

Year 2021



Financial report Apator Metrix S.A. for the financial year ending December 31, 2021.

Unit name:

Apator Metrix S.A.

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Period covered by the financial statements:

01.01.2021 - 31.12.2021

Reporting currency:

Polish Zloty (PLN)

Rounding level:

all amounts are expressed in Polish zloty (unless otherwise indicated)

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1. General information

1.1. Unit Information

Apator Metrix Spółka Akcyjna ("Company") is a joint-stock company registered in Poland. The Company's registered office is located in Tczew at ul. Grunwaldzka 14. The Company operates in Poland pursuant to the provisions of the Commercial Companies Code.

1.2. The scope of the entity's activities

The Company's core business is:

- production of instruments and devices for measuring, control, research, navigation and other purposes, with the exception of equipment for controlling industrial processes
- mechanical processing of metal elements
- production of other fabricated metal products, not elsewhere classified
- repair and maintenance of finished metal products
- machine repair and maintenance
- repair and maintenance of electronic and optical devices
- installation of industrial machines, equipment and accessories
- activities of agents involved in the sale of machinery, industrial equipment, ships and aircraft
- engineering activities and related technical consultancy

1.3. Composition of the Management Board and Supervisory Board

Management

In 2021, the Company's Management Board operated in the following composition:

From 01.01.2021, based on the resolution of the Supervisory Board of 23.11.2021, the Management Board operated in the following composition:

Chairman of the Board Arkadiusz Chmielewski
 Board Member of the Board Richard Lippke

From 23/11/2021, pursuant to the resolution of the Supervisory Board of 23/11/2021, the Management Board operated in the following composition:

President of the Management Board Ryszard Lippke
 Member of the Board Karol Kozjowski
 Member of the Board Wojciech Olinski

Supervisory Board

In 2021, the Supervisory Board performed its duties in the following composition:

Chairman: Mariusz Lewicki
 Members: Casimir Piotrowski
 Lukasz Zaworski
 Monika Guzowska

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1.4. Apator Capital Group

The company belongs to the Apator Capital Group, whose dominant entity is Apator SA Apator Metrix SA holds 100% shares in the subsidiary: George Wilson Industries Ltd. The consolidated financial statement is prepared by the parent company Apator SA The financial statement is available on the website of Grupa Apator, in the section devoted to investor relations: <http://www.apator.com/pl/relacje-inwestorskie/raporty/raporty-okresowe>.

2. Information on the basis for preparing the financial statements, the reporting currency and the level of rounding applied

2.1. Basis for preparation of separate financial statements

The presented annual separate financial statement of Apator Metrix SA was prepared in accordance with the International Accounting Standards, International Financial Reporting Standards and related interpretations announced in the form of regulations of the European Commission.

The financial statement of Apator Metrix SA is a separate statement for the financial year ended on December 31, 2021 and covers the period from January 1, 2021 to December 31, 2021 and the comparative period from January 1, 2020 to December 31, 2020.

2.2. International Financial Accounting Standards Applied

CHANGES IN INTERNATIONAL FINANCIAL ACCOUNTING STANDARDS AND THEIR IMPACT ON SEPARATE FINANCIAL STATEMENTS

When preparing the annual separate financial statements for the period from 1 January 2021 to 31 December 2021, the same accounting principles (policies) and calculation methods were applied, in principle, as in the last separate financial statements for the year ended 31 December 2020.

The standards that came into effect on 1 January 2021, but do not have a material impact on the preparation of the Company's annual financial statements, are:

- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 related to the IBOR reform,
- Amendments to IFRS 4: Applying IFRS 9 Financial Instruments,
- Amendments to IFRS 16 "Leases",

Standards and Interpretations that are not yet effective for annual periods ending on December 31, 2021.

The Company has not decided to apply in these annual separate financial statements any standards, interpretations or amendments that have not yet entered into force.

The following new Standards, amendments to Standards and Interpretations have not been adopted by the EU or are not yet effective for the periods ended on December 31, 2021 and have not been applied in the annual separate financial statements:

- Amendment to IFRS 17 "Insurance Contracts",
- Amendments to IAS 1 "Presentation of Financial Statements",
- Amendments to IFRS 3 "Business Combinations",
- Amendments to IAS 16 "Property, Plant and Equipment",

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- Amendments to IAS 37 "Provisions, Contingent Liabilities and Contingent Assets",
- Annual Improvements to IFRS 2018-2020,
- Amendments to IAS 1 "Presentation of Financial Statements" and the IFRS Board's guidance on disclosures about accounting policies in practice,
- Amendments to IAS 8 "Accounting Policies, Changes in Accounting Estimates and Adjustments "errors"
- IFRS 14 "Regulatory Accruals",
- Amendments to IFRS 10 and IAS 28 on the sale or transfer of assets between an investor and its associates or joint ventures.
- Amendments to IAS 12 "Income Taxes"

The Company intends to apply them for the periods for which they are effective for the first time. The Company does not expect the changes to have a material impact on its financial position and results of operations.

2.3. Reporting and functional currency and the level of rounding used

The reporting currency of these annual separate financial statements is the Polish zloty and all amounts are expressed in Polish zloty (unless otherwise indicated).

The functional currency of the Company is also the Polish zloty.

2.4. Duration of the entity's operations

The duration of Apator Metrix SA's business activity is indefinite.

The separate financial statements have been prepared on the assumption that the business will continue as a going concern in the foreseeable future, i.e. for a period of no less than 12 months from date of signing of the financial statements.

2.5. Approval of the financial statements

These separate financial statements were approved by the Management Board of the entity on 23 March 2022.

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3. Separate financial statement of Apator Metrix SA

3.1. Separate statement of financial position

SPECIFICATION	NOTE	for the day	
		31.12.2021	31.12.2020
Fixed assets		75 465 907.46	76 352 838.35
Intangible assets	7.2	7 954 019.00	6 670 070.73
Material fixed assets	7.3	28 729 262.27	30 384 643.36
The right to use leased assets	7.3	6 361 122.87	7,100,156.08
Other long-term financial assets	7.5	30 114 185.50	30 114 185.50
- <i>in related entities</i>	7.5	30 114 185.50	30 114 185.50
Deferred tax assets	7.16	2 307 317.82	2,083,782.68
Current assets		82 544 728.54	62 998 537.84
Stocks	7.6	35 391 546.26	24 906 544.65
Trade receivables	7.7	36 693 570.71	29,346,876.94
- <i>from related entities</i>	7.7	13 932 040.96	10 567 263.12
- <i>from other units</i>	7.7	22 761 529.75	18 779 613.82
Corporate income tax liabilities	7.7	416 235.00	-
Other tax, customs and social security liabilities	7.7	4 303 630.47	1,085,041.00
Other short-term receivables	7.7	173 173.39	43,830.00
- <i>from related entities</i>	7.7	155,000.01	25,830.00
- <i>from other units</i>	7.7	18,173.38	18,000.00
Cash and cash equivalents	7.9	4 783 355.48	6,642,526.30
Restricted cash resources	7.9	555 917.65	779 064.24
Short-term prepayments	7.10	227 299.58	194 654.71
TOTAL ASSETS		158 010 636.00	139 351 376.19

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SPECIFICATION	NOTE	for the day	
		31.12.2021	31.12.2020
Equity capital		94 589 675.78	91 753 088.78
Equity attributable to shareholders of the parent company		94 589 675.78	91 753 088.78
Base capital	7.11	903 868.60	903 868.60
Other capital	7.12	80,004,644.80	72 374 141.26
Capital from the revaluation of the defined benefit plan	7.12	(468 752.53)	(415 469.53)
Capital from valuation of hedging transactions	7.22	(1,882,924.46)	(1,740,948.79)
Retained earnings		16 032 839.37	20 631 497.24
- current period result		16 032 839.37	20 631 497.24
Obligations		63 420 960.22	47 598 287.41
Long-term liabilities and reserves		6 812 189.77	10 808 401.48
Long-term credits and loans	7.13	-	4,182,789.00
- from other units	7.13	-	4,182,789.00
Long-term liabilities	7.15	1 236 153.41	751 663.38
- towards other units	7.15	1 236 153.41	751 663.38
Long-term liabilities arising from the right to use leased assets	7.3	4 414 901.04	4 568 398.31
Long-term provisions for employee benefit liabilities	7.14	722 481.57	658 926.41
Other long-term reserves	7.14	438 653.75	646 624.38
Short-term liabilities and reserves		56 608 770.45	36,789,885.93
Short-term credits and loans	7.13	22 367 090.87	12 493 958.51
- from other units	7.13	22 367 090.87	12 493 958.51
Trade commitments	7.15	25 171 465.92	11 478 052.05
- towards related entities	7.15	970 649.59	1 137 436.22
- towards other units	7.15	24 200 816.33	10 340 615.83
Corporate income tax liabilities	7.15	-	2 934 288.00
Liabilities for other taxes, customs duties and social security	7.15	728 999.39	1,014,542.39
Other short-term liabilities	7.15	4 228 911.14	4 756 666.08
- towards other units	7.15	4 228 911.14	4 756 666.08
Current liabilities arising from the right to use leased assets	7.4	1,013,466.58	1 388 020.54
Short-term provisions for employee benefit liabilities	7.14	3,098,836.55	2 724 358.36
TOTAL LIABILITIES		158 010 636.00	139 351 376.19

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3.2. Separate statement of profit or loss and other comprehensive income

SPECIFICATION	NOTE	for the period	
		from 01.01.2021 until 31.12.2021	from 01.01.2020 until 31.12.2020
Revenues from sales of goods and services		220 844 486.66	210 532 227.63
- related entities	7.17	38 338 607.11	36 588 957.03
- other units	7.17	182 505 879.55	173 943 270.60
Cost of sales of goods and services		(168 731 830.37)	(158,494,839.89)
- related entities	7.17	(28,149,302.85)	(25,445,757.95)
- other units	7.17	(140 582 527.52)	(133 049 081.94)
Gross sales profit (loss)		52 112 656.29	52 037 387.74
Selling costs		(7,111,713.70)	(4,952,989.14)
General management costs		(25,166,545.76)	(24,464,077.61)
Profit (loss) from sales		19 834 396.83	22 620 320.99
Other operating income (expenses), including:		1,019,827.85	777 395.29
Revenues	7.19	1,152,634.65	849 046.61
Costs	7.19	(132,806.80)	(71,651.32)
- including the result of impairment of receivables		(2,015.33)	(20,735.68)
Profit (loss) from operating activities		20 854 224.68	23 397 716.28
Financial income (expenses), including:		(854,683.04)	2,275,865.92
Revenues	7.20	491 247.87	2 734 397.23
Costs	7.20	(1,345,930.91)	(458,531.31)
Profit (loss) before tax		19,999,541.64	25 673 582.20
Current income tax	7.16	(4,144,436.00)	(5,157,256.00)
Deferred income tax	7.16	177 733.73	115 171.04
Net profit (loss)		16 032 839.37	20 631 497.24
Other comprehensive income			
Other comprehensive income, net		(195 258.67)	(3,598,841.74)
Hedge accounting result with tax effect	7.22	(141,975.67)	(3,559,583.49)
Actuarial gains and losses with tax effect		(53,283.00)	(39,258.25)
Total comprehensive income		15 837 580.70	17,032,655.50
Net profit (loss), of which attributable to:		16 032 839.37	20 631 497.24
shareholders of the parent company		16 032 839.37	20 631 497.24
Total comprehensive income, of which attributable to:		15 837 580.70	17,032,655.50
shareholders of the parent company		15 837 580.70	17,032,655.50

SPECIFICATION	NOTE	for the period	
		from 01.01.2021 until 31.12.2021	from 01.01.2020 until 31.12.2020
Profit (loss) from operating activities		20 854 224.68	23 397 716.28
Depreciation	7.18	11 641 068.27	10 110 055.62
EBITDA		32,495,292.95	33 507 771.90

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3.3. Separate statement of changes in equity

SPECIFICATION	Base capital	Other capital	Capital from the revaluation of the defined benefit plan	Capital from valuation of hedging transactions and exchange rate differences from consolidation	Retained earnings	CAPITAL OWN TOTAL
Balance as of 01.01.2020	903 868.60	63 023 374.51	(376 211.28)	1 818 634.70	19,352,177.91	84 721 844.44
Changes in equity from 01.01.2020 to 31.12.2020						
Gains (losses) from revaluation	-	-	(48,466.98)	-	-	(48,466.98)
Cash flow hedging instruments, including: - gains (losses) included in the	-	-	-	(4,394,547.53)	-	(4,394,547.53)
valuation of the reporting value of hedged items	-	-	-	(4,394,547.53)	-	(4,394,547.53)
Tax related to items presented in other comprehensive income	-	-	9 208.73	834 964.04	-	844 172.77
Net profit for the period from 01.01.2020 to 31.12.2020	-	-	-	-	20,631,497.24	20,631,497.24
Comprehensive income recognized in the period from 01.01.2020 to 31.12.2020	-	-	(39,258.25)	(3,559,583.49)	20,631,497.24	17,032,655.50
Dividends	-	-	-	-	(10,001,411.16)	(10,001,411.16)
Division of the result into reserve capital	-	9,350,766.75	-	-	(9,350,766.75)	-
Balance as of 31.12.2020	903 868.60	72,374,141.26	(415 469.53)	(1,740,948.79)	20,631,497.24	91 753 088.78
Balance as of 01.01.2021	903 868.60	72,374,141.26	(415 469.53)	(1,740,948.79)	20,631,497.24	91 753 088.78
Changes in equity from 01.01.2021 to 31.12.2021						
Gains (losses) from revaluation	-	-	(65,781.48)	-	-	(65,781.48)
Cash flow hedging instruments, including: - gains (losses) included in the	-	-	-	(175,278.60)	-	(175,278.60)
valuation of the reporting value of hedged items	-	-	-	(175,278.60)	-	(175,278.60)
Tax related to items presented in other comprehensive income	-	-	12,498.48	33,302.93	-	45 801.41
Net profit for the period from 01.01.2021 to 31.12.2021	-	-	-	-	16,032,839.37	16,032,839.37
Total comprehensive income recognized in the period from 01.01.2021 to 31.12.2021	-	-	(53,283.00)	(141,975.67)	16,032,839.37	15,837,580.70
Dividends	-	-	-	-	(13,000,993.70)	(13,000,993.70)
Distribution of the result to the reserve	-	7,630,503.54	-	-	(7,630,503.54)	-
capital Balance as at 31.12.2021	903 868.60	80,004,644.80	(468 752.53)	(1,882,924.46)	16,032,839.37	94 589 675.78

