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## THE FINANCIAL SUPERVISION AUTHORITY

## Annual statement 2021

(year)

(pursuant to Article 56 (1) (2) and (6) of the Act on Public Offering)

for issuers of securities carrying out manufacturing, construction, commercial or service activities (type of issuer – if the option “for other issuers” is selected)

for the financial year 2021 covering the period from 01.01.2021 to 31.12.2021

containing financial statements according to IAS

in currency PLN

date of provision: 05.04.2022

ZAKŁADY URZĄDZEŃ KOMPUTEROWYCH ELZAB SA (full name of the issuer)	
ELZAB (abbreviated name of the issuer)	Information technology (IT) (sector according to Warsaw Stock Exchange classification)
41-812 post code	Zabrze (place)
ul. Elzab (street)	1 (number)
(032) 272 20 21 (phone)	272 25 83 (fax)
<a href="mailto:ir@elzab.com.pl">ir@elzab.com.pl</a> (e-mail)	<a href="http://www.elzab.com.pl">www.elzab.com.pl</a> (www)
6480000255 (Tax ID No.)	270036336 (National Register of Economic Units)
259400ULGKWTD96ABA70 (LEI)	0000095317 (National Court Register No.)

Misters Audytor Adviser Sp. z o.o. (no. 3704)  
(audit firm)

SELECTED FINANCIAL DATA	in thousand PLN		in thousand EUR	
	2021	2020	2021	2020
I. Net revenues from sales of products, goods and materials	161,203.00	118,082.00	35,216.00	26,392.00
II. Profit (loss) from operating activities	16,930.00	7,562.00	3,699.00	1,690.00
III. Gross profit (loss)	12,362.00	6,994.00	2,701.00	1,563.00
IV. Net profit (loss)	9,939.00	6,008.00	2,171.00	1,343.00
V. Net cash flow from operating activities	25,802.00	18,672.00	5,610.00	4,046.00
VI. Net cash flows from investment activities	-5,716.00	-4,179.00	-1,243.00	-906.00
VII. Net cash flows from financial activities	-22,893.00	-19,423.00	-4,977.00	-4,209.00
VIII. Total net cash flows	-2,807.00	-4,930.00	-610.00	-1,068.00
IX. Profit (loss) per ordinary share (in PLN/EUR)	0.62	0.37	0.13	0.08
X. Annualized profit (loss) per ordinary share (in PLN/EUR) excluding own shares	0.63	0.38	0.14	0.09
XI. Total assets	189,407.00	203,280.00	41,181.00	44,050.00
XII. Long-term liabilities and provisions	10,435.00	17,150.00	2,269.00	3,716.00
XII. Short-term liabilities and provisions	66,033.00	83,130.00	14,357.00	18,014.00
XIV. Equity	112,939.00	103,000.00	24,555.00	22,319.00
XV. Share capital	22,143.00	22,143.00	4,814.00	4,798.00
XVI. Total number of shares	16,137,050.00	16,137,050.00	16,137,050.00	16,137,050.00
XVII. Number of shares adjusted for own shares	15,731,388.00	15,731,388.00	15,731,388.00	15,731,388.00
XVIII. Book value per one share (in PLN/EUR)	7.00	6.38	1.52	1.38
XIX. Book value per one share (in PLN/EUR) excluding own shares	7.18	6.55	1.56	1.42

## CONTENT OF THE STATEMENT

File	Description
elzabsa-szb-jsf_2021-12-31_pl.xhtml	Independent auditor's report on the audit JSF 2021
elzabsa-szb-jsf_2021-12-31_pl.BES.xhtml.xades	Independent auditor's report on the audit JSF 2021 - signature
elzabsa_orn-sf_2021-12-31_pl.xhtml	Statement of the Supervisory Board of ELZAB S.A.
elzabsa-lp-sf_2021-12-31_pl.xhtml	Letter from the President of ELZAB S.A.
elzabsa-lp-sf_2021-12-31_pl.xhtml.xades	Letter from the President of ELZAB S.A. - signature
elzabsa-js-2021-12-31-pl.xhtml	Unit financial statement of ELZAB S.A. 2021
elzabsa-js-2021-12-31-pl.xhtml.xades	Unit financial statement of ELZAB S.A. 2021 - signatures
elzabsa-sz-sf_2021-12-31_pl.xhtml	Statement of the Management Board of ELZAB S.A. on operating activities for 2021
elzabsa-sz-sf_2021-12-31_pl.xhtml.xades	Statement of the Management Board of ELZAB S.A. on operating activities for 2021 - signatures



Report  
on the audit of the annual financial statements  
for the financial year ended on December 31,  
2021

Zakłady Urządzeń Komputerowych ELZAB S.A.  
with its registered office in Zabrze

Misters Audytor Adviser Spółka z o. o.  
Warsaw, 05 April 2022

## **Report of the independent auditor on the audit**

**For the General Meeting and Supervisory Board of**

**Zakłady Urządzeń Komputerowych ELZAB S.A.**

### **The report on the audit of the annual financial statement**

#### **Opinion**

We conducted an audit of the annual financial statements of Zakłady Urządzeń Komputerowych ELZAB S.A. (the "Company") containing the statements of financial situation as at December 31, 2021, and the statements of comprehensive income, the statements of changes in the equity, the statements of cash flow for the financial year ended on that day and the additional information containing a description of the adopted accounting principles and other explanatory information (the "financial statements").

In our opinion, the attached financial statement:

- presents a fair and clear view of the property and financial position of the Company as at December 31, 2021, as well as its financial result and cash flows for the financial year ended on that date in accordance with the applicable International Financial Reporting Standards approved by the European Union and accepted accounting principles (policy);
- its form and content complies with the applicable laws and the association of the Company.
- was drawn up on the basis of correctly kept accounting books in accordance with the provisions of Chapter 2 of the Act of September 29, 1994, on accounting (the "Accounting Act" - consolidated text, the Journal of Laws of 2021, item 217, as amended).

Our opinion is consistent with the additional report to the Audit Committee which we issued on April 5, 2022.

## **Basis of the opinion**

We conducted our audit in accordance with the national audit standards as set out in the international audit standards adopted by the Resolution of the National Council of Auditors No. 3430/52a/2019 of March 21, 2019, on national audit standards and other documents, as amended by the Act of May 11, 2017, on auditors, audit firms and public supervision (the "Act on statutory auditors" - consolidated text, the Journal of Laws of 2020, item 1415) and EU Regulation no. 537/2014 of April 16, 2014, on detailed requirements for statutory audits of financial statements of public-interest entities (EU Regulation - the Journal of Laws UE L158 of May 27, 2014, p. 77, as amended). Our responsibilities under these standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

We are independent from the Company in accordance with the International Code of Ethics for Professional Accountants (including the International Standards of Independence) of the International Ethics Standards Board for Accountants ("IESBA Code") adopted by the resolution of the National Council of Statutory Auditors No. 3431/52a/2019 of March 25, 2019, on the principles of professional ethics of statutory auditors and other ethical requirements that apply to audits of financial statements in Poland. We met our other ethical obligations in accordance with these requirements and the IESBA Code. During the audit, the key statutory auditor and the audit company remained independent of the Company in accordance with the independence requirements set out in the Act on Statutory Auditors and Regulation of the EU.

We believe that the obtained audit evidence is adequate and appropriate to form the basis of our opinion.

## **Key audit issues**

The key audit issues were, in our professional judgement, the most significant in the audit of the financial statements of the current period. These include the most significant assessed risks of material misstatement, including the assessed risks of material misstatement due to fraud. These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion, and summarized our responses to these risks and, where deemed appropriate, presented the most important observations related to these risks. We do not express a separate opinion on these issues.

Key audit issue	How our audit related to this issue
<p><b>Recognition of revenues from the sale of products, materials and goods</b></p> <p>In 2021, the Company recognized revenues from the sale of products, materials and goods in the amount of PLN 152.9 million, which in total accounts for 95% of sales revenues.</p> <p>Considering the materiality of the items in the Company's consolidated financial statements, as well as the susceptibility of the items to the risk of misstatement, we found this to be a key issue for our audit.</p>	<p>Our audit procedures included, in particular:</p> <ul style="list-style-type: none"><li>- identification of internal control procedures relating to the process of recognizing and considering sales revenues,</li><li>- analysis and assessment of the accounting policy in the field of recognizing sales revenues, analysis of the correctness of the applied method of recognizing the moment of recognition of sales revenues,</li><li>- a comparative analysis of sales revenues in the period covered by the audit and in the previous year,</li><li>- conducting retail tests on a selected sample regarding the compliance of the amounts and the correctness of the recognition of sales revenue,</li><li>- verification, on a selected sample, of sales recognition at the turn of the financial year.</li></ul> <p>The applied procedures allowed us to obtain sufficient certainty that the Company correctly recognized sales revenues in the separate financial statements.</p>

## Responsibility of the Management Board and Supervisory Board for the consolidated financial statements

The Management Board of the Company is responsible for drawing up, on the basis of correctly kept accounting books, the financial statements which present a reliable and clear view of the property, financial situation and financial result of the Company in accordance with the provisions of the Accounting Act, adopted accounting rules (policy) and with the applicable laws and the Association of the Company, as well as internal control, which the Management Board deems necessary to enable drawing up of the financial statements without a significant distortion caused by fraud or error.

When drawing up the financial statements, the Management Board is responsible for assessing the Company's ability to continue its operations, disclosing, if applicable, matters related continued operations, and adopting the rule of continued operations as an accounting basis, except when the Management Board intends either to liquidate the Company or discontinue conducting business or there is no real alternative to liquidation or discontinuation.

In addition, the Management Board and the members of the Supervisory Board are required to ensure that the financial statements complies with the requirements provided in the Accounting Act. Members of the Supervisory Board are responsible for supervising over the financial reporting process.

## Responsibility of the statutory auditor for auditing the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an audit report that includes our opinion. Reasonable certainty is at a high level, but it does not guarantee that an audit conducted in accordance with the KSB will always detect the existing material misstatement. Misstatements can arise from fraud or error. They are considered material if, individually or in combination, they can be reasonably expected to impact on economic decisions of users taken on the basis of these financial statements. The concept of significance is used by the auditor in planning and carrying out the audit, as well as in assessing the influence of distortions corrected distortions identified during the audit, if any, on the financial statement, as well as during the formulation of an opinion in the auditor's report. With reference to the above, all opinions and statements contained in the audit report are expressed considering the qualitative and value level of materiality determined in accordance with the audit standards and the professional judgement of the statutory auditor.

The scope of the audit does not include assurance as to the future profitability of the Company or the effectiveness or efficiency of conducting its affairs by the Management Board currently or in the future.

We use professional judgement and maintain professional scepticism when auditing under KSB, as well as:

- We identify and assess the risks of significant distortion of the financial statements due to fraud or error, drawing up and carrying out the audit procedures that address these risks, and obtain audit evidence that is adequate and relevant to form the basis of our opinion. The risk of not recognizing a significant distortion due to fraud is greater than that resulting from error, as fraud can involve collusion, falsification, intentional omissions, misrepresentation or circumvention of internal control;
- We understand internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- We assess the appropriateness of the applied accounting rules (policy) and the reasonableness of accounting estimates and related disclosures made by the Management Board;
- We draw a conclusion on the appropriateness of the Management Board of the Company in terms of the continued operations as an accounting basis and, based on the obtained audit evidence, whether there is significant uncertainty related to events or conditions that can significantly doubt the Company's ability to continue its operations. If we conclude that there is significant uncertainty, we are required to draw attention in the auditor's report to related disclosures in the financial statements or, if such disclosures are inadequate, we modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease as going concern;
- We assess the overall presentation, structure and content of the financial statements, including disclosure, and whether the financial statements present the underlying transactions and events in a manner that ensures a fair presentation.

