

The report was prepared by Dom Maklerski BDM at the request of the WSE as part of the Exchange's Analytical Coverage Support Programme

|             |       |           | 2020 | 2021 | 2022 |   |
|-------------|-------|-----------|------|------|------|---|
| Price [PLN] | 16,00 | P/E       | 9,6  | 24,2 | 7,3  | <b>Analyst:</b><br>Krzysztof Pado<br>krzysztof.pado@bdm.pl<br>tel.: (+48) 512 338 250 |
| MC [PLN m]  | 159,7 | EV/EBITDA | 5,2  | 10,1 | 2,9  |   |
|             |       | EV/EBIT   | 6,4  | 16,2 | 3,3  |   |
|             |       | P/BV      | 2,2  | 2,0  | 1,6  |   |

**Last recommendation BDM: BUY with target price 17,1 PLN/share (2023/10/10) [LINK](#)**

Q3'22 results [PLN m]

|                              | Q3'22       | Q3'23       | y/y           | Q3'23F BDM  | dev.          | Q1-3'22     | Q1-3'23     | y/y           |
|------------------------------|-------------|-------------|---------------|-------------|---------------|-------------|-------------|---------------|
| Sales                        | 143,0       | 183,2       | 28,1%         | 145,0       | 26,4%         | 271,9       | 409,0       | 50,5%         |
| Gross profit                 | 21,5        | 27,5        | 27,7%         | 23,7        | 16,2%         | 27,0        | 62,4        | 131,3%        |
| Profit on sales              | 15,4        | 22,3        | 44,5%         | 17,7        | 25,9%         | 8,7         | 46,0        | 427,2%        |
| Other operating activity net | -2,5        | -7,5        | ---           | -2,5        | ---           | -0,8        | -8,9        | ---           |
| <b>EBITDA</b>                | <b>13,9</b> | <b>15,8</b> | <b>14,4%</b>  | <b>16,3</b> | <b>-3,1%</b>  | <b>11,5</b> | <b>40,4</b> | <b>250,0%</b> |
| EBIT                         | 12,9        | 14,8        | 14,5%         | 15,2        | -2,6%         | 7,9         | 37,1        | 368,0%        |
| Profit before tax            | 13,5        | 14,1        | 4,7%          | 13,4        | 5,2%          | 8,4         | 36,2        | 329,6%        |
| <b>Net profit</b>            | <b>11,1</b> | <b>9,7</b>  | <b>-12,1%</b> | <b>10,9</b> | <b>-10,2%</b> | <b>6,4</b>  | <b>26,7</b> | <b>319,6%</b> |
| Gross margin                 | 15,1%       | 15,0%       |               | 16,3%       |               | 9,9%        | 15,3%       |               |
| EBITDA margin                | 9,7%        | 8,6%        |               | 11,3%       |               | 4,2%        | 9,9%        |               |
| EBIT margin                  | 9,0%        | 8,1%        |               | 10,5%       |               | 2,9%        | 9,1%        |               |
| Net margin                   | 7,8%        | 5,3%        |               | 7,5%        |               | 2,3%        | 6,5%        |               |