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3.4. Separate statement of cash flows

SPECIFICATION	NOTE	for the period	
		from 01.01.2021 until 31.12.2021	from 01.01.2020 until 31.12.2020
Cash flow from operating activities			
Profit before tax (continuing operations)		19,999,541.64	25,673,582.20
Corrections:		11,818,668.95	9,834,007.55
Amortization of intangible assets	7.2	1,350,228.36	1,012,671.27
Depreciation of tangible fixed assets and leased assets	7.3	10 290 839.91	9,097,384.35
(Gain) loss on sale of tangible fixed assets and intangible assets	7.4	(52,934.67)	(309 309.74)
Interest costs	7.13	230 535.35	27 828.37
Other corrections	7.19	-	5,433.30
Cash from operating activities before changes in working capital		31 818 210.59	35 507 589.75
Change in inventory	7.6	(10,485,001.61)	2,700,047.56
Change in receivables	7.7	(10,694,626.63)	10,040,188.94
Change in liabilities	7.15	13,440,709.80	(15,734,570.46)
Change in reserves	7.14	164,281.24	147 773.43
Change in the status of restricted cash	7.9	223 146.59	(444 515.56)
Change in the status of accruals	7.10	(32,644.87)	35,777.11
Cash generated from operating activities		24,434,075.11	32,252,290.77
Income tax paid Net cash from		(7,494,959.00)	(3,052,419.00)
operating activities		16,939,116.11	29,199,871.77
Cash flow from investing activities			
Expenditures on acquisition of intangible assets	7.2	(2,634,176.63)	(1,056,600.00)
Expenditures on the acquisition of tangible fixed assets and PDA	7.3	(8,259,670.15)	(13,272,347.83)
Proceeds from sale of tangible fixed assets Net cash used		164,796.77	2,794,718.46
in investing activities		(10,729,050.01)	(11,534,229.37)
Cash flows from financing activities			
Proceeds from taking out credits and loans		5 690 343.36	-
Repayment of credits and loans		-	(8,930,128.58)
Interest Paid		(230,535.35)	(27,828.37)
Dividends paid	7.12	(13,000,993.70)	(10,001,411.16)
Lease liabilities repayment Net cash		(528,051.23)	(1,451,693.74)
from financing activities		(8,069,236.92)	(20,411,061.85)
Net increase (decrease) in cash and cash equivalents Cash and cash equivalents at the beginning of the		(1,859,170.82)	(2,745,419.45)
period Cash and cash equivalents at the end of the period		6,642,526.30	9,387,945.75
		4,783,355.48	6,642,526.30

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4. Accounting principles applied

4.1. Basis for preparation (general principles)

The separate financial statements have been prepared in accordance with the historical cost principle, except for the valuation of financial instruments (derivative instruments), which are measured at fair value.

The most important accounting policies applied by the entity are presented in points 4.2.1 to 4.2.15.

The accounting principles adopted in the preparation of the separate financial statements are, in principle, consistent with the principles adopted in the preparation of the annual financial statements for the year ended 31 December 2020. The method of recognising the costs of inventory write-downs and inventory scrapping costs and the costs of employee benefit provisions resulting from actuarial valuation have changed. They are now presented in the costs of core business (previously in the costs of other operating activities). In connection with this change, an appropriate adjustment to the presentation of the comparative period was made, which is described in detail in note 7.28.

The introduced change is a presentation change aimed at coherent presentation of the statements within Apator Group while maintaining analogous aggregation and presentation of key data in the statements.

The accounting policies presented below were applied to all periods presented in these financial statements by the Company.

4.2. Detailed rules for the valuation of assets and liabilities

4.2.1. Intangible assets

Intangible assets include assets that meet the following criteria:

- they can be separated or spun off from an economic entity, sold, transferred, licensed or given for paid use to third parties, either individually or together with related contracts, assets or liabilities
- arise from contractual or other legal rights, regardless of whether they are transferable or separable into a separate economic entity, or from other obligations.

Intangible assets are assets relating in particular to:

- trademarks
- computer software, copyrights, patents and licenses
- costs of completed development work
- know-how

Intangible assets acquired in separate transactions are stated at historical cost less accumulated depreciation and impairment losses. Amortization is charged on a straight-line basis over the expected useful life of the assets. The estimated useful life and amortization are reviewed at the end of each annual reporting period, and the effects of changes in these estimates are recorded in future periods.

After initial recognition, intangible assets are measured at historical cost or production cost, net of accumulated depreciation and impairment losses. Goodwill is recognized as an asset and is tested for impairment at least once a year.

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The effects of impairment are charged to the profit and loss account and are not subject to reversal in subsequent periods.

The useful life of intangible assets, depending on their type, is assessed and recognized as limited or indefinite.

Intangible assets with indefinite useful lives and those that are not yet in use are tested annually for possible impairment, for individual assets or at the level of the cash-generating unit, by comparing their carrying amount with their economic value.

Research costs are not subject to capitalization and are presented in the income statement as expenses in the period in which they are incurred. Development costs are capitalized only when:

- a clearly defined project is being implemented (e.g. software or new procedures) • it is probable that the asset will generate future economic benefits
- project-related costs can be reliably estimated

Development costs are amortized using the straight-line method over their expected economic useful life. If an internally generated asset cannot be separated, development costs are expensed in the profit and loss account in the period in which they are incurred.

4.2.2. Tangible fixed assets

The components of tangible fixed assets are recorded in the books at purchase price or production cost less depreciation and impairment losses. The purchase price of tangible fixed assets as at 1 January 2005, i.e. the date of first application of IFRS by the Company EU, was determined by reference to their fair value at that date.

The acquisition price includes the purchase price of the asset and costs directly related to the purchase and adaptation of the asset to a condition suitable for use, including transport costs, as well as loading, unloading and storage costs, as well as direct remuneration. Discounts, rebates and other similar reductions and recoveries reduce the acquisition price of the asset. The cost of producing a fixed asset and fixed assets under construction includes all costs incurred during its construction, assembly, adaptation and improvement incurred up to the date of accepting such an asset for use (or up to the balance sheet date if the asset has not yet been put into use). The cost of production also includes, where required, the preliminary estimate of the costs of dismantling and removing tangible fixed assets and restoring them to their original condition. The acquisition price may also be adjusted for profits or losses from cash flow hedging transactions related to foreign purchases of tangible fixed assets transferred from other comprehensive income.

Purchased software that is necessary for the proper functioning of the associated device is activated as part of that device.

Where a specific item of property, plant and equipment consists of separate and significant components with different useful lives, those parts are treated as separate assets.

Gains and losses on the disposal of tangible assets are determined by comparing the disposal proceeds with the carrying amount of the assets disposed of and are recognised net as current period profit or loss under other income.

Capitalization covers costs incurred in a later period for replacing parts of an item of property, plant and equipment that can be reliably estimated and it is probable that the Company will obtain economic benefits associated with the replaced items of property, plant and equipment. The carrying amount of the removed parts of an item of property, plant and equipment is derecognized. Expenditures incurred in

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related to the ongoing maintenance of property, plant and equipment are recognised as profit or loss of the current period as incurred.

Depreciation charges are made in relation to the depreciable amount, which is the purchase price or production cost of a given asset, less its residual value.

Depreciation is recognized as an expense of the current period using the straight-line method in relation to the Company's estimated useful life of a given item of property, plant and equipment, which best reflects the manner in which future economic benefits related to the use of a given asset will be realized. Assets used under a lease or other similar agreement are depreciated over the shorter of the two periods: the lease term or the useful life, unless the Company is reasonably certain that it will obtain ownership before the end of the lease term. Land is not depreciated.

The Company assumes the following useful lives for individual categories of tangible fixed assets:

- buildings and structures: 15-20 years
- machines and equipment: • 5-15 years
- means of transport: • 5-7 years
- other tangible fixed assets: 5-7 years

The correctness of the applied useful lives, depreciation methods and residual values of tangible fixed assets is verified at each balance sheet date and corrected in justified cases.

4.2.3. Fixed assets held for sale

The Company measures non-current assets and net asset groups classified as held for sale at the lower of their carrying amount and fair value less costs to sell. Non-current assets and net asset groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continued use. This condition is considered to be met only if the sale is highly probable and the asset or net asset group held for sale is available for immediate sale in its current condition. The Company's management is committed to the sale, which must be completed within one year of the date of classification.

Property, plant and equipment that the Company does not use commercially and that are classified as held for sale are not depreciated.

4.2.4. Investments in subsidiaries and associates

Investments in subsidiaries are recognized at acquisition price increased by non-refundable capital contributions granted, including those to cover losses shown in the subsidiary's financial statements, reduced by write-offs.

Impairment. Associates are entities over whose operating and financial policies the Company has significant influence but does not control. A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control and both parties have rights to the net assets of the joint venture. The financial statements include the share of

The Company's profit or loss of associates and joint ventures accounted for using the equity method, from the date that significant influence or joint control is obtained until the date that significant influence or joint control ceases.

The Company tests its investments in subsidiaries and associates for impairment when there are indications or at least once a year. Details are provided in Note 7.5.

4.2.5. Leasing

The Company recognizes lease agreements in accordance with the principles set out in IFRS 16.

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The determination of whether a contract contains the characteristics of a lease depends on the content of the contract at the time of its conclusion, indicating whether the performance of the contract depends on the use of a specific asset or whether the agreement gives an effective right to use a specific asset, even if that right is not expressly included in the agreement. The company benefits from an exemption that allows low-value assets not to be classified as leases. This threshold has been set at PLN 20,000 for a new single asset.

Lease assets and liabilities are measured at present value upon initial recognition.

Lease payments are discounted using the lease interest rate. In most cases, this rate is derived directly from the terms of the lease. If this rate cannot be readily determined, the lessee's incremental borrowing rate is used, which is the interest rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value, in a similar economic environment, for a similar term, and with similar security. To determine the incremental borrowing rate,

Lease payments are allocated between principal and finance charges. Finance charges are charged to the financial result over the term of the lease in such a way as to produce a constant periodic interest rate on the remaining balance of the obligation for each period.

The right-of-use asset for leased assets is depreciated at a minimum over the term of the lease. Additional periods are also taken into account when determining the lease term if the lease includes an option to transfer ownership of the leased assets and the company intends to exercise that option.

The Company does not recognize short-term or intangible contracts as leasing.

4.2.6. Inventories

Materials and goods are valued at purchase prices. The purchase price includes the amount due without the accrued value added tax. Purchase costs (transport costs, border fees, customs, loading and unloading costs) are charged to a separate account "purchase costs".

Semi-finished products and work in progress and finished products are valued on an ongoing basis at production cost, and their inventory is valued at production costs not higher than their net sales prices that could be obtained if the sale took place on the reporting date. The production cost consists of the sum of direct costs (materials, wages) and a justified part of indirect costs related to production of the product, including indirect production costs and a part of fixed indirect costs corresponding to the level of these costs at normal use of production capacity. The Company applies the FIFO method of valuing the outflow of inventories.

Inventories are verified at the end of each reporting period. Economically useless inventories are written off 100%. In addition, for the purpose of realizing the value of inventories, an analysis of the age structure of inventories is carried out, the decisive factor of which is the date of receipt and issue from the warehouse.

4.2.7. Borrowing costs

All borrowing costs are charged directly to the profit and loss account in the period in which they are incurred.

The Company capitalizes borrowing costs (interest and other costs incurred by the Company in connection with the launch of financing) that can be directly attributed to the acquisition or construction of tangible assets. The capitalization principles are not applied to investment properties and inventories produced in a repetitive manner, with a short production cycle.

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4.2.8. Financial instruments

A financial instrument is any contract that gives rise simultaneously to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets are classified into one of the following categories:

- assets valued at amortized cost - debt instruments held to collect contractual cash flows, which include only repayments of principal and interest. The Company classifies in this category:

- loans and trade receivables and other receivables
- held-to-maturity investments
- cash
- cash equivalents

- assets measured at fair value through other comprehensive income – financial assets held for sale and debt instruments whose cash flows consist exclusively of payments of principal and interest and which are held for the purpose of collecting contractual cash flows and for the purpose of sale; are measured at fair value through other comprehensive income, except for impairment gains and losses, interest income and exchange rate differences, which are recognised in the financial result.

- assets measured at fair value through profit or loss - assets that do not meet the criteria for measurement at amortized cost or at fair value through comprehensive income are measured at fair value through profit or loss. The Company includes in this category financial assets available for sale and derivative instruments (in particular forward and swap contracts)

At initial recognition, all financial assets are measured at fair value, plus, in the case of assets not classified as measured at fair value through profit or loss, transaction costs that can be directly attributed to the acquisition of a given asset.

Financial liabilities are classified into one of the following categories:

- presented at fair value through profit or loss - include financial liabilities measured at fair value through profit or loss and derivative instruments designated as hedging instruments (in particular forward and swap contracts) • measured at amortized cost - financial liabilities not classified as "at fair value through profit or loss", include loans and advances, trade payables

All financial liabilities are initially recognised at fair value, adjusted – in the case of loans and advances – for directly attributable transaction costs.

Write-off for impairment of trade receivables

For short-term trade receivables, the Company applies a simplified approach to calculating the allowance for expected credit losses (ECL). The Company applies a matrix in which allowances for trade receivables belonging to different aging or overdue periods are calculated.

Accordingly, the Company does not track changes in credit risk but instead establishes an allowance for losses based on expected credit loss (ECL) throughout the period at each reporting date.

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The provision for impairment is created for current, overdue (doubtful), collection and disputed receivables in the gross amount (including VAT). The provision for impairment of overdue receivables is created after taking into account the cumulative provision for disputed and collection receivables.

Bank loans

Interest-bearing bank loans are recorded at acquisition cost, which is the fair value of the cash received, net of amounts directly related to obtaining the loan. In subsequent periods, loans are measured at amortized acquisition cost, using the effective interest rate. Interest-bearing bank loans are recorded together with accrued interest. Interest on loans due increases liabilities and financial costs.