We provide the Supervisory Board with information about, inter alia, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during the audit.

We make a statement to the Supervisory Board that we have complied with the relevant ethical requirements for independence and that we will inform them of all relationships and other issues that could reasonably be considered to be a threat to our independence, and, where applicable, about the safeguards applied.



Among the issues provided to the Supervisory Board, we determine those issues that were the most significant in the audit of the consolidated financial statements of the current reporting period and are therefore considered as the key audit issues. We describe these issues in our auditor's report, unless law or regulation prohibits public disclosure, or when, in exceptional circumstances, we determine that the issue should not be presented in our report because the negative consequences could reasonably be expected to outweigh the benefits of the information for the public interest.

### **Other information, including the statement on operations**

Other information includes the statements on the Company's operations for the financial year ended December 31, 2021 ("Statements on operations") with the statement on the application of corporate governance, which is a separate part of this report, and the Annual Statements for the financial year ended December 31, 2021 ("Annual Statements") (jointly "Other information").

#### *Responsibility of the Management Board and the Supervisory Board*

The Management Board of the Company is responsible for drawing up Other information in accordance with the law.

In addition, the Management Board of the Company and members of the Supervisory Board are obliged to ensure that the statements on the Company's operations with the separate part meet the requirements provided for in the Accounting Act.

#### *Responsibility of the statutory auditor*

Our opinion about the audit of the financial statement does not include Other information. In connection with the audit of the consolidated financial statements, we are obliged to read the Other information and consider whether the Other information is materially inconsistent with the consolidated financial statements, or our knowledge obtained during the audit, or otherwise appears to be materially misstated. If, on the basis of the work performed, we find material misstatements in the Other information, we are obliged to inform about it in our audit report. In addition, in accordance with the requirements of the Act on certified auditors, it is our duty to issue an opinion on whether the Statement on operations was drawn up in accordance with the regulations and whether it is consistent with the information contained in the annual financial statements. Furthermore, we are required to inform whether the Company has made a statement about non-financial information and to give an opinion as to whether the Company has included the required information in its corporate governance statement.

We obtained the statements on the Company's operations before the date of this audit report, and the Annual Statements will be available after that date. If we find a material misstatement in the Annual Statements, we are obliged to inform the Supervisory Board of the Parent Company about it.

### **Opinion on the statement on operations**

Based on our work performed during the audit, we conclude that the Statements on the Company's operations:

- were prepared in accordance with Article 49 of the Accounting Act and paragraph 6 of the Regulation of the Minister of Finance of March 29, 2018, on current and periodic information provided by issuers of securities and conditions for recognizing as equivalent information required by the laws of a non-member state ("Regulation on current information" - the Journal of Laws of 2018, item 757).
- are consistent with the information included in the attached consolidated financial statements.

In addition, in the light of the knowledge about the Company and its environment obtained during our audit, we declare that we did not find any significant distortion in the Statements on the Company's operations.

### **Opinion on the statement on the application of corporate governance**

In our opinion, in the statement on the application of corporate governance, the Group included information specified in § 70 (6) (5) of the Regulation on current information. Furthermore, in our opinion, the information indicated in § 70 (6) (5) (c-f, h and i) of this Regulation included in the statements on corporate governance comply with the applicable regulations and the information included in the consolidated financial statements.

### **The statement on other legal requirements and regulations**

### **Statement on the provision of non-audited financial statements**

According to our best knowledge and belief, we declare that the non-audit services we have provided to the Company and its subsidiaries comply with the laws and regulations in force in Poland and that we have not provided non-audit services, which are prohibited under Article 5(1) of the EU Regulation and Article 136 of the Law on statutory auditors. The non-audit services which we provided to the Company and its subsidiaries during the period considered are listed in note 11 of the Statements on the Company's operations.

### Selection of an audit company

We were selected to audit the Company's financial statements by the Resolution of the Company's Supervisory Board of August 4, 2020. We are continuously investigating the Company's financial statements from the financial year ended December 31, 2018, i.e. for 4 consecutive years.

Bożena Grzegorzcyk is the key statutory auditor responsible for the audit, the result of which is the independent statutory auditor's report.

Acting on behalf of Misters Audytor Adviser Sp. z o. o. with registered office in Warsaw, entered to the list of audit companies under the number 3704, on behalf of which the key statutory auditor has audited the financial statements

*Bożena Grzegorzcyk, no. 12119*

*Warsaw, April 5, 2022*

## Declaration

The Supervisory Board of the company under the name Zakłady Urządzeń Komputerowych ELZAB Spółka Akcyjna with its registered office in Zabrze (hereinafter the "**Company**"), acting pursuant to § 70 (1) (8) of the Regulation of the Minister of Finance of March 29, 2018, on current and periodic information published by issuers of securities and conditions for recognizing as equivalent information required by the laws of a non-member state, declares that in 2021, the Company:

- an audit committee was appointed by the Supervisory Board of the Company, and it performed the tasks provided for in the applicable regulations,
- the provisions on the appointment, composition and operation of the audit committee are complied with, including the fulfillment by its members of the independence criteria and the requirements regarding knowledge and skills in the industry in which the Company operates, as well as in accounting or auditing of financial statements.

Furthermore, the Supervisory Board of the Company, acting pursuant to § 70 (1) (14) of the Regulation of the Minister of Finance of March 29, 2018, on current and periodic information published by issuers of securities and conditions for recognizing as equivalent information required by the law of a non-member state, states that:

- the statements on the Company's operations and the financial statements of the Company for 2021 prepared by the Management Board are consistent with the books, documents and the actual state of affairs; the above statement is justified by, inter alia, year-round work of the audit committee, supervisory board and the opinion of the entity authorized to audit the financial statements of the Company. In addition, the Supervisory Board indicates that there were no indications that the Company kept its trading books improperly and incorrectly, or that the Company's documentation, including accounting records, did not correctly reflect economic events.

**Mr. Grzegorz Należyty** - Chairman of the Supervisory Board -----

**Mr. Jarosław Wilk** - Vice-Chairman of the Supervisory Board-----

**Mr. Andrzej Wawer** - Secretary of the Supervisory Board-----

**Mr. Jerzy Kotkowski** - Member of the Supervisory Board-----

**Mr. Krzysztof Morawski** - Member of the Supervisory Board -----

**Mr. Kajetan Wojnicz** - Member of the Supervisory Board -----

\* Signatures are on the originals delivered to the Company

Letter from the President of the Management Board of ELZAB S.A. to Shareholders  
December 31, 2021

Dear Sir/Madam,

I present to you the statements on the activities and results of the ELZAB Group in 2021.

Last year was a very demanding period for the ELZAB Group. ELZAB started 2021 with record sales plans for the domestic market. The first half of 2021 was marked by a very high demand for online fiscal devices. High demand coincided with global problems in all parts of the international supply chains. Despite unfavourable circumstances, ELZAB took advantage of market opportunities by providing all orders and performing very good financial results throughout 2021.

The ELZAB Group, apart from its core activity, carries out projects in the field of new technologies and the application of the existing ones in new areas of activity. The development of the basic offer involves, of course, fiscal devices and peripheral devices for retail industries. We focus in particular on additional functionalities and development of services accompanying fiscal devices installed in retail outlets. The purpose of work on our portfolio is to make the fiscal device a part of the central product and service hub system. Online fiscal cash registers offer a wide range of possibilities of their use, and this is the direction that Elzab will move towards, e.g. implementation of functions enabling the handling of electronic payments. In 2022, online cash registers will allow to accept any payment method, i.e. BLIK payments, credit cards, instant transfers, cryptocurrencies or BNPL products (buy now pay later).

We are still continuing work aimed at the emergence and development of a part of the market of electric vehicle charging devices in the commercial and private sectors. In 2021, we completed the certification of three devices and began to actively offer them on the Polish market and on some export markets. We expect that electromobility may be an important element in the process of Europe's independence from Russian crude oil in the coming periods, which will also result in growing demand for devices designed and manufactured by Elzab.

Our ambition is to constantly increase the value of the ELZAB Group, which we want to achieve by focusing on our own, advanced products and development based on innovative solutions. In the ELZAB Group, we are constantly looking for innovative solutions and advanced technologies, observing market trends and responding to the needs of our customers on the domestic and foreign markets.

On behalf of the Management Board of ELZAB S.A. I would like to thank all employees for their work to strengthen the market position and generated financial results. I would also like to thank the Investors for their trust and support. I wish to assure you that we will make every effort to strengthen our market position, improve financial results and build trust in the coming years. At the same time, I would like to thank our customers who constantly motivate us to develop and look for business solutions that are beneficial both for them and for us.

Best regards,

President of the Management Board  
of ELZAB S.A.  
Bartosz Panek

The financial statement of ELZAB S.A.  
for the period  
from January 1, 2021  
to December 31, 2021



## Content

SECTION I .....	3
INTRODUCTION TO THE FINANCIAL STATEMENT .....	3
SECTION II.....	25
FINANCIAL STATEMENTS OF ELZAB S.A. ....	25
STATEMENTS ON THE FINANCIAL SITUATION .....	25
STATEMENT ON TOTAL INCOMES .....	26
STATEMENT OF CASH FLOWS.....	27
STATEMENTS ON CHANGES IN EQUITY .....	28
NOTES FOR THE STATEMENTS ON THE FINANCIAL SITUATION .....	29
EXPLANATORY NOTES TO THE STATEMENTS OF TOTAL INCOME.....	46
TRANSACTIONS WITH THE AFFILIATES.....	50
EVENTS AFTER THE BALANCE SHEET DATE .....	52
BASIC RISKS AND THREATS IN THE OPERATIONS OF THE ELZAB GROUP .....	52

## SECTION I INTRODUCTION TO THE FINANCIAL STATEMENT

*a) name (company) and registered office, indication of the appropriate registry court and register number as well as the issuer's core business according to the Polish Classification of Activities, hereinafter referred to as "PKD", and if the issuer's securities are traded on a regulated market - also indication of the industry according to the classification adopted by a given market,*

Company name: Zakłady Urządzeń Komputerowych ELZAB S.A., ul. ELZAB 1, 41-813 Zabrze, Poland

Legal form: The Joint Stock Company, established and operating pursuant to the provisions of the Commercial Companies Code, was established by a notarial deed on November 16, 1992, before Paweł Błaszczuk, notary public in Warsaw (Repertory A No. 12245). Currently, the Company is entered in the Register of Entrepreneurs kept by the District Court in Gliwice, the 10th Commercial Registration Department in Gliwice, NCR number 0000095317.

ELZAB SA is the dominant entity in the ELZAB group and prepares the consolidated statements.

The dominate parent company is COMP S.A.

In 2021, there were no changes to the name or identification data of ELZAB SA.

