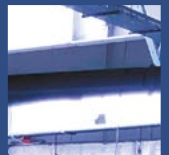


ETISOFT

ETISOFT ANNUAL REPORT 2023

Communication on progress



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Michał Majnusz,
the president of Etisoft Sp. z o.o.

INTRO

Our responsibility

Dear Stakeholders,

We are handing you another Annual Report, in which we communicate selected significant financial and non-financial data to our stakeholders.

The previous year was a special time for our company. The 30th anniversary of Etisoft's presence in the market coincided with a difficult situation in the key markets we serve. During last year's LabelExpo, significant participants in the printing market indicated sales declines in most European markets. The estimated adjustment was usually indicated in the range of 20-30%. The economic situation is still far from stable and predictable. At Etisoft, as well as at related entities, we did not abandon previously planned investments, and our strategic activities are invariably related to Etisoft's mission of "Safe cooperation - continued development."

Therefore, we are continuing work on automation and robotization in the upcoming year. By this, I mean both our internal operations and solutions that support these processes at our customers' premises. These are based, above all, on an ever-expanding range of AGVs and AMRs as well as vision systems.

We not only provide customers with our original solutions, but we also use them ourselves. We are heading towards completing the implementation of SALMA (the Automated

Logistics, Warehousing and Notification System) at Etisoft's Central Warehouse which also utilizes mobile robots.

Label manufacturing remains one of the main pillars of Etisoft. This activity is also evolving. Recently, more machines for their manufacturing have been fitted with vision systems that make it possible to continuously inspect production and verify products for compliance with technical and quality documentation. Responding to market needs and demand for RFID technology, we expanded our machine park to include a line for manufacturing, encoding, and inspecting RFID labels.

Last year we also implemented a more advanced CRM version. Drawing on multiple data, we are streamlining our decision-making processes and external and internal collaboration.

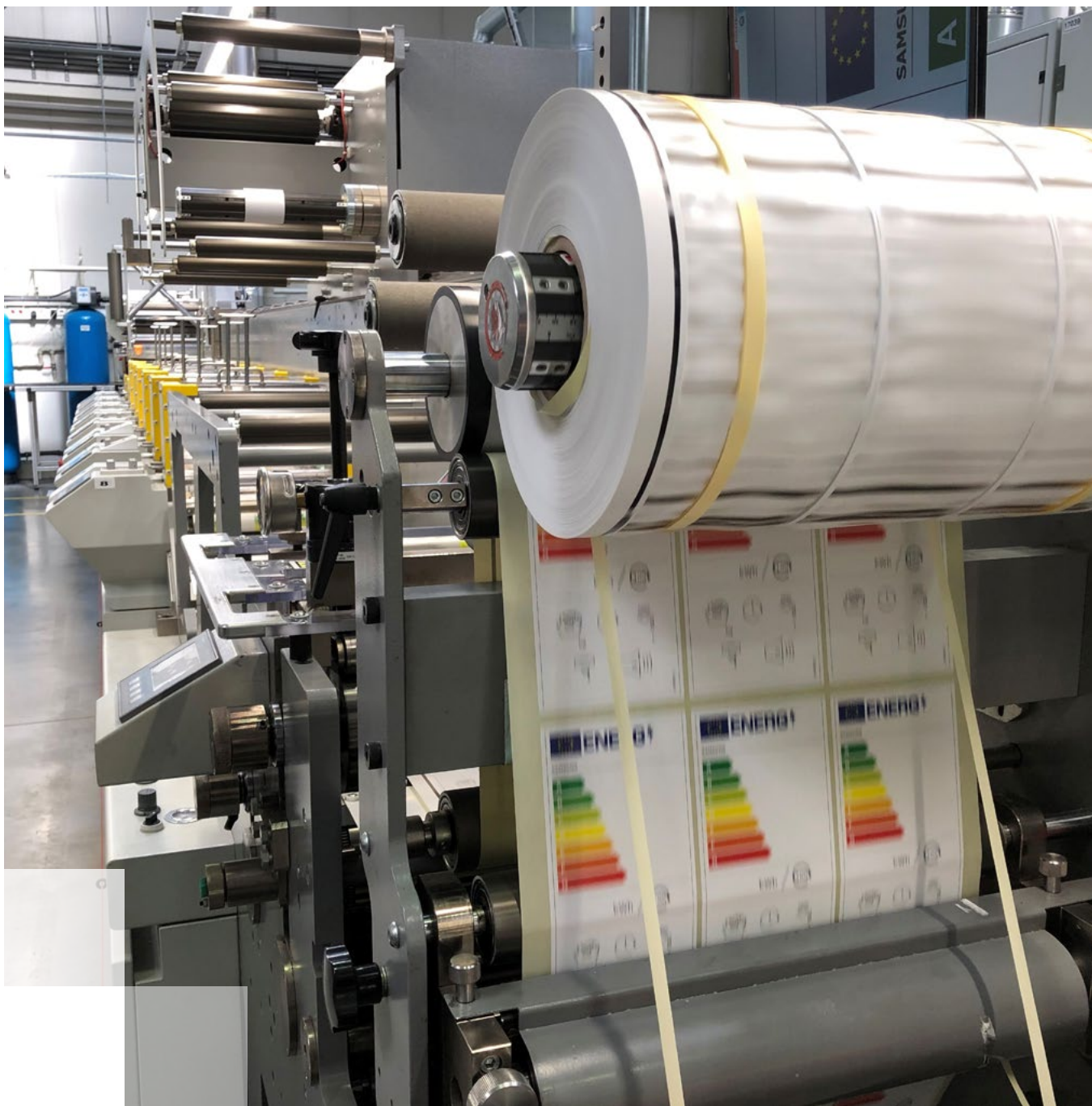
Etisoft is a social responsibility. We are close to local communities and act on the values important to our employees, supporting, among other things, initiatives, needs, and activities inspired by them. We place great emphasis on the competence and training of our employees who constitute an integral part of the process of implementing changes in our company.