Trade and other liabilities

After initial recognition, all liabilities with a maturity of more than 12 months, except liabilities measured at fair value through profit or loss, are generally measured at adjusted cost using the effective interest method.

In the case of liabilities with a maturity date of no more than 12 months from the balance sheet date, they are valued at the amount due.

Hedge accounting

Cash flow hedging

The Company uses derivative financial instruments to hedge foreign exchange and interest rate risks. Embedded derivatives are separated from the host contract and accounted for separately if the economic and risk characteristics of the host contract and the embedded derivative are not closely related, a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative, and the hybrid (combined) instrument is not measured at fair value through profit or loss.

At the time of initial designation of a hedge position, the Company formally documents the relationship between the hedging instrument and the hedged item. This documentation includes the risk management objective and strategy for establishing the hedge, as well as the methods that the Company will use to assess the effectiveness of the hedging instrument. The Company assesses, both at the time of inception of the hedge and on an ongoing basis thereafter, whether it is reasonable to expect that the hedging instruments will remain "highly effective" in offsetting changes in the fair value or cash flows of individual hedged items throughout the period for which the hedge was established, and whether the actual level of each hedge is within the range of 80-125%. Cash flow hedges are used for future, highly probable transactions that are subject to the risk of changes in cash flows, the effects of which would be recognized as profit or loss in the current period.

Derivative financial instruments are initially recorded at fair value; related transaction costs are recognized when incurred as profit or loss in the current period. After initial recognition, the Company measures derivative financial instruments at fair value, and gains and losses arising from changes in fair value are recognized as follows.

If a derivative financial instrument is designated as a hedge of the variability of cash flows related to a specific risk associated with a recognized asset, a recognized liability or a highly probable forecast transaction that could affect current period profit or loss, the portion of the gain or loss associated with the hedging instrument that is an effective hedge is recognized in other comprehensive income and presented as a separate hedge item in equity. Gains or losses previously recognized in equity

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are transferred to profit or loss of the current period in the same period and in the same line item as the hedged cash flows are recognised in profit or loss. The ineffective portion of the change in the fair value of the derivative is recognised immediately in profit or loss of the current period.

If the hedging instrument ceases to meet the criteria for hedge accounting, expires, is sold, terminated, exercised or its purpose is changed, the Company discontinues the application of hedge accounting principles. Cumulative gains or losses previously recognized in other comprehensive income and presented in equity are retained in equity until the planned transaction is completed and recognized as profit or loss of the current period. If the hedged item is a non-financial asset, gains or losses previously recognized in other comprehensive income adjust the carrying amount of that asset when it is recognized. If the planned transaction is not expected to occur, gains or losses recognized in the statement of financial position are recognized immediately as profit or loss of the current period. In other cases, amounts previously recognized in other comprehensive income are recognized as profit or loss of the current period in the same period or periods in which the hedged planned transaction affects profit or loss of the current period.

The Company has decided to continue the presentation solutions consistent with IAS 39. The Company uses derivative financial instruments to hedge currency risk.

4.2.9. Reserves

Provisions are created when the Company has an obligation (legal or constructive) as a result of past events and when it is probable that the settlement of this obligation will require an outflow of funds and the amount of the obligation can be reliably estimated.

Where the outflow of economic benefits over time is material, the amount of the provision is determined by discounting the projected future cash flows to their present value, using a gross discount rate that reflects current market assessments of the time value of money and the potential risks associated with the liability. If the discounting method is used, the increase in the provision due to the passage of time is recorded as a borrowing cost.

Provisions are also created for future liabilities resulting from restructuring if, under separate regulations, the entity is obliged to carry it out or binding agreements have been concluded in this matter, and the restructuring plans can be reliably estimated, with the relevant decision to create a provision being made by the Management Board. In the absence of an appropriate restructuring plan, a contingent liability is disclosed in the financial statements.

The Company also creates a provision for warranty repairs. The Company determines the level of the provision for this on an individual basis. The initial cost estimate is subject to annual review. The Company estimates the provision for repair costs based on historical experience, using the product of the average warranty repair rate and sales revenue in a given period. Provisions for warranty repair costs are created as a charge to core business.

4.2.10. Employee benefits

The Company creates provisions for future employee benefit obligations (retirement benefits), which the entity recognizes in proportion to the expected period of service by a given employee. The calculation is performed by a licensed actuary using the projected unit credit method.

At the end of each financial year, the amount of the reserve is therefore estimated using the actuarial method.

The basis for a reliable estimate of the reserve size are:

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- criteria for acquiring rights to the above-mentioned benefits
- actuarial assumptions

The cost of the defined benefit plan, including the revaluation of the net defined benefit obligation, is recognised in other comprehensive income (defined benefit plan revaluation reserve)

The Company also creates a provision for the costs of accumulated paid absences that it will have to incur as a result of employees not using their entitlement, and which entitlement existed at the balance sheet date. The provision for the costs of accumulated paid absences is recognized as a liability after deducting any amounts already paid. The provision for the costs of accumulated paid absences is a short-term provision and is not subject to discounting, and is created as a charge to core business.

Reserves are valued at a reasonable, reliably estimated value.

4.2.11. Revenues

Revenue from the sale of goods and services

The Company recognizes revenue from the sale of goods, i.e. materials, parts and finished products "at a point in time", when the recipient takes control of a given good. Revenue from the provision of services related to short-term orders is recognized "at a point in time" at the time of finalization of the service, after confirmation of the execution of the contract bond (after receiving the acceptance protocol). The Company analyzes revenue in accordance with IFRS 15 "Revenue from contracts with customers" in such a way that the recognized revenue reflects the transfer of goods or services to the contractor in an amount that reflects the payment that the entity expects to receive in exchange for these goods or services.

Revenue from the sale of goods and services in the ordinary course of business is measured at the fair value of the consideration received or receivable, less the value of returns, discounts and rebates. Revenue is recognized when there is persuasive evidence, usually in the form of an executed sales contract, that substantially all risks and rewards have been transferred to the buyer, there is a high probability of payment, the costs incurred and the probability of returning the goods can be reliably estimated, there is no ongoing involvement in managing the goods and the amount of revenue can be reliably measured. If it is probable that discounts will be granted, the amount of which can be reliably measured, then the discount is recognized as a reduction of sales revenue when recognized. The Company does not have a significant financing component, and the payment terms used by the Company are usually from 21 to 90 days.

Financial income and costs

Net finance costs include interest payable on debt determined based on the effective interest rate, interest due on cash invested by the Company.

Interest income is recorded in profit or loss on an accrual basis using the effective interest rate method.

4.2.12. Foreign Currency Transactions

Transactions denominated in foreign currencies on the transaction date are recorded in the Company's functional currencies using the purchase rate or sale rate of the currency on the transaction date.

Monetary assets and liabilities expressed in foreign currencies are translated at the end of the reporting period at the purchase rate applied by the leading bank servicing the Company. Exchange rate differences resulting from the balance sheet valuation of monetary assets and liabilities are the differences between the valuation at amortized cost in the functional currency at the beginning of the reporting period,

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adjusted for accrued interest and payments made during the reporting period, and the value at amortised cost in foreign currency translated at the average NBP exchange rate at the end of the reporting period.

Non-monetary balance sheet items denominated in foreign currencies measured at fair value are translated at the average NBP exchange rate applicable on the date of estimating the fair value.

Foreign exchange differences on translation are recognized as profit or loss for the current period, except for differences arising on the translation of equity instruments classified as available for sale, financial liabilities designated as hedges of an interest in the net assets of a foreign operation, and qualifying cash flow hedges that the Company recognizes as other comprehensive income. Non-monetary items measured at historical cost in a foreign currency are translated by the Company using the exchange rate at the date of the transaction.

4.2.13. Taxes

Income taxes include a current portion and a deferred portion. Current and deferred income taxes are recognized in the profit or loss of the current period, except in the case of business combinations and items recognized directly in equity or in other comprehensive income.

Current tax is the expected amount of tax liabilities or receivables on taxable income for the year, determined using the tax rates legally or actually in effect at the reporting date and adjustments to the tax liability relating to prior years.

Deferred tax is recognized for temporary differences between the carrying amounts of assets and liabilities and their values for tax purposes. In addition, deferred tax is not recognized for temporary differences arising on the initial recognition of goodwill. Deferred tax is measured using the tax rates that are expected to be applied when the temporary differences reverse, based on the tax laws enacted or substantively enacted at the reporting date. Deferred tax assets and deferred tax liabilities are offset if the Company has a legally enforceable right to offset current tax liabilities and assets and provided that the deferred tax assets and liabilities relate to income taxes levied by the same tax authority on the same taxpayer or on different taxpayers who intend to settle income tax liabilities and receivables on a net basis or to realize the receivable and settle the liability simultaneously.

Deferred tax assets related to unused tax losses, unused tax credits and deductible temporary differences are recognised to the extent that it is probable that taxable profit will be available against which the deferred tax assets can be utilised. Deferred tax assets are reassessed at each reporting date and reduced to the extent that it is not probable that the related income tax benefits will be realised.

4.2.14. Equity

The Company's equity capital includes: share capital, other capital, capital from revaluation of the defined benefit program, capital from valuation of hedging transactions, undistributed financial result, current year's result. Items reducing the amount of equity capital are write-offs from the current year's financial result.

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5. Basic Judgments and Fundamentals of Uncertainty Estimation

The preparation of separate financial statements in accordance with IFRS requires the Management Board to make estimates, judgments and assumptions that affect the adopted principles and the presented values of assets, liabilities, revenues and costs. The estimates and related assumptions are based on historical experience and various factors that are considered reasonable in the given circumstances. The results of these estimates provide a basis for professional judgment as to the book value of assets and liabilities. In important matters, the Management Board of the Company relies on the opinions of independent experts when making estimates. The actual value may differ from the estimated value.

The estimates and related assumptions are subject to ongoing verification. Any change in accounting estimates is recorded in the period in which the change is made.

Information on estimates and assumptions that have a material impact on the values disclosed in the Company's separate financial statements is included in the following notes:

- Impairment of: inventories (note 7.6), trade and other receivables (note 7.7) and other financial assets (note 7.5),
- Provisions for liabilities (note 7.14),
- Deferred income tax (note 7.16).

6. Information on the seasonality of business

There is no seasonality of sales in Apator Metrix SA.

7. Explanatory notes to the separate financial statements

7.1. Operating segments

Apator Metrix SA focuses on its core business, i.e. designing and manufacturing of gas measuring devices. The Company's business in the structure of the Apator Group is focused on the "Gas" segment - media metering in terms of gas consumption.

7.2. Intangible assets

Data on intangible assets are presented in the table below.

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SPECIFICATION	PATENTS AND LICENSES, SOFTWARE COMPUTER	WORK COSTS DEVELOPMENT	THE REMAINING VALUES INTANGIBLE	ADVANCES FOR VALUES INTANGIBLE	TOGETHER
Net value as of 01.01.2020	970.393.00	5,655,749.00	-	-	6,626,142.00
Increase due to own production	-	1,056,600.00	-	-	1,056,600.00
Settlement of advance payment for intangible assets	0.00	0.00	0.00	0.00	0.00
Depreciation	-	(1,012,671.27)	-	-	(1,012,671.27)
Other changes - gross	(970.393.00)	970,393.00	-	-	-
Net value as of 31.12.2020	-	6,670,070.73	-	-	6 670 070.73
Net value as of 01.01.2021	-	6,670,070.73	-	0.00	6,670,070.73
Increase due to acquisition	-	2,634,176.63	-	-	2,634,176.63
Increase due to advance payment for intangible assets	0.00	0.00	0.00	0.00	0.00
Depreciation	-	(1,350,228.36)	-	-	(1,350,228.36)
Net value as of 31.12.2021	-	7,954,019.00	-	0.00	7 954 019.00
As of 31.12.2020					
Gross value	-	7,682,742.00	-	0.00	7,682,742.00
Total accumulated depreciation and write-offs to date	-	(1,012,671.27)	-	0.00	(1,012,671.27)
Net worth	-	6 670 070.73	-	0.00	6 670 070.73
As of 31.12.2021					
Gross value	-	10,316,918.63	-	0.00	10,316,918.63
Total accumulated depreciation and write-offs to date	-	(2,362,899.63)	-	0.00	(2,362,899.63)
Net worth	-	7,954,019.00	-	0.00	7 954 019.00

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Net value of intangible assets:

SPECIFICATION	for the day	
	31.12.2021	31.12.2020
Development costs	7 954 019.00	6 670 070.73
Other intangible assets	0.00	0.00
Advances on intangible assets	0.00	0.00
Together	7 954 019.00	6 670 070.73

In 2021, the Company incurred expenses for the acquisition of intangible assets in the amount of PLN 2,634,176.63 (in 2020: PLN 1,056,600.00). These expenses are related to the implementation by the Company of so-called smart gas meters and the related need to incur development costs related to solutions in the field of smart systems, whether for software licenses related to remote reading or for research and development work.

In 2020, the Company settled the value of completed development works in the amount of PLN 6,751,142, which concerned an electronic gas meter constituting an own solution of Apator Metrix SA adapted to the SmartGas protocol compliant with, among others, the Polish specification. This gas meter can be manufactured in various, universal functional configurations depending on the needs. The assumed period of use of commercialized development works is 5 years (20%).

7.3. Tangible fixed assets

In 2021, the Company made investments in the purchase of tangible fixed assets in the amount of PLN 10,893,846.78 (in 2020: PLN 14,328,947.83). These expenses mainly concerned machines and devices and other tangible fixed assets (including mainly tooling) and were related to: automation of production processes, the need to increase production capacity, new technologies and modernization of the machine park, as well as the implementation of new products and modernization of existing ones in terms of market requirements.

Contractual obligations incurred for the purpose of acquiring tangible fixed assets

At the end of the reporting period, the Company has concluded agreements for the purchase of tangible fixed assets that are in the process of implementation and shown in the report as fixed assets under construction and advances for fixed assets. These are tasks carried out in accordance with the Company's investment plan, and the amount of other liabilities resulting from concluded agreements as at 31.12.2021 is: PLN 1,692,589.53 (2020: PLN 1,025,138.04).