Source: BDM S.A., company

- The company published its Q3'23 results today ahead of the trading session. A results conference call with management is scheduled for Thursday (12:00).
- Q3'23 revenues amounted to PLN 183.2m (+28% y/y), above our expectations. A high contribution from the Distribution segment, which generated PLN 148m in revenue (+203% y/y). The Installations segment contributed PLN 35m in revenue (-57% y/y, -11% q/q, due to a decline in the importance of the perimeter contract at the Belarusian border).
- On a standalone basis, the Installations segment (the contract on the Belarusian border is included here) had PLN 30m in revenue (vs. PLN 74m in Q3'22). We tentatively estimate that only a small portion of the contract remains to be recognised after Q3'23, while the final settlement of the contract is being reported by the company with factors that may affect future results.
- Gross margin(15.0%) comparable y/y and slightly below our assumptions.
- SG&A costs lower y/y.
- Strongly negative impact of Q3'23 other operating activities (PLN -7.5m, we assumed PLN -2.5m)
- At the consolidated level, the Company recognized an impairment charge on receivables (PLN -2.8m) and a provision for contract losses (PLN -3.7m). These events are probably largely related to the situation of the subsidiary Zeus (a bankruptcy petition was filed in September). At Elektrotim's standalone level, the negative balance of other operating activities amounted to PLN -4.3m (including a PLN -1.9m write-down of a loan to Zeus, a PLN -1.4m write-down of receivables and a PLN -0.7m penalty/compensation). The remaining off-balance-sheet liability of PLN 0.6m (no guarantee funds sent to be drawn) remains unwritten.
- Management believes the above write-downs exhaust the potential cost of Zeus' bankruptcy to Elektrotim (also at the cash level). The company remained in consolidation at the end of Q3'23, so a possible bankruptcy declaration could still have an impact on reported results when control is lost.
- EBITDA in Q3'23 amounted to PLN 15.8m (vs. PLN 13.9m a year ago). The result was slightly below our assumptions (we expected PLN 16.3m), but this is a consequence of the high negative balance of other operating activities.
- Financial activities slightly negative at PLN -0.7m.
- Q3 net profit at PLN 9.7m (effective tax rate at 37%), we anticipated PLN 10.9m.
- Cash flows from operations amounted to PLN +30m in Q3'23 (reversal of about half of the negative cash flows of H1'23).
- The company had PLN 5m in net debt at the end of the period. A dividend was paid in July.
- Backlog: PLN 474m (vs. PLN 626m after Q2'23 and PLN 711m a year ago).
- The company indicates that in order to bid on new perimeter tenders, it needed to secure resources for the eventual execution of these contracts. The company said that with the intensive implementation of the portfolio also in Q4'23, its value (apart from possible new perimeter contracts) may be temporarily under pressure due to the reduced number of tender proceedings or the lower level of decision-making of some state-owned company boards. This period is estimated by the company until the end of Q1'24 (in spring'24 the company assumes an improvement in the conditions for rebuilding the portfolio).

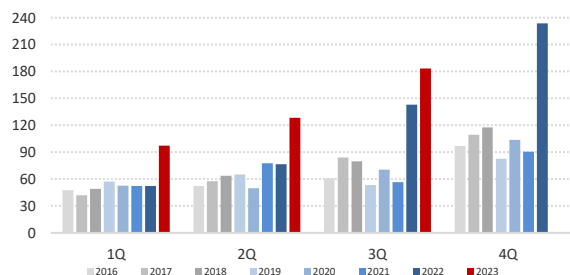
**BDM Comment:** The company's Q3'23 results were clearly above our forecasts when adjusted for the impact of the balance of other operating activities. Reported EBIT was negatively impacted by the filing of Zeus' bankruptcy petition (Elektrotim indicates that it no longer expects a negative cost and cash impact). At the end of Q3'23, the company reported an improved cash position. The order backlog declined sharply vs Q2'23. The company assumes that it may be under pressure until Q1'24, helped by the possible winning of new perimeter contracts (the company has the most favourable offer for the section on the Bug River, and a smaller tender on the Svisloch River is also announced). An earnings conference call with management is scheduled for Thursday (12:00).

Results in previous quarters [PLN m]

