

# Year 2022



## Financial report Apator Metrix S.A. for the financial year ending December 31, 2022.

Unit name:

Apator Metrix S.A.

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Period covered by the financial statements:

01.01.2022 - 31.12.2022

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

Throughout 2022, the Management Board operated in the following composition (appointment was based on the resolution of the Supervisory Board of November 23, 2021):

President of the Management Board Ryszard Lippke

Member of the Board Karol Kozłowski

Member of the Board Wojciech Olinski

#### Supervisory Board

In 2022, 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, 2022 and covers the period from January 1, 2022 to December 31, 2022 and the comparative period from January 1, 2021 to December 31, 2021.

### 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 2022 to 31 December 2022, 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 2021.

The standards that came into effect on 1 January 2022, but do not have a material impact on the preparation of the Company's annual financial statements, are:

- Amendments to IFRS 3 "Business Combinations"
- Amendments to IAS 16 "Property, Plant and Equipment"
- Amendments to IAS 37 "Provisions, Contingent Liabilities and Contingent Assets"
- Annual Improvements to IFRS 2018-2020

**Standards published by the International Accounting Standards Board that are not yet effective and have not been previously applied by the Company:**

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 ending on December 31, 2022 and have not been applied in the annual separate financial statements:

• Amendment to IFRS 17 "Insurance Contracts"

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- 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"
- Amendments to MSS-16 "Leasing" - Lease Obligations in Sale and Leaseback Transactions
- Amendments to IAS 1 "Presentation of Financial Statements" - classification of liabilities as current and long term

The Company does not expect the changes introduced by the above standards 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 21 March 2023.

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### 3. Separate financial statement of Apator Metrix SA

#### 3.1. Separate statement of financial position

SPECIFICATION	NOTE	for the day	
		31.12.2022	31.12.2021
<b>Fixed assets</b>		<b>74 458 481.38</b>	<b>75 465 907.46</b>
Intangible assets	7.3	10 112 851.34	7 954 019.00
Material fixed assets	7.4	30 102 773.97	28 729 262.27
The right to use leased assets	7.5	6,483,741.34	6 361 122.87
Other long-term financial assets	7.6	24 946 764.23	30 114 185.50
- in related entities	7.6	24 946 764.23	30 114 185.50
Deferred tax assets	7.17	2 812 350.50	2 307 317.82
<b>Current assets</b>		<b>89 991 432.81</b>	<b>82 544 728.54</b>
Stocks	7.7	33 451 837.92	35 391 546.26
Trade receivables	7.8	40 801 401.66	36 693 570.71
- from related entities	7.8	7 435 066.63	13 932 040.96
- from other units	7.8	33 366 335.03	22 761 529.75
Corporate income tax liabilities	7.8	3 147 168.00	416 235.00
Other tax, customs and social security liabilities	7.8	5 160 183.54	4 303 630.47
Other short-term receivables	7.8	26,000.00	173 173.39
- from related entities	7.8	-	155,000.01
- from other units	7.8	26,000.00	18,173.38
Cash and cash equivalents	7.10	7,142,981.00	4 783 355.48
Restricted cash resources	7.10	-	555 917.65
Short-term prepayments	7.11	261 860.69	227 299.58
<b>TOTAL ASSETS</b>		<b>164 449 914.19</b>	<b>158 010 636.00</b>

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SPECIFICATION	NOTE	for the day	
		31.12.2022	31.12.2021
<b>Equity capital</b>		<b>87 705 765.93</b>	<b>94 589 675.78</b>
<b>Equity attributable to shareholders of the parent company</b>		<b>87 705 765.93</b>	<b>94 589 675.78</b>
Base capital	7.12	903 868.60	903 868.60
Other capital	7.13	86 036 073.01	80,004,644.80
Capital from the revaluation of the defined benefit plan	7.13	(332 299.26)	(468 752.53)
Capital from valuation of hedging transactions	7.13	(294,072.86)	(1,882,924.46)
Retained earnings		1 392 196.44	16 032 839.37
- <i>current period result</i>		1 392 196.44	16 032 839.37
<b>Obligations</b>		<b>76 744 148.26</b>	<b>63 420 960.22</b>
<b>Long-term liabilities and reserves</b>		<b>5 349 015.38</b>	<b>6 812 189.77</b>
Long-term credits and loans	7.14	-	-
- <i>from other units</i>	7.14	-	-
Long-term liabilities	7.16	-	1 236 153.41
- <i>towards other units</i>	7.16	-	1 236 153.41
Long-term liabilities arising from the right to use leased assets	7.5	4 571 022.52	4 414 901.04
Long-term provisions for employee benefit liabilities	7.15	562 825.74	722 481.57
Other long-term reserves	7.15	215 167.12	438 653.75
<b>Short-term liabilities and reserves</b>		<b>71 395 132.88</b>	<b>56 608 770.45</b>
Short-term credits and loans	7.14	38,553,602.87	22 367 090.87
- <i>from other units</i>	7.14	38,553,602.87	22 367 090.87
Trade commitments	7.16	23 955 823.05	25 171 465.92
- <i>towards related entities</i>	7.16	959 952.86	970 649.59
- <i>towards other units</i>	7.16	22 995 870.19	24 200 816.33
Corporate income tax liabilities	7.16	-	-
Liabilities for other taxes, customs duties and social security	7.16	1,091,091.86	728 999.39
Other short-term liabilities	7.16	4 248 824.11	4 228 911.14
- <i>towards other units</i>	7.16	4 248 824.11	4 228 911.14
Current liabilities arising from the right to use leased assets	7.5	1,042,621.37	1,013,466.58
Short-term provisions for employee benefit liabilities	7.15	2 503 169.62	3,098,836.55
<b>TOTAL LIABILITIES</b>		<b>164 449 914.19</b>	<b>158 010 636.00</b>

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

SPECIFICATION	NOTE	for the period	
		from 01.01.2022 until 31.12.2022	from 01.01.2021 until 31.12.2021
<b>Revenues from sales of goods and services</b>		<b>245,606,457.64</b>	<b>220,844,486.66</b>
- related entities - other entities	7.18	34,334,219.01	38,338,607.11
	7.18	211,272,238.63	182,505,879.55
<b>Cost of sales of goods and services</b>		<b>(202,619,262.63)</b>	<b>(168,731,830.37)</b>
- related entities - other entities	7.18	(27,175,854.04)	(28,149,302.85)
	7.18	(175,443,408.59)	(140,582,527.52)
<b>Gross sales profit (loss)</b>		<b>42,987,195.01</b>	<b>52,112,656.29</b>
Selling costs		(7,491,132.05)	(7,111,713.70)
General management costs		(25,837,992.92)	(25,166,545.76)
<b>Profit (loss) from sales</b>		<b>9,658,070.04</b>	<b>19,834,396.83</b>
<b>Other operating income (expenses), including:</b>		<b>(5,133,033.83)</b>	<b>1,019,827.85</b>
Revenues	7.20	122,273.12	1,152,634.65
Costs -	7.20	(5,255,306.95)	(132,806.80)
including the result of impairment of receivables		(7,684.33)	(2,015.33)
<b>Profit (loss) from operating activities</b>		<b>4,525,036.21</b>	<b>20,854,224.68</b>
<b>Financial income (expenses), including:</b>		<b>(2,436,068.65)</b>	<b>(854,683.04)</b>
Revenues	7.21	797,816.58	491,247.87
Costs	7.21	(3,233,885.23)	(1,345,930.91)
<b>Profit (loss) before tax</b>		<b>2,088,967.56</b>	<b>19,999,541.64</b>
Current income tax	7.17	(1,604,832.00)	(4,144,436.00)
Deferred income tax	7.17	908,060.88	177,733.73
<b>Net profit (loss)</b>		<b>1,392,196.44</b>	<b>16,032,839.37</b>
<b>Other comprehensive income</b>			
<b>Other comprehensive income, net</b>		<b>1,725,304.87</b>	<b>(195,258.67)</b>
Hedge accounting result with tax effect	7.23	1,588,851.60	(141,975.67)
Actuarial gains and losses with tax effect		136,453.27	(53,283.00)
<b>Total comprehensive income</b>		<b>3,117,501.31</b>	<b>15,837,580.70</b>
<b>Net profit (loss), of which attributable to:</b>		<b>1,392,196.44</b>	<b>16,032,839.37</b>
shareholders of the parent company		1,392,196.44	16,032,839.37
<b>Total comprehensive income, of which attributable to:</b>		<b>3,117,501.31</b>	<b>15,837,580.70</b>
shareholders of the parent company		3,117,501.31	15,837,580.70