Security

At the end of the reporting period, the Company has an investment loan agreement signed on 23 February 2015, the security for which is, among others, a set of fixed assets in the form of machines and equipment, the balance sheet value of which at the end of the reporting period is PLN 269,740.41 (in 2020: PLN 422,253.36). Moreover, in the financial year 2016, the Company concluded a multi-product agreement under which a credit limit was made available to the Company, the security of which on the part of Apator Metrix SA - after the annexes concluded in the period 2017/2021 - is a registered pledge on a set of fixed assets with the balance sheet value of PLN 205,583.25 (in 2020: PLN 224,507.89). The total net value of machines and equipment and other fixed assets constituting security for loans at the end of 2020 is: PLN 475,323.66.

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Property, plant and equipment used on an ownership basis for 2020 and 2021:

SPECIFICATION	Land, buildings and premises and engineering facilities	Machines and equipment	Means of transport	Tools and equipment	Material fixed assets under construction	Together
Net value as of 01.01.2020	7 163 512.66	11 017 245.20	619 463.42	6,025,215.54	3,842,245.80	28,667,682.62
Increase due to acquisition	145 815.99	1 886 533.11	693 011.36	3 051 759.22	0.00	5,777,119.68
Increase in stock due to modernization	553 458.94	1 748 911.91	0.00	1 174 952.81	0.00	3,477,323.66
Increase due to expenditure on tangible fixed assets under construction and advances on tangible fixed assets	0.00	0.00	0.00	0.00	14,663,487.87	14,663,487.87
Decrease due to disposal	0.00	(1,658,608.21)	0.00	(420,242.00)	0.00	(2,078,850.21)
Decrease due to liquidation	(615,100.42)		0.00	(6,072,082.37)	0.00	(6,687,182.79)
Settlement of expenditures on tangible fixed assets under construction (acceptance at stock) and advances on tangible fixed assets	0.00	0.00	0.00	0.00	(14,179,216.88)	(14,179,216.88)
Depreciation	(1,128,251.73)	(3,558,718.57)	(234,713.47)	(3,067,137.99)	0.00	(7,988,821.76)
Reduction of the existing depreciation due to disposal	0.00	1,658,608.21	397,220.05	0.00	0.00	2,055,828.26
Reduction of the current write-off due to liquidation	0.00	609,667.12	0.00	6,072,082.37		6,681,749.49
Other changes - cancellation	0.00	(1,425.00)	0.00	(3,051.58)		(4,476.58)
Net value as of 31.12.2020	6,734,535.86	11,087,113.35	1,054,739.36	7,181,738.00	4,326,516.79	30,384,643.36
Net value as of 01.01.2021	6,734,535.86	11,087,113.35	1,054,739.36	7,181,738.00	4,326,516.79	30,384,643.36
Increase due to acquisition	0.00	2,992,251.73	436,344.23	2,959,417.02	0.00	6,388,012.98
Increase in stock due to modernization	350,697.53	749,878.46	0.00	308,498.16	0.00	1,409,074.15
Increase resulting from reclassification - from the right to use leased assets to tangible fixed assets	0.00	2 610 322.00	0.00	0.00	0.00	2 610 322.00
Increase due to expenditure on tangible fixed assets under construction and advances on tangible fixed assets	0.00	0.00	0.00	0.00	7,082,352.52	7,082,352.52
Decrease due to disposal	0.00	0.00	(477 113.29)	0.00	0.00	(477 113.29)
Decrease due to liquidation	0.00	(568 896.36)	0.00	(1,776,121.68)	0.00	(2,345,018.04)
Settlement of expenditures on tangible fixed assets under construction (acceptance at stock) and advances on tangible fixed assets	0.00	0.00	0.00	0.00	(7,797,087.13)	(7,797,087.13)
Depreciation	(1,170,716.16)	(4,678,918.99)	(305 148.22)	(3,164,988.87)	0.00	(9,319,772.24)
Increase in the current depreciation due to reclassification - from the right to use leased assets to tangible fixed assets	0.00	(1,916,421.27)	0.00	0.00	0.00	(1,916,421.27)
Reduction in accumulated depreciation due to disposal	0.00	0.00	365,251.19	0.00	0.00	365,251.19
Reduction in accumulated depreciation due to liquidation	0.00	568,896.36	0.00	1,776,121.68	0.00	2,345,018.04
Net value as at 31.12.2021	5,914,517.23	10,844,225.28	1,074,073.27	7,284,664.31	3,611,782.18	28,729,262.27

Unit name:	Apator Metrix S.A.		Page 24
Period covered by the financial statements:	01.01.2021 - 31.12.2021	Reporting currency:	Polish Zloty (PLN)
Rounding level:	all amounts are expressed in Polish zloty (unless otherwise indicated)		

Gross value and accumulated depreciation of fixed assets:

SPECIFICATION	Land, buildings and premises and engineering facilities	Machines and equipment	Means of transport	Tools and equipment	Material fixed assets under construction	Together
As of 31.12.2020						
Gross value	17,756,755.85	35,127,663.58	3,097,744.48	33,874,719.89	4,326,516.79	94,183,400.59 0.00
Total accumulated depreciation and write-offs to date	(11,022,219.99)	(24,040,550.23)	(2,043,005.12)	(26,692,981.89)	(63,798,757.23)	
Net worth	6,734,535.86	11,087,113.35	1,054,739.36	7,181,738.00	4,326,516.79	30,384,643.36
As of 31.12.2021						
Gross value	18,107,453.38	40,911,219.41	3,056,975.42	35,366,513.39	3,611,782.18	101,053,943.78 0.00
Total accumulated depreciation and write-offs to date	(12,192,936.15)	(30,066,994.13)	(1,982,902.15)	(28,081,849.08)	(72,324,681.51)	
Net worth	5,914,517.23	10,844,225.28	1,074,073.27	7,284,664.31	3,611,782.18	28,729,262.27

Unit name:	Apator Metrix S.A.		Page 25
Period covered by the financial statements:	01.01.2021 - 31.12.2021	Reporting currency:	Polish Zloty (PLN)
Rounding level:	all amounts are expressed in Polish zloty (unless otherwise indicated)		

In the audited period, i.e. in 2021, similarly to the previous year 2020, the Company did not make any impairment losses on tangible fixed assets.

The company uses production machines and equipment under leasing agreements. The agreements were concluded for a period of 60 months and their completion will take place according to the schedule.

7.4. Leasing

The value of lease liabilities is presented in the table below.

SPECIFICATION	as of 31.12.2021		as of 31.12.2020	
	Fees	Current value fees	Fees	Current value floss
Payable within 1 year	1,083,415.77	1,013,466.58	1,488,596.51	1,388,020.54
Payable over a period of 1 to 5 years	2,455,267.33	2,387,750.64	2,664,326.40	2,541,247.91
Paid over 5 years	2,027,150.40	2,027,150.40	2,027,150.40	2,027,150.40
Total future minimum finance lease payments	5,565,833.50	5 428 367.62	6 180 073.31	5,956,418.85
Future financial burdens (-)	(137,465.88)	-	(223,654.46)	-
Present value of minimum lease payments	5,428,367.62	5 428 367.62	5,956,418.85	5,956,418.85

The value of the lease liability was calculated based on the following assumptions:

- in the case of perpetual usufruct of land – perpetual usufruct was assumed (adopted rate of 2.4%)
- in the case of fixed-term contracts – the maximum period that could generate the obligation was assumed

Unit name:	Apator Metrix S.A.		Page 26
Period covered by the financial statements:	01.01.2021 - 31.12.2021	Reporting currency:	Polish Zloty (PLN)
Rounding level:	all amounts are expressed in Polish zloty (unless otherwise indicated)		

Property, plant and equipment leased for 2020 and 2021:

SPECIFICATION	Land, buildings and premises and engineering facilities	Machines and equipment	Means of transport	Tools and equipment	Material fixed assets under construction	Together
Net value as of 01.01.2020	2 303 580.00	3 284 505.63	0.00	153 769.69	0.00	5,741,855.32
Increase due to leasing Depreciation Net value	0.00	2,462,386.77	0.00	0.00	0.00	2,462,386.77
as at 31.12.2020	0.00	(950 316.32)	0.00	(153,769.69)	0.00	(1,104,086.01)
	2 303 580.00	4 796 576.08	0.00	0.00	0.00	7 100 156.08
Net value as of 01.01.2021	2 303 580.00	4 796 576.08	0.00	0.00	0.00	7 100 156.08
Increase due to leasing acceptance	925 935.19	0.00	0.00	0.00	0.00	925 935.19
Decrease resulting from reclassification - from the right to use leased assets to tangible fixed assets	0.00	(2,610,322.00)	0.00	0.00	0.00	(2,610,322.00)
Depreciation	(121,251.31)	(849 816.36)	0.00	0.00	0.00	(971 067.67)
Reduction in accumulated depreciation resulting from reclassification from leased assets to tangible fixed assets	0.00	1 916 421.27	0.00	0.00	0.00	1 916 421.27
Net value as of 31.12.2021	3 108 263.88	3,252,858.99	0.00	0.00	0.00	6 361 122.87

Gross value and accumulated depreciation of fixed assets in lease:

SPECIFICATION	Land, buildings and premises and engineering facilities	Machines and equipment	Means of transport	Tools and equipment	Material assets under construction	Together
Net value as of 01.01.2020	2 303 580.00	3 284 505.63		153 769.69		5,741,855.32
As of 31.12.2020						
Gross value	2 303 580.00	8,019,642.47	-	850 616.69	-	11,173,839.16
Total accumulated depreciation and write-offs to date	-	(3,223,066.39)	-	(850 616.69)	-	(4,073,683.08)
Net worth	2 303 580.00	4,796,576.08	-	-	-	7,100,156.08
As of 31.12.2021						
Gross value	3,229,515.19	5,409,320.47	-	850 616.69	-	9,489,452.35
Total accumulated depreciation and write-offs to date	(121,251.31)	(2,156,461.48)	-	(850 616.69)	-	(3,128,329.48)
Net worth	3,108,263.88	3,252,858.99	-	-	-	6 361 122.87

Unit name:	Apator Matrix S.A.		Page 27
Period covered by the financial statements:	01.01.2021 - 31.12.2021	Reporting currency:	Polish Zloty (PLN)
Rounding level:	all amounts are expressed in Polish zloty (unless otherwise indicated)		

7.5. Other financial assets

Data on other financial assets are presented in the table below.

SPECIFICATION	for the day	
	31.12.2021	31.12.2020
Other long-term financial assets	30 114 185.50	30 114 185.50
Shares in subsidiaries	30 114 185.50	30 114 185.50

The value of PLN 30,114,185.50 shown in long-term investments relates to the acquisition in 2017 by the Company of 100% of shares in George Wilson Industries Ltd. with its registered office in Coventry (Great Britain). The acquisition of George Wilson Industries Ltd. is an element of the consistent development of Apator Metrix as one of the leaders in the production of gas meters in Europe, including smart metering solutions.

George Wilson is currently working to improve the efficiency of its operations on the British market, taking into account the changing market environment resulting from, among others, the COVID-19 pandemic. This will be facilitated by the possibility of relocating the company to an optimally scaled, modern facility thanks to the possibility of ending the current lease of the building in 2022. Direct cost reductions related to this and other activities should significantly improve the company's profitability, ensuring its financial independence and the ability to effectively service the British market in the field of the smart meter market, as well as their repairs, service and renovation.

The Company conducted an impairment test of George Wilson Industries Ltd., assuming the following assumptions for calculations: WACC = 6.93%, revenues and margins in line with the company's long-term financial plan for 2021-2025, while after the forecast period no growth rate was assumed and a stable EBITDA level was assumed for the calculation of the residual value. The values of some indicators were used in the calculations, including beta, D/E debt ratios, etc. published by prof. Damodaran (www.damodaran.com).

Based on the test performed, no impairment of assets was identified within individual cash-generating units due to the excess of discounted cash flows over the value of shares.

The additional sensitivity analysis performed showed that the model used to conduct the test is most sensitive to changes in the weighted average cost of capital, as well as unit prices of sold products and services. A decrease in unit prices by almost 3% without a simultaneous decrease in costs or prices of purchased raw materials, components or semi-finished products could result in a loss of value of the shares held. A similar situation would occur with an increase in the weighted average cost of capital by 2.5 percentage points.

7.6. Inventories

Information on the reporting value of inventories is presented in the table below.

SPECIFICATION	for the day	
	31.12.2021	31.12.2020
Materials	23,638,311.19	18,348,152.56
Production in progress	4,744,479.91	2,913,589.92
Finished products	7,008,755.16	3,644,802.17
Total inventory value	35,391,546.26	24,906,544.65

Unit name:	Apator Metrix S.A.		Page 28
Period covered by the financial statements:	01.01.2021 - 31.12.2021	Reporting currency:	Polish Zloty (PLN)
Rounding level:	all amounts are expressed in Polish zloty (unless otherwise indicated)		

Inventory write-downs are presented below.

SPECIFICATION	in the period	
	from 01.01.2021 until 31.12.2021	from 01.01.2020 until 31.12.2020
Total inventory impairment loss		
Value of write-offs at the beginning of the period	495 752.85	552,092.42
Increase - creation of a write-off against the current result	242 933.37	498,785.32
Decrease - write-off of unused amounts to revenue	-	(555,124.89)
Value of write-offs at the end of the period	738 686.22	495 752.85

In 2021, the value of materials and raw materials, changes in finished products and work in progress included in cost of sales amounted to PLN 110,547,973.35 (2020: PLN 99,636,321.88). In 2021, the impairment loss included low-turnover inventory with a shelf life of over 180 days. The value of write-offs increased during the year by PLN 242,933.37 in total (2020: a decrease of PLN 56,339.57). The increase in write-offs was included in the costs of core business.

7.7. Trade and other receivables

Information on the reporting value of receivables is presented in the table below.