|                            | Q1'20        | Q2'20         | Q3'20        | Q4'20        | Q1'21        | Q2'21        | Q3'21         | Q4'21         | Q1'22         | Q2'22        | Q3'22         | Q4'22         | Q1'23        | Q2'23        | Q3'23        |
|----------------------------|--------------|---------------|--------------|--------------|--------------|--------------|---------------|---------------|---------------|--------------|---------------|---------------|--------------|--------------|--------------|
| <b>Sales</b>               | <b>52,6</b>  | <b>49,9</b>   | <b>70,6</b>  | <b>103,7</b> | <b>52,2</b>  | <b>77,7</b>  | <b>56,7</b>   | <b>90,5</b>   | <b>52,4</b>   | <b>76,5</b>  | <b>143,0</b>  | <b>233,7</b>  | <b>97,5</b>  | <b>128,3</b> | <b>183,2</b> |
| Installations              | 18,6         | 15,2          | 25,4         | 41,7         | 30,3         | 36,9         | 29,5          | 46,2          | 21,8          | 30,4         | 80,9          | 170,3         | 59,9         | 39,4         | 34,9         |
| Distribution               | 24,8         | 26,5          | 35,1         | 49,3         | 15,7         | 33,6         | 20,2          | 30,4          | 19,8          | 33,8         | 48,9          | 56,4          | 37,6         | 89,0         | 148,3        |
| Automation                 | 9,3          | 8,3           | 10,1         | 12,6         | 6,3          | 7,3          | 7,0           | 14,0          | 10,8          | 12,3         | 13,1          | 6,0           | 0,0          | 0,0          | 0,0          |
| <b>Gross profit</b>        | <b>5,3</b>   | <b>7,5</b>    | <b>9,6</b>   | <b>16,4</b>  | <b>4,4</b>   | <b>11,2</b>  | <b>7,0</b>    | <b>9,8</b>    | <b>0,7</b>    | <b>4,8</b>   | <b>21,5</b>   | <b>40,5</b>   | <b>14,7</b>  | <b>20,3</b>  | <b>27,5</b>  |
| Installations              | -0,1         | 1,3           | 1,8          | 4,6          | 2,2          | 3,7          | 2,0           | 4,6           | -0,9          | 0,6          | 13,2          | 35,0          | 9,5          | 5,0          | 4,1          |
| Distribution               | 4,0          | 4,6           | 5,2          | 8,7          | 0,9          | 6,0          | 4,2           | 2,6           | 0,1           | 3,2          | 6,2           | 3,9           | 5,2          | 15,3         | 23,4         |
| Automation                 | 1,4          | 1,7           | 2,5          | 3,1          | 1,4          | 1,6          | 0,8           | 2,5           | 1,5           | 0,9          | 2,1           | 1,6           | 0,0          | 0,0          | 0,0          |
| SG&A                       | 5,7          | 6,3           | 5,6          | 6,3          | 5,2          | 6,3          | 5,1           | 6,0           | 5,6           | 6,6          | 6,1           | 9,8           | 5,7          | 5,5          | 5,2          |
| <b>Profit on sales</b>     | <b>-0,4</b>  | <b>1,3</b>    | <b>4,0</b>   | <b>10,1</b>  | <b>-0,8</b>  | <b>4,9</b>   | <b>1,9</b>    | <b>3,8</b>    | <b>-4,9</b>   | <b>-1,8</b>  | <b>15,4</b>   | <b>30,7</b>   | <b>9,0</b>   | <b>14,7</b>  | <b>22,3</b>  |
| Other operat. activity net | 5,9          | 2,4           | -0,4         | 0,3          | 0,2          | -0,7         | 0,8           | -0,8          | 0,5           | 1,2          | -2,5          | -5,4          | -1,5         | 0,0          | -7,5         |
| <b>EBITDA</b>              | <b>6,7</b>   | <b>8,3</b>    | <b>1,8</b>   | <b>11,8</b>  | <b>0,7</b>   | <b>5,5</b>   | <b>4,1</b>    | <b>4,4</b>    | <b>-3,1</b>   | <b>0,8</b>   | <b>13,9</b>   | <b>26,6</b>   | <b>8,6</b>   | <b>15,9</b>  | <b>15,8</b>  |
| <b>EBIT</b>                | <b>5,5</b>   | <b>6,9</b>    | <b>0,4</b>   | <b>10,4</b>  | <b>-0,6</b>  | <b>4,1</b>   | <b>2,7</b>    | <b>3,0</b>    | <b>-4,4</b>   | <b>-0,6</b>  | <b>12,9</b>   | <b>25,3</b>   | <b>7,5</b>   | <b>14,8</b>  | <b>14,8</b>  |
| Net financial activity     | -0,2         | -0,2          | -0,5         | -0,7         | -0,4         | -0,2         | -0,3          | -0,9          | -0,3          | 0,3          | 0,6           | -3,3          | 0,3          | -0,6         | -0,7         |
| Profit before tax          | 5,4          | 6,7           | -0,2         | 9,7          | -1,0         | 4,0          | 2,5           | 2,2           | -4,8          | -0,3         | 13,5          | 22,0          | 7,9          | 14,2         | 14,1         |
| <b>Net profit</b>          | <b>4,2</b>   | <b>5,9</b>    | <b>-1,3</b>  | <b>7,7</b>   | <b>-1,5</b>  | <b>3,1</b>   | <b>1,9</b>    | <b>3,1</b>    | <b>-5,4</b>   | <b>0,7</b>   | <b>11,1</b>   | <b>15,6</b>   | <b>5,8</b>   | <b>11,2</b>  | <b>9,7</b>   |