SPECIFICATION	NOTE	for the period	
		from 01.01.2022 until 31.12.2022	from 01.01.2021 until 31.12.2021
<b>Profit (loss) from operating activities</b>		<b>4,525,036.21</b>	<b>20,854,224.68</b>
Depreciation	7.19	10,594,978.88	11,641,068.27
<b>EBITDA</b>		<b>15,120,015.09</b>	<b>32,495,292.95</b>
Impact of one-time events		5,167,421.27	-
<b>Adjusted EBITDA (excluding one-off items)</b>		<b>20,287,436.36</b>	<b>32,495,292.95</b>

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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 01.01.2021	903 868.60	72 374 141.26	(415 469.53)	(1 740 948.79)	20 631 497.24	91 753 088.78
<b>Changes in equity from 01.01.2021 to 31.12.2021</b>						
Gains (losses) from revaluation <b>Cash flow</b>	-	-	(65 781.48)	-	-	(65 781.48)
<b>hedging instruments, including:</b> - gains (losses) included in the valuation of	-	-	-	(175,278.60)	-	(175,278.60)
the reporting value of hedged items	-	-	-	(175,278.60)	-	(175,278.60)
Tax related to items presented in other comprehensive income 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
<b>Total comprehensive income recognized in the period from 01.01.2021 to 31.12.2021</b>	-	-	(53,283.00)	(141,975.67)	16,032,839.37	15,837,580.70
Dividends	-	-	-	-	(13,000,993.70)	(13,000,993.70)
Division of the result into reserve capital	-	7 630 503.54	-	-	(7,630,503.54)	-
<b>Balance as of 31.12.2021</b>	<b>903 868.60</b>	<b>80 004 644.80</b>	<b>(468 752.53)</b>	<b>(1 882 924.46)</b>	<b>16 032 839.37</b>	<b>94 589 675.78</b>
<b>Balance as of 01.01.2022</b>	<b>903 868.60</b>	<b>80 004 644.80</b>	<b>(468 752.53)</b>	<b>(1 882 924.46)</b>	<b>16 032 839.37</b>	<b>94 589 675.78</b>
<b>Changes in equity from 01.01.2022 to 31.12.2022</b>						
Gains (losses) from revaluation	-	-	166 787.88	-	-	166 787.88
<b>Cash flow hedging instruments, including:</b> - gains (losses) included in the	-	-	-	1 961 545.19	-	1 961 545.19
valuation of the reporting value of hedged items	-	-	-	1 961 545.19	-	1 961 545.19
Tax related to items presented in other comprehensive income income	-	-	(30,334.61)	(372,693.59)	-	(403 028.20)
Net profit for the period from 01.01.2022 to 31.12.2022	-	-	-	-	1,392,196.44	1 392 196.44
<b>Comprehensive income recognized in the period from 01.01.2022 to 31.12.2022</b>	-	-	136 453.27	1 588 851.60	1,392,196.44	3 117 501.31
Dividends	-	-	-	-	(10,001,411.16)	(10,001,411.16)
Division of the result into reserve capital	-	6 031 428.21	-	-	(6,031 428.21)	-
<b>Balance as of 31.12.2022</b>	<b>903 868.60</b>	<b>86 036 073.01</b>	<b>(332 299.26)</b>	<b>(294 072.86)</b>	<b>1 392 196.44</b>	<b>87 705 765.93</b>

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### 3.4. Separate statement of cash flows

SPECIFICATION	NOTE	for the period	
		from 01.01.2022 until 31.12.2022	from 01.01.2021 until 31.12.2021
<b>Cash flow from operating activities</b>			
<b>Profit before tax (continuing operations)</b>		<b>2,088,967.56</b>	<b>19,999,541.64</b>
<b>Corrections:</b>		<b>17,505,172.26</b>	<b>11,818,668.95</b>
Amortization of intangible assets	7.3	1,406,778.66	1,350,228.36
Depreciation of tangible fixed assets and leased assets	7.4	9 188 200.22	10 290 839.91
Impairment losses on shares	7.6	5 167 421.27	-
(Gain) loss on sale of tangible fixed assets and intangible assets	7.5	(53,325.20)	(52,934.67)
Interest costs	7.14	1 796 097.31	230 535.35
Other	7.20	-	-
adjustments <b>Cash from operating activities before changes in working capital</b>		<b>19 594 139.82</b>	<b>31 818 210.59</b>
Change in inventory	7.7	1,939,708.34	(10,485,001.61)
Change in receivables	7.8	(6,303,778.49)	(10,694,626.63)
Change in liabilities	7.16	385,866.33	13,440,709.80
Change in reserves	7.15	(812,021.51)	164,281.24
Change in the status of restricted cash	7.10	555 917.65	223 146.59
Change in the status of accruals	7.11	(34,561.11)	(32,644.87)
<b>Cash generated from operating activities</b>		<b>15 325 271.03</b>	<b>24 434 075.11</b>
Tax refund		828 412.00	-
Income tax paid <b>Net cash from operating activities</b>		<b>(5,164,177.00)</b>	<b>(7,494,959.00)</b>
		<b>10,989,506.03</b>	<b>16 939 116.11</b>
<b>Cash flow from investing activities</b>			
Expenditures on acquisition of intangible assets	7.3	(3,565,611.00)	(2,634,176.63)
Expenditures on the acquisition of tangible fixed assets and PDA	7.4	(8,910,746.89)	(8,259,670.15)
Proceeds from sale of tangible fixed assets <b>Net cash used in investing activities</b>		<b>208,325.21</b>	<b>164,796.77</b>
		<b>(12,268,032.68)</b>	<b>(10,729,050.01)</b>
<b>Cash flows from financing activities</b>			
Proceeds from taking out credits and loans		16 186 512.00	5 690 343.36
Repayment of credits and loans		-	-
Interest Paid		(1,796,097.31)	(230 535.35)
Dividends paid	7.13	(10,001,411.16)	(13,000,993.70)
Lease Obligations Repayment		(750,851.36)	(528 051.23)
Other inflows (outflows)		-	-
<b>Net cash from financing activities</b>		<b>3 638 152.17</b>	<b>(8,069,236.92)</b>
<b>Net increase (decrease) in cash and cash equivalents Cash and cash equivalents at the beginning of the period</b>		<b>2 359 625.52</b>	<b>(1,859,170.82)</b>
<b>period Cash and cash equivalents at the end of the period</b>		<b>4,783,355.48</b>	<b>6,642,526.30</b>
		<b>7,142,981.00</b>	<b>4,783,355.48</b>

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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 2021.

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 valued 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. Any impairment losses are charged to the profit and loss account and are not reversed in

subsequent periods.

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

Intangible assets with an indefinite useful life and those that are not yet in use are tested annually for possible impairment, with respect to individual assets or

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at the level of the cash-generating unit, 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 cost of tangible fixed assets as at 1 January 2005, the date of the first application of EU IFRS by the Company, was determined by reference to their fair value as 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 is applied to costs incurred in the subsequent 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 connection with the ongoing maintenance of items of property, plant and equipment are recognized as profit or loss of the current period when 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 recognised as an expense of the current period using the straight-line method over the useful life of a given tangible fixed asset estimated by the Company, which

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reflects as closely as possible the manner in which future economic benefits associated with 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 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.

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 contract gives an effective right to use a specific asset, even if that right is not expressly included in the contract. The Company uses an exemption that allows low-value assets not to be classified as leases. This threshold has been set at PLN 20 thousand for a new single asset.

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

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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, obtainable if the sale took place on the reporting date. The production cost consists of the sum of direct costs (materials, wages) and a justified portion of indirect costs related to the production of the product, including indirect production costs and a portion of fixed indirect costs corresponding to the level of these costs at normal use of production capacity. The Company applies the FIFO method of inventory valuation.

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.

#### 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.

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**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.

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 any amounts directly related to obtaining the loan.

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In subsequent periods, the loans are valued 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 for 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 line item, in equity. Gains or losses previously recognized in equity are transferred to current period profit or loss in the same period and in the same line item in which the hedged cash flows are recognized in profit or loss. The ineffective portion of the change in the fair value of the derivative is recognized immediately in current period profit or loss.

If a hedging instrument ceases to meet the criteria for hedge accounting, expires, is sold, terminated, exercised or its intended purpose is changed, the Company discontinues the use of hedge accounting. Cumulative gains or losses previously recognized in other comprehensive income

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income and presented in equity remain in equity until the forecast transaction is completed and recorded as current period profit or loss. When 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 recognized. If the forecast transaction is not expected to occur, gains or losses recognized in the statement of financial position are recognized immediately as current period profit or loss. In other cases, amounts previously recognized in other comprehensive income are recognized as current period profit or loss in the same period or periods in which the hedged forecast transaction affects current period profit or loss.

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:

- 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)

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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

##### Revenues from sales 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 denominated in foreign currencies are translated at the end of the reporting period at the appropriate rates (buy rate and sell rate) used 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, adjusted for accrued interest and payments made during the reporting period, and the value at amortized cost in the foreign currency translated at the appropriate average 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.