The present year will certainly be a time of many challenges, but also opportunities. Innovations in the industry and

corporate sustainability will be the dominating issues. As a socially responsible organization, we identify, conduct, and intensify activities within the required reporting areas. We focus on standards that take into account environmental areas, corporate governance, strategy, indicators, and objectives. We are not sitting back and waiting for the inevitable. Therefore, we are pleased with another EcoVadis bronze medal, a stable and growing score in environment, labor, human rights, and ethics.

As a mature organization, we pay attention to sustainable development in the broadest possible context. We are aware that by implementing inevitable changes, with consistent reporting for all market players, we gain invaluable knowledge about the company. It is a pathway to increasing business responsibility for climate change and an opportunity to turn that knowledge into success in an ever more competitive market.

Michał Majnusz
the president of Etisoft Sp. z o.o.



ETISOFT AT A GLANCE

“From labels to Industry 4.0”

We have manufactured labels and industrial markings and provided Auto ID and RFID solutions since 1993. We deal with automatic product identification, implement increasingly modern Industry 4.0 solutions to facilitate and automate the operation of production, warehouses, and logistics centers.

Our customers include approximately 1,200 major companies from 40 countries worldwide. They represent such branches as automotive, household goods, audio and video devices, electronics, and many others (construction, chemical, pharmaceutical, logistics and FMCG).

Etisoft consists of 18 capital-related companies



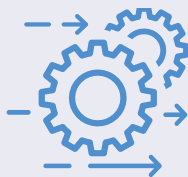
11

companies
with manufacturing,
commercial
and R&D profiles



8

Etisoft branches
(Kraków, Warszawa,
Germany, Denmark, Hungary,
Czechia, Slovakia, Ukraine)

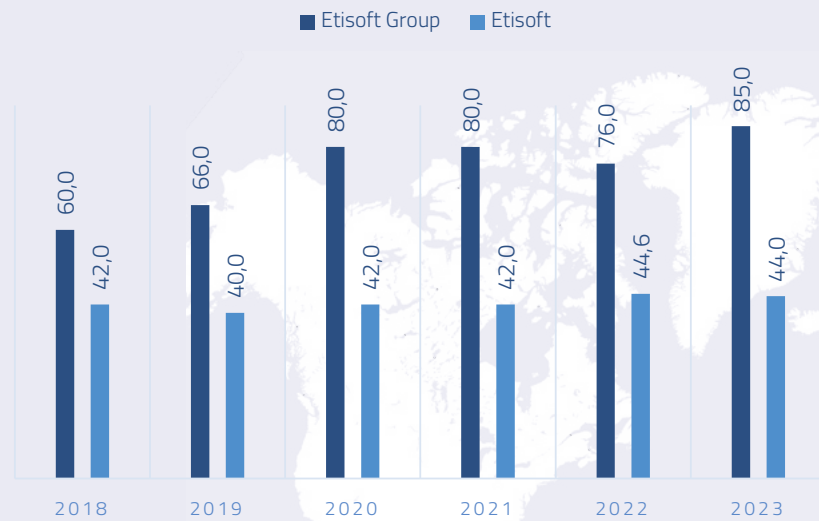


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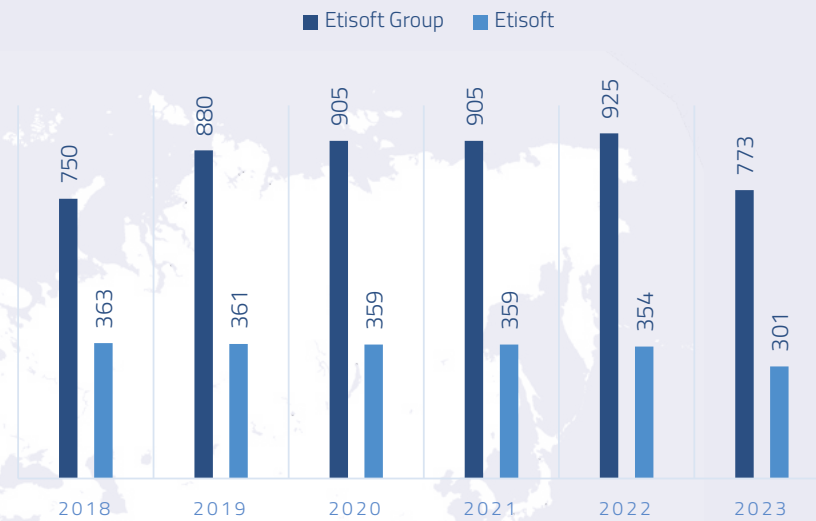
company
MacArthur-Etisoft
operating in the USA