| OCF                        | 11,0         | 22,9          | -16,8        | 17,3         | -6,7         | 21,5         | -21,2         | 8,2           | -2,4          | 11,8         | 10,5          | 17,6          | 9,2          | -75,7        | 29,8         |
| Net debt                   | 10,1         | -10,5         | 5,5          | -10,9        | -3,9         | 4,6          | -2,6          | -10,1         | -4,6          | -18,4        | -26,6         | -50,5         | -59,7        | 16,7         | 5,2          |
| <b>Sales change y/y</b>    | <b>-7,9%</b> | <b>-23,5%</b> | <b>32,3%</b> | <b>25,2%</b> | <b>-0,8%</b> | <b>55,6%</b> | <b>-19,6%</b> | <b>-12,7%</b> | <b>0,3%</b>   | <b>-1,6%</b> | <b>152,2%</b> | <b>158,2%</b> | <b>86,1%</b> | <b>67,8%</b> | <b>28,1%</b> |
| Installations              | -31,9%       | -43,2%        | 18,6%        | 27,2%        | 63,2%        | 142,5%       | 16,3%         | 10,8%         | -28,1%        | -17,5%       | 174,1%        | 268,7%        | 175,1%       | 29,4%        | -56,9%       |
| Distribution               | 17,2%        | -4,6%         | 77,8%        | 51,1%        | -36,8%       | 26,8%        | -42,4%        | -38,4%        | 26,3%         | 0,5%         | 142,2%        | 85,7%         | 89,9%        | 163,5%       | 203,2%       |
| Automation                 | 7,9%         | -22,6%        | -17,1%       | -27,2%       | -32,4%       | -12,0%       | -31,0%        | 10,4%         | 71,9%         | 69,6%        | 88,3%         | -57,0%        | ---          | ---          | ---          |
| <b>Gross margin</b>        | <b>10,0%</b> | <b>15,0%</b>  | <b>13,5%</b> | <b>15,8%</b> | <b>8,5%</b>  | <b>14,4%</b> | <b>12,4%</b>  | <b>10,8%</b>  | <b>1,3%</b>   | <b>6,3%</b>  | <b>15,1%</b>  | <b>17,3%</b>  | <b>15,1%</b> | <b>15,8%</b> | <b>15,0%</b> |
| Installations              | -0,6%        | 8,3%          | 7,2%         | 11,0%        | 7,3%         | 9,9%         | 6,8%          | 10,0%         | -4,1%         | 2,0%         | 16,3%         | 20,5%         | 15,8%        | 12,8%        | 11,6%        |
| Distribution               | 16,2%        | 17,2%         | 15,0%        | 17,6%        | 5,5%         | 17,9%        | 20,6%         | 8,7%          | 0,3%          | 9,6%         | 12,8%         | 7,0%          | 13,9%        | 17,1%        | 15,8%        |
| Automation                 | 14,6%        | 20,4%         | 24,6%        | 24,5%        | 21,5%        | 21,4%        | 12,2%         | 18,0%         | 13,9%         | 7,6%         | 15,8%         | 26,1%         | ---          | ---          | ---          |
| S&G&A/sales                | 10,7%        | 12,5%         | 7,9%         | 6,1%         | 10,0%        | 8,2%         | 9,0%          | 6,6%          | 10,6%         | 8,6%         | 4,3%          | 4,2%          | 5,8%         | 4,3%         | 2,8%         |
| <b>Margin on sales</b>     | <b>-0,8%</b> | <b>2,5%</b>   | <b>5,7%</b>  | <b>9,7%</b>  | <b>-1,5%</b> | <b>6,3%</b>  | <b>3,4%</b>   | <b>4,2%</b>   | <b>-9,3%</b>  | <b>-2,4%</b> | <b>10,8%</b>  | <b>13,1%</b>  | <b>9,2%</b>  | <b>11,5%</b> | <b>12,2%</b> |
| <b>EBITDA margin</b>       | <b>12,8%</b> | <b>16,5%</b>  | <b>2,6%</b>  | <b>11,3%</b> | <b>1,4%</b>  | <b>7,1%</b>  | <b>7,2%</b>   | <b>4,9%</b>   | <b>-5,9%</b>  | <b>1,0%</b>  | <b>9,7%</b>   | <b>11,4%</b>  | <b>8,9%</b>  | <b>12,4%</b> | <b>8,6%</b>  |
| <b>EBIT margin</b>         | <b>10,5%</b> | <b>13,8%</b>  | <b>0,6%</b>  | <b>10,0%</b> | <b>-1,2%</b> | <b>5,3%</b>  | <b>4,8%</b>   | <b>3,3%</b>   | <b>-8,4%</b>  | <b>-0,8%</b> | <b>9,0%</b>   | <b>10,8%</b>  | <b>7,7%</b>  | <b>11,5%</b> | <b>8,1%</b>  |
| <b>Net margin</b>          | <b>8,0%</b>  | <b>11,8%</b>  | <b>-1,8%</b> | <b>7,5%</b>  | <b>-2,9%</b> | <b>4,0%</b>  | <b>3,3%</b>   | <b>3,4%</b>   | <b>-10,3%</b> | <b>0,9%</b>  | <b>7,8%</b>   | <b>6,7%</b>   | <b>5,9%</b>  | <b>8,7%</b>  | <b>5,3%</b>  |
| P/E                        | ---          | 17,8          | 18,0         | 9,6          | 14,7         | 19,8         | 14,2          | 24,2          | 59,7          | 605,0        | 16,9          | 7,3           | 4,8          | 3,7          | 3,8          |
| EV/EBITDA                  | ---          | 10,2          | 10,5         | 5,2          | 6,9          | 8,3          | 7,1           | 10,1          | 14,2          | 22,8         | 8,3           | 2,9           | 2,0          | 2,7          | 2,5          |