Exchange rate differences on translation are recognised as profit or loss for the current period, except for differences

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arising from the translation of equity instruments classified as available for sale, financial liabilities designated as hedges of an interest in the net assets of an entity operating abroad, and eligible 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 on the transaction date.

#### 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. Alternative Performance Measures

EBITDA is a measure showing the net profit achieved by the Company after eliminating the impact of income tax, financing costs and depreciation. The Management Board of the Company considers it as an important additional measure of results, therefore EBITDA is presented in the report alongside the measures defined by IFRS. EBITDA is not an IFRS-defined measure and is not a standardized measure, and therefore should not be analyzed in isolation or as a substitute for IFRS-defined measures.

The EBITDA calculation method is presented in the table below:

SPECIFICATION	for the period	
	from 01.01.2022 until 31.12.2022	from 01.01.2021 until 31.12.2021
Net profit for the financial period	<b>1,392,196.44</b>	<b>16,032,839.37</b>
(+) Income Tax	696,771.12	3,966,702.27
<b>Gross profit</b>	2,088,967.56	<b>19,999,541.64</b>
(+) Financial costs	3,233,885.23	1 345 930.91
(-) Financial income	<b>797,816.58</b>	491 247.87
<b>Profit (loss) from operating activities</b>	4,525,036.21	<b>20,854,224.68</b>
Depreciation	<b>10,594,978.88</b>	11,641,068.27
<b>EBITDA</b>	15,120,015.09	<b>32,495,292.95</b>
Impact of one-time events	<b>5,167,421.27</b>	-
<b>Adjusted EBITDA (excluding one-off items)</b>	<b>20,287,436.36</b>	<b>32,495,292.95</b>

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7.2. 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.

7.3. 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	TOGETHER
<b>Net value as of 01.01.2021</b>	-	<b>6 670 070.73</b>	-	<b>6 670 070.73</b>
Increase due to acquisition	-	-	-	-
Expenditures on intangible assets	-	2 634 176.63	-	<b>2 634 176.63</b>
Settlement of advance payment for intangible assets	-	-	-	-
Depreciation	-	(1,350,228.36)	-	<b>(1,350,228.36)</b>
Other changes - gross	-	-	-	-
<b>Net value as of 31.12.2021</b>	-	<b>7 954 019.00</b>	-	<b>7 954 019.00</b>
<b>Net value as of 01.01.2022</b>	-	<b>7 954 019.00</b>	-	<b>7 954 019.00</b>
Increase due to acquisition	-	-	-	-
Expenditures on intangible assets	-	3,565,611.00	-	<b>3,565,611.00</b>
Depreciation	-	(1,350,228.36)	(56,550.30)	<b>(1,406,778.66)</b>
Settlement of outlays – acceptance into stock	-	(339,301.63)	339,301.63	-
<b>Net value as of 31.12.2022</b>	-	<b>9,830,100.01</b>	<b>282,751.33</b>	<b>10 112 851.34</b>
<b>As of 31.12.2021</b>				
Gross value	-	10,316,918.63	-	<b>10,316,918.63</b>
Total accumulated depreciation and write-offs to date	-	(2,362,899.63)	-	<b>(2,362,899.63)</b>
<b>Net worth</b>	-	<b>7,954,019.00</b>	-	<b>7 954 019.00</b>
<b>As of 31.12.2022</b>				
Gross value	-	12,530,556.73	339,301.63	<b>12,869,858.36</b>
Total accumulated depreciation and write-offs to date	-	(2,700,456.72)	(56,550.30)	<b>(2,757,007.02)</b>
<b>Net worth</b>	-	<b>9,830,100.01</b>	<b>282,751.33</b>	<b>10 112 851.34</b>

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Period covered by the financial statements:	01.01.2022 - 31.12.2022	Reporting currency:	Polish Zloty (PLN)
Rounding level:	all amounts are expressed in Polish zloty (unless otherwise indicated)		

Net value of intangible assets:

SPECIFICATION	for the day	
	31.12.2022	31.12.2021
Development costs	9 830 100.01	7 954 019.00
Other intangible assets	282 751.33	-
<b>Together</b>	<b>10 112 851.34</b>	<b>7 954 019.00</b>

In 2022, the Company incurred expenses for the acquisition of intangible assets in the amount of PLN 3,565,611.00 (in 2021: PLN 2,634,176.63). 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.

## 7.4. Tangible fixed assets

In 2022, the Company made an investment in the purchase of tangible fixed assets in the amount of PLN 12,476,357.89 PLN (in 2021: PLN 10,893,846.78). These expenses mainly concerned machinery and equipment and other tangible fixed assets (mainly tooling) and were related to: automation of production processes, the need to increase production capacity, new technologies and modernization of the machinery 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 31.12.2022 is: PLN 2,333,031.32 (2021: PLN 1,692,589.53)

### ***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 153,689.25 (in 2021: PLN 269,740.41). 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 2017/2022 - is a registered pledge on a set of fixed assets with the balance sheet value of PLN 4,670,046.82 (in 2021: PLN 205,583.25). The total net value of machines and equipment and other fixed assets constituting security for loans at the end of 2022 is: PLN 4,823,736.07.

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Property, plant and equipment used on an ownership basis for 2021 and 2022:

SPECIFICATION	Land, buildings and premises and engineering facilities	Machines and equipment	Means of transport	Tools and equipment	Together
Net value as of 01.01.2021	6,734,535.86	11,087,113.35	1,054,739.36	7,181,738.00	26,058,126.57
Increase due to acquisition	-	2,992,251.73	436,344.23	2,959,417.02	6,388,012.98
Increase in stock due to modernization	350 697.53	749,878.46	-	308,498.16	1,409,074.15
Increase resulting from reclassification - from the right to use leased assets to tangible fixed assets	-	2 610 322.00	-	-	2 610 322.00
Material assets under construction	352 817.53	4 021 552.01	436,344.23	6,598,155.54	11,408,869.31
Decrease due to disposal	-	-	(477,113.29)	-	(477,113.29)
Decrease due to liquidation	-	(568,896.36)	-	(1,776,121.68)	(2,345,018.04)
Settlement of expenditure on tangible fixed assets under construction (acceptance to stock)	(350,697.53)	(3,742,130.19)	(436,344.23)	(3,267,915.18)	(7,797,087.13)
Depreciation	(1,170,716.16)	(4,678,918.99)	(305,148.22)	(3,164,988.87)	(9,319,772.24)
Increase in the accumulated depreciation due to reclassification - from the right to use assets in lease to tangible fixed assets Decrease in the accumulated depreciation due to	-	(1,916,421.27)	-	-	(1,916,421.27)
sale Decrease in the accumulated depreciation due to liquidation	-	-	365 251.19	-	365,251.19
Net value as at 31.12.2021	-	568 896.36	-	1 776 121.68	2,345,018.04
	5 916 637.23	11 123 647.10	1,074,073.27	10 614 904.67	28,729,262.27
Net value as of 01.01.2022	5 916 637.23	11 123 647.10	1,074,073.27	10 614 904.67	28,729,262.27
Increase due to acquisition	-	5 827 127.16	294 435.62	2 746 736.11	8,868,298.89
Increase in stock due to modernization	47 904.16	245 204.25	-	354 126.95	647,235.36
Increase resulting from reclassification - from the right to use leased assets to tangible fixed assets	-	1 398 666.50	-	-	1 398 666.50
Material assets under construction	554 010.11	6,021,222.60	294,435.62	2,654,460.87	9,524,129.20
Decrease due to disposal	-	-	(269,368.06)	(4,597.09)	(273,965.15)
Decrease due to liquidation	-	(12,070.50)	-	(270,649.00)	(282,719.50)
Settlement of expenditure on tangible fixed assets under construction (acceptance to stock)	(47,904.16)	(6,072,331.41)	(294,435.62)	(3,100,863.06)	(9,515,534.25)
Depreciation	(1,182,712.47)	(4,144,903.96)	(335,966.79)	(2,710,820.78)	(8,374,404.00)
Increase in the current depreciation due to reclassification - from the right to use leased assets to tangible fixed assets	-	(1,174,880.00)	-	-	(1,174,880.00)
Reduction in accumulated depreciation due to disposal	-	-	269 368.06	4,597.09	273,965.15
accumulated depreciation due to liquidation	-	12,070.50	-	270 649.00	282,719.50
Net value as at 31.12.2022	5 287 934.87	13 223 752.24	1,032,542.10	10,558,544.76	30,102,773.97

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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	Together
<b>As of 31.12.2021</b>					
Gross value	18,109,573.38	41,190,641.23	3,056,975.42	38,696,753.75	<b>101,053,943.78</b>
Total accumulated depreciation and write-offs to date	(12,192,936.15)	(30,066,994.13)	(1,982,902.15)	(28,081,849.08)	<b>(72,324,681.51)</b>
<b>Net worth</b>	<b>5,916,637.23</b>	<b>11,123,647.10</b>	<b>1,074,073.27</b>	<b>10,614,904.67</b>	<b>28 729 262.27</b>
<b>As of 31.12.2022</b>					
Gross value	18,663,583.49	48,598,459.83	3,082,042.98	41,075,968.53	<b>111,420,054.83</b>
Total accumulated depreciation and write-offs to date	(13,375,648.62)	(35,374,707.59)	(2,049,500.88)	(30,517,423.77)	<b>(81,317,280.86)</b>
<b>Net worth</b>	<b>5,287,934.87</b>	<b>13,223,752.24</b>	<b>1,032,542.10</b>	<b>10,558,544.76</b>	<b>30 102 773.97</b>

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



In the audited period, i.e. in 2022, similarly to the previous year 2021, 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.