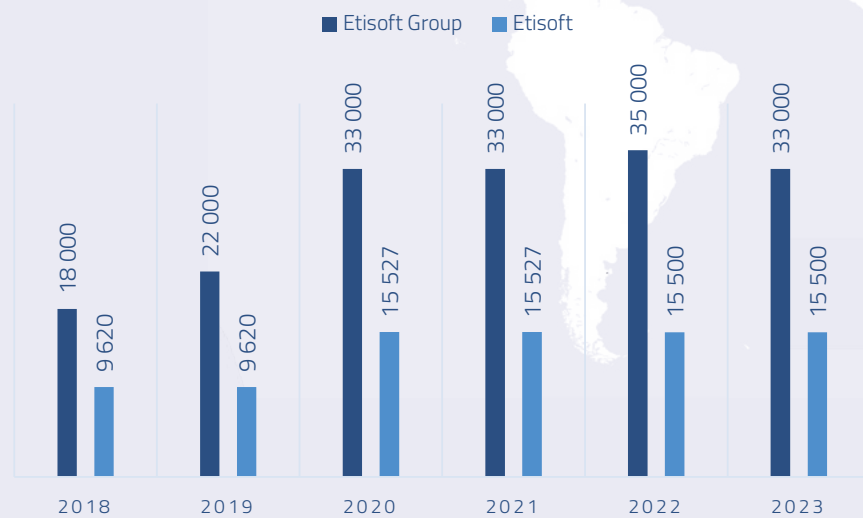
TURNOVER [M Euro]



NUMBER OF EMPLOYEES [persons]



SURFACE AREA OF FACILITIES [sqm]



Certificates held by Etisoft

- PN-EN ISO 9001:2015 Certificate
- PN-EN ISO 14001:2015 Certificate
- IATF 16949:2016 Certificate
- FSC Certificate



INVESTMENTS

We strive to be a part of Industry 4.0

Etisoft and Etisoft Group companies not only offer modern Industry 4.0 solutions but also strive to be a part of it. We are an active participant in changes, we introduce elements of intelligent factory in the area of production, and warehouse as well as at the interface with suppliers and customers. In 2023, we expanded, among other things, our machine park, increased our logistics and warehousing capabilities, and are investing in new solutions.

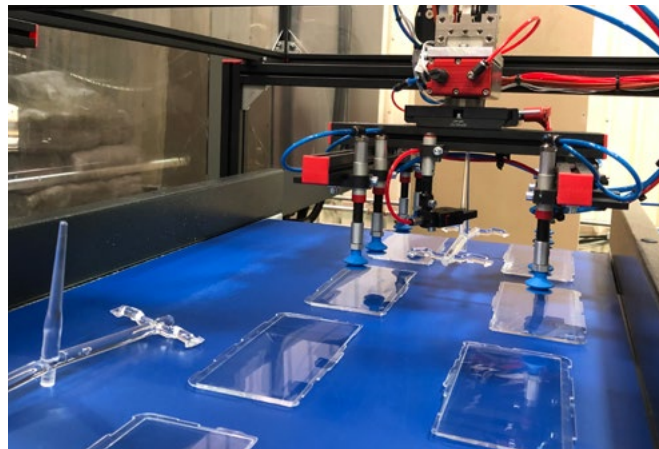
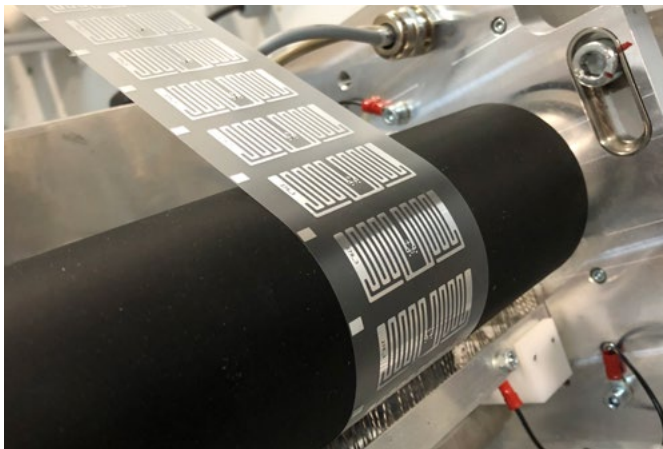
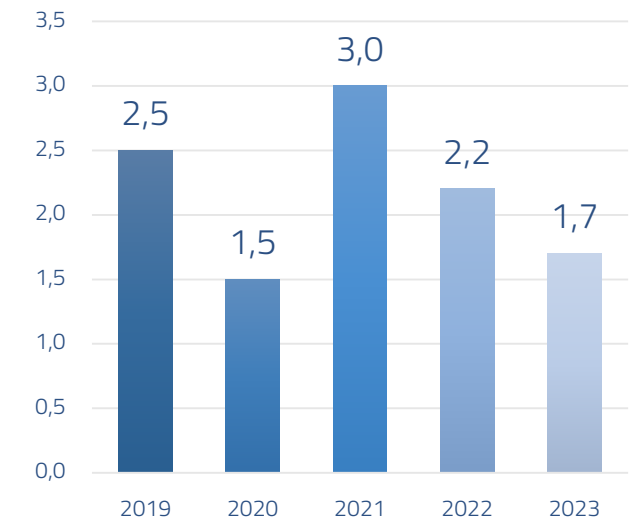
Selected Etisoft projects:

- We opened the Etisoft Central Warehouse with an area of 6,000 sq m at the Diamond Business Park. It uses

long-lasting plastic pallets and reusable KLT containers. Work is in progress to launch SALMA (the Automated Logistics, Warehousing and Notification System) that uses AGVs.