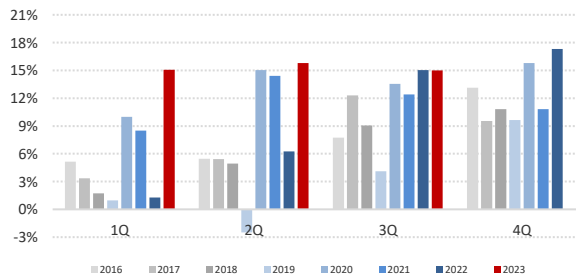
Source: Dom Maklerski BDM S.A., company

Sales [PLN m]



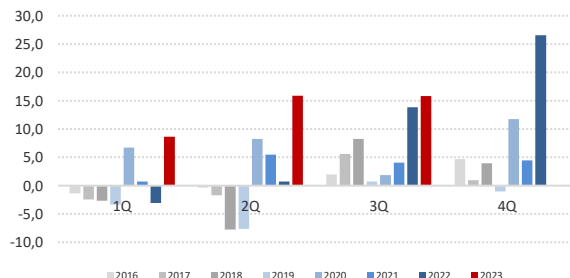
Source: Dom Maklerski BDM S.A., company

Gross margin



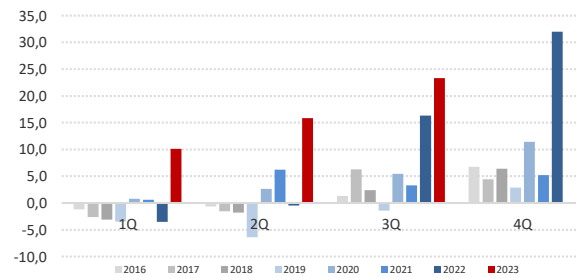
Source: Dom Maklerski BDM S.A., company

EBITDA [PLN m]



Source: Dom Maklerski BDM S.A., company

EBITDA adj. [PLN m]



Source: Dom Maklerski BDM S.A., company

**RESEARCH DEPARTMENT:**

**Maciej Bobrowski**

Director  
tel. (032) 208 14 12  
e-mail: [maciej.bobrowski@bdm.pl](mailto:maciej.bobrowski@bdm.pl)  
[strategy, industry, media/entertainment, TMT](#)

**Krzysztof Pado**

Deputy Director  
Investment Adviser  
tel. (032) 208 14 32  
e-mail: [krzysztof.pado@bdm.pl](mailto:krzysztof.pado@bdm.pl)  
[oil&gas, construction, building materials, real estate](#)

**Krzysztof Tkocz**

Analyst  
tel. (032) 208 14 38  
e-mail: [krzysztof.tkocz@bdm.pl](mailto:krzysztof.tkocz@bdm.pl)  
[gaming](#)

**Anna Tobiasz**

Junior analyst  
Investment Adviser  
tel. (032) 208 14 35  
e-mail: [anna.tobiasz@bdm.pl](mailto:anna.tobiasz@bdm.pl)

**Explanations of terminology:**

EBIT - earnings before interest and tax  
EBITDA — earnings before interest, taxes, depreciation, and amortization  
Net debt – interest bearing debt minus cash and equivalents  
WACC - weighted average cost of capital  
CAGR - cumulative average annual growth  
EPS - earnings per share  
DPS - dividend per share  
CEPS - net profit plus depreciation per share  
EV – market capitalization plus interest bearing debt minus cash and equivalents  
EV/S – market capitalization / sales  
EV/EBITDA – EV / sales  
P/EBIT – market capitalization / EBIT  
MC/S – market capitalization / sales  
P/E – market capitalization / net profit  
P/BV – market capitalization / book value  
P/CE - market capitalization / net profit plus depreciation  
ROE – net profit / equity  
ROA - net income / assets  
Gross margin - gross profit on sales / sales  
EBITDA margin – EBITDA / sales  
EBIT margin – EBIT / sales  
Net margin – net profit / sales