SPECIFICATION	for the day	
	31.12.2021	31.12.2020
Short-term receivables, including:	41,586,609.57	30,475,747.94
Trade receivables	36,693,570.71	29,346,876.94
Current receivables	25,695,297.70	21,833,967.15
Receivables past due within 1 month	2,569,524.56	2,338,981.39
Receivables past due for more than 1 month and up to 6 months	8,428,748.45	5,173,928.40
Receivables past due by more than 6 months to 1 year	343,414.99	341,399.66
Receivables overdue more than 1 year	0.00	0.00
Impairment loss on trade receivables (-)	(343,414.99)	(341,399.66)
Corporate income tax liabilities	416,235.00	0.00
Other tax, customs and social security liabilities	4,303 630.47	1,085,041.00
Other tax, customs and social security liabilities	4 303 630.47	1,085,041.00
Other short-term receivables	173 173.39	43,830.00
Receivables from sold tangible fixed assets and intangible assets	155,000.01	25,830.00
Deposits, security deposits, security deposits	18,000.00	18,000.00
Prepayments - advances for the purchase of services	0.00	0.00
Other receivables	173.38	0.00
Total receivables, including:	41,586,609.57	30,475,747.94
- from related entities - from	14,087,040.97	10,593,093.12
other entities	27,499,568.60	19,882,654.82

Data relating to write-offs for impairment of receivables are presented below.

SPECIFICATION	in the period	
	from 01.01.2021 until 31.12.2021	from 01.01.2020 until 31.12.2020
Total receivables impairment allowance		
Value of write-offs at the beginning of the period	341 399.66	322 998.33
Increase - creation of a write-off against the current result	22,030.83	13,326.82
Decrease - write-off of unused amounts to revenue	(20,015.50)	7,408.86
Use of copy - write-off	0.00	(2,334.35)
Value of write-offs at the end of the period	343,414.99	341 399.66

Unit name:	Apator Matrix S.A.		Page 29
Period covered by the financial statements:	01.01.2021 - 31.12.2021	Reporting currency:	Polish Zloty (PLN)
Rounding level:	all amounts are expressed in Polish zloty (unless otherwise indicated)		

In 2021, as well as in 2020, the Company's receivables did not serve as security for liabilities.

The values of the allowances relate entirely to individual allowances for receivables (level 3) overdue by more than 180 days. In the case of receivables with such a degree of overdue, the Company makes a 100% allowance.

The allowance calculated based on the concept of expected credit losses in accordance with IFRS9 was immaterial.

7.8. Loans granted

In the period under review, as in the 2020 fiscal year, no loans were granted.

7.9. Cash and cash equivalents

Cash at bank earns interest at variable interest rates.

Short-term deposits are made for varying periods, from one day to three months, depending on the Company's current cash requirements, and bear interest at the interest rates set for them.

The specification of cash and cash equivalents is presented in the table below. Funds collected and retained in VAT accounts (split payment) were shown, as in 2020, in a separate item as cash with limited disposal.

SPECIFICATION	for the day	
	31.12.2021	31.12.2020
Cash in bank accounts Cash in VAT accounts (split payment)	4,783,355.48	6,642,526.30
Total cash and cash equivalents	5,339,273.13	7,421,590.54

7.10. Accruals

Information regarding accruals is presented in the table below.

SPECIFICATION	for the day	
	31.12.2021	31.12.2020
Short-term prepayments	227 299.58	194,654.71
Subscription	-	5,505.00
Insurance	227 299.58	189,149.71

7.11. Share capital

Information on share capital is presented in the table below.

SPECIFICATION	for the day	
	31.12.2021	31.12.2020
Number of shares	210 202	210 202
Nominal value of shares	4.30	4.30
Base capital	903 868.60	903 868.60

Unit name:	Apator Metrix S.A.		Page 30
Period covered by the financial statements:	01.01.2021 - 31.12.2021	Reporting currency:	Polish Zloty (PLN)
Rounding level:	all amounts are expressed in Polish zloty (unless otherwise indicated)		

The nominal value of 1 share is PLN 4.30. All shares are taken up by Apator SA. The share capital is fully paid and registered by the District Court in Gdańsk.

7.12. Other capital

Information on changes in other capital is presented in the table below:

SPECIFICATION	REMAINING SUPPLEMENTARY CAPITAL	TOGETHER
Status as of 01.01.2020	63 023 374.51	63 023 374.51
Increase from 01.01.2020 to 31.12.2020	9,350,766.75	9,350,766.75
Splitting the result	9,350,766.75	9,350,766.75
As of 31.12.2020	72,374,141.26	72,374,141.26
Status as of 01.01.2021	72 374 141.26	72 374 141.26
Increase from 01.01.2021 to 31.12.2021	7 630 503.54	7 630 503.54
Splitting the result	7,630,503.54	7 630 503.54
As of 31.12.2021	80,004,644.80	80,004,644.80

In accordance with the resolution no. 9/V/2021 of the Ordinary General Meeting of Shareholders of Apator Metrix SA of May 19, 2021, the net profit for the financial year 2020 in the amount of PLN 20,631,497.24 was distributed as follows:

- Dividend: PLN 13,000,993.70.
- Reserve capital: PLN 7,630,503.54.

The Management Board proposes the following distribution of the financial result for the financial year ending December 31, 2021:

- dividend payment: PLN 10,000,000.00.
- transfer to other capital: PLN 6,032,839.37.

7.13. Credits and loans

Information about loans and credits is presented below.

SPECIFICATION	for the day	
	31.12.2021	31.12.2020
Long-term loans and credits payable	-	4,182,789.00
over 1 year up to 2 years	-	4,182,789.00
payable over 2 years up to 5 years	-	-
years payable over 5 years	-	-
Credits and short-term loans	22,367,090.87	12,493,958.51
Total loans and credits, including	22,367,090.87	16,676,747.51
- from related entities	-	-
- from other units	22 367 090.87	16,676,747.51

Unit name:	Apator Metrix S.A.		Page 31
Period covered by the financial statements:	01.01.2021 - 31.12.2021	Reporting currency:	Polish Zloty (PLN)
Rounding level:	all amounts are expressed in Polish zloty (unless otherwise indicated)		

All loans were granted in Polish zloty, below is a summary of loan liabilities:

SPECIFICATION	COMMITMENT	COSTS - INTEREST	COMMITMENT	COSTS - INTEREST
	for the day 31.12.2021	from 01.01.2021 to 31.12.2021	for the day 31.12.2020	from 01.01.2020 to 31.12.2020
Overdraft facility	18,184,301.87	144 983.60	8,365,617.00	(102,208.12)
Investment loan	4,182,789.00	85 551.75	8 311 130.51	130 036.49
Together	22 367 090.87	230 535.35	16,676,747.51	27 828.37

As of December 31, 2021, Apator Metrix SA had debt due to loans in the total amount of PLN 22,367,090.87 (2020: PLN 16,676,747.51).

As at the balance sheet date, the Company had the following loan agreements signed with the following banks:

- 1) Overdraft facility - ING Bank Śląski
- 2) Investment loan concluded with Millennium Bank.

Bank loans are secured by a capped mortgage up to the amount of PLN 23.3 million on the real estate located in Tczew and belonging to Apator Metrix SA as well as by the transfer of ownership of a set of fixed assets, which was mentioned in note 7.3.

The loan interest rate is based on the WIBOR rate plus the bank's commission.

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Rounding level:	all amounts are expressed in Polish zloty (unless otherwise indicated)		

7.14. Provisions for liabilities

Information on provisions for liabilities is presented in the table.

SPECIFICATION	EMPLOYEE BENEFITS			THE REMAINING RESERVES	TOGETHER
	CLEARANCES PENSION, AWARDS ANNIVERSARY (actuary)	BONUSES	HOLIDAYS	GUARANTEES	
Value of reserves as at 01.01.2020 (+)	633 035.93	1 782 095.70	710 961.43	707 575.68	3 833 668.74
Increase - creation of a reserve against the current result (+)	138 238.58	1 130 967.03	578 780.03	0.00	1 847 985.64
Reserve utilization – settlement with costs (-)	(98,517.45)	(1,096,000.00)	(444,743.46)	(60,951.30)	(1,700,212.21)
Revaluation of provision included in other comprehensive income	48 466.98	0.00	0.00	0.00	48 466.98
Value of reserves as at 31.12.2020, including:	721 224.04	1 817 062.73	844 998.00	646 624.38	4,029,909.15
- long-term reserves - short-term reserves	658 926.41	0.00	0.00	646 624.38	1,305,550.79
Value of reserves as of 01.01.2021	721 224.04	1 817 062.73	844 998.00	646 624.38	4,029,909.15
Increase – creation of a reserve against the current result (+)	85,348.94	899 359.46	965 194.57	0.00	1 949 902.97
Reserve utilization – settlement with costs (-)	(79,847.10)	(1,066,000.00)	(431,804.00)	(207,970.63)	(1,785,621.73)
Revaluation of the provision included in other comprehensive income	65,781.48	0.00	0.00	0.00	65,781.48
Value of reserves as at 31.12.2021, including:	792,507.36	1,650,422.19	1,378,388.57	438,653.75	4,259,971.87
- long-term reserves - short-term reserves	722,481.57	0.00	0.00	438,653.75	1,161,135.32
Value of reserves as of 01.01.2022	792,507.36	1,650,422.19	1,378,388.57	438,653.75	4,259,971.87

Employee Benefits - Actuarial Assumptions

For the purposes of estimating the amount of employee reserves, the Company used the services of an actuary, as in previous years.

Key actuarial assumptions used at the reporting date (expressed as weighted average values):

ÿ Discount rate as of December 31, 2021 ÿ	2.0%
Wage growth rate ÿ	2.8%
Number of employees	498

Assumptions about future mortality and disability are based on published statistics and mortality tables.

Mobility parameters were also used:

ÿ For people up to 40 years old ÿ	5%
people from 41 to 45 years old ÿ	4%
For people from 46 to 50 years old ÿ	3%
For people over 50 years old	1%

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Rounding level:	all amounts are expressed in Polish zloty (unless otherwise indicated)		

Other reserves - warranty repairs

As of January 1, 2021	646 624.38
Increase	0.00
Use	(207,970.63)
As of December 31, 2021	438 653.75

The provision for warranty repairs is recognized when the products or services for which the provision was granted have been sold. The value of the provision is determined based on historical data on the realization of the granted guarantees and current estimates of the Management Board. The value of the long-term provision determined in this way is PLN 438,653.75 (2020: PLN 646,624.38).

7.15. Obligations

Information about liabilities is presented in the table below.

SPECIFICATION	for the day	
	31.12.2021	31.12.2020
Long-term liabilities, including:	5 651 054.45	5 320 061.69
Long-term liabilities	1 236 153.41	751 663.38
Derivative liabilities	1 236 153.41	751 663.38
Long-term liabilities arising from the right to use leased assets	4 414 901.04	4 568 398.31
Short-term liabilities, including:	31,142,843.03	21 571 569.06
Trade commitments	25 171 465.92	11 478 052.05
Current liabilities	24 366 795.55	11 114 142.83
Obligations past due within 1 month	647 111.98	258 478.88
Obligations past due from 1 month to 2 months	157 558.39	25,457.31
Obligations past due from 2 months to 3 months	0.00	0.00
Obligations past due from 3 months to 6 months	0.00	0.00
Obligations past due from 6 months to 1 year	0.00	78 910.65
Liabilities overdue for more than 1 year	0.00	1,062.38
Corporate income tax liabilities	0.00	2 934 288.00
Liabilities for other taxes, customs duties and social security	728 999.39	1,014,542.39
Other short-term liabilities	4 228 911.14	4 756 666.08
Payroll liabilities	0.00	2 297.58
Dividend liabilities	46,577.41	46,577.41
Derivative liabilities	1,088,444.69	1 397 656.12
Investment commitments	1 570 248.14	2 747 565.77
Prepayments - advances received for deliveries	0.00	439 283.27
Deferred income settlements	1 329 146.52	0.00
Other obligations	194 494.38	123 285.93
Current liabilities arising from the right to use leased assets	1,013,466.58	1 388 020.54
Total liabilities, including:	36 793 897.48	26,891,630.75
- towards related entities	970 649.59	1 137 436.22
- towards other units	35 823 247.89	25,754,194.53

Unit name:	Aparator Metrix S.A.		Page 34
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7.16. Income Tax

The specific details of income tax and deferred tax for the reporting period are presented in the tables.

SPECIFICATION	in the period	
	from 01.01.2021 until 31.12.2021	from 01.01.2020 until 31.12.2020
Profit or loss statement		
Current income tax	4,144,436.00	5,157,256.00
Current income tax expense (continuing operations)	4,144,436.00	5,157,256.00
Deferred income tax	(177,733.73)	(115,171.04)
Related to the emergence and reversal of temporary differences	(177,733.73)	(115,171.04)
Tax expense (benefit) reported in the statement of comprehensive income	3 966 702.27	5,042,084.96
Statement of changes in equity		
Deferred income tax	(45,801.41)	(844 172.77)
Net deferred income tax on cash flow hedges settled during the financial year	(33,302.93)	(834 964.04)
Deferred income tax on revaluation of actuarial reserves	(12,498.48)	(9,208.73)
Tax expense (benefit) shown in equity	(45,801.41)	(844 172.77)

Effective Tax Rate Presentation

SPECIFICATION	in the period	
	from 01.01.2021 until 31.12.2021	from 01.01.2020 until 31.12.2020
Gross profit,	19,999,541.64	25,673,582.20
including: - taxed at the rate applicable in Poland	19,999,541.64	25,673,582.20
- in Poland	19.00%	19.00%
Income tax calculated at applicable tax rates, including:	3 799 912.91	4 877 980.62
- income tax calculated according to the rate applicable in Poland	3 799 912.91	4 877 980.62
Corrections:	166 788.98	164 103.96
Tax on costs not constituting costs of obtaining revenues (permanent differences)	166 788.98	164 103.96
Income tax shown in the statement of comprehensive income	3 966 701.89	5,042,084.58
Effective tax rate	19.83%	19.64%

Unit name:	Apator Metrix S.A.		Page 35
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Deferred tax assets and liabilities have been recognised for the following assets and liabilities:

Specification	Assets		Reserves		Net worth	
	2021	2020	2021	2020	2021	2020
Material fixed assets	838 300.31	744 970.26	-	-	838 300.31	744 970.26
Short-term investments, including derivatives	441 673.64	408 370.71	-	-	441 673.64	408 370.71
Stocks	140 350.38	94 193.05	-	-	140 350.38	94 193.05
Trade and other receivables	65 248.85	64,865.94	-	-	65 248.85	64,865.94
Trade and other liabilities	12,350.00	5,700.00	-	-	12,350.00	5,700.00
Employee benefit liabilities	726 050.44	642 824.10	-	-	726 050.44	642 824.10
Reserves	83 344.20	122 858.62	-	-	83 344.20	122 858.62
Deferred income tax assets/provisions	2,307,317.82	2,083,782.68	-	-	2 307 317.82	2,083,782.68

7.17. Revenues and costs of core business

SPECIFICATION	for the period	
	from 01.01.2021 until 31.12.2021	from 01.01.2020 until 31.12.2020
<i>Continued activity</i>		
Sales revenue	220,844,486.66	210,532,227.63
Revenues from sales of products and services	197,500 149.51	191,474,802.70
- to related entities - to other entities	37,134,590.81	33,715,446.75
Revenues from sales of goods and materials - to related entities - to other entities	160,365,558.70	157,759,355.95
	23,344,337.15	19,057,424.93
	1 204 016.30	2 873 510.28
	22 140 320.85	16 183 914.65

All transactions with related parties are conducted on market principles.