The company has 3 sales offices:

- in Warsaw, ul. Krakowiaków 50
- in Wrocław, ul. Słubicka 22
- Suchy Las, near Poznań, ul. Akacjowa 4

National Court Register - Register of Entrepreneurs - KRS 0000095317

Operation subject according to the PKD classification – 26.20.Z - Production of computers and peripheral devices

According to the provision in the Company's Articles of Association, the issuer's business is:

1. Manufacture of computers and peripheral equipment PKD 26.20.Z
2. Manufacture of consumer electronics PKD 26.40.Z
3. Installation of industrial machinery and equipment and outfit PKD 33.20.Z
4. Other service activities in the field of information and computer technologies PKD 62.09.Z
5. Repair and maintenance of machines PKD 33.12.Z
6. Repair and maintenance of computers and peripheral devices PKD 95.11.Z
7. Research and development works in the field of other natural and technical sciences, PKD 72.19.Z
8. Advertising agencies activities PKD 73.11.Z
9. Software related activities PKD 62.01.Z
10. Activities related to IT consultancy PKD 62.02.Z
11. Other activities supporting financial services, except insurance and pension funds PKD 66.19.Z
12. Other non-school forms of education, not elsewhere classified PKD 85.59.B
13. Other accommodation PKD 55.90.Z
14. Other financial service activities, not classified elsewhere, excluding insurance and pension funds PKD 64.99.
15. Wholesale of computers, peripheral devices and software PKD 46.51.Z
16. Wholesale of other office machinery and equipment PKD 46.66.Z
17. Rent and management of own or leased real estate PKD 68.20.Z



- 18. Agents involved in the sale of machinery, industrial equipment, ships and aircraft PKD 46.14.Z
- 19. Activities of agents specializing in the sale of other specific goods PKD 46.18.Z
- 20. Activities of agents involved in the sale of various types of goods PKD 46.19.Z
- 21. Wholesale of electronic and telecommunications equipment and parts PKD 46.52.Z
- 22. Retail sale of computers, peripherals and software conducted in specialized stores PKD 47.41.Z
- 23. Data processing; website management (hosting) and similar activity PKD 63.11.Z
- 24. Internet portals activity PKD 63.12.Z
- 25. Renting and leasing of office machinery and equipment, including computers PKD 77.33.Z
- 26. Renting and leasing of other machinery, equipment and tangible goods, not elsewhere classified PKD 77.39.Z
- 27. Leasing of intellectual property and similar products, excluding works protected by copyright PKD 77.40.Z
- 28. Activities of call centres PKD 82.20.Z
- 29. Other forms of granting loans PKD 64.92.Z

***b) indication of the duration of the issuer's activity, if it is limited***

The company was established for an indefinite period of time.

***c) Indication of the periods for which the financial statements and comparable financial data are presented***

The document presents financial statements for the period from 01/01/2021 to 31/12/2021 and the comparable period of the previous year, i.e. from 01/01/2020 to 31/12/2020.

In the statement of financial position, the data are presented as at December 31, 2021 and December 31, 2020.

***d) Approval of the financial statements for publication***

On April 5, 2021, the Management Board of ZUK ELZAB S.A. adopted a resolution approving the separate financial statements for 2021 for publication.

***e) information on the composition of the Management Board and the Supervisory Board***

In 2021, the composition of the Management Board of the Company was unchanged, and as at December 31, 2021, it was as follows:

Bartosz Panek - President of the Management Board

Jerzy Popławski - Vice-President of the Management Board

In 2021, the Company did not have Proxies.

As at the date of publication of the statements, the Supervisory Board of the Company was composed of:

Grzegorz Należyty - Chairman of the Supervisory Board

Jarosław Wilk - Vice-Chairman of the Supervisory Board

Andrzej Wawer - Secretary of the Supervisory Board

Jerzy Kotkowski - Member of the Supervisory Board

Krzysztof Morawski - Member of the Supervisory Board

Kajetan Wojnicz - Member of the Supervisory Board

In 2021, the composition of the Supervisory Board and the Audit Committee did not change.

As at the date of publication of the statements, the Audit Committee was composed of:

Kajetan Wojnicz - Chairman of the Audit Committee of the Supervisory Board  
Grzegorz Należyty - Vice-Chairman of the Audit Committee of the Supervisory Board  
Andrzej Wawer - Secretary of the Audit Committee of the Supervisory Board

In December 2021, the Supervisory Board appointed a standing committee for strategy of the Supervisory Board, composed of:

Grzegorz Należyty - Chairman of the standing committee for strategy of the Supervisory Board  
Jarosław Wilk - Member of the standing committee for strategy of the Supervisory Board  
Jerzy Kotkowski - Member of the standing committee for strategy of the Supervisory Board

***f) indication whether the financial statements and comparable financial data contain aggregate data - if the issuer's enterprise includes internal organizational units that prepare separate financial statements,***

The company has sales offices in Warsaw, Wrocław and Suchy Las near Poznań, which do not prepare separate financial statements.

***g) indication whether the issuer is a parent company or a significant investor and whether it prepares consolidated financial statements,***

The company is the parent company and prepares consolidated financial statements.

***h) in the case of financial statements prepared for the period during which the merger occurred - indication that it is a financial statement prepared after the merger of companies and an indication of the method of accounting for the merger,***

In the period of 2021, ELZAB S.A. did not merge with other entities.

***i) indication whether the financial statements have been prepared on the assumption that the issuer and the capital group entities will continue as going concerns in the foreseeable future and whether there are any circumstances indicating a threat to the going concern***

The financial statements for 2021 have been prepared on the assumption that the business will be continued. According to the Management Board, there are no circumstances that would indicate a threat to the going concern in the foreseeable future.

As at the balance sheet date, i.e. December 31, 2021, the financial statements show a positive value of net working capital of PLN 5,777 thousand.

In the management of short-term working capital deficits, the Management Board uses inter alia overdraft facilities (the total available limit is PLN 12 million and PLN 7 million, decreasing every month by PLN 1 million) and factoring (PLN 12 million). The company obtained approval from the Management Board of COMP S.A. for the extension of the loan repayment date on the basis of separate annexes.

In addition, the Management Board of ELZAB S.A. predicts that the company will generate positive operating cash flows in the coming years. The offer of ELZAB SA is extended with new non-fiscal products, such as vehicle chargers. The Company is competent in the provision of IT services. The Company's offer has been extended to include subscription services, guaranteeing constant revenues, which are not related to the cost incurred to produce the product.

The demand for cash and the sources of its coverage are analysed on an ongoing basis.

In addition, the risk of financial liquidity along with other risks for the operations of ELZAB S.A. were disclosed in detail in Note 24.

*j) a statement that the financial statements were subject to transformation in order to ensure the comparability of data, and the list and explanation of differences resulting from adjustments due to changes in accounting principles (policy) or corrections of fundamental errors was included in the additional explanatory note,*

Pursuant to Resolution No. 11 of the General Meeting of May 18, 2006, ELZAB S.A., since January 1, 2007, has applied the rules set out in IAS/IFRS as approved by the European Union to accounting policy and preparation of separate financial statements.

There were no changes to the accounting principles in the current reporting period.

*k) List and explanation of differences between the data disclosed in the financial statements and comparable financial data and the previously prepared and published annual financial statements*

Not applicable.

*l) indication whether any corrections were made in the presented financial statements or comparable financial data resulting from reservations in the opinions of entities authorized to audit, on financial statements for the years for which the financial statements or comparable financial data were included in the prospectus,*

Opinions of statutory auditors for the financial statements of ELZAB S.A. for 2021 and 2020 included no reservations.

*m) Declaration of conformity*

These financial statements have been prepared on the basis of the International Financial Reporting Standards as adopted by the European Union (EU).

#### **Amendments in standards and interpretations applicable from 2021.**

The following new standards, amendments to existing standards and interpretations issued by the International Accounting Standards Board (IASB) and approved for use in the EU enter into force for the first time in the Company's financial statements for 2021:

1. **Amendments to IFRS 34: Insurance contracts** - extension of the temporary exemption from application (deferral of application) of IFRS 9 - effective after January 1, 2021.
2. **Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4, IFRS 16: Reform of reference interest rate indicators** - stage 2 - the published changes modify some specific requirements for hedge accounting, mainly so that the expected reform of the reference rates (IBOR reform) does not essentially result in the termination of hedge accounting - effective after January 1, 2021.

The amendment to the existing standards and the interpretation issued by the IASB, but not approved for use in the EU for 2021, concerns the **amendment to IFRS 16: Leasing** - simplification of changes resulting from leasing contracts in connection with COVID-19 after June 30, 2021. Earlier application is allowed, including financial statements that have not yet been approved for publication on the date of issue of the change or later - valid for application after April 1, 2021.

**Conceptual Framework for Financial Reporting** of March 29, 2018 - The verified Concept Framework is used by the International Accounting Standards Board and the Interpretation Committee when working on new standards. Nevertheless, entities preparing financial statements may use the Conceptual Framework to develop accounting policies for transactions that are not regulated under current IFRS.

The aforementioned amendments to the existing standards and interpretations did not have a significant impact on the financial statements of ELZAB S.A. in twelve months of 2021.

**New standards and amendments to existing standards issued and approved by the IASB to be used on or after January 1, 2022, approved to be used in the EU:**

1. Amendments to IFRS 3 "*Business connections*" - update of references to the Conceptual Framework;
2. Amendments to IAS 16 "*Tangible fixed assets*" - revenues from products manufactured in the preparation period;
3. Amendments to IAS 37 "*Provisions, Contingent Liabilities and Contingent Assets*" - explanations on costs recognized in the analysis of whether the contract is an onerous contract;
4. Annual amendment program 2018-2020 - the amendments clarify and clarify the guidelines of the recognition and measurement standards: IFRS 1 "*First-time Adoption of International Financial Reporting Standards*", IFRS 9 "*Financial Instruments*", IAS 41 "*Agriculture*" and the illustrative examples of IFRS 16 "*Leasing*".

**New standards and amendments to existing standards issued and approved by the IASB to be used on or after January 1, 2023, not approved in the EU:**

1. Amendments to IFRS 17 "*Insurance Contracts*" and amendments to IFRS 17 - update of references to the Conceptual Framework;
2. Amendments to IAS 1 "*Presentation of Financial Statements*" - classification of liabilities as short-term or long-term;
3. Amendments to IAS 1 "*Presentation of Financial Statements*" and the Guidelines of the IFRS Board on disclosures about accounting policies in practice - the issue of materiality in relation to accounting policies;
4. Amendments to IAS 8 "*Accounting Policies, Changes in Accounting Estimates and Errors*" - definition of accounting estimates;
5. Amendments to IAS 12 "*Income Tax*" - Obligation to Recognize Deferred Tax on Transactions, i.e. Leasing.

The Company is currently analysing how the implementation of the above standards and interpretations may affect the applied accounting principles and the financial statements. According to estimates of the Company, the aforementioned new standards and amendments to the existing standards would not have significantly impacted on the financial statements if they had been applied on the balance sheet date.

The Issuer and the Capital Group are currently assessing the impact of the above standards and interpretations on the applied accounting principles (policy).

The Issuer and the Capital Group did not make a decision to apply any standard and interpretation earlier, along with the changes that were published but did not come into force.

**Implementation of IFRS 16**

In January 2016, the International Accounting Standards Board issued International Financial Reporting Standard 16 Leasing ("IFRS 16"), which replaced IAS 17 Leasing, IFRIC 4 Determining whether an agreement contains leasing, SIC 15 Operating leasing - special promotional offers and SKI 27 Assessment of substance transactions using the form of leasing. IFRS 16 sets out the accounting rules for leasing in terms of measurement, presentation and disclosure of information.

IFRS 16 introduces a uniform lessee accounting model and requires the lessee to recognize the assets and liabilities for each leasing with a term of more than 12 months, unless the underlying asset is of low value.