**Explanation of ratings:**

Buy – we believe that the security will reach the target price in the recommended period, which significantly exceeds the current market price (at least + 15%);  
Accumulate – we believe that the security will reach the target price in the recommended period, which exceeds the current market price (in the range of +5 to + 14.99%);  
Hold – we believe that a security in the recommended period will fluctuate around the target price, which is close to the current market price (in the range from -4.99% to + 4.99%);  
Reduce – we believe that the security will reach the target price in the recommended period, which is lower than the market price (range of decline from 5% to 14.99%);  
Sell – we believe that a security in the recommended period will reach the target price, which is significantly lower than the market price (suggested erosion of the value exceeds 15%).  
Target price – the theoretical price which, in our opinion, should reach a security in the recommended period; This price is the result of the company's value (eg based on DCF, comparative and other valuations), market conditions and the industry as well as other factors subjectively considered by the analyst.  
Recommendations made by BDM are binding for 12 months from the issue date or until the target level is reached, unless they are updated during this period of time.

**INSTITUTIONAL SALES DEPARTMENT:**

**Leszek Mackiewicz**

Director  
tel. (022) 62-20-848  
e-mail: [leszek.mackiewicz@bdm.pl](mailto:leszek.mackiewicz@bdm.pl)

**Piotr Dedejusz**

tel. (022) 62-20-100  
e-mail: [piotr.dedejusz@bdm.pl](mailto:piotr.dedejusz@bdm.pl)

**Maciej Fink-Finowicki**

tel. (022) 62-20-855  
e-mail: [maciej.fink-finowicki@bdm.pl](mailto:maciej.fink-finowicki@bdm.pl)

**Piotr Komorowski**

tel. (022) 62-20-851  
e-mail: [piotr.komorowski@bdm.pl](mailto:piotr.komorowski@bdm.pl)

**Tomasz Grzeszczyk**

tel. (022) 62-20-854  
e-mail: [tomasz.grzeszczyk@bdm.pl](mailto:tomasz.grzeszczyk@bdm.pl)

**Ratings and price targets history:**

| rating     | price target | previous rating | previous target price | report date | report date (hour) | price | WIG    |
|------------|--------------|-----------------|-----------------------|-------------|--------------------|-------|--------|
| Buy        | 17,1         | Buy             | 15,8                  | 10.10.2023* | 11:20 CEST         | 14,70 | 66 149 |
| Buy        | 15,8         | Buy             | 13,0                  | 13.06.2023* | 08:30 CEST         | 13,26 | 66 298 |
| Buy        | 13,0         | Accumulate      | 8,17                  | 10.05.2023* | 09:22 CEST         | 10,60 | 63 285 |
| Accumulate | 8,17         | Hold            | 6,79                  | 09.12.2022* | 16:00 CEST         | 7,16  | 55 651 |
| Hold       | 6,79         | Buy             | 11,0                  | 18.10.2022* | 12:00 CEST         | 6,48  | 47 309 |
| Buy        | 11,0         | Buy             | 10,2                  | 15.06.2022* | 07:00 CEST         | 6,50  | 53 247 |
| Buy        | 10,2         | ---             | ---                   | 23.08.2021* | 07:00 CEST         | 6,54  | 67 966 |

\* The report was prepared by Dom Maklerski BDM at the request of the WSE as part of the Exchange's Analytical Support Programme.

-- the author of the reports on Elektrotim in 2021-06/2022 was Krystian Brymora

Distribution of BDM's recommendations in Q4'23\*: , distribution of BDM's recommendations for the companies which BDM has supplied with investment banking services within the last 12 months

|            | number | %    | number | %  |
|------------|--------|------|--------|----|
| Buy        | 2      | 100% | 0      | 0% |
| Accumulate | 0      | 0%   | 0      | 0% |
| Hold       | 0      | 0%   | 0      | 0% |
| Reduce     | 0      | 0%   | 0      | 0% |
| Sell       | 0      | 0%   | 0      | 0% |

\* detailed list of all analytical reports (recommendations) published by BDM during the last 12 months is included at <https://www.bdm.pl/analizy-i-informacje/analizy/historia-rekomendacji>

**A Legal note:**

This report (hereinafter also referred to as an analysis, a document) has been prepared in compliance with Regulation (EU) No. 596/2014 of the European Parliament and of the Council of 16 April 2014 (on market abuse), Commission Delegated Regulation (EU) 2016/958 and Commission Delegated Regulation (EU) 2017/565.

The report constitutes an investment research within the meaning of art. 36 §1 of Commission Delegated Regulation (EU) 2017/565.