Revenue from the sale of products is recognised at the point in time when the customer takes control of the product, similarly to revenue from the provision of services relating to short-term orders, which is recognised at the point in time when the service is completed, after receiving the handover protocol.

In 2021, the Company implemented the following geographical sales directions:

- 1) Domestic sales in the amount of PLN 78,494,740.45,
- 2) Sales to the European Union (excluding Poland) in the amount of PLN 86,875,771.95,
- 3) Sales outside the European Union in the amount of PLN 55,473,974.26.

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7.18. Costs by type

SPECIFICATION	for the period	
	from 01.01.2021 until 31.12.2021	from 01.01.2020 until 31.12.2020
Depreciation	(11,641,068.27)	(10,110,055.62)
Material consumption	(110,547,973.35)	(99,636,321.88)
Energy consumption	(1,550,288.51)	(1,672,206.54)
External services	(17,130,855.83)	(13,696,459.95)
Salaries Employee	(34,343,320.43)	(34,189,236.36)
benefits	(7,398,835.34)	(7,529,972.41)
Taxes	(1,186,065.06)	(1,309,404.32)
Business trips	(144,701.84)	(82,590.20)
Other costs	(1 711,007.12)	(1,821,331.69)
Cost of goods and materials sold	(20,099,833.55)	(15,844,591.32)
Together	(205,753,949.30)	(185 892 170.29)

7.19. Other operating income and expenses

SPECIFICATION	in the period	
	from 01.01.2021 until 31.12.2021	from 01.01.2020 until 31.12.2020
Operating income	1,152,634.65	849 046.61
Revenues from the sale of tangible fixed assets (except land, buildings and structures)	52 934.67	309 309.74
Reversal of receivables write-offs	22,030.83	0.00
Compensations received for tangible fixed assets	31,228.86	7,215.39
Received compensation and contractual penalties	23,693.62	0.00
Grants received – COVID-19 shield	968 809.14	484,404.57
Other income	53,937.53	48 116.91
Operating costs	(132,806.80)	(71,651.32)
Cost of liquidated tangible fixed assets	0.00	(5,433.30)
Creation of write-offs for receivables	(24,046.16)	(20,735.68)
Accidental losses and other damage to property components	(31,428.76)	0.00
Donations made	(5,000.00)	(35,000.00)
Paid penalties, fines, compensations	(63,054 .53)	0.00
Voluntary contributions	(7 200.00)	(7,200.00)
Other costs	(2,077.35)	(3,282.34)
Net operating income (expenses)	1,019,827.85	777 395.29

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7.20. Financial income and costs

SPECIFICATION	in the period	
	from 01.01.2021 until 31.12.2021	from 01.01.2020 until 31.12.2020
Financial income	491,247.87	2,734,397.23
Interest on funds in bank accounts	813.19	2,493.64
Interest on receivables	0.00	599.85
Positive exchange rate differences	111,066.64	2,199,596.34
Income from foreign exchange transactions (including derivatives)	9,200.00	341 950.00
Guarantees for a loan to a subsidiary company	370,168.04	189,757.40
Financial costs	(1,345,930.91)	(458,531.31)
Interest on credits and loans	(230,535.35)	(27,828.37)
Interest payable to the budget	(2,692.64)	0.00
Interest on liabilities	(101.01)	(216.80)
Interest on leasing liabilities	(160,610.58)	(152,427.35)
Other interest	0.00	(164.00)
Costs of currency transactions (including derivatives)	(820 280.00)	(234,190.00)
Guarantees and bank fees (except loan fees)	(87,520.00)	0.00
Other costs	(44,191.33)	(43,704.79)
Net financial income (costs)	(854,683.04)	2,275,865.92

7.21. Financial instruments

The table below presents the carrying amounts of significant groups of financial assets and financial liabilities by category. The carrying amounts of the financial assets and financial liabilities held by the Company presented in the table below do not differ materially from their fair values in all periods presented. The principles for determining fair values are described in note 4.2.8.

SPECIFICATION	Classification IFRS 9	Carrying amount as at	
		31.12.2021	31.12.2020
Loans granted	Amortized cost	0.00	0.00
Trade receivables and other current assets	Amortized cost	36 693 570.71	29,346,876.94
Shares in other entities	Purchase price adjusted for impairment	30 114 185.50	30 114 185.50
Cash	Amortized cost	5 339 273.13	7,421,590.54
Total financial assets		72 147 029.34	66,882,652.98
Trade payables and other short-term liabilities	Amortized cost	27,470,683.62	18,785,892.40
Investment commitments	Amortized cost	1 570 248.14	2 747 565.77
Loan liabilities	Amortized cost	22 367 090.87	16,676,747.51
Derivatives	Fair value through other comprehensive income	2 324 598.10	2,149,319.50
Financial Lease Liabilities	Amortized cost	5 428 367.62	5,956,418.85
Total financial liabilities		59 160 988.35	46 315 944.03

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According to the Management Board's knowledge, the Company's liquidity is secured for the foreseeable future. As at the balance sheet date, the value of current liabilities was lower than the value of current assets by PLN 25,935,958.09 (2020: PLN 26,208,651.91). During the twelve months of 2021, net cash flows from operating activities amounted to PLN 16,939,116.11 (2020: PLN 29,199,871.77). Liquidity ratios remain at a stable level.

The table below presents an analysis of financial instruments measured at fair value, grouped into a three-level hierarchy, where:

- Level 1 – fair value is based on stock exchange prices (unadjusted);
- Level 2 – fair value is determined based on values that are observable on the market, but not being a direct market quote;
- Level 3 – fair value is determined based on various valuation techniques that are not based on any observable market data.

SPECIFICATION	as of 31.12.2020			as of 31.12.2019		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Derivatives (assets)	-	-	-	-	-	-
Derivatives (liabilities)	-	(2,324,598.10)	-	-	(2,149,319.50)	-
Together	-	(1,600,590.65)	-	-	2 267 163.84	-

Transfers between levels did not occur.

7.22. Derivative financial instruments, hedge accounting

The table below presents detailed information regarding the hedging relationship in cash flow hedge accounting.

Security type	Cash flow variability hedge against future cash flows in EUR.
Hedged item	The hedged item is the portion of highly probable future sales cash flows denominated in EUR.
Security instruments	The hedging instrument is FX forward transactions, in which the Company undertakes to sell EUR for PLN.
Hedged risk	The Company hedges the variability of cash flows due to currency risk.
Method of recognition in the financial statements	The portion of the change in the fair value of hedging instruments corresponding to the effective hedge is recorded in the hedging reserve (statement of changes in equity). The ineffective portion of the change in the fair value of hedging instruments is recorded in financial income or expenses.
The period in which cash flows are expected to occur	The hedged item is expected to generate cash flows in the period from 01.01.2022 to 31.12.2023
Face value	18,400 thousand EUR

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The table below presents the fair value of financial instruments at the reporting date.

SPECIFICATION	for the day	
	31.12.2021	31.12.2020
Long-term liabilities	1,236,153.41	751,663.38
Security instruments	1,236,153.41	751,663.38
Short-term liabilities	1,088,444.69	1,397,656.12
Security instruments	1,088,444.69	1,397,656.12
Total liabilities	2,324,598.10	2,149,319.50

The table below shows the amounts for cash flow hedge accounting that
In 2021, the Company recognized in equity:

SPECIFICATION	for the day	
	31.12.2021	31.12.2020
As of January 1	(1,740,948.79)	1 818 634.70
Increases due to updates	(141,975.67)	(3,559,583.49)
Financial result of the period (changes in valuation of hedging derivatives due to hedged risk)	(1,882,924.46)	(1,740,948.79)

7.23. Risk management objectives and principles

The Company is exposed to the following types of risks arising from the use of financial instruments:

- Currency risk
- Interest rate risk
- Credit risk
- Liquidity risk
- Market risk
- Operational risk
- Other risks

The note presents information on the Company's exposure to a given type of risk, the objectives, policies and procedures for measuring and managing risk adopted by the Company, as well as information on capital management by the Company.

Currency risk

Due to the significant value of export sales, the Company is exposed to the risk of changes in currency rates, mainly EUR. The share of exports in the Company's total sales in 2021 was 64.50%, while in the same period of 2020 it was 68.60%, therefore the exchange rate level has a significant impact on the company's financial results. In the case of EUR, the exchange rate risk is largely limited by the fact that some of the materials purchased for production are denominated in EUR, therefore there is a natural compensation of any possible exchange rate changes. In addition, this risk is reduced by hedging currency rates by entering into forward currency transactions.

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- Transaction risk - these are the exchange rate differences arising, both in export and import, which result from the difference between the valuation of receivables or liabilities on the date of realization and the valuation on the date of transaction settlement. This risk is important because it directly affects the company's results.

- Economic risk - change in exchange rates, which may permanently affect the competitiveness and market value of the company (change in exchange rates may result in a significant increase in costs or a decrease in planned income from foreign trade operations). This is a long-term risk.

The degree of exposure of Apator Metrix SA to currency risk is presented in the table below.

SPECIFICATION	as of 31.12.2021		as of 31.12.2020	
	in currency	in PLN	in currency	in PLN
Items in Euro (EUR)	3,653,809.97	15,747,455.82	3,803,406.11	16,528,015.62
Trade receivables	5,385,638.25	23,991,402.66	4,307,035.05	19,066,813.45
Cash	188,242.22	838,562.62	625,552.49	2,769,258.27
Trade commitments	(1,920,070.50)	(9,082,509.46)	(1,129,181.43)	(5,308,056.10)
Items in US Dollars (USD)	(368,222.96)	(1,549,758.97)	(90,605.62)	(347,775.01)
Trade receivables	38,030.46	149,501.54	2,740.05	9,877.88
Cash	14,131.84	55,553.68	1,460.39	5,264.71
Trade commitments	(420,385.26)	(1,754,814.19)	(94,806.06)	(362,917.60)
Items in British Pounds (GBP)	954,258.14	5,042,542.33	906,359.98	4,443,701.71
Trade receivables	522,373.68	2,760,379.25	135,498.40	664,321.55
Cash	432,171.39	2,283,723.28	770,861.58	3,779,380.16
Trade commitments	(286.93)	(1,560.20)	0.00	0.00
Items in Czech crowns (CZK)	0.00	0.00	(64,491.00)	(11,582.58)
Trade commitments	0.00	0.00	(64,491.00)	(11,582.58)
Items in Swiss francs (CHF)	0.00	0.00	(23,700.00)	(104,948.34)
Trade commitments	0.00	0.00	(23,700.00)	(104,948.34)

As at the reporting date, monetary assets and liabilities were translated at the leading bank's exchange rate applicable at the end of the reporting period (assets at the purchase rate, liabilities – the selling rate).

As of December 31, 2021, Apator Metrix SA had forward currency contracts.

SPECIFICATION	Flows per day			
	31.12.2021		31.12.2020	
	in currency	in PLN on the day of concluding the contract	in currency	in PLN on the day of concluding the contract
Cash flow hedging instruments in EUR	(18,400,000.00)	(85,491,200.00)	(16,800,000.00)	(75,820,200.00)

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The table below presents the sensitivity of the gross financial result and equity to reasonably possible fluctuations in exchange rates. The Company expects that all currencies may fluctuate by 10% (assuming that other parameters remain unchanged).

SPECIFICATION	in the period from 01.01.2021 to 31.12.2021		in the period from 01.01.2020 to 31.12.2020	
	Impact on gross financial result	Direct impact on equity	Impact on gross financial result	Direct impact on equity
EUR/PLN				
+10%	1,574,745.58	(8,549,120.00)	1,652,801.56	(7,582,020.00)
- 10%	(1,574,745.58)	8,549,120.00	(1,652,801.56)	7,582,020.00
USD / PLN				
+10%	(154,975.90)	(0.00)	(34,777.50)	(0.00)
- 10%	154,975.90	0.00	34,777.50	0.00
GBP / PLN				
+10%	504 254.23	0.00	444 370.17	0.00
- 10%	(504 254.23)	(0.00)	(444 370.17)	(0.00)
CZK / PLN				
+10%	(0.00)	(0.00)	(1,158.26)	(0.00)
- 10%	0.00	0.00	1,158.26	0.00
CHF / PLN				
+10%	(0.00)	(0.00)	(10,494.83)	(0.00)
- 10%	0.00	0.00	10,494.83	0.00

Interest rate risk

Interest rate risk results from the volatility of financial markets and manifests itself in changes in the price of money. This risk, in relation to a company, means that it is exposed to changes in the value of assets and liabilities due to changes in interest rates. Such changes affect the value of equity, and therefore the value of the company. In an extreme case, changes in interest rates can lead to the insolvency of the company if the value of liabilities exceeds the value of assets.

The main reason for this type of risk is taking actions whose financial effects are delayed. Such activity may include, among others, taking out long-term bank loans, sales with deferred payment date and investments in kind. In connection with the above, the Company analyses its assets and liabilities in terms of interest rate volatility.

Since the Company has a credit line in the current account and finances current operations from credit funds, the interest rate of which is based on the variable WIBOR rate, its revenues and cash flows are to a small extent dependent on changes in interest rates. In connection with the introduction of the second stage of the IBOR reform, the Management Board conducted an analysis of the impact of the reform on financial instruments based on interest rates. reference stating no impact on the financial situation of the Company.

Credit risk

Credit risk is the risk of financial loss to the Company in a situation where a client or the other party to a financial instrument contract fails to meet the obligations arising from the contract. Credit risk is primarily related to receivables.

