--|

ELEKTROTIM S.A. MANAGEMENT BOARD

| | |
|---|--|
| Chairman of the Board – Artur Więznowski | |
| Member of the Board – Dariusz Kozikowski | |
| Member of the Board – Krzysztof Wójcikowski | |