## 7.5. Leasing

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

SPECIFICATION	as of 31.12.2022		as of 31.12.2021	
	Fees	Current value fees	Fees	Current value floss
Payable within 1 year	1,084,800.01	1,042,621.37	1,083,415.77	1,013,466.58
Payable over a period of 1 to 5 years	1,557,304.31	1,531,864.42	2,455,267.33	2,387,750.64
Paid over 5 years	3,039,158.10	3,039,158.10	2,027,150.40	2,027,150.40
<b>Total future minimum finance lease payments</b>	<b>5,681,262.42</b>	<b>5,613,643.89</b>	<b>5,565,833.50</b>	<b>5 428 367.62</b>
Future financial burdens (-)	(67,618.53)	-	(137,465.88)	-
<b>Present value of minimum lease payments</b>	<b>5,613,643.89</b>	<b>5,613,643.89</b>	<b>5,428,367.62</b>	<b>5 428 367.62</b>

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

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

Property, plant and equipment leased for 2021 and 2022:

SPECIFICATION	Land, buildings and premises and engineering facilities	Machines and equipment	Means of transport	Tools and equipment	Together
<b>Net value as of 01.01.2021</b>	<b>2 303 580.00</b>	<b>4 796 576.08</b>	-	-	<b>7 100 156.08</b>
Increase due to leasing acceptance	925 935.19	-	-	-	<b>925 935.19</b>
Decrease resulting from reclassification - from the right to use leased assets to tangible fixed assets	-	(2,610,322.00)	-	-	<b>(2,610,322.00)</b>
Depreciation	(121,251.31)	(849,816.36)	-	-	<b>(971 067.67)</b>
Reduction in accumulated depreciation resulting from reclassification from leased assets to tangible fixed assets	-	1 916 421.27	-	-	<b>1 916 421.27</b>
<b>Net value as of 31.12.2021</b>	<b>3 108 263.88</b>	<b>3 252 858.99</b>	-	-	<b>6 361 122.87</b>
<b>Net value as of 01.01.2022</b>	<b>3 108 263.88</b>	<b>3 252 858.99</b>	-	-	<b>6 361 122.87</b>
Increase due to acceptance into leasing, increase in value	1,160,201.19	-	-	-	<b>1 160 201.19</b>
Decrease resulting from reclassification - from the right to use leased assets to tangible fixed assets	-	(1,398,666.50)	-	-	<b>(1,398,666.50)</b>
Depreciation	(215 730.86)	(598 056.36)	-	-	<b>(813 796.22)</b>
Reduction in accumulated depreciation resulting from reclassification from leased assets to tangible fixed assets	-	1,174,880.00	-	-	<b>1,174,880.00</b>
<b>Net value as of 31.12.2022</b>	<b>4,052,725.21</b>	<b>2 431 016.13</b>	-	-	<b>6,483,741.34</b>

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	Together
<b>Net value as of 01.01.2021</b>	<b>3 108 263.88</b>	<b>3,252,858.99</b>	-	-	<b>6 361 122.87</b>
<b>As of 31.12.2021</b>					
Gross value	3,229,515.19	5,409,320.47	-	850 616.69	<b>9 489 452.35</b>
Total accumulated depreciation and write-offs to date	(121,251.31)	(2,156,461.48)	-	(850 616.69)	<b>(3,128,329.48)</b>
<b>Net worth</b>	<b>3,108,263.88</b>	<b>3,252,858.99</b>	-	-	<b>6 361 122.87</b>
<b>As of 31.12.2022</b>					
Gross value	4,389,716.38	4,010,653.97	-	850 616.69	<b>9,250,987.04</b>
Total accumulated depreciation and write-offs to date	(336,991.17)	(1,579,637.84)	-	(850 616.69)	<b>(2,767,245.70)</b>
<b>Net worth</b>	<b>4,052,725.21</b>	<b>2,431,016.13</b>	-	-	<b>6,483,741.34</b>

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

## 7.6. Other financial assets

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

SPECIFICATION	for the day	
	31.12.2022	31.12.2021
<b>Other long-term financial assets</b>	<b>30 114 185.50</b>	<b>30 114 185.50</b>
Shares in subsidiaries	30 114 185.50	30 114 185.50
Impairment allowance created against current profit or loss	(5 167 421.27)	--
<b>Carrying value of shares at the end of the period</b>	<b>24 946 764.23</b>	<b>30 114 185.50</b>

The balance sheet value of PLN 24,946,764.23 shown in long-term investments relates to the acquisition of 100% of shares in George Wilson Industries Ltd. with its registered office in Coventry (Great Britain) by the Company in 2017. The acquisition of George Wilson Industries Ltd. was 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.

In order to optimize costs and improve the efficiency of George Wilson Industries Ltd.'s operations on the British market, taking into account the changing market environment resulting from, among others, the COVID-19 pandemic, broken supply chains, rising raw material prices, war in Ukraine, a number of optimisation measures were taken, including decisions on:

- relocation of the company to a hall with a smaller area (an optimally scaled facility for the company's needs) significantly better energy efficiency class) in Coventry near the current location
- reorganization of the company's operations by transferring the production of smart gas meters and industrial gas meters to Apator Metrix SA

Apator Metrix SA hopes that the above actions together with other activities and reductions cost should significantly improve the profitability of George Wilson, ensuring its financial independence and the ability to effectively serve the British market in the field of smart meters, regulators, as well as their repairs, service and renovation.

In accordance with IAS-36, the Management Board assessed the existence of impairment indications for George Wilson Ltd. by analyzing market, external and internal factors and verified the validity of the assumptions adopted in the impairment test performed as at December 31, 2022.

The value of the shares estimated using the value in use method, based on discounted cash flows, amounted to PLN 24,946,764.23.

The impairment test was performed using the following assumptions for calculations: WACC = 12.58%, revenues and margins in line with the company's long-term financial plan for 2023-2025.

2026, while after the forecast period no growth rate was assumed and a stable EBITDA level was assumed to calculate the residual value. The calculations used the values of some indicators, including beta, D/E debt ratios, etc. published by prof. Damodaran ([www.damodaran.com](http://www.damodaran.com)).

Based on the test, it was found that the carrying amount of George Wilson exceeds the estimated recoverable amount. This means that we are dealing with an impairment of assets in the form of shares in a subsidiary, which amounted to PLN 5,167,421.27 as at the balance sheet date.

The write-off in this amount reduced the value of other long-term financial assets in the Company's accounts in 2022 in the form of other shares not publicly traded, while charging other operating costs, i.e. write-offs for impairment of shares in subsidiaries. The value of the write-off included a deferred tax asset.

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It is worth noting that the decrease and lack of surplus of recoverable value over carrying value results mainly from the deteriorating macroeconomic situation, which was reflected, among others, in increasing discount rates. It was the increase in the weighted average cost of capital that was decisive in terms of the results of the conducted test.

The additional sensitivity analysis conducted showed and confirmed that the model used to conduct the test is the most sensitive to changes in the weighted average cost of capital, as well as the unit prices of sold products and services.

## 7.7. Inventory

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

SPECIFICATION	for the day	
	31.12.2022	31.12.2021
Materials	23,289,251.13	23 638 311.19
Production in progress	6,352,342.50	4,744,479.91
Finished products	3,810,244.29	7,008,755.16
<b>Total inventory value</b>	<b>33,451,837.92</b>	<b>35 391 546.26</b>

Inventory write-downs are presented below.

