

Zielona Góra, 14 November 2025

Consolidated Data of the LUG S.A. Capital Group for Q3 2025

LUG is implementing a recovery plan: market conditions remain far from expectations

- **PLN 35.94 million in consolidated sales revenue for Q3,**
- **PLN 13.3 million gross profit on sales, a decrease of 44.5% year-on-year,**
- **PLN -7.0 million EBITDA in Q3, a decline of 227% year-on-year,**
- **PLN 10.35 million net loss in Q3 and PLN 13.83 million net loss for the first nine months of the year,**

The manufacturer of professional lighting solutions, LUG S.A. Capital Group, has published its consolidated results for the third quarter of 2025. Sales revenue for this period amounted to PLN 35.94 million, representing a year-on-year decrease of 41.3%. On a cumulative basis for the first three quarters of 2025, consolidated sales revenue reached PLN 145.79 million, compared to PLN 163.42 million for the same period in 2024. The operating result for the third quarter of 2025 was negative, totalling PLN -9.34 million, in contrast to PLN 2.45 million in the third quarter of 2024. Consolidated EBITDA for the third quarter of 2025 stood at PLN -7 million (-227.2% y/y), while the EBITDA margin for Q3 2025 was -19.5%. Cumulatively, EBITDA for the first three quarters of 2025 amounted to PLN -2.14 million, with an EBITDA margin for the period from Q1 to Q3 2025 at -1.5%.

The decline in revenue is the result of coexisting macroeconomic factors, the most significant of which are intense competition and margin compression. These were consequences of a reduced number of projects in the lighting market and project postponements on an unprecedented scale. The execution of most postponed projects had originally been scheduled for the second and third quarters of the current year; however, commencement will not take place before 2026 and is dependent on the state of the economy and the development prospects of investors.

- "We are working to improve profitability by implementing a recovery programme. At the same time, we are investing in a range of high-margin products," says Ryszard Wtorkowski, President of the Management Board of LUG S.A. He adds: "We secure contracts several months in advance, which significantly limits our flexibility when there are delays in their execution. In addition, rising costs reduce the established margins, forcing us to renegotiate with suppliers of components and raw materials. We are striving to counteract the temporary downturn in demand by reducing ongoing costs. Our objective for the coming quarters is to regain profitability."

The consolidated net result of the LUG Capital Group for Q3 2025 amounted to PLN -10.35 million. Cumulatively, after nine months, the net loss stands at PLN -13.83 million, resulting in a negative net profitability of -28.8% for the third quarter and -9.5% for the three quarters combined (-7.5 percentage points year-on-year).

Gross profit on sales for Q3 2025 reached PLN 13.3 million, compared to PLN 23.97 million in the corresponding period of the previous year (a decrease of 44.5% year-on-year). On a cumulative basis, from January to September 2025, gross profit amounted to PLN 53.21 million. The gross margin on sales for Q3 2025 was 37.0% (-2.2 percentage points year-on-year), while cumulatively for the period from January to September, it stood at 36.5% (-4.3 percentage points year-on-year).

- The market environment in the construction sector remains challenging. Despite forecasts of an economic upturn in the second half of 2025, the lighting industry has yet to observe a significant change in trend. The prospect of government investments in infrastructure and military facilities is expected to stimulate demand for lighting solutions; however, in the domestic market, the primary focus will remain on specialist lighting segments. Geographic diversification may prove to be a crucial factor in improving results in 2026, as, unlike the domestic market, exports hold the greatest potential for recovery. The year 2026 will continue to be characterised by intense competitive pressure, yet the changes being implemented within the LUG Group are primarily aimed at better preparing us to navigate the demanding environment, where competition is fierce, and to improve

profitability. With 35 years in the market and several economic crises behind us, our experience has shown that as long as we remain flexible and attentive to market signals, we are capable of adapting even to the most challenging circumstances," emphasises Jakub Wtorkowski, Director of Strategic Finance and Risk and Proxy.

In the third quarter of 2025, the share of domestic revenue declined to 42.5%, in favour of revenue from international markets, which increased its proportion of the sales structure to 57.5%. In terms of value, domestic revenue amounted to PLN 15.29 million, while export revenue reached PLN 20.66 million, reflecting a decrease in both categories on a quarter-on-quarter and year-on-year basis. Cumulatively, export revenue for the first nine months of the current year totalled PLN 70.96 million, compared to PLN 78.28 million in the corresponding period of the previous year. Likewise, sales in the Polish market for the three quarters of 2025 fell to PLN 74.83 million, from PLN 85.14 million recorded in the nine months of 2024.

The unfavourable market situation in September was further exacerbated by Chinese restrictions on the export of rare earth metals, which triggered extraordinary demand for electronic components and led to a systematic increase in their prices on global markets. The costs of energy-intensive materials, such as steel, continue to be adversely affected by the energy crisis and rising energy prices, a consequence of the energy imbalance exposed by the war in Ukraine.

A combination of macroeconomic factors, amid demand constraints and tangible declines in the Polish non-residential construction sector (down by nearly 11% year-on-year) as well as in engineering construction (down by 1.2% year-on-year) in Q3 2025, compelled the LUG Group to expand its recovery initiatives. In addition to the ongoing programme of renegotiating terms with suppliers, a range of new areas have been addressed. The most significant among these are the reorganisation of the sales structure, adjustment of the organisation's resources to match achievable revenue levels, and the implementation of a comprehensive cost-saving programme, targeting both ongoing and fixed costs. At the same time, the LUG Group is investing in the deployment of new high-margin products, which will strengthen the company's position in segments such as commercial and industrial lighting. Financing for projects in these segments is sourced primarily from the private sector, which will increase LUG's independence from public investments affected by geopolitical factors.

LUG honoured with the prestigious "The Best of The Best" award on NewConnect

The third quarter of the year brought the LUG Capital Group recognition for its achievements in communication, as reflected in its annual financial report, management report, and sustainability report. During the Final Gala of the "The Best Annual Report 2025" competition, LUG S.A. Group received a special award and, once again, claimed the title of "The Best of The Best on NewConnect." This distinction is granted for maintaining high standards of transparency, quality of reporting, and responsibility towards investors and stakeholders. The LUG Group's Annual Report for 2024 was rated at nearly 90% of the maximum possible score, confirming the Group's consistent commitment to clear communication with the market.

- "We have accustomed our stakeholders to this award, but it remains a source of pride for us. It demonstrates that we do not shy away from difficult topics, regardless of whether the information we share is positive or negative. Transparency is a matter of responsibility, although at times it exposes us to challenging questions and unfair judgements. Our communication is always stable and credible, and investors and shareholders, knowing our standards, can rely on them," **comments Ryszard Wtorkowski.**

LUG S.A. is the holding company of the LUG S.A. Capital Group – one of Europe's leading manufacturers of professional lighting solutions. The Group sells its products in Poland and in several dozen countries worldwide. With more than 34 years of experience, the company is headquartered in Zielona Góra and has operated as a Capital Group since 2008. The Group comprises: LUG S.A., LUG Light Factory Sp. z o.o., LUG GmbH, LUG do Brasil Ltda, LUG Lighting UK Ltd., TOW LUG Ukraine, BIOT Sp. z o.o., LUG Argentina S.A., LUG Turkey, LUG Services Sp. z o.o., and ESCOLIGHT Sp. z o.o. Since November 2007, LUG S.A. has been listed on the NewConnect market managed by the Warsaw Stock Exchange. More information: www.lug.com.pl

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