Credit risk is related to the failure of contractors to meet their obligations to the Company. It is monitored on an ongoing basis as part of the commercial relations maintained with recipients. In the event of non-payment of overdue receivables, the Company may take legal action or sell the receivables to an entity dealing in trading in such receivables.

For details, see note 7.7.

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Liquidity risk

Liquidity risk is the risk that the Company will have difficulty meeting its obligations related to financial liabilities that are settled by issuing cash or other financial assets. Liquidity management by the Company is about ensuring, to the greatest extent possible, that the Company always has sufficient liquidity to meet its required obligations, both in normal and crisis situations, without exposing it to unacceptable losses or damaging the Company's reputation.

The main objective of financial liquidity management in the Company is to ensure and maintain the ability to meet both current and future financial obligations, taking into account the costs of obtaining liquidity. Liquidity risk management involves, among others, planning and monitoring cash flows in the short and long term within the scope of the conducted operating, investment and financial activities and taking actions aimed at providing funds for conducting the Company's activities while minimizing the costs of these activities, as well as using various sources of financing.

The table presenting the maturity of the Company's financial liabilities by maturity periods is included in note 7.15.

Market risk

The Company's operations are exposed to currency risk and interest rate risk. Both types of risk are monitored continuously and may be hedged using hedging transactions (forward currency transactions and interest rate swaps). Although the Company's cash flows are exposed to the risk of changes in the market prices of key raw materials and finished products, such changes represent an economic risk rather than a financial risk.

Operational risk

The Company's objective is to manage operational risk in such a way as to balance the avoidance of financial losses and damage to the Company's reputation with overall cost effectiveness, while avoiding control procedures that restrict initiative and creativity.

Capital management

The Management Board monitors the level of the return on equity ratio, which is defined by the Company as the ratio of operating profit to equity. In 2021, this ratio amounted to 22.0% (in 2020: 25.5%)

Management strives to maintain a balance between the higher rate of return achievable with higher levels of debt and benefits and the security achieved with solid capital.

Risk of data loss/cyberattack

The company's widespread transition to remote work may result in increased hacker activity and the risk of cyberattacks. The Company's data security management system through security policies, security procedures, and appropriate infrastructure tools (including VPN services and encryption, coding, protection, and antivirus systems) and technical support. This system is regularly tested and adapted to changing threats.

Risk of incomplete commercialization of development projects resulting from market concentration

The situation in the most developed European markets in terms of gas measurement has changed significantly. Takeovers and concentration on the part of suppliers of measurement instruments, the organization of a few

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large tenders for multi-year deliveries, results in strong price competitiveness. In view of the above, rejection of an offer in a tender may result in blocking the possibility of deliveries to one of the markets for several years, which in turn is associated with the risk of incomplete commercialization of some development projects dedicated to a specific tender or market.

The risk of falling gas meter prices and the risk of economic recession

In almost all markets where Apator Metrix SA operates, there is a strong competition and price war. In the gas metering market, it results, among others, from the limitation of the gas meter market with a mechanical counter and the emergence of new, strong competition in the area of intelligent gas meters.

The competition is counterbalanced by a stable portfolio of orders for smart gas meters manufactured by the Company under the OEM model (i.e. under a different brand), which consists of orders executed in countries such as Belgium, the Netherlands, Great Britain, as well as recipients of standard gas meters in countries such as Germany, Hungary, Turkey, and countries from the FSE block (former USSR).

The dynamics of the events related to the pandemic mean that forecasting the economic effects is subject to a high risk of error. The spread of the epidemic has caused a supply, demand and financial shock, causing serious disruptions in the supply chain and global trade, an increase in the importance of currency risk and an economic recession. According to some forecasts, restrictions on trade contacts, delivery delays or rising costs of doing business may be of a long-term nature, which may affect changes in business models and market positions, leading to significant changes in the structure of international economic relations.

Other financial risks

In 2021, the company's exports reached the value of PLN 142.4 million, which is 64.50% of the company's total revenues. This trend of a high share of exports in the total revenues of Apator Metrix SA will continue in the coming years, which is consistent with the implemented development strategy of taking a position in the most promising and profitable part of the European Union market. Providing technologically advanced products to the most demanding customers from the EU is currently the main factor in business development, bringing stable profits for the company, however, due to the scale and pace of development achieved in recent years, as well as the fact that the complexity of the subject of the implementation of contracts for the supply of gas meters requires participation in international consortia, automatically increases the financial risks associated with conducting international activities. In addition, the Company has been supplying large quantities of new and innovative products to demanding customers from all over Europe for years, under contracts with a high level of contractual penalties. For several years, multi-year contracts imposed on suppliers by the customer have become the standard in the gas meter industry, with a long warranty period of up to 10-15 years, additional fees for replacing the product in the network and population guarantees. These contracts are negotiable only to a small extent, and accepting their basic requirements a priori is a requirement for participating in the tender. The basic and often the only action to prevent the materialization of these risks, which the supplier can apply, is therefore primarily ensuring the proper quality of products and timely deliveries. The basic, identified financial risks related to the implementation of the above-described export contracts are therefore, as mentioned: contractual penalties related to improper implementation of contracts, warranty conditions, risks of civil disputes or tax risks related to the flow of goods between companies cooperating under the implementation of the contract and originating from different countries and tax interpretations accompanying these transactions. In accordance with the risk management policy, in all identified cases, the company's management analyses the risk, adjusts the company's resources and organisation, and takes actions necessary to manage this risk and secure the company's continued operations.

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7.24. Related party transactions

Ultimate parent entity

In the financial year, the Company concluded several transactions with the parent company Apator SA, which were typical commercial transactions and consisted mainly in the sale and purchase of goods, materials and services to and from the parent company. The largest transaction in 2021 with the parent company, i.e. Apator SA, was the value of the dividend paid in the amount of PLN 13,000,993.70. All transactions were typical business transactions concluded on market terms.

Executive salaries

During the reporting period ending on December 31, 2021, no advances, credits, loans, guarantees or other agreements obliging to provide benefits were granted to managing and supervising persons and their spouses, relatives and relatives by marriage.

The remuneration of key members of the Company's management staff was as follows:

	2021	2020
Short-term employee benefits	1,485,662.56 PLN.	1,414,739.00 PLN.

Transactions with other related entities

Data on transactions with related entities and information on outstanding balances are presented in the table below.

Unit name:	Apator Metrix S.A.		Page 45
Period covered by the financial statements:	01.01.2021 - 31.12.2021	Reporting currency:	Polish Zloty (PLN)
Rounding level:	all amounts are expressed in Polish zloty (unless otherwise indicated)		

Annual separate financial statements

SPECIFICATION	Apator SA Apator GmbH	George Wilson Industries Ltd	Apator Powogaz S.A.	Apator Telemetry Sp. z o. o.	Apator Elkomtech SA	FAP Pafal SA	INDA doo	Wizamor	TOGETHER	
Transactions from 01.01.2021 to 31.12.2021										
Sales of products and services	911,303.68	16,312,960.62	18,439,323.72	1,463,148.79	0.00	7,854.00	0.00	0.00	0.00	37,134,590.81
Sale of goods and materials	74 470.75	10,853.59	1,112,115.96	0.00	6 576.00	0.00	0.00	0.00	0.00	1,204,016.30
Sale of fixed assets and intangible assets	126 016.27	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	126 016.27
Cost related to product and service sales transactions	768,691.06	9,515,776.36	15,816,931.80	1,173,416.55	0.00	7,480.00	0.00	0.00	0.00	27 282 295.77
Cost related to the transaction of sale of goods and materials	67 814.30	3 692.60	789 071.15	0.00	6 429.03	0.00	0.00	0.00	0.00	867 007.08
Trade receivables	255,194.25	450 408.84	13 224 115.77	0.00	2 322.10	0.00	0.00	0.00	0.00	13,932,040.96
Investment receivables	155,000.01	0.00	0.00	370 168.04	0.00	0.00	0.00	0.00	0.00	155,000.01
Other income	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	370,168.04
Other costs	44,191.33			0.00	0.00	0.00	0.00	0.00	0.00	44,191.33
Dividends paid	13,000 993.70			0.00	0.00	0.00	0.00	0.00	0.00	
Purchase of products, services, goods and materials	2 901 665.78	143 485.87	153 888.07	0.00	860 115.70	0.00	45,000.00	165,804.67	2,735,320.00	7,005,280.09
Purchase of fixed assets and intangible assets	0.00	0.00	339 301.63	0.00	0.00	0.00	0.00	0.00	0.00	339 301.63
Trade commitments	310 524.41	0.00	50 434.78	0.00	(1,373.60)	0.00	0.00	0.00	611 064.00	970 649.59

Unit name:	Apator Matrix S.A.		Page 46
Period covered by the financial statements:	01.01.2021 - 31.12.2021	Reporting currency:	Polish Zloty (PLN)
Rounding level:	all amounts are expressed in Polish zloty (unless otherwise indicated)		

Annual separate financial statements

SPECIFICATION	Apator SA	Apator GmbH	George Wilson Industries Ltd	Apator Powogaz S.A.	Apator Telemetry Sp. z o. o.	Apator Elkomtech SA	FAP Pafal SA	INDA doo	Wizamor	TOGETHER
Transactions from 01.01.2020 to 31.12.2020										
Sales of products and services	35,982.04	17,714,566.30	15,961,244.24	1 153.09	0.00	0.00	0.00	0.00	2,501.08	33,715,446.75 0.00
Sale of goods and materials	109,095.75	10,548.00	2,748,983.98	0.00	4 882.55	0.00	0.00	0.00		2,873,510.28
Sale of fixed assets and intangible assets	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Sale of shares and stocks	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Cost related to product and service sales transactions	41 395.21	9 817 975.83	13 215 070.90	1,098.19	0.00	0.00	0.00	0.00	2,381.98	23,077,922.11
Cost related to the transaction of sale of goods and materials	83 386.26	6,588.50	2,273,257.78	0.00	4,603.30	0.00	0.00	0.00	0.00	2 367 835.84
Cost related to share sale transaction	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Trade receivables	12,300.00	579 001.30	9 975 961.82	0.00	0.00	0.00	0.00	0.00	0.00	10 567 263.12 0.00
Other receivables	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
Receivables from loans granted	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Financial income from dividends	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Dividends paid	10,001,411.16	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	10 001 411.16
Purchase of products, services, goods and materials	2 503 926.84	82 390.60	60 342.67	1 100.00	1,022,300.60	0.00	0.00	79 642.58	2,140,210.00	5,889,913.29
Trade commitments	334,018.82	0.00	0.00	0.00	223 119.60	0.00	0.00	0.00	142,507.80	699 646.22
Advances received for deliveries	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Investment commitments	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other liabilities	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Purchase of own shares	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

Unit name:	Apator Metrix S.A.		Page 47
Period covered by the financial statements:	01.01.2021 - 31.12.2021	Reporting currency:	Polish Zloty (PLN)
Rounding level:	all amounts are expressed in Polish zloty (unless otherwise indicated)		

7.25. Contingent items and other items not included in the statement of financial position financial

Under the multi-product agreement concluded on 22 June 2016 with ING Bank Śląski together with subsequent annexes, the Company has thirty-one open performance guarantees and bid bonds for a total amount as at 31 December 2021 of PLN 4,445,113.08. Furthermore, under the revolving agreement concluded with Bank Handlowy, the company granted a guarantee securing repayment of a loan by the subsidiary George Wilson Industries in the amount of GBP 4 million, i.e. approximately PLN 21.9 million.

The security of the revolving agreement is a registered pledge established on the company's inventories, the value of which as of the date of establishment of the security amounts to PLN 18,237,246.48, as well as a declaration of submission to enforcement. Apator Metrix SA also has a long-term (investment) loan taken out in Bank Millennium SA to finance the acquisition of shares in George Wilson Industries Ltd., the security of which is a capped mortgage up to PLN 23,250,000 on the real estate of the company located in Tczew, transfer of ownership of fixed assets with a total book value as of 31.12.2021: PLN 269,740.41 and a declaration of submission to enforcement. However, under the above-mentioned multi-product agreement with ING Bank Śląski related to financing the current activity of the companies of Grupa Apator, Apator Metrix SA received a revolving credit sub-limit, the security of which is the transfer of ownership of a set of fixed assets with the book value as at 31.12.2021 amounting to PLN 208,583.25 thousand. The liabilities from the granted limit for all companies of Grupa Apator that entered into the subject agreement are jointly and severally charged to the companies of Grupa Apator (proportionally to the shares in financing), up to the amount of the limit attributable to all companies, i.e. up to PLN 160 million.

7.26. Employment structure

Employment in Apator Metrix SA is presented in the table below:

SPECIFICATION	period	
	from 01.01.2021 until 31.12.2021	from 01.01.2020 until 31.12.2020
Employment status in full-time positions at the end of the period	492	458
Manual workers	360	346
White-collar workers	132	112

SPECIFICATION	period	
	from 01.01.2021 until 31.12.2021	from 01.01.2020 until 31.12.2020
Average employment in full-time positions for the period	479	502
Manual workers	361	400
White-collar workers	118	120

7.27. The amount of remuneration of the entity authorized to audit the financial statements financial

The auditor's remuneration is presented in the table below.

SPECIFICATION	VALUE	
	2021	2020
Audit/review of annual reports - amount from the contract for the period	65,000.00	40,000.00
Total audit costs	65,000.00	40,000.00

Unit name:	Apator Metrix S.A.	Page 48
Period covered by the financial statements:	01.01.2021 - 31.12.2021	Reporting currency: Polish Zloty (PLN)
Rounding level:	all amounts are expressed in Polish zloty (unless otherwise indicated)	

Apart from the remuneration mentioned above, Apator Metrix SA also covers documented additional costs related to the audit of the financial statement.

7.28. Transformation of comparative data

In the financial statements, the Company has changed the presentation of comparative data for 2020. Due to the change in accounting policy, effective from 1 January 2021, regarding the recognition of inventory write-downs, inventory scrapping costs and employee reserve costs, the costs were moved from other operating activities to the cost of core business/general management costs (employee benefit reserves). In the opinion of the Management Board, such presentation better reflects the achieved sales profits. This reclassification has no impact on the result in 2020.