At the commencement date, the lessee recognizes the right-of-use asset and a lease liability that reflects its obligation to make leasing payments.

The lessee recognizes separately the depreciation of the right-of-use asset and interest on the leasing liability. The lessee remeasures the leasing liability upon the occurrence of specified events (for example, a change in the leasing term, a change in future leasing payments due to a change in the index or rate used to determine those fees). Generally, the lessee recognizes the revaluation of the leasing liability as an adjustment to the value of the right-of-use asset.

The Issuer is the lessee in the leasing agreements for office space, technical equipment and vehicles. In connection with IFRS 16, as at January 1, 2019, the Issuer introduced to the books two fixed assets due to the right to use them and a financial liability due to leases, which reflects the amount of future fees.

As at December 31, 2021, the Issuer decided to extend the IFRS16 leasing period for another three-year period for agreements concluded for an indefinite period.

Amendments in 2021 for IFRS 16 are as follows (in PLN thousand):

	As at 01.01.2021	Increases	Decreases	Depreciation	status as at 31.12.2021
Right to use, divided into assets class					
Land properties	0	0	0	0	0
Land perpetual usufruct rights	0	0	0	0	0
Buildings and structures	1,218	579	237	435	1,125
Technical devices and machines	808	0	0	269	539
Means of transport	52	99	0	26	125
Other fixed assets	0				0
<b>Total</b>	<b>2,078</b>	<b>678</b>	<b>237</b>	<b>730</b>	<b>1,789</b>

The following were adopted for the conversion of the leasing agreements:

- the period for which the agreement was concluded, and if the agreement is concluded for an indefinite period - 3 years,
- discount rates,
  - in the case of renting offices, buildings and warehouses in Warsaw - 3%,
  - in the case of renting offices, buildings and warehouses outside Warsaw - 3.5%,
  - for production machines 2.8%

The amount of monthly depreciation for the right to use rented properties and production machines is approximately PLN 60 thousand. The monthly interest accrued as part of the rental fee will tend to decrease as the capital is repaid.

*n) description of the adopted accounting principles (policy), including superior accounting principles, methods of valuation of assets and liabilities (including depreciation), determination of the financial result and the method of preparation of the financial statements and comparable data,*

## **1. Preliminary information**

The financial statements are prepared according to the historical cost concept, except for the revaluation of certain fixed assets and financial instruments. The most important accounting principles applied by ELZAB S.A. are presented below.

The financial statements for 2021 and for comparable period in 2020 were prepared considering the principles of IFRS, as approved by the European Union.

In addition, the financial statements involve the requirements of the Regulation of the Minister of Finance of March 29, 2018 on current and periodic information published by issuers of securities and the conditions for recognising as equivalent information required by the law of a non-member state (the Journal of Laws of 2018, item 757).

### ***Statements on segments***

The basic statements model of the Company applied to the segments is the industry segment, while the geographic segment is a supplementary segment.

An industry segment is an identifiable area of an economic entity within which goods are distributed or services are rendered, which is subject to risks and is characterised by a return on expenditure other than other industry segments.

The activity of the Company is homogeneous, conducted in the field of production and sale of electronic devices and purchased goods for resale. The sale of materials is a strict supplement to the basic offer of ELZAB S.A. The services provided include mainly maintenance and training services related to the commercial offer of the Company. The products of ELZAB S.A. offered for sale are characterised by a similar production process. In terms of sales, similar methods of distribution and sale of services to a specific group of recipients are used.

For this reason, the Company classifies all its activities in one industry segment - electronic, within which a distinction is made between fiscal and non-fiscal devices (scales and automatic identification devices as well as sales systems, IT services and other devices).

A geographic segment is an identifiable area of operations of a business unit within which goods are distributed or services rendered in a specific economic environment, which is subject to risks and has a return on expenditure different from that of other areas operating in different economic environments.

The Company operates mainly in Poland, the regions of which, due to the proximity of their location, similar economic conditions and the scope of risks, should be considered largely homogeneous. For management purposes, the value of sales the territory of Poland and on foreign markets is defined.

### ***Important accounting estimates and assumptions***

The preparation of financial statements in accordance with IFRS requires the Management Board to apply certain accounting estimates and make assumptions as to future events that can affect the value of current assets and liabilities in future financial statements. The estimates and assumptions are subject to continuous evaluation, and are based on the best knowledge, historical experience and expectations of the Management Board as to future events that seem justified in a given situation. Nevertheless, they can contain a certain margin of error and actual results can differ from those projected.

The main assumptions and estimates that are significant for the Financial Statements include:

- Assets impairment test;
- Tangible fixed assets and intangible assets - depreciation write-offs;
- Provisions for liabilities;

- Costs of employees' benefits;
- Estimation of provisions for guarantees;
- Possibility to realise deferred tax assets;
- Revaluation write-offs for receivables;
- Impairment write-offs of inventories;
- Impairment write-offs of granted loans;
- Impairment write-offs of acquired shares;
- Recognition of revenues in multi-element agreements and sales agreements with suspended delivery.

Descriptions of assumptions in relation to the above elements of the financial statements are presented in the detailed parts of this introduction.

### ***Error correction***

Errors can refer to the recognition, measurement, presentation or disclosure of information regarding individual elements of the financial statements.

Errors found at the stage of preparing the financial statements are corrected by the Company in the given financial statements. Errors found in the following periods are corrected by adjusting the comparative data presented in the financial statements of the period in which the error was discovered. The Company corrects errors of previous periods using a retrospective approach and retrospective restatement of data, if it is practicable, while following the principle of materiality.

### ***External financing costs***

External financing costs are recognised in the statement of comprehensive income in the period in which they were incurred. If external financing costs are directly attributable to the acquisition, construction or production of a qualifying asset, they are capitalised as part of the purchase price or the production price of the asset (IAS 23).

## **2. Fixed assets**

***Tangible fixed assets*** include assets and expenditure on fixed assets in progress, which are kept to be used in the production process, for the supply of goods and the provision of services, for use by other entities under leasing agreements or for administrative purposes with an estimated period of use longer than 1 year, from which the Group is expected to achieve economic benefits in the future. Expenditures for fixed assets include the incurred investment expenditures as well as the advance payments made for future deliveries of machines, equipment and services related to the production of fixed assets.

The provisions of IAS 16 (Tangible fixed assets) and IAS 36 (Impairment of Assets) are applied to determine the carrying amount and to establish depreciation and impairment losses on property, plant and equipment.

Tangible fixed assets include:

- buildings and structures,
- machines and devices,
- means of transport
- other fixed assets,
- lands,
- machines and devices in progress requiring assembly and fixed assets in progress.

At the time of introduction as an asset, fixed assets and fixed assets in progress are valued at purchase price or production cost.

**The purchase price** is the purchase price from the supplier's invoice increased by the costs related to the purchase until the date of transferring the fixed asset for use (e.g. costs of transport, loading, unloading, insurance in transport, assembly, installation and commissioning, notary fees, duty and taxes).

**The production cost** is the value at purchase prices of tangible fixed assets, external services, payroll costs and other costs that can be assigned to the value of the produced fixed asset incurred until the date of putting the fixed asset for use.

The initial value also includes a reasonable portion of external financing costs in accordance with the guidelines of IAS 23.

Modernization costs are included in the carrying amount of tangible assets when it is probable that the resulting economic benefits will impact on the Company and the modernisation costs can be reliably measured. All other expenses incurred for the repair and maintenance of fixed assets are charged to the financial result in the statements periods in which they were incurred.

Lands are not depreciated.

Fixed assets are depreciated throughout their economic useful lives. Depreciation is calculated using the straight-line method, starting from the month following the month in which the fixed asset has been put into use.

As at the balance sheet date, fixed assets are recognised at the purchase price or production cost less the depreciation write-offs and any write-offs due to permanent loss of value.

The Company adopted the following useful lives for individual groups of fixed assets:

- buildings, structures - from 10 to 40 years,
- machines and devices - from 2 to 20 years,
- transport means - from 2.5 to 8 years
- other fixed assets - from 2 to 10 years

The right of perpetual usufruct of land granted to the Company by administrative means is presented off-balance sheet, as the decision does not contain the condition of transferring the legal title to the Company. If such rights are purchased on the secondary market, they are presented as intangible assets and depreciated over their expected useful life.

Based on the principle of materiality regulated under IAS 1 and on the basis of the accounting principles set out in point 2 "fixed assets with a useful life longer than 1 year":

- is depreciated in 100% when they are put into use, if their initial value is higher than PLN 1,000.00 and lower than PLN 10,000.00,
- covers 100% of the costs of consumption of materials at the time of putting them into use, if their initial value does not exceed PLN 1,000.00. The quantitative records of these fixed assets are kept on an off-balance sheet account.

Depreciation of fixed assets is charged to the costs of basic operations, apart from the depreciation of the leased area, which is charged to other operating expenses.

The Company performs periodic, not later than at the end of the financial year, verification of the adopted economic useful lives of fixed assets, the residual value and the depreciation method. The consequences of changes in these estimates are considered in the next and subsequent financial years (prospectively).

Fixed assets and fixed assets in progress are tested for impairment if there are indications of impairment. The possible impairment is determined at each balance sheet date for fixed assets in progress in the period of their implementation. The rules for determining impairment are set out in the following paragraph on this topic. The effects of impairment of fixed assets and fixed assets in progress are charged to other operating costs.

Profits or losses from the sale/liquidation of property, plant and equipment items are defined as the difference between sales revenues and the carrying amount of these items. They are recognised in the



statements of comprehensive income, respectively, as a balance as profit or loss on disposal in other operating income or costs.

**Intangible assets** include assets without a physical form, they are identifiable, remain under the entity's control as a result of past events and from which the Company is expected to achieve economic benefits in the future.

An intangible asset is recognised when and only when it is probable that the economic entity will achieve future economic benefits which can be assigned to a given asset and the purchase price or cost of a given asset is reliably determinable.

In the future, the economic benefits of an intangible asset can include revenues from the sale of products or services, cost savings, or other benefits arising from the use of the asset by the business unit.

The provisions of IAS 38 (Intangible Assets) and 36 (Impairment of Assets) are applied to determine the value at the time of initial recognition, and to establish depreciation and updating write-offs.

Intangible assets include:

- intangible assets resulting from own development work of the Company, provided that the following conditions are met:

- it is possible to complete development work so that it can be used or sold,
- there are provable premises of the intention to complete development work and use or sell it,
- development work can be used or sold,
- the method for development work to generate probable future economic benefits is known (existence of a market for products created through development work or for development work itself),
- technical and financial means necessary to complete the development work and its use or sale are available,
- it is possible to reliably determine expenditure on development work.

The aforementioned criteria are applied to initial outlays and costs incurred at a later date.

- other intangible assets - copyrights and rights related to property rights, rights to inventions, patents, trademarks, utility models and licenses, know-how.

Expenditures on research and development works that do not meet the above conditions are recognised in the profit of the current period.

When introduced as an asset, intangible assets are valued at the cost of production or purchase price.

**Production cost** means all expenditures that can be directly subordinated to the activities of creating, producing and adapting an asset to be used in the manner intended by the management. The costs of producing intangible assets include: materials and services used or consumed in the production of an intangible asset, costs of employee benefits, justified external financing costs and other costs directly related to the preparation of an asset for use in accordance with its intended purpose.

**Purchase price** is the purchase price considering the import duty, non-deductible taxes included in the price, and other expenses related to the preparation of an intangible asset for use in accordance with its intended purpose.

