Press release

Zielona Góra, August 5, 2022

Estimated data of LUG S.A. Capital Group of II quarter of 2022.

**LUG closes the second quarter of the year with an almost 30% increase in sales, but a lower margin related
to production costs.**

* **PLN 59,74 mln of revenues on sales in the II quarter of 2022 (+26,1% y/y).**
* **PLN 23,18 mln of gross profit on sales in the II quarter of 2022, increase by 12,6% y/y.
Cumulatively for six months of 2022 the gross profit amounted PLN 44,39 mln (+ 23,1% y/y).**
* **Net profit amounted PLN 849 thousand in the II quarter 2022 (+8,4% y/y) and PLN 1,69 mln for 6 months of 2022 (+9,0% y/y);**
* **EBITDA margin amounted in the II quarter of 2022 9,1% (-1,9 p.p. y/y) and 8,9% in the I half-a-year
(-1,0 p.p. y/y).**

**LUG S.A. Capital Group published consolidated results for the second quarter of 2022. The Group's revenue
in Q2 2022 amounted to PLN 59.74 million. This result is 26.1% higher than last year. In incremental terms,
for the first half of 2022, sales reached PLN 116.71 million compared to PLN 84.92 million for two quarters
of 2021 (+37.4% y/y). Gross profit on sales amounted to PLN 23.18 million in Q2 2022 alone, compared
to PLN 20.58 million in the corresponding period of 2021 (+12.6% y/y). The profitability of the organization
and the pace of contract execution are still affected by the situation related to the availability of electronic components and the dynamically growing production costs.**

- There are still limitations related to the availability of electronics on the market. The result generated in the second quarter of the year was possible due to the fact that last year we secured a certain amount of components needed to fulfill the high level of orders. In 2022, the structure of revenues also includes revenues generated as part
of the lighting modernization project for the Capital City of Warsaw, which in the second quarter amounted
to PLN 4.3 million, and in the entire first half of 2022 it reached PLN 5.6 million – comments on results  **Ryszard Wtorkowski, CEO of the Management Board of LUG S.A.**

The gross margin on sales in the analyzed period reached 38.8% (-4.6 p.p. y/y), and in the first six months of 2022
it amounted to 38% and was lower by 4.5 p.p. y/y.

- Despite the first declines in commodity prices observed in the second quarter of this year, lower profitability
as well in the first quarter of the year, was related to the performance of deliveries contracted during the period
of dynamically growing prices of both components and transport, as well as resulting from the increasingly higher costs of electricity and gas in the world, as well as increasingly higher labor costs. We are currently implementing solutions that will minimize the effect of inflation and rising prices and will have a positive impact on project margins. However, we must bear in mind the signed contacts and good relations with our clients. Assuming continuation of downward trends on the commodities market and components, the LUG Group's profitability may improve at the turn of the third and fourth quarters of this year. – **adds Ryszard Wtorkowski.**

The EBITDA margin in Q2 2022 amounted to 9.1% and was 1.9 p.p. lower y/y. Cumulative EBITDA result for 6 months of 2022 amounted to PLN 10.4 million and was higher by 24.2% than in the corresponding period of 2021,
when it amounted to PLN 8.37 million. The EBITDA margin for first half-a-year amounted to 8.9% vs. 9.9%
a year before (-1.0 p.p. y/y).

Net profit in the first half of 2022 amounted to PLN 1.69 million compared to PLN 1.55 million in the first half
of 2021 (+9.0% y/y), while in Q2 this year alone net profit amounted to PLN 849 thousand against PLN 783 thousand a year earlier (+8.4% y/y).

The final values ​​of the financial data presented in this report will be published on August 11, 2022, in the periodic report for the second quarter of this year.

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**LUG S.A.** is a holding company of the LUG S.A. Capital Group. – one of the leading European manufacturers of professional lighting solutions. The Group sells its products in Poland and in dozens of countries around the world. The company with over 30 years of experience, based in Zielona Góra, has been operating as a Capital Group since 2008. It consists of: 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 SA, LUG Turkey, LUG Services Sp. z o.o., ESCOLIGHT Sp. z o. o. LUG S.A. since November 2007 it has been listed on the NewConnect market managed by the Warsaw Stock Exchange. More information: [www.lug.com.pl](http://www.lug.com.pl)

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