- We launched a technological line for manufacturing, encoding, and inspecting RFID labels.
- An automatic line for printing and packaging instructions for use and warranty cards was established.
- We invested in another injection machine for the production of plastic workpieces.

Investment level in M euro



HUMAN CAPITAL AND LABOUR

Sport, wellbeing and development

Etisoft Human Capital

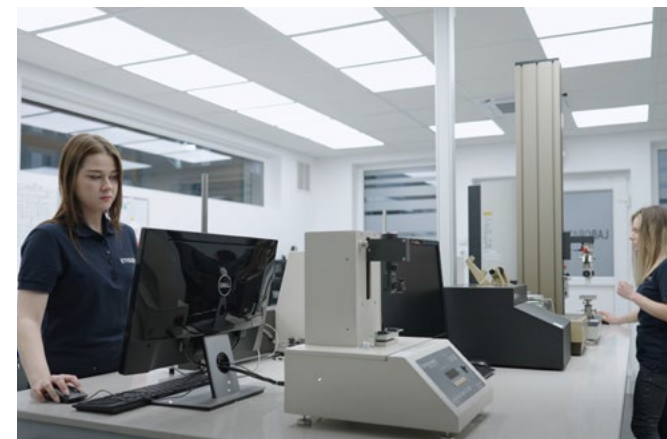
- Knowledge, competences, experience, and motivating employees for the organization's development.
- Motivation for improvement and development of processes, products, and services, including the abilities of employees related to leadership, management and cooperation.
- High safety culture.

Our aims in the scope of human capital management:

- Guarantee of and development of all the employees, for the effective accomplishment of the business strategy.
- Permanent improvement of awareness and commitment level of managerial staff, employees and subcontractors in the improvement of occupational safety.

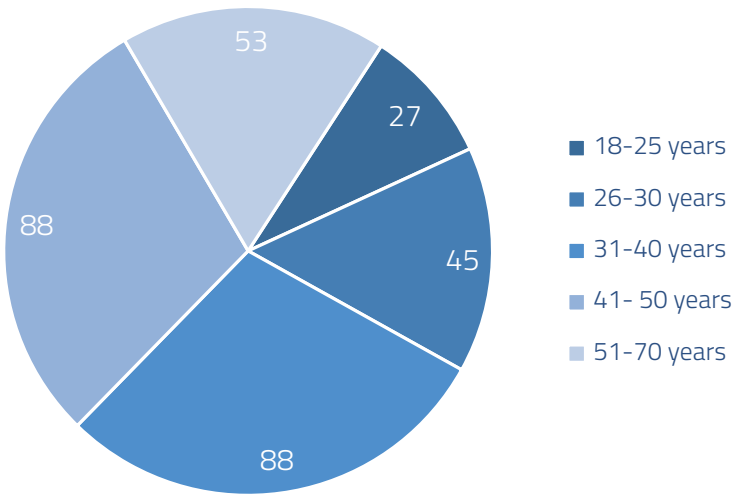
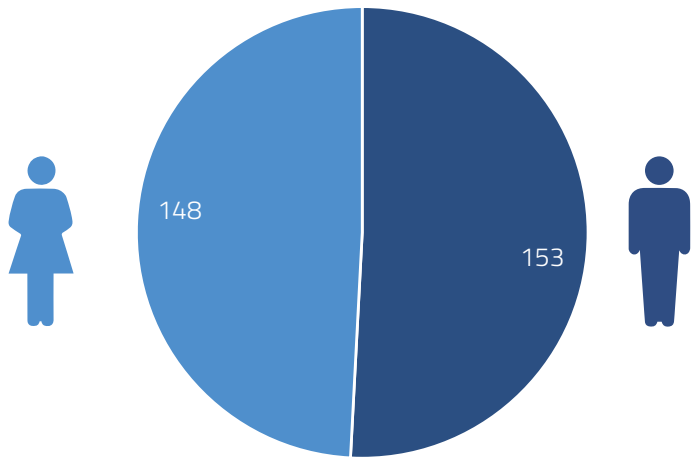
Key measures:

- Responsible recruitment and adaptation to working environment.
- Introduce training and development programs: Employee Development Program (Teach employees to own their career development), Management Development Programs and Knowledge and experience sharing program.
- Creating an involving workplace.
- Observance of the ethical principles in business - implementation of an Ethical Code
- Engaging the managerial staff in dissemination of proper Occupational Health and Safety attitudes among the employees.
- Promotion of healthy lifestyles (Etisoft Bike Team, Etisoft Running Team).
- Supporting employee initiatives - involvement in activities for homeless animals ("A warm blanket for a winter night" – the eight collection of gifts for homeless animals).