The report has been prepared by Dom Maklerski BDM S.A. (hereinafter BDM S.A.) within the Exchange Analytical Coverage Support Programme (<https://www.gpw.pl/gpwpa>). BDM S.A. is a party to the „Agreement on the provision of analytical report services” concluded with the Warsaw Stock Exchange Company („GPW”), on the basis of which BDM provides services of analytical coverage of the issuer for the term of the Agreement. Under the agreement BDM obtains remuneration from GPW. All materials prepared by BDM within the framework of co-operation are available at <https://www.bdm.pl/program-wsparcia-pokrycia-analitycznego-gpw>

The report has been prepared and made available for distribution by BDM.

GPW shall be a copyright holder to this report from the date of its publication. The report can be published and made available without limitation by GPW through any mass communication media as decided by GPW.

This report does not constitute an investment, legal, accounting advice or any other, and BDM shall not be responsible for damages arising from or connected with the use of the data presented in the report or the use of any elements of the report by recipients. The report or any copy of it cannot be disseminated, directly or indirectly, in the United States, Canada, Australia or Japan, or transmitted to citizens or residents of a state where its distribution can be restricted by law, which does not limit the possibility of publishing the report on internet websites of the issuer, BDM or GPW. Persons who disseminate this document should be aware of the necessity to comply with such restrictions.

The document can be intended for professional or institutional customers of BDM as well as for other BDM qualified customers entitled to receive general recommendations based on agreements for brokerage services. This report can also reach other entities through media distribution channels based on a decision of the manager of the analysis department. The fact that a recipient has obtained this report does not mean that he shall be treated as a BDM customer. The compilation cannot be published or copied without a prior written consent of BDM.

Persons who will receive this report and who are not professional customers or qualified investors should consult an independent financial advisor before making any investment decision based on this analysis in order to obtain any necessary and crucial explanations concerning the contents of this analysis.

To prepare this analytical report BDM has not considered individual needs or situations of customers. BDM is not obliged to guarantee that a financial instrument or financial instruments covered by this report are appropriate for a given investor.

Opinions of an analyst and any recommendations included in this report neither constitute an investment, legal, accounting or tax advice or a statement that any investment strategy is adequate or appropriate because of individual circumstances concerning the customer, nor constitute personal recommendation.

The analysis is for information purposes only and does not constitute an advertisement or an offer or an invitation to subscribe or purchase financial instruments.

An investor should be aware that each investment decision in the capital market is subject to numerous risks that finally can result in a financial loss suffered by him. The return rate on individual investments can fluctuate depending on various factors beyond the control of the investor. Therefore, a customer who makes a single investment decision should not only check currency and correctness of individual assumptions made by the analyst in the report but also have an independent assessment and own analysis (also based on scenarios other than the ones presented in the report) taking into consideration the level of acceptable risk. When deciding on activity on the capital market the investor should take into consideration the fact that the investment portfolio structure (diversification of investment through possessing more than one financial instrument) can reduce risk exposure to an individual instrument bringing a negative rate of return in a given period. At the same time, however, it can lead to limitation of a positive rate of return the investor could achieve in the case of a single financial instrument in a given time period. The investor should be aware that the investment portfolio structure and any investment strategy for the stock market do not guarantee the achievement of a positive rate of return and do not protect him against final loss.

For the first time this report has been made available to the public on 22.11.2023 (10:30 CEST). Date of preparing the report is the date of making it accessible. Before the recommendation was made accessible, information included in it had been confidential.

The prices of the financial instruments listed in the document have been taken from the real-time pricing as provided by Bloomberg. Data concerning financial instrument prices used in the report could be loaded to 24 hours before the moment of completing the report.

Detailed list of all analytical reports (recommendations) published by BDM during the last 12 months is included in a cyclical “Monthly Report”.

In the opinion of BDM this report has been prepared observing principles of methodological correctness and objectivity on the basis of sources available to the public which BDM considers reliable. The sources of information used in recommendation are all data related to financial instruments concerned and available to an analyst, including current and periodic reports of the company, current and periodic reports of entities used for comparative valuation, business reports, press releases and other. However, BDM S.A., in no case, guarantees the accuracy and completeness of this report, in particular should sources on the basis of which the report was prepared prove to be inaccurate, incomplete or not fully consistent with the facts. The forecasts presented in the report are solely based on the analysis made by BDM without consultations with companies or other entities and are based on a number of assumptions which could prove to be wrong in the future. BDM does not guarantee that the presented forecasts will prove right.

Recommendations made by BDM are binding for 12 months from the issue date or until the target level is reached, unless they are updated during this period of time.

Any opinions, forecasts or estimates made in the report are merely an expression of analyst assessment as of the day of preparation of the report and at any moment they can be changed without notice. BDM does not guarantee that the opinions or assumptions made by an analyst/analysts and included in this report are compatible with other analysis prepared by BDM. BDM updates issued recommendations depending on the market situation and analyst assessment, and the frequency of such updates is not defined.