As at the balance sheet date, intangible assets are recognised at their production cost or purchase price, less any depreciation charges and any impairment.

Intangible assets are depreciated using the straight-line method from 2 to 10 years for the costs of development works and other intangible assets.

Depreciation of intangible assets is recognised in the current costs of the core operations of the Company. The Company performs periodic, not later than at the end of the financial year, verification of the adopted

economic useful lives of fixed assets, the residual value and the depreciation method. The consequences of changes in these estimates are considered in the next and subsequent financial years (prospectively). Goodwill is not subject to depreciation. It is tested for impairment annually. The made goodwill write-offs are charged to the financial costs of the Company and are not subject to reversal. Due to their immateriality, intangible and legal assets with a value lower than PLN 10,000 can be charged to the costs of the current period or can be redeemed once.

***Impairment of fixed assets and intangible assets in addition to goodwill.***

At each balance sheet date, the Company reviews the carrying amounts of its fixed assets and intangible assets in order to determine whether there are any premises indicating their impairment. This occurs when the Company is reasonably sure that a given asset will not generate the expected economic benefits in the future or will generate significantly lower benefits.

If such indications are found, the recoverable amount of a given asset is estimated in order to determine a potential write-off on this account. The recoverable amount is determined as the higher of the two values: fair value less sales costs or value in use.

If the recoverable amount is lower than the carrying amount of an asset (or a cash-generating unit), the carrying amount of that asset or unit will be reduced to its recoverable amount. Impairment is recognised immediately as an expense in the period in which it occurred, except when an asset was carried at a revalued amount (in which case the impairment is considered as a reduction of the previous revaluation).

The write-offs are made against other operating costs of the period in which impairment is stated, no later than at the end of the financial year.

If the Company with sufficient certainty concludes that the reason for which it made impairment for a fixed asset or an intangible asset has ceased to exist, it will reverse the previously made impairment, in part or in full, by recognising other operating income.

***Leasing***

The leasing agreement under which the Company is entitled to substantially all of the risk and benefits from use is classified as financing lease. The subject of financing lease is recognised in assets as of the lease commencement date at the lower of the following two amounts: the fair value of the leased asset or the present value of the minimum lease payments.

Each lease fee is divided into an amount reducing the liability balance and the amount of financial costs so as to maintain a constant rate in relation to the outstanding part of the liability. The interest component of the lease installment is recognised in financing costs in the statements on comprehensive income over the lease period. Assets subject to depreciation acquired under financing leases are depreciated over the useful life of similar own assets, considering their residual value.

The operating leasing is leasing under which a significant part of the risks and rewards of the ownership is due to the lessor (the financing party). Lease fees paid under the operating lease, less any special promotional offers obtained from the lessor (financing party), are charged to costs using the straight-line method over the lease period.

**3. Financial assets**

The Company classifies its financial assets into the following categories:

- valued based on the depreciated cost,
- valued at the fair value by a financial result,
- valued at the fair value by other total incomes.

The Company currently has the following categories:

Item in the statements	Category according to IFRS 9
Shares in the affiliates	Financial assets valued at the fair value
Shares in other entities	Financial assets valued at the fair value
Trade receivables	Financial assets valued based on a depreciated cost
Other receivables	Financial assets valued based on a depreciated cost
Granted loans	Financial assets valued based on a depreciated cost
Receivables from leasing	Financial assets valued based on a depreciated cost
Bonds	Financial assets valued based on a depreciated cost
Cash	Financial assets valued based on a depreciated cost
Derivatives - forward contracts	Assets/liabilities valued based on a depreciated cost
Bank credits	Liabilities valued based on a depreciated cost
Loans	Liabilities valued based on a depreciated cost
Liabilities from leasing	Liabilities valued based on a depreciated cost
Commercial liabilities	Liabilities valued based on a depreciated cost
Other financial liabilities	Liabilities valued based on a depreciated cost

### ***Financial assets valued at the fair value by a financial result***

This category includes two subcategories:

- financial assets for the turnover. A financial asset is included in this category, if it was acquired principally for the purpose of selling in the short term or is a derivative that does not constitute a hedging instrument,
- financial assets designated upon their initial recognition as measured at fair value through profit or loss, if permitted by IAS 39.

Assets in this category are classified as current assets, if they are either held for trading or are expected to be realised within 12 months from the balance sheet date.

### ***Loans and receivables***

Loans and receivables are non-derivative financial assets with determined or determinable payments that are not listed on the active market. They occur when the Company spends cash, delivers goods or services directly to the debtor, without the intention of classifying these receivables as held for trading.

Loans and receivables are classified as current assets, provided that their maturity does not exceed 12 months from the balance sheet date. Loans and receivables with maturities exceeding 12 months from the balance sheet date are classified as non-current assets. Loans and receivables are shown in the balance sheet under "receivable from deliveries and services and other receivables".

### ***Investments kept to the maturity date***

Investments kept to maturity are non-derivative financial assets with determined or determinable payments and fixed maturities that the Company intends and is able to kept to the maturity date.

### ***Available-for-sale financial assets***

Available-for-sale financial assets are non-derivative financial instruments designated as "available for sale" or not classified under any of the other categories. This category includes shares and stocks in unrelated entities.

Available-for-sale financial assets are included in non-current assets, unless the Group intends to dispose of the investment within 12 months from the balance sheet date.

Investment purchase and sale transactions are recognised as at the transaction date, i.e. the date on which the Company obliges to purchase or sell a given asset. Investments are initially recognised at fair value increased by transaction costs, except for investments classified as valued at fair value through profit or loss, which are initially recognised at fair value without transaction costs.

Investments are derecognised when the rights to receive cash flows from them have expired or these rights have been transferred, and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are initially valued at fair value. If it is not possible to determine fair value of available-for-sale financial assets, and they do not have a fixed maturity date, they will be valued at purchase price less impairment. Receivables and loans as well as held-to-maturity financial assets are valued at depreciated cost using the effective interest rate. The valuation effects of financial assets at fair value through profit or loss are recognised in profit or loss for the period in which they occur. The valuation effects of available-for-sale financial assets are recognised in other components of comprehensive income, except for impairment and those gains and losses from exchange rate differences that occur for cash assets. Upon derecognition of an asset classified as "available-for-sale", the total profits and losses previously recognised in other comprehensive income items are recognised in profit or loss.

The fair value of investments for which an active market exists is based on their current purchase price. If there is no active market for financial assets (or if the securities are unlisted), the Group will determine the fair value using appropriate valuation techniques including recent transactions on normal market terms, comparison to other instruments that are essentially identical, analysis of discounted cash flows, option pricing models and other valuation techniques/models commonly used on the market, adjusted to the specific situation of the issuer.

At each balance sheet date, the Company assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired.

If such evidence exists in the case of available-for-sale financial assets, the total loss to date recognised in other components of comprehensive income - determined as the difference between the cost of acquisition and the current fair value, less any impairment previously recognised in profit or loss - will be excluded from other components of comprehensive income and is recognised in profit or loss. The reversal of impairment will be recognised, if, in subsequent periods, having recognised impairment, the fair value of financial instruments has increased as a result of events occurring after the recognition of the loss. Impairment recognised in profit or loss and relating to equity instruments are not reversed in correspondence with the financial result.

If there are indications of impairment of unlisted equity instruments valued at cost (due to the inability to reliably determine the fair value), the write-off amount will be determined as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted using the current market rate of return for similar financial assets. Such a copy is never reversed.

If there is evidence of possible impairment of loans and receivables or held-to-maturity investments valued at depreciated cost, the write-off amount will be determined as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate for these assets (i.e. the effective interest rate at the time of initial recognition for assets based on a fixed rate of interest and the effective interest rate at the time of the last revaluation for assets based on a variable rate of interest).

Impairment is recognised in profit or loss. The reversal of impairment will be recognised if, in subsequent periods, the impairment decreases, and the decrease can be attributed to events occurring after the impairment was recognised. As a result of the write-off reversal, the carrying amount of financial assets cannot exceed the depreciated cost that would have been determined, if the impairment write-off had not been previously recognised. The reversal of the write-off is recognised in profit or loss.

#### **4. Current assets**

##### ***Inventories***

Inventories are assets intended for sale in the ordinary course of business, which are in the production process for sale and in a form of materials or raw materials consumed in the production process or in the course of providing the services. Inventories include materials, goods, finished products and production in progress. Inventories are valued at acquisition prices or production costs, however, not higher than net sales prices. The purchase price or production cost of inventories includes all purchase costs, processing costs and other costs incurred when bringing the inventories to their present location and condition.

The purchase costs of inventories consist of the purchase price, tax costs and transport, loading and unloading costs and other costs directly attributable to the acquisition of finished goods, materials and services. In determining the purchase costs, discounts, trade rebates and other similar items are deducted.

Finished products and products in progress are valued at the actual cost of production. Inventory processing costs include costs directly related to the production unit, such as direct labor and material costs. In addition, the production cost includes systematically assigned, fixed and variable indirect production costs, incurred in the processing of materials into finished products. Fixed indirect production costs are those indirect production costs that remain relatively constant regardless of the production volume, such as depreciation, building and plant maintenance costs, and production (departmental) management and administration costs. Variable indirect production costs are those indirect production costs that change directly or almost directly with a change in the volume of production, such as indirect costs of materials and labour.

The Company uses the weighted average method to determine the outgoing inventories costs.

At the end of the statements period, inventories are valued according to the prudence principle. Write-offs resulting from prudent valuation and write-offs for overdue items are included in the core operation. Until September 2012, inventories of goods, materials and finished products were covered by a revaluation write-off according to an individual assessment of the possibility of their consumption or resale and the price possible to be obtained as at the balance sheet date.

Since September 2012, the Company has applied the principle of linking the period of origin of the inventory with the agreed % of revaluation. The statistical revaluation of inventories is performed quarterly.

#### ***Receivables from deliveries and services and other receivables***

Trade receivables are initially recognised at fair value and then valued at depreciation cost using the effective interest rate less impairment. As far as receivables with maturity up to 12 months are concerned, the discount effect is ignored.

Other receivables are valued at the amount due.

Write-offs of receivables are determined when there is objective evidence that the Group will not be able to receive all the amounts due under the original terms of receivables and the overdue period exceeds 150 days.

The Company creates write-offs updating the value of receivables for specific contractors after prior analysis, considering the premises as to the feasibility of the payment. The Company can also create collective write-offs for numerous but low amounts of receivables.

Decisions to write off the receivables are made by the Management Board at the request of the Credit Manager.

The write-off of receivables is presented under sales costs. Reversal of impairment results in a reduction of sales costs. The presentation of revaluation write-offs in the statements on comprehensive income is made on balance, respectively, under the sales costs of the core operations.

#### ***Cash***

Cash comprises assets in the form of domestic currency and foreign currencies in hand and in bank accounts.

Domestic cash is shown at the nominal value.

Exchange differences arising in connection with the valuation of cash in foreign currencies as at the balance sheet date are recognised as follows:

- positive exchange differences are included in financial revenues,

- negative exchange rate differences are included in financial costs.  
Cash in bank accounts is shown together with interest, which is charged to financial revenue.

### ***Short-term active accruals***

The Company will make active accruals, if the expenses incurred relate to the periods following the period in which such expenses were incurred.

