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Number 1/2025

Entity LUG S.A.

Subject: Estimated Selected Consolidated Financial Data of the LUG S.A. Capital Group for Q4 2024 and for the Full Year 2024 (Cumulative).

Content:

The Management Board of LUG S.A., headquartered in Zielona Góra ("LUG", the "Issuer"), following the receipt of selected estimated financial data of the LUG S.A. Capital Group for the fourth quarter and cumulatively for all four quarters of 2024, as well as the changes in comparison to financial results presented for the corresponding periods in previous years, hereby provides—attached to this report—the selected estimated consolidated financial data for Q4 and cumulatively for the four quarters of 2024, together with comparative data for the corresponding periods of the financial years 2021–2023 and the following commentary:

- The consolidated sales revenue of the LUG S.A. Capital Group in Q4 2024 reached PLN 60.46 million, representing a decrease of 16.2% compared to the same period in 2023. Cumulatively, sales revenue for the period from January to December 2024 amounted to PLN 223.19 million compared to PLN 273.59 million in the four quarters of 2023 (-18.4% y/y). Sales revenue in the last three months of 2024 remained under the influence of negative factors observed in previous quarters, closely related to the global macroeconomic situation and its effects, including low industrial activity and limited investment growth. Data from the Polish industrial sector in Q4 once again disappointed and reinforced the stagnation prevailing in the Polish manufacturing sector, burdened by weak economic conditions in the eurozone, especially in Germany, France, and Austria. As was the case throughout the first nine months of the year, the lighting industry in Q4 remained under price and cost pressure, a consequence of low investment activity and fierce competition for the few available projects on the market.

The consolidated results of the LUG Group in Q4 include revenues from the second contract for the "Supply of new LED lighting fixtures" for the City of Warsaw, including the option clause. These revenues amounted to PLN 5.83 million during the reporting period and cumulatively reached PLN 25.15 million in January–December 2024.

- Gross profit on sales in Q4 2024 reached PLN 21.74 million, compared to PLN 26.55 million in Q4 of the previous year (-18.10% y/y), with a gross profit margin of 36.0%.

The product structure of sales over the four quarters of 2024 resulted in a gross profit on sales of PLN 87.66 million, which was 19.8% lower than the previous year and comparable to 2022. The gross profit margin after 12 months of 2024 was 39.3%, 0.6 p.p. lower y/y. This annual margin level is a result of higher margins achieved in Q1 and Q2 2024 and lower margins in the second half of the year.

- Operating profit in Q4 2024 was PLN -1.60 million compared to PLN 916 thousand in the same period of 2023. Cumulatively, consolidated operating profit over the four quarters of 2024 dropped to PLN -2.70 million compared to PLN 10.31 million in the same period of 2023. The operating margin in Q4 2024 was -2.6%, while for the full year it stood at -1.2%. With this level of operating profit, consolidated EBITDA in Q4 2024 amounted to PLN 1.73 million, which is 63.4% lower y/y. The Q4 2024 EBITDA margin was 2.9%, down 3.6 p.p. y/y. On a cumulative basis, EBITDA for 12 months of 2024 was PLN 10.20 million, 56.0% lower than in the corresponding period of 2023. The EBITDA margin for the four quarters of 2024 was 4.6%, down by 3.9 p.p. y/y.

- The consolidated net result of the LUG Capital Group for the four quarters of 2024 was PLN -6.83 million, compared to PLN 7.54 million in the same period of 2023. In Q4 alone, the net result was PLN -2.87 million compared to PLN 2.73 million in Q4 2023. The net margin was negative in both Q4 2024 and cumulatively for the 12 months, amounting to -4.7% and -3.1%, respectively.

The full-year results of the LUG Capital Group in 2024 were adversely affected primarily by macroeconomic conditions that significantly weakened investment activity, industrial production, and the construction sector across European economies. At the end of Q3, Europe experienced an acceleration in the decline of production, new orders, employment, and purchasing activity. Manufacturers gradually reduced their inventories, confirming pessimistic economic forecasts. In Q4 2024, only Greece and Spain recorded positive global PMI readings in Europe, continuing the trend from Q3 and maintaining their status as “green islands.” As previously reported, LUG took steps to counterbalance weaker results by focusing on regions with higher economic activity. However, due to the investment cycle in the industry, the results of these efforts will only be visible in future reporting periods.

Poland, during the reporting period, also faced negative economic indicators. Between Q3 and Q4, investment spending showed a downward trend. Ultimately, investment growth in Q3 2024 was 0.1%, and in Q4 it was 0.8%. The full-year growth rate for investments was only 1.3%, significantly below expectations and the developmental

needs of the Polish economy. Data on construction output was also much worse than expected at the beginning of 2024, delaying the anticipated recovery in the construction sector. A further burden was the conclusion of the investment cycle tied to the previous EU budget. Poland's PMI dropped to 48.2 in December — the lowest since August — mainly due to declines in production and inventories of production materials. In December 2024, strong price competition led to a seventh consecutive monthly drop in the prices of finished goods. Some positive signs toward year-end included a slower pace of decline in new orders and the stabilization of domestic demand. Unfortunately, this was accompanied by weak exports, particularly to Germany.

Positive developments were observed in the execution of projects under the "Lighting Up Poland" program. After a boom in tender announcements in September 2024, Q4 marked the beginning of the first project implementations. However, it is important to note that most of these tenders will move to the delivery and financial settlement stages only in the coming months of 2025. The Company's Management Board believes this will lead to improved results in the current year. In Q4 2024, a major challenge was optimizing and aligning resources with the current and projected order levels. On the one hand, electrical engineering competencies are difficult to rebuild quickly; on the other hand, there is a lower level of orders, and thirdly, a near-term prospect of executing won or developing projects. These conflicting factors are shaping the cost structure of the LUG Group.

In the Management Board's assessment, the medium- and long-term stability of the LUG Group remains intact, and the current results are considered a transitional phase. This view is supported by growth trends in the lighting market, including high electricity prices and demand for low-emission solutions across all sectors of the economy. Furthermore, the Management Board expects a recovery in construction and an increase in investments in Poland in the second half of the year, potentially supported by the government's economic plan "Poland. The Breakthrough Year" and the announced PLN 650 billion in investments in 2025. Another important stimulus could come from the inflow of funds from the new EU budget.

In the coming quarters, the Management Board of LUG S.A. will continue to closely monitor global economic indicators, seek cost-balancing options, and look for new business opportunities. At the same time, the previously identified risk factors affecting the condition of entities in the lighting industry remain in force: unfavorable economic conditions, weak order dynamics in the eurozone, limited investment activity, payment

bottlenecks, wage pressure, and delayed responsiveness of the lighting industry to macroeconomic improvements.

The final values of the financial data presented in this report will be published in the periodic report for Q4 2024 on February 14, 2025.

Legal basis: Article 17 para. 1 MAR – confidential information.

Attachment: Szacunkowe skonsolidowane wybrane dane finansowe za I kwartał 2025.pdf

Representative:

Ryszard Wtorkowski – CEO of the Board