According to BDM this report has been made with due diligence and reliability. However, BDM shall not be held liable for any damages incurred as a result of decisions made on the basis of information included in this report.

The report was not transferred to the issuer prior to its publication.

An analyst (analysts) preparing this document receives a fixed remuneration and the BDM Management Board has the right to grant them additional remuneration. Additional remuneration may indirectly depend on the results of other services offered by BDM, including investment banking services, but it shall not depend directly on financial results resulting from other services, including financial banking, which have been or could have been reached by BDM.

The investor should assume that BDM employees or proxies or shareholders may hold long or short positions in the issuer's shares or other financial instruments related to the issuer's shares; this particularly concerns the situation of holding not more than 5% of the capital, and they may also carry out transactions on them as proxies.

Each of the above-mentioned persons could carry out transaction relating to the financial instruments concerned prior to this publication. At the same time, however, the instruments concerned are entered in the restrictive list for employees of the Analysis Department immediately at the start of work on the report.

We have not identified significant conflicts of interest between BDM and persons associated with BDM and the financial instrument issuer. If a conflict of interest arises BDM shall manage it by applying the principles defined in the “Policy of management of conflicts of interest at the BDM S.A.”. We point out that as for 22.11.2023:

- BDM states and assures that BDM is involved financially in financial instruments of the issuer.
- BDM is not a holder of net long or short positions exceeding the threshold of 0,5 % of the total issued share capital of the issuer,
- The person that participated in preparing recommendation is not a holder of net long or short positions exceeding the threshold of 0,5 % of the total issued share capital of the issuer,
- The issuer does not hold shares exceeding 5 % of the BDM issued share capital,
- BDM is a market maker or liquidity provider in the financial instruments of the issuer,
- BDM has not been lead manager or co-lead manager over the previous 12 months of any publicly disclosed offer of financial instruments of the issuer;
- BDM is a party to an agreement with the issuer relating to the provision of investment banking services pursuant to art. 69 §2 and 4 of the Act on Trading in Financial Instruments dated 25<sup>th</sup> July 2005,
- BDM is not a party to an agreement with the issuer relating to the provision of investment banking services pursuant to section A and B od Annex I to the Directive 2014/65/EU of the European Parliament and of the Council (hereinafter the Directive 2014/65/EU),
- BDM is not a party to an agreement with the issuer relating to the production of the recommendation,
- There is other significant financial interest that BDM or its related affiliates have in relation to the issuer of financial instruments\*
- There are significant connections between BDM or its related affiliates and the issuer of financial instruments\*\*
- The person affiliated with BDM who was involved in the preparation of recommendations did not receive or purchase the shares of the issuer, to whom the recommendation relates directly or indirectly, prior to public offering of such shares,
- The person affiliated with BDM who was involved in the preparation of recommendations declares that they respect internal regulations and are subject to organizational and technical solutions and information barriers established by BDM to eliminate any conflicts of interest concerning recommendations and to avoid them,
- The person affiliated with BDM who was involved in the preparation of recommendations was not rewarded in any form by the issuer, to whom the recommendation relates directly or indirectly, or was not directly connected with any possible transactions concerning services defined in art. 69 §2 and 4 of the Act on Trading in Financial Instruments dated 25<sup>th</sup> July 2005.

According to the best knowledge of the party recommending upon the publication of the report there are no other connections between BDM and the company described in this report that the party preparing this report would know of. However, the investor should be aware that the list disclosing conflicts of interest is long and that in the future there may occur situations leading to conflicts of interest which have not been identified or disclosed at the moment of publication of the report concerned. Especially, the investor should assume that BDM may submit an offer for services to a company or other companies mentioned in this report.

\*BDM is a party to the "ANALYTICAL REPORT PREPARATION AGREEMENT" concluded with the WSE.

\*\*BDM acts as an issue sponsor for Elektrotim

According to the best knowledge of the party recommending upon the publication of the report there are no other connections between BDM and the company described in this report that the party preparing this report would know of. However, the investor should be aware that the list disclosing conflicts of interest is long and that in the future there may occur situations leading to conflicts of interest which have not been identified or disclosed at the moment of publication of the report concerned. Especially, the investor should assume that BDM may submit an offer for services to a company or other companies mentioned in this report.

BDM is subject to supervision by the Polish Financial Supervision Commission.

**This document is a summary of a full version of the report prepared in Polish. In case of any disputes the Polish version shall prevail.**