Etisoft's headcount structure

Headcount for the end of 2023



Distribution according to gender		
Women	148	49%
Men	153	51%
Headcount	301	

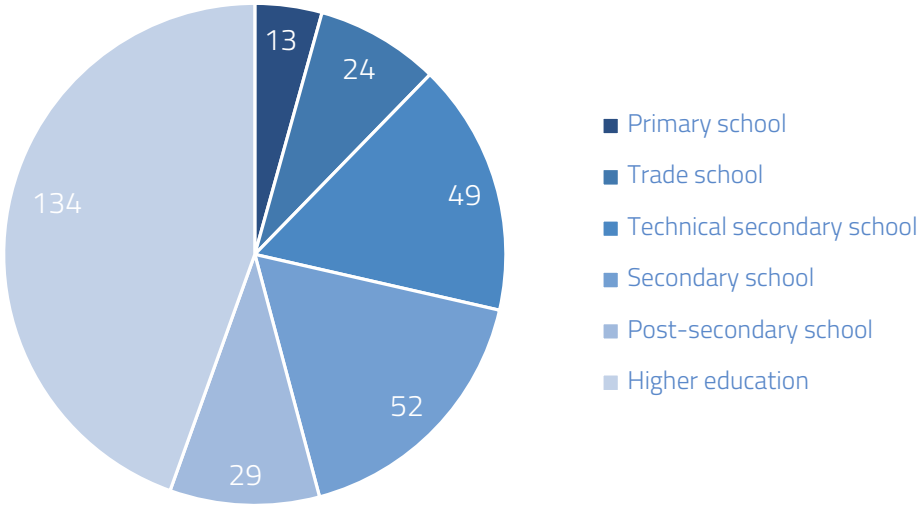
Distribution according to age		
18-25 years	27	9%
26-30 years	45	15%
31-40 years	88	29%
41- 50 years	88	29%
51-70 years	53	18%



Disabled employees	8
Average age	39,6
Employee turnover	2,33% monthly

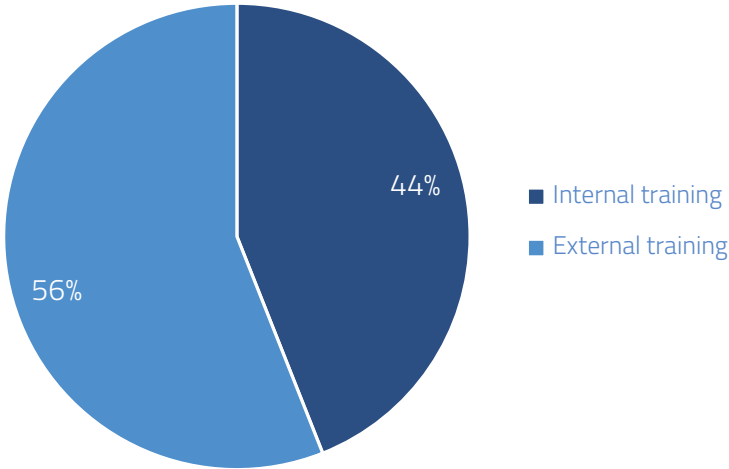
Individual development plans completed in 2023

Distribution according to education		
Primary school	13	4%
Trade school	24	7%
Technical secondary school	49	15%
Secondary school	52	16%
Post-secondary school	29	9%
Higher education	134	40%



Total number of completed individual development plans	132
	44% of all employees

Trainings



Trained persons	439
Training hours	1062
Number of training topics	87
Number of trainings	107

Business process improvement in 2023

Kaizen Forms	Implemented Kaizen Ideas
49	13



Awards and distinctions

- For the second year in a row Etisoft was awarded the HR Highest Quality certificate. The certificate is awarded by the Polish Human Resources Management Association. It is awarded following a questionnaire survey covering all HR processes in the company and an in-depth analysis of a selected HR project.
- For the second time Etisoft has been awarded a distinction in the "Family Friendly Company / Human Friendly Company" contest organized by the Humanites Institute. We have been awarded for the project: "Transitioning from three-shift to two-shift operation, successfully combining technological transformation with concern for the welfare of employees."
- "Puls Biznesu" awarded our company the Gazelles of Business (Gazele Biznesu) for the fourteenth time! We are pleased to be present in the prestigious group of the most dynamic small and medium-sized companies. The presence of our company in the ranking confirms the development of Etisoft, our good business position and transparency of operations.

#EtisoftItMeansMore

ETISOFT - MEMBER OF THE GLOBAL COMPACT

10 principles of Global Compact in daily operations

In order to operate in a transparent manner and in accordance with national law we proceeded to the program established by the organization of the United Nations Global Compact – the world’s largest initiative for corporate responsibility and sustainable development. Therefore we have committed ourselves to respect the fundamental principles of human rights, labor rights, environment and anti-corruption. Etisoft has been a member of Global Compact initiative since December 2010.

Specific Requirements

Child labor

Etisoft does not accept any form of employing children below the age of 16. In justified cases concerning employing minors between 16 and 18 years of age, the employer is obliged to provide working conditions, working hours and remuneration adapted to the minors’ age and pursuant to the applicable laws.

Forced labor

No form of labor provided against the employee’s free will or conscious choice is tolerated at the Company.

Health and safety

All the employees of the Company should be provided with a safe and healthy labor environment. The employer should also take all the reasonable measures aimed at the elimination of the reasons for negative working conditions.

Discrimination of employees

Etisoft treats all the employees equally, disregarding any cultural, religious differences, political views, trade union membership, sexual orientation, age, sex, disability. Any decisions on employment, remuneration, professional promotion, training courses, etc. are made basing on the skills and qualifications held by an employee only.

Workplace harassment and abuse

No employee of Etisoft may be discriminated or harassed, the result whereof being the violation of the employee’s dignity, humiliating or degrading them. Such behavior may include physical, sexual, psychological, or verbal elements. We have implemented the Code of Ethics, which sets out the ethical guidelines and best practices of the organization

that must be followed to ensure honesty, integrity and professionalism.