SPECIFICATION	in the period	
	from 01.01.2022 until 31.12.2022	from 01.01.2021 until 31.12.2021
<b>Total inventory impairment loss</b>		
<b>Value of write-offs at the beginning of the period</b>	<b>738,686.22</b>	<b>495 752.85</b>
Increase - creation of a write-off against the current result	307,361.17	242 933.37
Decrease - write-off of unused amounts to revenue	(279,952.07)	-
<b>Value of write-offs at the end of the period</b>	<b>766,095.32</b>	<b>738 686.22</b>

In 2022, the value of materials and raw materials, changes in finished products and products in progress included in cost of sales amounted to PLN 131,766,142.20 (2021: PLN 110,547,973.35). In 2022, the impairment loss included low-turnover inventory with a shelf life of over 180 days. The value of write-offs increased by a total of PLN 27,409.10 during the year (in 2021: an increase of PLN 242,933.37). The increase in write-offs was included in the costs of core operations.

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## 7.8. Trade and other receivables

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

SPECIFICATION	for the day	
	31.12.2022	31.12.2021
<b>Short-term receivables, including:</b>	<b>49,134,753.20</b>	<b>41,586,609.57</b>
<b>Trade receivables</b>	<b>40,801,401.66</b>	<b>36,693,570.71</b>
Current receivables	35,031,009.23	<b>25,695,297.70</b>
Receivables past due within 1 month	2,938,710.71	<b>2,569,524.56</b>
Receivables past due for more than 1 month and up to 6 months	2,831,681.72	<b>8,428,748.45</b>
Receivables past due by more than 6 months to 1 year	-	343,414.99
Receivables overdue more than 1 year	20,477.31	-
Impairment loss on trade receivables (-)	(20,477.31)	(343,414.99)
<b>Corporate income tax liabilities</b>	<b>3,147,168.00</b>	<b>416,235.00</b>
<b>Other tax, customs and social security liabilities</b>	<b>5,160,183.54</b>	<b>4,303,630.47</b>
Other tax, customs and social security liabilities	5,160,183.54	4,303,630.47
<b>Other short-term receivables</b>	<b>26,000.00</b>	<b>173 173.39</b>
Receivables from sold tangible fixed assets and intangible assets	-	155,000.01
Deposits, security deposits, security deposits	18,000.00	18,000.00
Prepayments - advances for the purchase of services	-	-
Other receivables	8,000.00	173.38
<b>Total receivables, including:</b>	<b>49,134,753.20</b>	<b>41,586,609.57</b>
- from related entities - from	7,435,066.63	14,087,040.97
other entities	41,699,686.57	27,499,568.60

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

SPECIFICATION	in the period	
	from 01.01.2022 until 31.12.2022	from 01.01.2021 until 31.12.2021
<b>Total receivables impairment allowance</b>		
<b>Value of write-offs at the beginning of the period</b>	<b>343,414.99</b>	<b>341 399.66</b>
Increase - creation of a write-off against the current result	27,882.65	22 030.83
Decrease - write-off of unused amounts to revenue	(20,198.32)	(20,015.50)
Use of copy - write-off	(330,622.01)	-
<b>Value of write-offs at the end of the period</b>	<b>20,477.31</b>	<b>343 414.99</b>

In 2022, as well as in 2021, 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.

## 7.9. Loans granted

In the period under review, as in the 2021 fiscal year, no loans were granted.

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## 7.10. 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 in 2021, in a separate item as cash with limited disposal. In 2022, however, due to the fact that these funds are used on an ongoing basis in current operating activities, are characterized by a high degree of liquidity and are not frozen for a longer period, they were shown as cash and cash equivalents.

SPECIFICATION	for the day	
	31.12.2022	31.12.2021
Cash in bank accounts Cash in VAT accounts	6,515,968.35	4 783 355.48
(split payment)	627,012.65	555 917.65
<b>Total cash and cash equivalents</b>	<b>7,142,981.00</b>	<b>5 339 273.13</b>

## 7.11. Accruals

Information regarding accruals is presented in the table below.

SPECIFICATION	for the day	
	31.12.2022	31.12.2021
<b>Short-term prepayments</b>	<b>261 860.69</b>	<b>227 299.58</b>
Insurance	261 860.69	227 299.58

## 7.12. Share capital

Information on share capital is presented in the table below.

SPECIFICATION	for the day	
	31.12.2022	31.12.2021
Number of shares	210 202	210 202
Nominal value of shares	4.30	4.30
<b>Base capital</b>	<b>903 868.60</b>	<b>903 868.60</b>

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.

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### 7.13. Other capital

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

SPECIFICATION	REMAINING SUPPLEMENTARY CAPITAL	TOGETHER
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
Status as of 01.01.2022	80,004,644.80	80,004,644.80
Increase from 01.01.2022 to 31.12.2022	6,031,428.21	6,031,428.21
Splitting the result	6,031,428.21	6,031,428.21
As of 31.12.2022	86,036,073.01	86 036 073.01

In accordance with the resolution no. 11/III/2022 of the Ordinary General Meeting of Shareholders of Apator Metrix SA of March 30, 2022, the net profit for the financial year 2021 in the amount of PLN 16,032,839.37 was distributed. PLN as follows:

- Dividend: PLN 10,001,411.16.
- Reserve capital: PLN 6,031,428.21.

The Management Board proposes to transfer the financial result for the financial year ending on 31 December 2022 in the amount of PLN 1,392,196.44 in its entirety to the reserve capital.

### 7.14. Credits and loans

Information about loans and credits is presented below.

SPECIFICATION	for the day	
	31.12.2022	31.12.2021
Long-term loans and credits payable	-	-
over 1 year up to 2 years payable	-	-
over 2 years up to 5 years	-	-
payable over 5 years	-	-
Credits and short-term loans	38,553,602.87	22 367 090.87
Total loans and credits, including	38,553,602.87	22 367 090.87
- from related entities	-	-
- from other units	38,553,602.87	22 367 090.87

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

SPECIFICATION	COMMITMENT	COSTS - INTEREST	COMMITMENT	COSTS - INTEREST
	for the day 31.12.2022	from 01.01.2022 until 31.12.2022	for the day 31.12.2021	from 01.01.2021 until 31.12.2021
Overdraft facility	38,553,602.87	1,675,796.70	18,184,301.87	144 983.60
Investment loan	-	120 300.61	4,182,789.00	85 551.75
Together	38,553,602.87	1,796,097.31	22 367 090.87	230 535.35

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As of December 31, 2022, Apator Metrix SA had debt due to loans in the total amount of PLN 38,553,602.87 (2021: PLN 22,367,090.87).

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

- 1) Overdraft (partly denominated in EURO) - ING Bank Śląski
- 2) Investment loan concluded with Millennium Bank.

The investment loan is secured by a capped mortgage up to PLN 23.3 million on real estate located in Tczew and owned by Apator Metrix SA, as well as by the transfer of ownership of a set of fixed assets, as mentioned in note 7.3. As at 31.12.2022, this loan was repaid. However, the procedures for releasing the security are in the process of being processed.

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

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## 7.15. 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	
<b>Value of reserves as of 01.01.2021 (+)</b>	<b>721 224.04</b>	<b>1 817 062.73</b>	<b>844 998.00</b>	<b>646 624.38</b>	<b>4 029 909.15</b>
Increase - creation of a reserve against the current result (+)	85,348.94	899 359.46	965 194.57	-	<b>1 949 902.97</b>
Reserve utilization – settlement with costs (-)	(79,847.10)	(1,066,000.00)	(431,804.00)	(207,970.63)	<b>(1,785,621.73)</b>
Revaluation of the provision included in other comprehensive income	65,781.48	-	-	-	<b>65,781.48</b>
<b>Value of reserves as at 31.12.2021, including:</b>	<b>792 507.36</b>	<b>1,650,422.19</b>	<b>1,378,388.57</b>	<b>438 653.75</b>	<b>4,259,971.87</b>
- long-term reserves - short-term reserves	722 481.57	0.00	0.00	438 653.75	<b>1 161 135.32</b>
	70 025.79	1,650,422.19	1,378,388.57	0.00	<b>3,098,836.55</b>
<b>Value of reserves as of 01.01.2022</b>	<b>792 507.36</b>	<b>1,650,422.19</b>	<b>1,378,388.57</b>	<b>438 653.75</b>	<b>4,259,971.87</b>
Increase – creation of a reserve against the current result (+)	-	685 527.15	265 170.57	-	<b>950 697.72</b>
Reserve utilization – settlement with costs (-)	(159,655.83)	(1,234,654.55)	(323,970.57)	(223,486.63)	<b>(1,941,767.58)</b>
Revaluation of the provision included in other comprehensive income	12,260.47	-	-	-	<b>12,260.47</b>
<b>Value of reserves as at 31.12.2022, including:</b>	<b>645,112.00</b>	<b>1,101,294.79</b>	<b>1,319,588.57</b>	<b>215 167.12</b>	<b>3 281 162.48</b>
- long-term reserves - short-term reserves	562,825.74	-	-	215 167.12	<b>777 992.86</b>
	82,286.26	1,101,294.79	1,319,588.57	-	<b>2 503 169.62</b>

### 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):

• Discount rate as of December 31, 2022 •	8.4%
Wage growth rate •	4.1%
Number of employees	499

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

Mobility parameters were also used:

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

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### Other reserves - warranty repairs

<b>As of January 1, 2022</b>	<b>438 653.75</b>
Increase	0.00
Use	(223,486.63)
<b>As of December 31, 2022</b>	<b>215 167.12</b>

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 215,167.12 (2021: PLN 438,653.75).