### ***Fixed assets held for sale***

The Company will classify non-current assets for sale (or a group of assets for sale) as held for sale (IFRS 5 Assets held for sale), if it decides that their carrying amount is recovered through a sale transaction and not through its further use in its business activities. This condition is considered to be met when the sale is highly probable, and the asset (group of assets) is available in its present condition for immediate sale. Classification of fixed assets for sale assumes the intention of the management of the Company to complete the sale transaction within one year from the date of reclassification of fixed assets.

Extending the period needed to complete a sale transaction will not preclude an asset (or disposal group) from being classified as held for sale, if the delay is caused by events or circumstances beyond the entity's control and there is sufficient evidence that the entity is determined to meet its sales plan for the asset (or a group to be sold).

There is no longer any depreciation write-offs in relation to assets held for sale.

The Company values a non-current asset (or a group of assets held for sale) classified as held for sale at the lower of the carrying amount or fair value less sales costs.

In the statements on financial position, assets held for sale (or a group for sale) are presented as a separate item of current assets. If there are liabilities related to the disposal group that are transferred in the sale transaction together with the disposal group, these liabilities will be presented as a separate item of short-term liabilities.

As at the balance sheet date, the Company has assets held for sale.

## **5. Capitals**

The equity of the Company consists of the following:

- Share (stock) capital

Share capital - it is shown in the amount specified in the articles of association of the parent company and the National Court Register,

- Spare capital

Spare capital of the Company is divided into two categories:

- capital from the issue of shares above their nominal value - surplus obtained during the issue, less costs incurred in connection with the issue of shares, are transferred to this capital,
- reserve capital - created from profit write-offs for subsequent financial years in the amount and according to the principles set out in the Commercial Companies Code,

- Reserve capital

Reserve capital - created for the purposes specified by the Company.

- Own shares

Own shares - are the value of own shares purchased by the Company for redemption and for resale or for other purposes related to the implementation of the Company's strategy (the value of own shares purchased reduces the Company's equity),

- Retained profits, which include:

- undivided profit or uncovered loss from previous years (accumulated profits/losses from previous years),
- financial result in the financial year.

## **6. Liabilities and provisions for liabilities**

### ***Provisions***

The Company creates provisions when there is a current, legal or constructive obligation resulting from past events, of arising of a liability that is likely to be paid. There must be a higher probability that an outflow of resources will be required to settle the liability than that will not be required and if its value can be reliably estimated.

Provisions costs, depending on their type, are recognised in the appropriate cost category.

If it is probable that some or all of the economic benefits required to settle the provisions can be recovered from a third party, the receivable will be recognised as an asset, if the probability of recovering this amount is sufficiently high and can be reliably measured.

The amount of the created provisions is verified as at the balance sheet date in order to adjust the estimates to the state of knowledge as at that date.

### ***Provisions for employees' benefits***

The employees of the Company acquire the right to payment of certain benefits having acquired certain rights to these benefits. Provisions for retirement and disability benefits are estimated at the level of 1-month severance pay. Retirement and disability benefits are estimated by an independent actuary or the Company's employees at the request of the Company.

In addition, the Company creates a provision for outstanding holiday leaves, the value of which is estimated based on the principles of determining the equivalent for unused holiday leaves.

Provisions for employee benefits are charged to the costs of core operations.

The Company also estimates the provision for the annual bonus of the Management Board and quarterly bonuses for some employees covered by the Management by Objectives Program. The bonus of the Management Board discretionary, depending on the decision of the Supervisory Board. It is paid after the Company's annual statements have been approved. The payment of the quarterly bonus for employees depends on the achievement of the Company's goals and individual goals. The provision for the Management Board bonus and quarterly employee bonuses is recognised in core operations costs.

### ***Bank credits***

Bank credits are recognised at the fair value of the funds obtained, less the costs directly related to their obtaining. In subsequent periods, bank credits are valued at the depreciated purchase price using the effective interest rate. Insignificant discount amounts are not included in the books and in the financial statements.

The Company consider long-term credits as the ones the maturity date of which is later than 12 months from the balance sheet date.

### ***Short-term liabilities***

Short-term liabilities include liabilities with maturity dates from the balance sheet date shorter than 12 months. Liabilities from deliveries and services are shown in the balance sheet, regardless of their maturity date, as short-term liabilities.

Short-term liabilities include in particular: liabilities for deliveries and services, credits and borrowings taken, salaries, taxes, customs, insurance and other benefits.

Financial liabilities, including trade liabilities, are initially recognised at fair value, and then they are valued at depreciated cost using the effective interest rate method. In the case of liabilities with maturities of up to 12 months, the discount effect is ignored.

Any late payment interest is recognised upon receipt of notes from suppliers.

Other liabilities are recognised at the amount due.

Special funds include the Company Social Benefit Fund.

This item is presented per balance in relation to loans granted from this fund and cash on the account of the CSBF.

### ***Revenues of future periods***

Revenues of future periods include accrued but not received benefits revenues, which are recognised as revenues on a cash basis.

## **7. Recognition of revenues**

Sales revenues are recognised at the fair value of the payment received or receivable, less any expected discounts, customer returns and similar decreases, including VAT and other sales-related taxes.

Revenues from the sale of products, goods and materials are recognised when all following conditions are met:

- transferring from the Company to the buyer the significant risks and benefits resulting from the ownership of goods/products/materials,
- assigning by the Company managerial functions to a degree generally related to the ownership right and effective control over the sold positions,
- the possibility of a reliable valuation of the amount of revenues,
- the probability that the entity will obtain economic benefits related to the transaction,
- the possibility of a reliable valuation of costs incurred or expected in connection with the transaction.

Dividend revenues are recognised when the right to receive payment is established.

Interest revenues are recognised on an accrual basis using the effective interest rate, if its recovery is not doubtful.

### **Revenues with many elements**

The Company analyses the concluded agreements in the scope of separating contractual elements. Under certain circumstances, it is necessary to apply the recognition criteria to the separable elements of a single transaction, which reflects the essence of this transaction.

## **8. Consolidation principles**

### ***Subsidiaries and non-controlling interests***

Subsidiaries are all entities in relation to which ELZAB S.A. is able to govern their financial and operational policies, which is usually associated with having a majority of the total number of votes in governing bodies. When assessing whether ELZAB S.A. controls a given entity, the existence and effect of potential voting rights that are currently exercisable or convertible are considered.

The financial results of the subsidiaries acquired or sold during the year are recognised in the consolidated financial statements from/to the time of their effective acquisition or disposal.

If appropriate, in the financial statements of the subsidiaries, adjustments are made to unify the accounting principles applied by a given entity with the principles applied by other entities of the Group.

All transactions, balances, revenues and costs between the subsidiaries covered by consolidation are subject to consolidation exclusions.



Non-controlling interests are presented separately from the Group's equity. Non-controlling interests can be initially valued either at the fair value or in proportion to the fair value share of the net assets acquired. The choice of one of the aforementioned methods is available for each business combination. In subsequent periods, the value of non-controlling interests includes the value initially recognised adjusted by changes in the value of the entity's equity in proportion to the shares held. Comprehensive income will be allocated to non-controlling interests, even if it causes a negative value of these interests.

Changes in the share in a subsidiary that do not result in a loss of control are recognised as equity transactions. The book values of the Group's share as well as the non-controlling interest are appropriately modified to reflect changes in the share structure. The difference between the value by which the value of minority shares is modified and the fair value of the payment received or transferred is recognised directly in the Group's equity.

If control over a subsidiary has been lost, the profit or loss on disposal will be determined as the difference between: (i) the total fair value of the consideration received and the fair value of the entity's shares remaining in the Group, and (ii) the carrying amount of the assets (including goodwill), liabilities and minority interests. The amounts recognised in relation to the sold entity, in other components of total income, are reclassified to the statements on comprehensive income. The fair value of shares in the entity remaining in the Group after the sale is considered the initial fair value for the purpose of their subsequent recognition in accordance with IAS 39, or the initial cost of shares in the affiliates or joint ventures.

Goodwill arising on the acquisition results from the occurrence, as at the acquisition date, of a surplus in the sum of the payment transferred, the value of non-controlling interests and the fair value of previously held shares in the acquired entity over the Group's share in the net fair value of identifiable assets, liabilities and contingent liabilities of the entity recognised as at the acquisition date.

In the event of a negative value, the Group reviews the determination of the fair values of the individual components of the net assets acquired. If, as a result of the review, the value is still negative, it will be immediately included in the financial result.

Goodwill is initially recognised as an asset at cost, and then valued at cost less any accumulated impairment. For the purpose of testing for impairment, goodwill is allocated to the individual Group's cash-generating units that should benefit from the synergies resulting from the merger. Units generating cash flows, to which goodwill is allocated, will be tested for impairment once a year or more frequently, if it can be reasonably assumed that the impairment occurred. If the recoverable amount of a cash-generating unit is less than its carrying amount, the impairment loss will be allocated first to reduce the carrying amount of the goodwill allocated to that unit, and then to the remaining assets of that unit in proportion to the carrying amounts of the individual assets of that unit. The impairment recognised for goodwill is not reversed in the next period. Upon disposal of a subsidiary or a jointly controlled entity, its goodwill falling is considered when calculating the profit/loss on disposal.

#### Shares in the subsidiaries in the separate financial statements

Due to the fact that there is no active market for entities the shares of which are held by ELZAB S.A., investments in subsidiaries and associates are valued at acquisition cost less impairment. It is assessed at each balance sheet date whether there is any objective evidence that the investment is impaired by comparing the net assets or part of the net assets of the entities with the value of the shares or stocks held. The impairment on investments is charged to financial costs. If the reason for which the impairment was made has ceased to exist, the equivalent of all or a relevant part of the previously made impairment will increase the value of the investment and is recognised as financial income.

Subsidiaries are subject to full consolidation from the date of taking control over them by ELZAB S.A. They cease to be consolidated on the day the control ceases.

The Company can decide not to consolidate a given subsidiary. This decision must be made considering the criteria set out in IAS 27 and SIC 12 regarding control in terms of the ability to govern the financial and

operating policies of the entity and other conditions determining the ability to direct the entity's decision-making process in order to benefit.

An associate is consolidated using the equity method. In the separate balance sheet, it is presented in non-current assets in the line - "Long-term financial assets", and in the consolidated balance sheet, in non-current assets in the line "Shares in subsidiaries measured using the equity method".

## **9. Foreign currency transactions and measurement of items denominated in foreign currencies**

### ***Functional and presentation currency***

Items included in the Company's financial statements are valued in the currency of the primary economic environment in which the Company operates (in the functional currency). Business operations are recognized in Polish zlotys (PLN), which is the functional and presentation currency. Items in the financial statements are rounded to the nearest whole thousand PLN. The cases of including data with greater accuracy can occur.

### ***Transactions and balances***

Transactions denominated in foreign currencies are converted as of the initial recognition into the functional currency at the average exchange rate announced by the National Bank of Poland on the last business day preceding the transaction day.

As at the balance sheet date, cash items expressed in foreign currencies are converted using the closing rate (i.e. the average NBP rate applicable on the valuation date).

Assets and liabilities valued at the fair value and denominated in foreign currencies are valued at the exchange rate applicable on the date of determining the fair value. Non-cash items are valued at historical cost.

Foreign exchange gains and losses arising from the settlement of transactions in a foreign currency and the balance sheet valuation of monetary assets and liabilities expressed in foreign currencies are recognised in the statements on comprehensive income.

## **10. Principles of the preparation the statements on comprehensive incomes**

ELZAB S.A. prepares statements on comprehensive income in a multiple-step variant, in a single-element system, which covers all components of the total income.