The impact of reclassification in relation to the 2020 report is presented in the table below:

Report items/ change title	from 01.01.2020 to 31.12.2020 unconverted data	Effect of change in accounting policy	from 01.01.2020 to 31.12.2020 data transformed
Cost of sales	(158,301,332.11)	(193,507.78)	(158,494,839.89)
- other units	(132 855 574.16)	(193,507.78)	(133 049 081.94)
Gross sales profit	52 230 895.52	(193,507.78)	52 037 387.74
General management costs	(24,424,356.48)	(39,721.13)	(24,464,077.61)
Sales Profit	22 853 549.90	(233 228.91)	22 620 320.99
Other operating income/expenses	544 166.38	233 228.91	777 395.29

Moreover, a change in the presentation of the report was made, the aim of which is to present the financial statements consistently within Grupa Apator while maintaining the same aggregation and presentation of key data in the reports.

A comparison of the individual report items is presented in the tables below:

FINANCIAL STATEMENT			
Line name in the 2020 report	Value as of 31.12.2020	Line name in the 2021 report	Value as of 31.12.2020
Total fixed assets	76,352,838.35	Fixed assets	76 352 838.35
Intangible assets	6,670,070.73	Intangible assets	6 670 070.73
Material fixed assets	30,384,643.36	Material fixed assets	30 384 643.36
The right to use leased assets	7,100,156.08	Right to use leased assets	7,100,156.08
Other long-term financial assets	30,114,185.50	Other long-term financial assets	30 114 185.50
	-	- in related entities	30 114 185.50
Deferred tax assets	2,083,782.68	Deferred tax assets	2,083,782.68
Total current assets	62,998,537.84	Current assets	62 998 537.84

Unit name:	Apator Metrix S.A.		Page 49
Period covered by the financial statements:	01.01.2021 - 31.12.2021	Reporting currency:	Polish Zloty (PLN)
Rounding level:	all amounts are expressed in Polish zloty (unless otherwise indicated)		

Stocks	24,906,544.65	Inventories	24 906 544.65
Trade and other receivables	30,670,402.65	Trade receivables	29,346,876.94
	-	- from related entities	10 567 263.12
	-	- from other units	18 779 613.82
		Corporate income tax liabilities	-
		Other tax, customs and social security liabilities	1,085,041.00
		Other short-term receivables	43,830.00
		- from related entities	25,830.00
		- from other units	18,000.00
Cash and cash equivalents Cash	6,642,526.30	Cash and cash equivalents Restricted	6,642,526.30
accumulated in the account VAT	779 064.24	cash	779 064.24
		Short-term prepayments	194 654.71
TOTAL ASSETS	139 351 376.19	TOTAL ASSETS	139 351 376.19
Line name in the 2020 report	Value as of 31.12.2020	Line name in the 2021 report	Value as of 31.12.2020
Equity capital	91 753 088.78	Equity attributable to shareholders of the parent company	91 753 088.78
Base capital	903 868.60	Share capital	903 868.60
Reserve capital from valuation of hedging instruments	(1,740,918.79)	Capital from valuation of hedging transactions	(1,740,918.79)
Capital from the revaluation of the defined benefit plan	(415 469.53)	Capital from the revaluation of the defined benefit plan	(415 469.53)
Other reserve capital	72,374,141.26	Other capital	72 374 141.26
Retained earnings	20,631,497.24	Undistributed financial result	20 631 497.24
		- current period result	20 631 497.24
Total liabilities	47,598,287.41	Liabilities	47 598 287.41
Total long-term liabilities	10,808,401.48	Long-term liabilities and provisions	10 808 401.48
Liabilities arising from credits, loans and other debt instruments	4,934,452.38	Long-term loans and credits	4,182,789.00
	-	- from other units	4,182,789.00
Long-term liabilities arising from the right to use leased assets	4 568 398.31	Long-term liabilities arising from the right to use leased assets	4 568 398.31
		Long-term liabilities	751 663.38
		- towards other units	751 663.38
Employee benefit liabilities	658 926.41	Long-term provisions for employee benefit liabilities	658 926.41
Other long-term reserves	646,624.38	Other long-term reserves	646 624.38

Unit name:	Apator Metrix S.A.		Page 50
Period covered by the financial statements:	01.01.2021 - 31.12.2021	Reporting currency:	Polish Zloty (PLN)
Rounding level:	all amounts are expressed in Polish zloty (unless otherwise indicated)		

Short-term liabilities and reserves	36,789,885.93	Short-term liabilities and provisions	36,789,885.93
Liabilities arising from credits, loans and other debt instruments	13,891,614.63	Short-term loans and credits	12 493 958.51
	-	- from other units	12 493 958.51
Trade and other liabilities	15,851,604.40	Trade liabilities	11 478 052.05
	-	- towards related entities	1 137 436.22
	-	- towards other units	10 340 615.83
Corporate income tax liabilities	2 934 288.00	Corporate income tax liabilities	2 934 288.00
		Liabilities for other taxes, customs duties and social security	1,014,542.39
		Other short-term liabilities	4 756 666.08
		- towards other units	4 756 666.08
Current liabilities arising from the right to use leased assets	1 388 020.54	Current liabilities arising from the right to use leased assets	1 388 020.54
Employee benefit liabilities	2 724 358.36	Short-term provisions for employee benefit liabilities	2 724 358.36
TOTAL LIABILITIES	139 351 376.19	TOTAL LIABILITIES	139 351 376.19

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME			
Line name in the 2020 report	Value as of 31.12.2020	Line name in the 2021 report	Value as of 31.12.2020
Revenues from sales of goods and services	210,532,227.63	Revenues from sales of goods and services	210 532 227.63
		- related entities - other entities	36,588,957.03
			173,943,270.60
Cost of sales of goods and services	(158,494,839.89)	Cost of goods and services sold	(158,494,839.89)
		- related entities - other entities	(25,445,757.95)
			(133 049 081.94)
Gross sales profit (loss)	52,037,387.74	Gross profit (loss) from sales	52 037 387.74
Other operating income	849 046.61		
Selling costs	(4,952,989.14)	Sales costs	(4,952,989.14)
General management costs	(24,464,077.61)	General administrative expenses	(24,464,077.61)
Other operating costs	(71,651.32)		
		Profit (loss) from sales	22 620 320.99
		Other operating income (expenses), including:	777 395.29
		Revenues	849,046.61
		Costs -	(71,651.32)
		including the result of impairment of receivables	(20,735.68)
Operating profit	23,397,716.28	Profit (loss) from operating activities	23 397 716.28
		Financial income (expenses), including:	2,275,865.92
Financial income	2,734,397.23	Revenues	2,734,397.23
Financial costs	(458,531.31)	Costs	(458,531.31)
Profit before tax	25,673,582.20	Profit (loss) before tax	25 673 582.20

Unit name:	Aptor Matrix S.A.		Page 51
Period covered by the financial statements:	01.01.2021 - 31.12.2021	Reporting currency:	Polish Zloty (PLN)
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Income tax	(5,042,084.96)	Current income tax	(5,157,256.00)
		Deferred income tax	115,171.04
Net profit	20,631,497.24	Net profit (loss)	20,631,497.24
Other comprehensive income			
Other comprehensive income, net	(3,598,841.74)		(3,598,841.74)
Effective portion of changes in fair value of cash flow hedging instruments including tax effect	(3,559,583.49)	Hedge accounting result	(3,559,583.49)
Revaluation of the defined benefit plan reserve with tax effect	(39,258.25)	Actuarial gains and losses with tax effect	(39,258.25)
Total comprehensive income	17,032,655.50	Total comprehensive income	17,032,655.50

CASH FLOW STATEMENT

Line name in the 2020 report	Value as of 31.12.2020	Line name in the 2021 report	Value as of 31.12.2020
Cash flow from operating activities			
Net profit for the reporting period	20 631 497.24	Profit before tax (continuing operations)	25 673 582.20
Corrections:	14,876,092.51	Adjustments:	9,834,007.55
Amortization of intangible assets	1,012,671.27	Amortization of intangible assets	1,012,671.27
Depreciation of tangible fixed assets	9,097,384.35	Depreciation of tangible fixed assets and leased assets	9,097,384.35
(Gain) loss on sale of tangible fixed assets and intangible assets	(309 309.74)	(Gain) loss on sale of tangible fixed assets and intangible assets	(309 309.74)
Income tax	5,042,084.96		
Net financial costs	27,828.37	Interest costs	27 828.37
Other adjustments	5,433.30	Other adjustments	5 433.30
Cash from operating activities before changes in working capital	35 507 589.75	Cash from operating activities before changes in working capital	35 507 589.75
Change in inventory	2,700,047.56	Change in inventory	2 700 047.56
Change in trade and other receivables	10,075,966.05	Change in receivables	10,040,188.94
Change in trade and other liabilities	(18,196,957.23)	Change in liabilities	(15,734,570.46)
Change in provisions and liabilities for employee benefits	147,773.43	Change in reserves	147 773.43
Change in the status of funds with restricted disposal	(444 515.56)	Change in the status of restricted cash	(444 515.56)
		Change in accruals	35 777.11
Cash generated from operating activities	29,789,904.00	Cash generated in the course of operating activities	32,252,290.77
Tax paid	(3,052,419.00)	Income tax paid	(3,052,419.00)
Net cash from operating activities		Net cash from operating activities	26,737,485.00
			29,199,871.77
Cash flow from investing activities			
Expenditures on intangible assets	(1,056,600.00)	Expenditures on acquisition of intangible assets	(1,056,600.00)
Acquisition of tangible fixed assets	(10,809,961.06)	Expenditures on the acquisition of tangible fixed assets and PDA	(13,272,347.83)
Proceeds from sale of tangible fixed assets	2 794 718.46	Proceeds from sale of tangible fixed assets	2 794 718.46
Net cash from investing activities	(9,071,842.60)	Net cash used in investing activities	(11,534,229.37)
Cash flows from financing activities			
Loan repayments	(8,930,128.58)	Repayment of credits and loans	(8,930,128.58)
Interest Paid	(27,828.37)	Interest paid	(27,828.37)
Dividends paid	(10,001,411.16)	Dividends paid	(10,001,411.16)
Payments of obligations under contracts leasing	(1,451,693.74)	Repayment of liabilities under financial	(1,451,693.74)
Net cash from financial activities	(20,411,061.85)		(20,411,061.85)
Unit name:	Apator Matrix S.A.		Page 52
Period covered by the financial statements:	01.01.2021 - 31.12.2021	Reporting currency:	Polish Zloty (PLN)
Rounding level:	all amounts are expressed in Polish zloty (unless otherwise indicated)		

Total net cash flow	(2,745,419.45)	Net increase (decrease) in cash and cash equivalents	(2,745,419.45)
Cash and cash equivalents at the beginning of the period Cash and	9,387,945.75	Cash and cash equivalents at the beginning of the period Cash and	9,387,945.75
cash equivalents at the end of the period	6,642,526.30	cash equivalents at the end of the period	6,642,526.30

In the case of the statement of changes in equity, the only presentation change was the fact that in the previous year, both in the case of capital from the valuation of hedging instruments and in the case of capital from the revaluation of the defined benefit plan in the previous year, the change was presented in a single amount together with the tax effect, while this year the tax related to items presented in other comprehensive income was shown in a separate item, i.e. in an open arrangement.

7.29. Events after the balance sheet date

An issue that occurred after the balance sheet date and that may affect the Company's operations is the armed conflict in Ukraine. The Management Board assesses that the political and economic situation in Ukraine may have a potential negative impact on the Company's financial results in the perspective of subsequent periods. Considering the fact that sales

The Company's sales to the Ukrainian market amounted to approximately 4% of total revenues in 2021, the ongoing war may have a direct impact on the inhibition of sales to the Ukrainian market and its limitation, although it is clear that the size of these sales is not key and decisive for the Company's export sales.

However, the situation related to the conflict in Ukraine has a significant impact on the uncertainty of steel prices and their availability, which are used in the production process in the Company. The war operations and the introduced sanctions have interrupted some of the supply chains for steel, leading to, among other things, a decrease in availability and, consequently, increases in steel prices resulting from this situation. Currently, the steel market clearly shows an excess of demand over supply of this raw material, which is why some steel suppliers are starting to introduce rationed sales. At present, the Company has sufficient levels of inventories to fulfill the orders it has. However, in the future, in the event of a prolonged war in Ukraine, a significant risk of a decrease in sales profitability can be expected, which in the long term may translate into the achieved financial results.

Due to the fact that the Company currently does not use workers from Ukraine, their potential outflow does not affect any possible disruptions in current production processes and has no impact on the Company's situation in the sphere of employment.

The Company is continuously monitoring the impact of the situation related to the war in Ukraine and its direct and indirect impact on the Company's operations.

7.30. Impact of COVID-19 on the financial situation of the Company

Despite the very significant impact of the pandemic on social life and economic conditions around the world, the Company has not significantly changed the scope of its activities and operations to this day. The Company has implemented all important recommendations regarding employee safety and occupational health. Sales tasks from the existing order portfolio are being carried out on an ongoing basis.

The Company continues its production activity without any significant disruptions and has the necessary stocks to fulfill current orders. Nevertheless, areas that may pose a potential risk to the future financial situation of the Company are monitored on an ongoing basis, in particular: temporary absence of technological and production staff, which may result in a reduction of production capacity, delays in the supply of materials and goods from abroad, slowdowns in the activities of entities that are recipients

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goods offered by the Company, extension of the period for settling receivables by recipients due to the difficult liquidity situation.

The areas where the impact of COVID-19 has been most noticeable so far are:

- material supply chains - in order to prevent disruptions in supply chains and thus ensure continuity of production, there was a significant increase in stock levels (increased material purchases for future contracts due to fear of possible renewed difficulties in purchasing components for production)
- warehouse management - increase in warehouse stock levels resulting from ongoing contracts, the implementation of which is postponed, on the one hand, and from the increase in component prices, on the other hand
- increase in debt - increase in current credit exposure resulting from the two above changes in inventory levels

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Rounding level:	all amounts are expressed in Polish zloty (unless otherwise indicated)		

8. Signatures

Management

March 23, 2022

Richard Lippke

Chairman of the Management Board, General Director

Karol Kozlowski

Member of the Board

The report was prepared by

Wojciech Olinski

Financial Director/Board Member

Unit name:	Apator Metrix S.A.		Page 55
Period covered by the financial statements:	01.01.2021 - 31.12.2021	Reporting currency:	Polish Zloty (PLN)
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