## 7.16. Obligations

Information about liabilities is presented in the table below.

SPECIFICATION	for the day	
	31.12.2022	31.12.2021
<b>Long-term liabilities, including:</b>	<b>4 571 022.52</b>	<b>5 651 054.45</b>
<b>Long-term liabilities</b>	-	<b>1 236 153.41</b>
Derivative liabilities	-	1 236 153.41
<b>Long-term liabilities arising from the right to use leased assets</b>	<b>4 571 022.52</b>	<b>4 414 901.04</b>
<b>Short-term liabilities, including:</b>	<b>30 338 360.39</b>	<b>31,142,843.03</b>
<b>Trade commitments</b>	<b>23 955 823.05</b>	<b>25 171 465.92</b>
Current liabilities	22 931 151.22	24 366 795.55
Obligations past due within 1 month	938 662.61	647 111.98
Obligations past due from 1 month to 2 months	19,988.97	157 558.39
Obligations past due from 2 months to 3 months	-	-
Obligations past due from 3 months to 6 months	66,020.25	-
Obligations past due from 6 months to 1 year	-	-
Liabilities overdue for more than 1 year	-	-
<b>Corporate income tax liabilities</b>	-	-
<b>Liabilities for other taxes, customs duties and social security</b>	<b>1,091,091.86</b>	<b>728 999.39</b>
<b>Other short-term liabilities</b>	<b>4 248 824.11</b>	<b>4 228 911.14</b>
Payroll liabilities	214.11	-
Dividend liabilities	46,577.41	46,577.41
Derivative liabilities	363 052.91	1,088,444.69
Investment commitments	852 062.60	1 570 248.14
Prepayments - advances received for deliveries	-	-
Deferred income settlements	2,775,479.99	1 329 146.52
Other obligations	211 437.09	194 494.38
<b>Current liabilities arising from the right to use leased assets</b>	<b>1,042,621.37</b>	<b>1,013,466.58</b>
<b>Total liabilities, including:</b>	<b>34 909 382.91</b>	<b>36 793 897.48</b>
- towards related entities	959 952.86	970 649.59
- towards other units	33 949 430.05	35 823 247.89

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## 7.17. 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 01.01.2022 until 31.12.2022	from 01.01.2021 until 31.12.2021
<b>Profit or loss statement</b>		
<b>Current income tax</b>	<b>1 604 832.00</b>	<b>4,144,436.00</b>
Current income tax expense (continuing operations)	1 604 832.00	4,144,436.00
<b>Deferred income tax</b>	<b>(908 060.88)</b>	<b>(177,733.73)</b>
Related to the emergence and reversal of temporary differences	(908 060.88)	(177,733.73)
<b>Tax expense (benefit) reported in the statement of comprehensive income</b>	<b>696 771.12</b>	<b>3 966 702.27</b>
<b>Statement of changes in equity</b>		
<b>Deferred income tax</b>	<b>403 028.20</b>	<b>(45,801.41)</b>
Net deferred income tax on cash flow hedges settled during the financial year	372 693.59	(33,302.93)
Deferred income tax on revaluation of actuarial reserves	30 334.61	(12,498.48)
<b>Tax expense (benefit) shown in equity</b>	<b>403 028.20</b>	<b>(45,801.41)</b>

### Effective Tax Rate Presentation

SPECIFICATION	in the period	
	from 01.01.2022 until 31.12.2022	from 01.01.2021 until 31.12.2021
<b>Gross profit,</b>	<b>2,088,967.56</b>	<b>19,999,541.64</b>
including: - taxed at the rate applicable in Poland	2,008,967.56	19,999,541.64
- in Poland	19.00%	19.00%
<b>Income tax calculated at applicable tax rates, including:</b>	<b>396 904.00</b>	<b>3 799 913.00</b>
- income tax calculated according to the rate applicable in Poland	396 904.00	3 799 913.00
<b>Corrections:</b>	<b>299 867.12</b>	<b>166 789.27</b>
Tax on costs not constituting costs of obtaining revenues (permanent differences)	299 867.12	166 789.27
<b>Income tax shown in the statement of comprehensive income</b>	<b>696 771.12</b>	<b>3 966 702.27</b>
<b>Effective tax rate</b>	<b>33.35%</b>	<b>19.83%</b>

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Deferred tax assets and liabilities have been recognised for the following assets and liabilities:

Specification	Assets		Reserves		Net worth	
	2022	2021	2022	2021	2022	2021
Material fixed assets	949 740.74	838 300.31	-	-	949 740.74	838 300.31
Short-term investments, including derivatives	68,980.05	441 673.64	-	-	68,980.05	441 673.64
Impairment loss – investments in shares in subsidiaries	981 810.04	-	-	-	981 810.04	-
Stocks	145 558.12	140 350.38	-	-	145 558.12	140 350.38
Trade and other receivables	3 890.69	65 248.85	-	-	3 890.69	65 248.85
Trade and other liabilities	38,950.00	12,350.00	-	-	38,950.00	12,350.00
Employee benefit liabilities	582 539.12	726 050.44	-	-	582 539.12	726 050.44
Reserves	40,881.74	83 344.20	-	-	40,881.74	83 344.20
<b>Deferred income tax assets/provisions</b>	<b>2,812,350.50</b>	<b>2,307,317.82</b>	<b>-</b>	<b>-</b>	<b>2 812 350.50</b>	<b>2 307 317.82</b>

## 7.18. Revenues and costs of core business

SPECIFICATION	for the period	
	from 01.01.2022 until 31.12.2022	from 01.01.2021 until 31.12.2021
<b>Continued activity</b>		
<b>Sales revenue</b>	<b>245,606,457.64</b>	<b>220,844,486.66</b>
Revenues from sales of products and services	218,122,997.41	197,500 149.51
- to related entities - to other entities	34,042,155.45	37,134,590.81
Revenues from sales of goods and materials - to related entities - to other entities	184,080,841.96	160,365,558.70
	27 483 460.23	23,344,337.15
	292,063.56	1,204,016.30
	27,191,396.67	22,140,320.85

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 2022, the Company implemented the following geographical sales directions:

- 1) Domestic sales in the amount of PLN 82,175,465.76 (2021: PLN 78,494,740.45)
- 2) Sales to the European Union (excluding Poland) in the amount of PLN 114,941,124.18 (2021: 86,875,771.95 PLN)
- 3) Sales outside the European Union in the amount of PLN 48,489,867.70 (2021: PLN 55,473,974.26)

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## 7.19. Costs by type

SPECIFICATION	for the period	
	from 01.01.2022 until 31.12.2022	from 01.01.2021 until 31.12.2021
Depreciation	(10,594,978.88)	(11,641,068.27)
Material consumption	(131,766,142.20)	(110 547 973.35)
Energy consumption	(2,079,606.90)	(1,550,288.51)
External services	(18,905,276.69)	(17,130,855.83)
Salaries Employee	(36,376,471.82)	(34,343,320.43)
benefits	(8,013,821.32)	(7,398,835.34)
Taxes	(1,329,104.87)	(1,186,065.06)
Business trips	( 299,537.62)	(144,701.84)
Other costs	(2 119,364.31)	(1,711,007.12)
Cost of goods and materials sold	(23,349,341.26)	(20,099,833.55)
<b>Together</b>	<b>(234,833,645.87)</b>	<b>(205 753 949.30)</b>

## 7.20. Other operating income and expenses

SPECIFICATION	in the period	
	from 01.01.2022 until 31.12.2022	from 01.01.2021 until 31.12.2021
<b>Operating income</b>	<b>122 273.12</b>	<b>1,152,634.65</b>
Revenues from the sale of tangible fixed assets (except land, buildings and structures)	53 325.20	52 934.67
Reversal of receivables write-offs	20,198.32	22,030.83
Compensations received for tangible fixed assets	17,693.00	31,228.86
Received compensation and contractual penalties	21,252.35	23,693.62
Other income	9,804.25	1,022,746.67
<b>Operating costs</b>	<b>(5,255,306.95)</b>	<b>(132,806.80)</b>
Cost of liquidated tangible fixed assets	-	-
Write-off for impairment of shares in subsidiaries	(5,167,421.27)	
Creation of write-offs for receivables	(27,882.65)	(24,046.16)
Accidental losses and other damage to property components	(27,822.75)	(31,428.76)
Donations made	(21,405.65)	(5,000.00)
Paid penalties, fines, compensations	(189.60)	(63,054.53)
Voluntary contributions	(7,200.00)	(7,200.00)
Other costs	(3,385.03)	(2,077.35)
<b>Net operating income (expenses)</b>	<b>(5,133,033.83)</b>	<b>1,019,827.85</b>