Continued and discontinued operations are separated in the statements on comprehensive income.

Net financial result consists of:

- sales result
- result of other operations,
- result of financial operations,
- mandatory charging the financial result due to corporate income tax,
- deferred income tax.

The production cost of sold products is adjusted accordingly by the result of updating inventories of finished goods. The value of sold goods and materials considers the result of updating the inventory of goods and materials. The result of updating receivables corrects sales costs.

The statements on comprehensive income presents the results:

- in other operating activities, profit or loss on the sale of non-financial fixed assets,
- in financial operations:
  - profit or loss on disposal of investments in financial income or costs, respectively,
  - surplus of positive exchange rate differences over negative differences in other financial revenues,
  - surplus of negative exchange rate differences over positive ones in other financial costs.

## 11. Principles of the preparation the statements on cash flows

The Company prepares statements on cash flows using the indirect method.

The following division of operations is used in the cash flow statement:

Operations including the sale of products, goods, materials and services. It includes all activities aiming at making a profit. The value of net cash flows from operations is obtained by adjusting the financial result for items that did not generate cash flow but were recognised in the result and for cash titles related to activities other than operations.

Investments include:

- cash spent on the acquisition of tangible fixed assets and intangible assets,
- cash inflows from the sale of property, plant and equipment and intangible assets,
- cash spent on the acquisition of shares, stocks and bonds as well as securities,
- cash inflows from the sale or redemption of foreign shares, stocks and bonds,
- expenditures from granted loans,
- repayment of granted loans with interests,
- inflows from dividends obtained on shares and interests held and interest on cash from long-term investments,

Financial operations include the following:

- cash inflows from bank loans taken and from the issue of bonds,
- loan repayment and bond redemption as well as servicing of loans and bonds (interest),
- inflows of cash from the issue of own shares,
- expenditures for the payment of dividends to shareholders.

## 12. Current income tax and deferred tax

**Current income tax** is calculated on the basis of the tax result (tax base) for a given financial year.

The tax result is determined on the basis of the balance sheet result, excluding taxable income and tax deductible costs in years other than the financial year, as well as such income that will never be taxable and such costs that will never be tax deductible.

Current tax charge is calculated based on the tax rates applicable in a given financial year.

For tax purposes, exchange rate differences are calculated according to the principles set out in Article 15a of the Corporate Income Tax Act.

Realised positive exchange differences are tax income and realised negative exchange differences are tax cost, depending on the change in the foreign currency exchange rate.

Deferred income tax is determined in connection with temporary differences between the stated value of assets and liabilities and their tax value.

Deferred income tax in the profit and loss account and in the statements on comprehensive income results from the change in assets and provisions for income tax:

- **deferred income tax assets** are specified in the amount of expected future income tax deduction in respect of deductible temporary differences which result in the future reduction of the tax base and tax loss deduction, determined considering the precautionary principle. Deferred tax assets will be recognised, if it is probable that taxable profit will be generated in the future that will allow the use of the temporary differences.
- **deferred income tax reserve** is created in the amount of the income tax that will be paid in the future, in connection with the occurrence of positive temporary differences, which will increase the tax base in the future. Positive temporary differences occur when the book value of assets is higher than their tax value and the book value of liabilities is lower than their tax value.

Deferred tax assets and liabilities are disclosed in the statements on financial position on balance. Deferred tax assets and liabilities are verified at the end of each quarter of the financial year.

The amount of deferred tax assets and liabilities is determined according to the rates applicable in the year in which the tax obligation arises.

*o) indication of the average PLN exchange rates in the periods covered by the financial statements and comparable consolidated financial data, in relation to Euro, determined by the National Bank of Poland, in particular:*

- foreign exchange rate on the last day of each period,*
- the average rate in the period, calculated as the arithmetic mean of the rates applicable on the last day of each month in the period, and in justified cases - calculated as the arithmetic mean of the rates applicable on the last day of the period and the last day of the preceding period,*
- the highest and the lowest exchange rate valid in each period,*

The following EUR exchange rates were adopted for the conversion of selected financial data in 2021:

- for the conversion of assets and liabilities as at December 31, 2021 as well as cash flows for 2021, the average EUR exchange rate announced by the National Bank of Poland for December 31, 2021 - 4.5994;
- for the conversion of the items in the profit and loss account in 2021, the arithmetic mean of the average EUR exchange rates announced by the National Bank of Poland on the last day of each month from January to December 2021 - 4.5775.

The highest rate used to calculate the average rate in 2021 was 4.6834 (November 30, 2021), while the lowest was - 4.4805 (May 31, 2021).

The following EUR exchange rates were adopted for the conversion of selected financial data in 2020:

- for the conversion of assets and liabilities as at December 31, 2020 as well as cash flows for 2020, the average EUR exchange rate announced by the National Bank of Poland for December 31, 2020 - 4.6148;
- for the conversion of the items in the profit and loss account in 2020, the arithmetic mean of the average EUR exchange rates announced by the National Bank of Poland on the last day of each month from January to December 2020 - 4.4742.

The highest rate used to calculate the average rate in 2020 was 4.6188 (October 30, 2020), while the lowest was - 4.3010 (January 31, 2020).

*p) indication of at least the basic items of the balance sheet, profit and loss account and cash flow statement from the financial statements and comparable financial data, converted into EUR, with an indication of the principles adopted for this conversion,*

SELECTED FINANCIAL DATA OF ELZAB	in thousand PLN		in thousand EUR	
	2021	2020	2021	2020
Net revenues from sale of products, goods and materials	161,203	118,082	35,216	26,392
Profit (loss) from operating activity	16,930	7,562	3,699	1,690
Gross profit (loss)	12,362	6,994	2,701	1,563
Net profit (loss)	9,939	6,008	2,171	1,343
Net cash flow from operating activities	25,802	18,672	5,610	4,046
Net cash flows from investment activities	-5,716	-4,179	-1,243	-906
Net cash flows from financial activities	-22,893	-19,423	-4,977	-4,209
Total net cash flows	-2,807	-4,930	-610	-1,068
Profit (loss) per ordinary share (in PLN/EUR)	0.62	0.37	0.13	0.08
Profit (loss) per ordinary share (in PLN/EUR) excluding own shares	0.63	0.38	0.14	0.09

SELECTED FINANCIAL DATA OF ELZAB	in thousand PLN		in thousand EUR	
	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
Total assets	189,407	203,280	41,181	44,050
Long-term liabilities and provisions	10,435	17,150	2,269	3,716
Short-term liabilities and provisions	66,033	83,130	14,357	18,014
Equity	112,939	103,000	24,555	22,319
Share capital	22,143	22,143	4,814	4,798
Total number of shares	16,137,050	16,137,050	16,137,050	16,137,050
Number of shares adjusted for own shares	15,731,388	15,731,388	15,731,388	15,731,388
Book value per one share (in PLN/EUR)	7.00	6.38	1.52	1.38
Book value per one share (in PLN/EUR) excluding own shares	7.18	6.55	1.56	1.42

The EUR exchange rates presented in the previous point were used to convert the selected financial data.

## SECTION II

### FINANCIAL STATEMENTS OF ELZAB S.A.

#### STATEMENTS ON THE FINANCIAL SITUATION

ASSETS	Note number	As at 31.12.2021	As at 31.12.2020
<b>A. Fixed assets</b>		<b>115,197</b>	<b>101,776</b>
1. Tangible fixed assets	Note no. 1	23,880	25,007
2. Investment properties	Note no. 1a	0	0
3. Intangible assets	Note no. 2	18,402	17,341
4. Long-term financial assets	Note no. 3	72,294	59,109
5. Deferred income tax assets	Note no. 4	606	298
6. Long-term receivables and accruals	Note no. 5, 3a	15	21
<b>B. Current assets</b>		<b>71,810</b>	<b>101,504</b>
1. Inventories	Note no. 6	33,090	35,587
2. Short-term receivables and accruals	Note no. 5, 3a	33,479	56,806
3. Receivables from financial leasing		0	0
4. Receivables from income tax		0	161
5. Short-term financial assets	Note no. 3a	4,352	5,254
6. Cash and cash equivalents	Note no. 7, 3a	889	3,696
<b>C. Assets held for sale</b>	Note no. 8	<b>2,400</b>	<b>0</b>
<b>Total assets</b>		<b>189,407</b>	<b>203,280</b>

LIABILITIES	Note number	As at 31.12.2021	As at 31.12.2020
<b>A. Equity</b>		<b>112,939</b>	<b>103,000</b>
1. Basic capital	Note no. 9	22,143	22,143
2. Surplus from the sale of shares above their nominal value		11,211	11,211
3. Own shares	Note no. 10	-1,997	-1,997
4. Other reserve capital - own shares		3,315	3,315
5. Reserve capital and spare capital	Note no. 11	65,050	59,041
6. Profit/loss from previous years and the current year, including:		13,217	9,287
6.1. Accumulated profits/losses from previous years		3,278	3,279
6.2. Profit/loss of the current year		9,939	6,008
<b>B. Long-term liabilities</b>		<b>10,435</b>	<b>17,150</b>
1. Provisions	Note no. 12	381	347
2. Deferred income tax provisions	Note no. 4	0	0
3. Long-term bank credits and loans	Note no. 13	7,559	14,414
4. Other long-term financial liabilities (leasing)	Note no. 13a	2,298	2,131
5. Long-term financial liabilities	Note no. 14	0	0
6. Long-term liabilities and accruals		197	258
<b>C. Short-term liabilities</b>		<b>66,033</b>	<b>83,130</b>
1. Provisions	Note no. 12	3,865	4,402
2. Short-term bank credits and loans	Note no. 13	44,361	56,705
3. Other short-term financial liabilities (leasing)	Note no. 13a	1,175	1,525
4. Short-term financial liabilities		17	0
5. Short-term liabilities and accruals	Note no. 14	15,726	20,498
6. Liabilities from income tax		889	0
<b>Total equities and liabilities</b>		<b>189,407</b>	<b>203,280</b>

## STATEMENT ON TOTAL INCOMES

MULTIPLE-STEP VARIANT	Note number	For the period from 01.01 to 31.12.2021	For the period from 01.01 to 31.12.2020
<b>A. Revenues from sale of products, goods and materials</b>	Note no. 15	<b>161,203</b>	<b>118,082</b>
<b>B. Costs of sold products, goods and materials</b>	Note no. 16	<b>119,284</b>	<b>90,543</b>
<b>C. Gross profit/loss from sales (A-B)</b>		<b>41,919</b>	<b>27,539</b>
D. Sale costs	Note no. 16	10,500	7,793
E. General management board costs	Note no. 16	14,775	14,010
<b>F. Net profit/loss from sales (C-D-E)</b>		<b>16,644</b>	<b>5,736</b>
G. Other revenues	Note no. 17	893	2,422
H. Other costs	Note no. 17	607	596
<b>I. Profit/loss from operating activities (F+G-H)</b>		<b>16,930</b>	<b>7,562</b>
J. Financial revenues	Note no. 18	192	2,442
K. Financial costs	Note no. 18	4,760	3,010
<b>L. Gross profit/loss (I+J-K)</b>		<b>12,362</b>	<b>6,994</b>
M. Income tax	Note no. 19	2,423	986
<b>N. Net profit/loss from continued activities (L-M)</b>		<b>9,939</b>	<b>6,008</b>
O. Profit/loss from discontinued operations	Note no. 20	0	0
<b>P. Net profit/loss (N+O)</b>		<b>9,939</b>	<b>6,008</b>
<b>R. Other total income</b>		<b>0</b>	<b>0</b>
<b>S. Total income (P+R)</b>		<b>9,939</b>	<b>6,008</b>