Working hour

Etisoft recognizes that the employer must not require from its employees work within hours exceeding the agreements contained in the “Working Rules”.

Remuneration

Etisoft employees are entitled to remuneration for the work provided in the amount as defined in the employment agreement, however, the remuneration, including the extra components, must be equal or exceed the level of minimum remuneration as defined by the applicable laws.

Freedom of association and right to negotiate collective agreements

All the employees are entitled to free establishment and joining any organizations representing their interests as employees. No employee may be intimidated or harassed



due to exercising its right to association. The employer must also observe the employees' right to negotiate any collective agreement.

Compliance with environment protection requirements

The rules of conduct of Etisoft in the scope of the Company environmental impact have been defined in the „Integrated Management System Policy“ at Etisoft Sp. z o.o.:

Our company is registered into Packaging Waste Management System (BDO).

Monitoring and conformity

The obligation to monitor the conformity of the company functioning with the principles of conduct implemented and the necessity to inform the employees on the measures taken up and their results lies within the responsibilities of the Company management.

Our company has implemented a procedure that allows all employees to report any incidents that violate the law or internal regulations, violating the principles set out in the code of ethics.



RULES OF CONDUCT APPLICABLE IN ETISOFT SP. Z O.O.

These rules of conduct are applicable to all organizational units and branch offices of Etisoft Company.

General requirements

All organizational units of the Company, branch offices, suppliers and their subcontractors are obliged to act according to these rules of conduct. In cases where suppliers use other business entities to deliver products, raw materials, equipment, etc., for Etisoft Sp. z o.o., the supplier is responsible for ensuring compliance of the subcontractor with the requirements specified in these rules of conduct.

Specific requirements

Employment of children

Etisoft Sp. z o.o. does not accept, in any form, the employment of children under the age of 16. In justified cases related to the employment minors, i.e., between 16 and 18 years of age, the employer is obliged to ensure that working conditions, working hours and remuneration adapted to the age of the minors are in line with applicable law.

Forced labour

The Company does not tolerate the use of any form of involuntary labour rendered against the will or conscious choice of the employee.

Health and safety

All employees at the Company must be provided with safe and healthy working environment. At the same time, the employer should undertake all possible actions to eliminate the causes that contribute to negative working conditions.

Discrimination of employees

Etisoft Sp. z o.o. treats all employees equally regardless of their cultural and religious differences, political convictions, union membership, sexual orientation, age, gender, disability. All decisions related to employment, remuneration, promotion, training, etc., are made only on the basis of the employee's skills and professional qualifications.

Harassment and abuse

An Etisoft Sp. z o.o. employee cannot be subjected to discrimination or harassment that would result in the violation of the employee's dignity, humiliation, or indignity. The above-mentioned conduct may include physical, sexual, psychological, or verbal abuse.

Working hours

Etisoft Sp. z o.o. recognises that an employee must not be required to work hours in excess of those specified in the adopted "Terms and Conditions of Work."

Remuneration

An Etisoft's employee is entitled to remuneration for his work in the amount specified in the contract of employment, however, the total remuneration including additional components has to be equal to or to exceed the level of the minimum remuneration specified by law.

Freedom of association and the right to collective bargaining

All employees are entitled to freely form, join, and participate in any organisation that represents their interests as employees. No employee may be intimidated or harassed because of the exercise of the right to freedom of association. The employer has to respect the right of employees to negotiate a collective agreement.

Compliance with the requirements of environmental protection

The rules of conduct of Etisoft Sp. z o.o. within the scope of its impact to natural environment have been specified in the "Policy of the Integrated Management System" in Etisoft Sp. z o.o.

Monitoring and compliance

The obligation to monitor the compliance of the company's operations with the implemented rules of conduct as well as the need to inform employees about actions undertaken and their results rests with the Company's management.

ANTI-CORRUPTION

Honesty and transparency

Our policy

We believe that our business can thrive in communities where human rights are protected and respected in accordance with national laws and regulations. Our policy on the protection human rights is based on the International Charter of Human Rights and on the fundamental principles specified in the Declaration of the International Labor Organization. As a member of Global Compact, a UN organization, we are committed to respecting all human rights that pertain to our activity. We respect the provisions of these documents and require our suppliers to do the same.

Code of Ethics

It organizes and names what is significant from the point of view of the employer as well as the employee. The purpose of the document is to perform the role of a guideline indicating standards of behavior in employee relations. This is our mutual commitment to the quality of the relationship between our co-workers or employer and employee. A procedure has been created, along with the Code of Ethics, to support compliance with the Code of Ethics and regulate the principles for reporting irregularities associated with violations of its provisions.

Supplier Code of Ethics

We have an extensive and diversified supply chain, and we also recognize the vital role that our suppliers play in helping us to cooperate fairly and sustainably in this area. These principles apply to both the suppliers of goods and services, and they are equal to the values in force at Etisoft. Thus, the existing Etisoft Supplier Code of Ethics presents the attitudes which should be fundamental for fair and sustainable cooperation.

Anti-Corruption Policy

We have established uniform principles of dealing with, preventing and counteracting fraud committed against the Company. They also include activities that are non-compliant with the principles of running a company in a transparent, ethical manner and in accordance with the rules of fair competition. The purpose of the Anti-Corruption Policy is also to ensure that the Company acts in a transparent manner towards our business partners.