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## 7.21. Financial income and costs

SPECIFICATION	in the period	
	from 01.01.2022 until 31.12.2022	from 01.01.2021 until 31.12.2021
<b>Financial income</b>	<b>797,816.58</b>	<b>491 247.87</b>
Interest on funds in bank accounts	19,857.37	813.19
Interest on receivables	8.76	-
Positive exchange rate differences	622,844.45	111 066.64
Income from foreign exchange transactions (including derivatives)	-	9,200.00
Other income	155,106.00	370,168.04
<b>Financial costs</b>	<b>(3,233,885.23)</b>	<b>(1,345,930.91)</b>
Interest on credits and loans	(1,796,097.31)	(230 535.35)
Interest payable to the budget	(347.00)	(2,692.64)
Interest on liabilities	(846.23)	(101.01)
Interest on leasing liabilities	(125,347.10)	(160 610.58)
Other interest	-	-
Costs of currency transactions (including derivatives)	(1,208,000.00)	(820 280.00)
Guarantees and bank fees (except loan fees)	(89,280.00)	(87,520.00)
Other costs	(13,967.59)	(44,191.33)
<b>Net financial income (costs)</b>	<b>(2,436,068.65)</b>	<b>(854,683.04)</b>

## 7.22. 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	Carrying amount as at	
	IFRS 9	31.12.2022	31.12.2021
Trade receivables and other current assets	Amortized cost	40 801 401.66	36 693 570.71
Derivatives	Fair value through other comprehensive income	-	-
Shares in other entities	Purchase price adjusted for impairment	24 946 764.23	30 114 185.50
Cash	Amortized cost	7,142,981.00	5 339 273.13
<b>Total financial assets</b>		<b>72 891 146.89</b>	<b>72 147 029.34</b>
Trade payables and other short-term liabilities	Amortized cost	28 080 623.51	27,470,683.62
Investment commitments	Amortized cost	852 062.60	1 570 248.14
Loan liabilities	Amortized cost	38,553,602.87	22 367 090.87
Derivatives	Fair value through profit or loss	363 052.91	2 324 598.10
Financial Lease Liabilities	Amortized cost	5,613,643.89	5 428 367.62
<b>Total financial liabilities</b>		<b>73 462 985.78</b>	<b>59 160 988.35</b>

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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 18,596,299.93 (2021: PLN 25,935,958.09). During the twelve months of 2022, net cash flows from operating activities amounted to PLN 10,989,506.03 (2021: PLN 16,939,116.11). 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 are not 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 31.12.2022			as of 31.12.2021		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Derivatives (assets)	-	-	-	-	-	-
Derivatives (liabilities)	-	(363,052.91)	-	-	(2,324,598.10)	-
<b>Together</b>	-	<b>(363,052.91)</b>	-	-	<b>(2,324,598.10)</b>	-

Transfers between levels did not occur.

## 7.23. 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 measurement of hedging instruments that corresponds 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 measurement of hedging instruments is recorded in financial income or costs.
The period in which cash flows are expected to occur	The hedged item is expected to generate cash flows in the period from 01.01.2023 to 31.12.2023
Face value	8,800 thousand EUR

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

SPECIFICATION	for the day	
	31.12.2022	31.12.2021
<b>Long-term liabilities</b>	-	<b>1,236,153.41</b>
Security instruments	-	1,236,153.41
<b>Short-term liabilities</b>	<b>363,052.91</b>	<b>1,088,444.69</b>
Security instruments	363,052.91	1,088,444.69
<b>Total liabilities</b>	<b>363,052.91</b>	<b>2 324 598.10</b>

The table below shows the amounts for cash flow hedge accounting that  
In 2022, the Company recognized in equity:

SPECIFICATION	for the day	
	31.12.2022	31.12.2021
<b>As of January 1</b>	<b>(1,882,924.46)</b>	<b>(1,740,948.79)</b>
Increases due to updates	1 588 851.60	(141,975.67)
Financial result of the period (changes in valuation of hedging derivatives due to hedged risk)	(294,072.86)	(1,882,924.46)

## 7.24. 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 2022 was 66.50%, while in the same period of 2021 it was 64.50%, 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 31.12.2022		as of 31.12.2021	
	in currency	in PLN	in currency	in PLN
<b>Items in Euro (EUR)</b>	<b>2,771,492.69</b>	<b>12,975,574.51</b>	<b>3,653,809.97</b>	<b>15,747,455.82</b>
Trade receivables	5,047,886.87	23,633,196.77	5,385,638.25	23,991,402.66
Advances made for the purchase of materials and services Cash	14,053.69	65 796.56	-	-
Trade commitments	(774,971.34)	(3,628,260.82)	188 242.22	838 562.62
	(1,515,476.53)	(7,095,158.00)	(1,920,070.50)	(9,082,509.46)
<b>Items in US Dollars (USD)</b>	<b>(206,486.42)</b>	<b>(903 729.13)</b>	<b>(368,222.96)</b>	<b>(1,549,758.97)</b>
Trade receivables	5,799.42	25 382.32	38,030.46	149,501.54
Advances made for the purchase of materials and services Cash	10,275.00	44 970.59	-	-
Trade commitments	26,889.75	117 688.37	14,131.84	55 553.68
	(249,450.59)	(1,091,770.41)	(420,385.26)	(1,754,814.19)
<b>Items in British Pounds (GBP)</b>	<b>1,927,807.70</b>	<b>10,212,368.49</b>	<b>954,258.14</b>	<b>5,042,542.33</b>
Trade receivables	1,208,030.33	6,399,419.85	522,373.68	2,760,379.25
Cash	733,669.43	3,886,540.44	432,171.39	2,283,723.28
Trade commitments	(13,892.06)	(73,591.80)	(286.93)	(1,560.20)

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, 2022, Apator Metrix SA had forward currency contracts.

SPECIFICATION	Flows per day			
	31.12.2022		31.12.2021	
	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	(8,800,000.00)	(41,682,000.00)	(18,400,000.00)	(85,491,200.00)

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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 01.01.2022 to 31.12.2022		in the period from 01.01.2021 to 31.12.2021	
	Impact on gross financial result	Direct impact on equity	Impact on gross financial result	Direct impact on equity
<b>EUR/PLN</b>				
+10%	1,297,557.45	(4,168,200.00)	1,574,745.58 (8,549,120.00)	
- 10%	(1,297,557.45)	4,168,200.00	(1,574,745.58) 8,549,120.00	
<b>USD / PLN</b>				
+10%	(90,372.91)	-	(154,975.90)	-
- 10%	90,372.91	-	154,975.90	-
<b>GBP / PLN</b>				
+10%	1,021,236.85	-	504 254.23	-
- 10%	(1,021,236.85)	-	(504 254.23)	-

### 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 and investments in kind. In connection with the above, the Company analyses its assets and liabilities in terms of interest rate volatility. The unstable situation on financial markets, high inflation and rising interest rates mean that the Company tries to counteract this risk through effective engagement of working capital and minimising debt service costs.

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 reference rates, stating that there was no significant 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 the overall efficiency of incurred costs, while avoiding control procedures that limit initiative and creativity. This risk includes, among others, current task execution, compliance with legal regulations, work safety, information security, information protection and others.

**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 2022, this ratio amounted to 11.1% (in 2021: 22.0%)

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.

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### **Risk of incomplete commercialization of development projects resulting from market concentration**

The situation on the most developed European markets in terms of gas measurement has changed significantly. Takeovers and concentration on the part of suppliers of measuring instruments, the organization of few large tenders for multi-year deliveries, result 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 amid rising costs, the risk of undermined energy security and a global 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 events related to the pandemic and the war in Ukraine mean that forecasting the economic effects is subject to a high risk of error. The weakened energy security related to the war in Ukraine, manifested in the limited access to solid fuels and natural gas, causes rising energy prices, an increase in inflation, and consequently contributes to a global weakening of the pace of economic growth, which may ultimately limit the possibility of selling current product volumes and change customer needs. Therefore, the Company constantly monitors the situation on the gas meter market and seeks new market opportunities.

Widespread inflation, particularly the price level of plastics, steel, electronics and the aforementioned high costs of energy, fuel, transport services and labour may continue to adversely affect the profitability of the Company's operations.

All these events have 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 long-term, which may affect changes in business models and market positions, leading to significant changes in the structure of international economic relations.

### **Climate risk**

Apator Metrix SA monitors the impact of climate risks on the Company's activity and currently does not identify any significant impact of climate factors. The Company is a part of Apator Group implementing ESG strategy, observing the requirements of applicable legal regulations regarding environmental aspects. The Company places emphasis on responsible, economical use of resources in manufacturing processes. The products of Apator Metrix SA also play the role of resources supporting the optimization of natural resources management.

### **Other financial risks**

In 2022, the company's exports reached the value of PLN 163.4 million, which is 66.50% 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 following years, which is consistent with the implemented development strategy of taking the position on the most

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a promising and profitable part of the European Union market. Providing technologically advanced products for 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 gas meter supply contracts requires participation in international consortia, automatically increases the financial risks associated with conducting international business. 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 only slightly negotiable, and acceptance of their basic requirements is a priori a requirement for participating in the tender. The basic and often the only action to prevent the materialization of these risks, which can be applied by the supplier, 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 conducted risk management policy, in all identified cases, the company's management conducts a risk analysis, adjusts the company's resources and organization, and also takes actions necessary to manage this risk and secure the continuation of the company's operations.

## 7.25. 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 2022 with the parent company, i.e. Apator SA, was the value of the dividend paid in the amount of PLN 10,001,411.16. 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:

	2022	2021
Short-term employee benefits	1,320,146.00 PLN.	1,485,662.56 PLN.

### Transactions with other related entities

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

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SPECIFICATION	Apator SA Apator GmbH	George Wilson Industries Ltd	Apator Powogaz S.A.	Apator Telemetry Sp. z o. o.	Apator Rector S.A.	INDA doo	Wizamor	TOGETHER
<b>Transactions from 01.01.2022 to 31.12.2022</b>								
Sales of products and services *	17,777.26	18,055,414.28	15,896,183.77	72,780.14	-	-	-	- 34,042,155.45
Sale of goods and materials	118,750.00	98,292.45	78,448.24	-	1,572.87	-	-	- 292,063.56
Cost related to product and service sales transactions	12,418.14	12,670,763.54	14,251,003.31	34,603.59	-	-	-	- 26,968,788.58
Cost related to the transaction of sale of goods and materials	103,616.46	48,896.71	53,038.82	-	1,513.47	-	-	- 207,065.46
Trade receivables	28,720.50	349,391.35	7,056,937.89	-	16.89	-	-	- 7,435,066.63
Other income	-	-	155,106.00	-	-	-	-	- 155,106.00
Other costs	13,967.59	-	-	-	-	-	-	- 13,967.59
Dividends paid	10,001,411.16	-	-	-	-	-	-	- 10,001,411.16
Purchase of products, services, goods and materials	6,169,575.52	48,645.21	1,572,814.04	-	1,142,439.67	131,726.00	34,563.41	4,881,590.00 13,981,353.85
Purchase of fixed assets and intangible assets	-	-	1,455,315.25	-	-	-	-	- 1,455,315.25
Trade commitments	(46,347.04)	-	-	-	-	-	1,006,299.90	- 959,952.86

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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
<b>Transactions from 01.01.2021 to 31.12.2021</b>									
Sales of products and services	911,303.68	16,312,960.62	18,439,323.72	1,463,148.79	-	7,854.00	-	-	- 37 134 590.81
Sale of goods and materials	74 470.75	10,853.59	1,112,115.96	-	6,576.00	-	-	-	204 016.30
Sale of fixed assets and intangible assets	126 016.27	-	-	-	-	-	-	-	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	-	7,480.00	-	-	- 27,282,295.77
Cost related to the transaction of sale of goods and materials	67 814.30	3 692.60	789 071.15	-	6 429.03	-	-	-	867 007.08
Trade receivables	255,194.25	450 408.84	13 224 115.77	2 322.10	-	-	-	-	- 13,932,040.96
Investment receivables	155,000.01	-	-	-	-	-	-	-	155,000.01
Other income	-	-	370 168.04	-	-	-	-	-	370,168.04
Other costs	44,191.33	-	-	-	-	-	-	-	44,191.33
Dividends paid	13,000,993.70	-	-	-	-	-	-	-	- 13,000,993.70
Purchase of products, services, goods and materials	2 901 665.78	143 485.87	153 888.07	-	860 115.70	-	45,000.00	165,804.67	2,735,320.00 7,005,280.09
Purchase of fixed assets and intangible assets	-	-	339 301.63	-	-	-	-	-	339 301.63
Trade commitments	310 524.41	-	50 434.78	-	(1,373.60)	-	-	611 064.00	970 649.59

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

Under the multi-product agreement concluded with ING Bank Śląski on 22 June 2016 with subsequent annexes, the Company has 28 open performance guarantees and security deposits for a total amount of PLN 2,156,995.47 as at 31 December 2022.

Furthermore, under the revolving agreement concluded with Bank Handlowy, the company granted a guarantee securing the repayment of a loan by the subsidiary George Wilson Industries in the amount of GBP 4 million, i.e. approx. PLN 21.2 million. The security for 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 18.2 million, 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 23.3 million on the company's real estate located in Tczew, transfer of ownership of fixed assets worth PLN 2.4 million, assignment of rights from an insurance policy, registered pledge on receivables from a bank account and a declaration of submission to enforcement. As at 31.12.2022, this loan was repaid, while the procedures for releasing the security are in progress.

Under the above multi-product agreement with ING Bank Śląski related to financing 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 worth PLN 11 million. Liabilities from the granted limit for all companies of Grupa Apator that entered into the subject agreement encumber the companies of Grupa Apator jointly and severally (proportionally to the shares in financing), up to the amount of the limit attributable to all companies, i.e. up to PLN 250 million.

## 7.27. Employment structure

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

SPECIFICATION	period	
	from 01.01.2022 until 31.12.2022	from 01.01.2021 until 31.12.2021
<b>Employment status in full-time positions at the end of the period</b>	<b>491</b>	<b>492</b>
Manual workers	361	360
White-collar workers	130	132

SPECIFICATION	period	
	from 01.01.2022 until 31.12.2022	from 01.01.2021 until 31.12.2021
<b>Average employment in full-time positions for the period</b>	<b>490</b>	<b>479</b>
Manual workers	367	361
White-collar workers	123	118

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## 7.28. 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	
	2022	2021
Audit/review of annual reports - amount from the contract for the period	71,000.00	65,000.00
<b>Total audit costs</b>	<b>71,000.00</b>	<b>65,000.00</b>

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

## 7.29. Events after the balance sheet date

After the balance sheet date, there were no factors or events, including unusual ones, that would have a significant impact on the Company's results.

The situation of the gas sector in Europe is difficult to predict due to the ongoing war in Ukraine and the EU's desire to become independent from Russian gas. EU countries are trying to obtain fuel from other sources, but a gradual reduction of gas in the energy mixes of most European countries should be expected.

## 7.30. Impact of the war in Ukraine and the COVID-19 pandemic on the financial situation

### Companies

The prolonged armed conflict in Ukraine, in the opinion of the Management Board, may have a potential negative impact on the financial results of the Company in the perspective of subsequent periods. Despite the fact that the slowdown in sales to the Ukrainian market did not significantly affect the Company's revenues, due to the fact that this sale was not decisive in terms of export sales of Apator Metrix SA, the situation related to the conflict in Ukraine significantly affects, among others, the uncertainty of energy prices, steel, which are used in the production process in the Company, as well as in companies that are suppliers of the Company.

The war operations and the sanctions introduced have disrupted some supply chains for some raw materials, mainly steel, leading to, among other things, reduced availability and, consequently, price increases resulting from this situation. The situation is currently beginning to stabilize, but it is possible that in the event of an escalation of the conflict and its prolongation, the situation may become further complicated and worse, significantly increasing the risk of a decline in sales profitability, which in the long term may affect the financial results achieved. The Company is constantly monitoring the impact of the situation related to the war in Ukraine and its direct and indirect impact on the Company's operations.

In the event of a pandemic, 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, noting no significant impact of the pandemic on ongoing production tasks.

In summary, it can be said that the Company continues its production activities without any significant disruptions and has the necessary stocks to fulfill current orders. Nevertheless,

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all areas and potential risks to the future financial situation of the Company are monitored on an ongoing basis resulting from the factors discussed above, which may cause a reduction in production capacity, delays in the delivery of materials and goods from abroad, slowdowns in the activities of entities that are recipients of goods offered by the Company, or an extension of the period for settling receivables by recipients due to a difficult liquidity situation.

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

- material supply chains and material management - 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 difficulties in purchasing components for production result in maintaining increased working capital and, consequently, net debt, which, given rising interest rates, translates into higher interest on credit)

- continuing difficulties in access to production components and deepening inflation resulting in increased costs (mainly raw materials, materials, transport and energy), which consequently affects a significant decrease in margins.

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8. Signatures

Management

March 21, 2023

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

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