Regulations for receiving information/reporting about law violations

The purpose of these Regulations for receiving reports of violations of law is to introduce procedures for dealing with internal reports of violations of law in accordance with Directive (EU) 2019/1937 of the European Parliament and of the Council of 23 October 2019 on the protection of persons reporting violations of Union law (hereinafter: Directive) and with applicable laws in this regard.



EXTERNAL CUSTOMER SATISFACTION SURVEY AS AN ELEMENT OF DEVELOPMENT

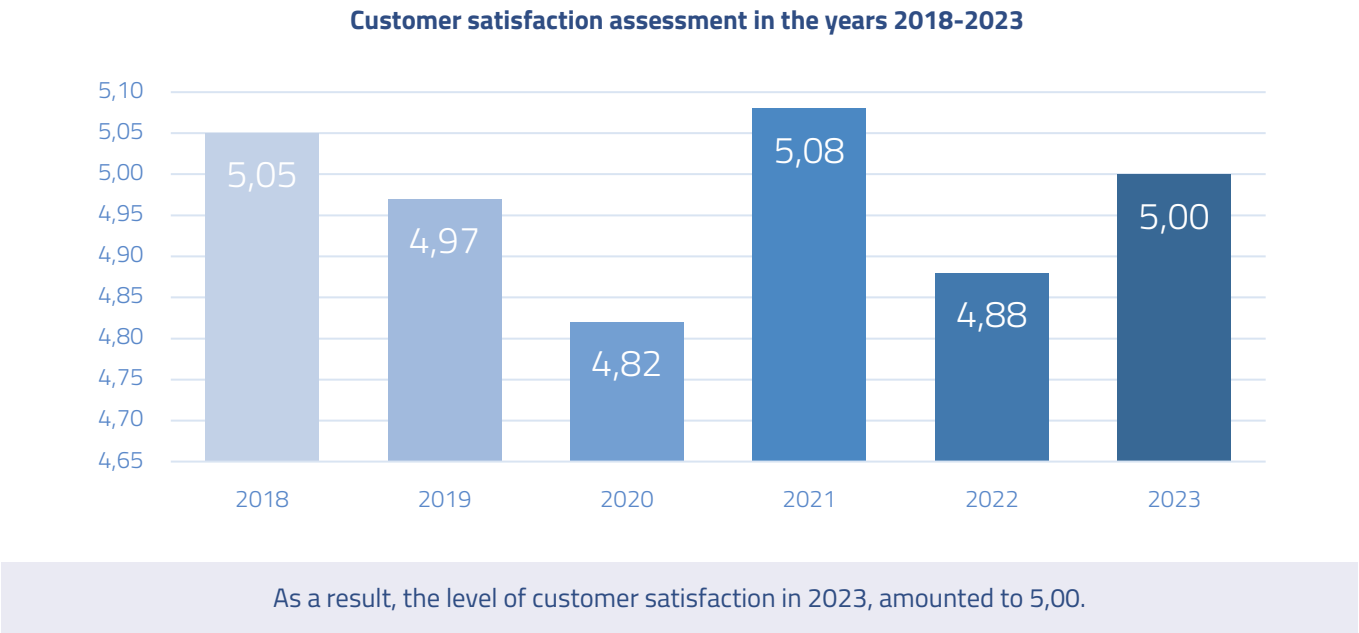
Customer satisfaction

Key measures

- In order to provide high quality of customer care, we conducted a Customer Satisfaction Survey at the end of December 2023.
- Customer Satisfaction Survey Report provides an overview of the satisfaction of Etisoft customers with a range of services offered by Etisoft.
- The survey contained a total of 11 questions, making it possible to assess selected areas of Etisoft (marketing, sales, research and development, Customer Service, production and logistics, maintenance, quality, competition, improvement and development).

In the 2023 survey, the average customer satisfaction rating is higher than in the previous year (5,00 this year and 4.88 in 2022, respectively). The increase in the satisfaction level applies to all areas of the company. It is most noticeable in logistics, maintenance services, and research and development (an increase of 0.19, 0.15, and 0.14 pt, respectively).

Nearly twice as many respondents participated in this year's survey compared to the previous year (69 responses in 2023, 35 responses in 2022), of which almost 30%



are customers of the automotive industry which is key to our company. Despite the difficulties arising in the markets, we managed to increase customer satisfaction. It is particularly visible in the case of customers in the home appliance industry who rated collaboration with our company the highest (value of 5.30). The satisfaction level of customers in the automotive

and electromechanical industries also exceeded the average satisfaction level and amounted to 5.01 and 5.09 pts, respectively, in the current year. The customer loyalty index also demonstrated an upward trend. 91% of our customers will definitely recommend or recommend our company to their friends or acquaintances.

ECOLOGY AND ENVIRONMENT

Awareness and responsibility

Observing global climate change and the constantly increasing role of business environmental undertakings, we are activating our actions in this area.

We feel fully responsible for the quality of our performance and impact on the ecosystem. Hence the ongoing monitoring and measures we are taking with the future in mind, such as: replacement of the machine park, waste segregation, proper waste management, recovery and recycling of electrical equipment, batteries, packaging from the market etc.

Etisoft has been classified by EcoVadis which is a leading global rating agency that assesses corporate actions and practices within corporate social responsibility. Our company was assessed within environmental and social activities, ethics of operation and supply chain. As a result of the audit, we have been awarded a bronze medal.

Energy

- We continue to purchase electrical energy from ecological sources (Eko Biznes Tauron).
- At Etisoft's headquarters, we replaced fluorescent lighting with LED lighting and installed motion sensors.

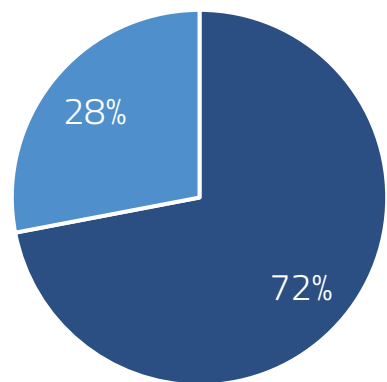
FSC

- We promoted Etisoft's actions regarding our FSC certificate® (license number FSC-C151182 and obtaining raw materials from sustainable sources. The boxes in which we ship goods to customers are FSC-certified. We do not use plastic or styrofoam to fill the boxes. Instead, we secure goods with cardboard filling.
- We use durable reusable plastic pallets at the Central Warehouse.
- During FSC Forest Week we organized a contest for employees on their knowledge about this process in our company.



Car fleet

- One proof of our commitment to sustainable development is the gradual replacement of Etisoft's vehicle fleet with hybrid vehicles. In 2023, we continued the gradual replacement of the company's fleet with hybrid vehicles, which began in 2021. Last year it increased by more cars with this type of drive. Currently, hybrid vehicles constitute 72% of the fleet.



■ hybrid cars ■ other cars

hybrid vehicles	other vehicles
69	27

Currently, 72% of the company cars are hybrid.



Performance of environmental measures for 2023

Quantities of hazardous and non-hazardous waste produced:

No.	TYPE OF WASTE	2021		2022		2023	
		AMOUNT (Mg)	AMOUNT to be paid NET PLN	AMOUNT (Mg)	AMOUNT to be paid NET PLN	AMOUNT (Mg)	AMOUNT to be paid NET PLN
1.	Hazardous waste	12,386	74 949,00	11,215	75 889,00	10,391	70 389,60
2.	Non-hazardous waste	2,739	10 971,00	2,743	8 615,00	1,903	7 342,08
3.	Non-hazardous waste (technological waste)	624,890	431 174,10	805,500	624 262,50	836,310	777 738,30
4.	Non-hazardous waste (collected free of charge)	2,057	-----	12,524	-----	44,556	-----
5.	Non-hazardous waste (collected free of charge), transport fee						
	for paper collection	11,480	16 430,00	-----	3 060,00	-----	10 200,00
	for stretch film	9,630	4 650,00	-----	1 260,00	-----	-----
TOTAL:		663,182	538 174,10	831,982	713 086,50	893,160	865 669,98
7.	Non-hazardous waste (for segregation of which we receive fees):	21,520	3 228,000	44,656	14 762,60	13,026	13 264,50
TOTAL AMOUNT OF COLLECTED WASTE:		684,702		876,638		906,186	

* applies to paper and cardboard, stretch film, scrap

The quantities of municipal waste produced:

2021			2022			2023		
Amount (m³)		AMOUNT to be paid NET PLN	Amount (m³)		AMOUNT to be paid NET PLN	Amount (m³)		AMOUNT to be paid NET PLN
including: Szara 21 - 95,00 Sowińskiego 11 - 125,00 Jeziorańskiego 39 - 28,60 DaVinci 5 - -----	248.60	27 346,00	including: Szara 21 - 75,00 Sowińskiego 11 - 115,00 Jeziorańskiego 39 - 33,60 DaVinci 5 - 12,42	236.42	27 820,00	including: Szara 21 - 90,00 Sowińskiego 11 - 115,00 Jeziorańskiego 39 - ----- Da Vinci 5 - 55,00	260,00	31 980,00

ETISOFT FOR SOCIETY AND SURROUNDING

We join and support initiatives and undertakings which are in line with the company's DNA and the profile of our activities. These are, above all, activities related to sport, healthy lifestyle according to the idea of work-life balance.

Sport

- There are six sports groups operating under the Etisoft banner. We encourage employees to engage in different forms of activity (running together, participation in the league of soccer fives, cycling, participating in competitions).



- In 2023, we promoted Etisoft sports teams and encouraged employees to physical activity. Our employees participated in RowerON, an event that mobilizes people to spend time actively and visit the most interesting places in the area while cycling. Etisoft was also present at the monthly Gliwicka Parkowa Prowokacja Biegowa. This year, as part of this event our employees ran more than 500 km.



Youth

- We promote young poets - once again, we supported the publication of the "Anthology of Children's and Youth's Poetry" - an initiative of the Primary School No. 30 in Zabrze.

Charity

- For the eight time we organized a collection of gifts for homeless animals among our employees. Within the framework of our "A warm blanket on a winter night" campaign, we donated over 650 kg of food to the Fundacja Człowiek dla Zwierząt w Łętkowicach Kolonii.

Work-life balance, wellbeing

- We participated in the "Two Hours for the Family" campaign held by the Humanites Institute. All of our employees benefited from the additional free time. Additionally, we invited them to participate in a contest that accompanied the "With Passions Across Generations" campaign. The campaign itself was also part of the family picnic celebrating Etisoft's 30th anniversary.
- Our employees participated in "Tuesdays for Health," online meetings with experts on healthy lifestyle and stress management.



ETISOFT

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