	Note number	For the period from 01.01 to 31.12.2021	For the period from 01.01 to 31.12.2020
<b>Profit per share:</b>			
- net profit (loss)		9,939	6,008
- number of all shares		16,137,050	16,137,050
- number of shares without own shares		15,731,388	15,731,388
- basic from the financial result of continuing operations (to all shares)		0.62	0.37
- basic from the financial result of continuing operations (up to the number of shares adjusted for own shares)		0.63	0.38
- basic from the financial result of discontinued operations		0.00	0.00

## STATEMENT OF CASH FLOWS

INDIRECT METHOD	For the period from 01.01 to 31.12.2021	For the period from 01.01 to 31.12.2020
<b>Cash flows from operating activities</b>		
Net profit/loss	9,939	6,008
Adjustments for items:	15,863	12,664
Depreciation of fixed assets	3,349	3,350
Depreciation of intangible assets	3,167	3,319
Goodwill impairment	0	0
Profits/losses from foreign exchange differences	0	0
Costs and revenues from interests	2,584	2,315
Revenues from dividends	0	0
Profit/loss from investment activity	2,031	385
Change in provisions status	-504	-1,669
Change in inventories status	2,496	-4,123
Change in status of receivables and active accruals	5,720	3,802
Change in status of receivables and passive accruals	-3,722	5,866
Tax disclosed in the statements of total income	2,423	986
Paid/returned income tax	-1,681	-1,567
Other adjustments	0	0
<b>Net cash flows from operating activities</b>	<b>25,802</b>	<b>18,672</b>
<b>Cash flows from investment activities</b>		
Inflows from sale of fixed assets and intangible assets	44	86
Net inflows from sale of affiliates, subsidiaries and other units	0	0
Inflows from sale of short-term financial assets	0	0
Inflows from interests	0	151
Inflows from dividends	0	0
Repayment of granted loans	0	1,148
Expenditures for the acquisition of property, plant and equipment and intangible assets	5,755	5,564
Net expenditures for the acquisition of subsidiaries and associates	5	0
Expenditures for the acquisition of short-term financial assets	0	0
Granted loans	0	0
Other	0	0
<b>Net cash flows from investment activities</b>	<b>-5,716</b>	<b>-4,179</b>
<b>Cash flows from financial activities</b>		
Inflows from credits and loans	23,413	15,440
Net inflows from the issue of shares, bonds, bills of exchange, vouchers	0	0
Other inflows - funding for remunerations	0	1,588
Repayment of credits and loans	42,303	32,088
Payment of liabilities in respect of finance leasing agreements	1,592	1,783
Dividends paid to shareholders of the Company	0	0
Dividends paid to minority shareholders	0	0
Debt securities repurchase	0	0
Paid interests	2,411	2,580
Other	0	0
<b>Net cash flow from financial activities</b>	<b>-22,893</b>	<b>-19,423</b>
<b>Increase/decrease in cash and cash equivalents</b>	<b>-2,807</b>	<b>-4,930</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>3,696</b>	<b>8,626</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>889</b>	<b>3,696</b>
<b>Amount of unused credit limit in a bank account</b>	<b>6,547</b>	<b>11,538</b>



## STATEMENTS ON CHANGES IN EQUITY

	Basic capital	Surplus from the sale of shares above their nominal value	Own shares	Other reserve capital - own shares	Supplementary capital created from profits	Reserve capital from revaluation of assets	Profit/loss from previous years and the current year, including:	profit/loss from previous years	net profit/loss from current year	Total
<b>Balance as at January 1, 2021</b>	22,143	11,211	-1,997	3,315	58,413	628	9,287	9,287	0	<b>103,000</b>
Changes in the accounting principles										<b>0</b>
<b>Balance as at January 1, 2021 after adjustments (after transformation)</b>	22,143	11,211	-1,997	3,315	58,413	628	9,287	9,287	0	<b>103,000</b>
<b>Total income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>6,008</b>	<b>1</b>	<b>3,930</b>	<b>-6,009</b>	<b>9,939</b>	<b>9,939</b>
Adjustment from liquidation and sale of fixed assets						1	-1	-1		<b>0</b>
Settlement of the financial result for the previous financial year					6,008		-6,008	-6,008		<b>0</b>
Profit/loss from the financial year							9,939		9,939	<b>9,939</b>
<b>Other changes in equity</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Balance as at 31.12.2021</b>	<b>22,143</b>	<b>11,211</b>	<b>-1,997</b>	<b>3,315</b>	<b>64,421</b>	<b>629</b>	<b>13,217</b>	<b>3,278</b>	<b>9,939</b>	<b>112,939</b>

	Basic capital	Surplus from the sale of shares above their nominal value	Own shares	Other reserve capital - own shares	Supplementary capital created from profits	Reserve capital from revaluation of assets	Profit/loss from previous years and the current year, including:	profit/loss from previous years	net profit/loss from current year	Total
<b>Balance as at January 1, 2020</b>	22,143	11,211	-1,997	3,315	54,527	614	7,179	7,179	0	<b>96,992</b>
Changes in the accounting principles										<b>0</b>
<b>Balance as at January 1, 2020 after adjustments (after transformation)</b>	22,143	11,211	-1,997	3,315	54,527	614	7,179	7,179	0	<b>96,992</b>
<b>Total income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3,886</b>	<b>14</b>	<b>2,108</b>	<b>-3,900</b>	<b>6,008</b>	<b>6,008</b>
Adjustment from liquidation and sale of fixed assets						14	-14	-14		<b>0</b>
Settlement of the financial result for the previous financial year					3,886		-3,886	-3,886		<b>0</b>
Profit/loss from the financial year							6,008		6,008	<b>6,008</b>
<b>Other changes in equity</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Balance as at December 31, 2020</b>	<b>22,143</b>	<b>11,211</b>	<b>-1,997</b>	<b>3,315</b>	<b>58,413</b>	<b>628</b>	<b>9,287</b>	<b>3,279</b>	<b>6,008</b>	<b>103,000</b>

## NOTES FOR THE STATEMENTS ON THE FINANCIAL SITUATION

### NOTE NO. 1

#### TANGIBLE FIXED ASSETS

TANGIBLE FIXED ASSETS	As at 31.12.2021	As at 31.12.2020
Fixed assets	23,288	23,763
Fixed assets in progress	592	1,244
<b>Tangible fixed assets, total</b>	<b>23,880</b>	<b>25,007</b>

Liabilities for the purchase of fixed assets as at December 31, 2021 amount to PLN 249 thousand.

There were claims for property, plant and equipment in the amount of PLN 142 thousand.

In 2021, external financing costs were not included in the gross value of property, plant and equipment.

For the period from 01.01 to 30.06.2021

	Lands	Buildings	Means of transport	Machines and devices	Other	Total
<b>Gross value at the beginning of the period</b>	<b>0</b>	<b>26,152</b>	<b>2,105</b>	<b>19,001</b>	<b>10,566</b>	<b>57,824</b>
Increases	0	708	205	2,311	152	3,376
- acquisition	0	67	106	383	111	667
- improvement	0	0	0	0	0	0
- transfers from other items of assets	0	62	0	878	41	981
- accepted under the lease agreement	0	579	99	1,050	0	1,728
- other	0	0	0	0	0	0
Decrease	0	503	744	473	46	1,766
- sale	0	0	1	228	0	229
- termination of lease agreements	0	454	743	0	0	1,197
- transfers to other items of assets	0	0	0	0	0	0
- liquidation, complete remission	0	49	0	245	46	340
- other	0	0	0	0	0	0
Assigned to discontinued operations	0	0	0	0	0	0
Internal displacement (+/-)	0	0	0	0	0	0
<b>Gross value at the end of the period</b>	<b>0</b>	<b>26,357</b>	<b>1,566</b>	<b>20,839</b>	<b>10,672</b>	<b>59,434</b>
<b>Depreciation value at the beginning of the period</b>	<b>0</b>	<b>12,533</b>	<b>776</b>	<b>11,417</b>	<b>9,335</b>	<b>34,061</b>
depreciation for the period	0	981	376	1,530	462	3,349
other decreases	0	0	0	0	0	0
- sale	0	0	1	227	0	228
- liquidation, complete remission	0	48	0	185	46	279
- termination of lease agreements	0	217	540	0	0	757
- other	0	0	0	0	0	0
<b>Depreciation value at the end of the period</b>	<b>0</b>	<b>13,249</b>	<b>611</b>	<b>12,535</b>	<b>9,751</b>	<b>36,146</b>
Impairment write-off from the loss of value at the beginning of the period	0	0	0	0	0	0
Recognition of an impairment loss in the period	0	0	0	0	0	0
Reversal of an impairment loss during the period	0	0	0	0	0	0
Value recognizing depreciation and write-off from impairment at the end of the period	0	13,249	611	12,535	9,751	36,146
<b>Net value at the end of the period</b>	<b>0</b>	<b>13,108</b>	<b>955</b>	<b>8,304</b>	<b>921</b>	<b>23,288</b>

For the period from 01.01 to 31.12.2020

	Lands	Buildings	Means of transport	Machines and devices	Other	Total
<b>Gross value at the beginning of the period</b>	<b>0</b>	<b>25,105</b>	<b>1,310</b>	<b>18,061</b>	<b>10,492</b>	<b>54,968</b>
Increases	0	1,102	1,004	1,027	155	3,288
- acquisition	0	0	89	293	57	439
- improvement	0	0	0	0	0	0
- transfers from other items of assets	0	0	8	169	98	275
- accepted under the lease agreement	0	0	907	40	0	947
- other	0	1,102	0	525	0	1,627
Decrease	0	55	209	87	81	432
- sale	0	0	141	57	5	203
- termination of lease agreements	0	55	68	0	0	123
- transfers to other items of assets	0	0	0	0	0	0
- liquidation, complete remission	0	0	0	30	76	106
- other	0	0	0	0	0	0
Assigned to discontinued operations	0	0	0	0	0	0
Internal displacement (+/-)	0	0	0	0	0	0
<b>Gross value at the end of the period</b>	<b>0</b>	<b>26,152</b>	<b>2,105</b>	<b>19,001</b>	<b>10,566</b>	<b>57,824</b>
<b>Depreciation value at the beginning of the period</b>	<b>0</b>	<b>11,584</b>	<b>586</b>	<b>10,121</b>	<b>8,804</b>	<b>31,095</b>
depreciation for the period	0	986	376	1,377	611	3,350
other decreases	0	0	0	0	0	0
- sale	0	0	130	52	4	186
- liquidation, complete remission	0	0	0	29	76	105
- termination of lease agreements	0	37	56	0	0	93
- other	0	0	0	0	0	0
<b>Depreciation value at the end of the period</b>	<b>0</b>	<b>12,533</b>	<b>776</b>	<b>11,417</b>	<b>9,335</b>	<b>34,061</b>
Impairment write-off from the loss of value at the beginning of the period	0	0	0	0	0	0
Recognition of an impairment loss in the period	0	0	0	0	0	0
Reversal of an impairment loss during the period	0	0	0	0	0	0
Value recognizing depreciation and write-off from impairment at the end of the period	0	12,533	776	11,417	9,335	34,061
<b>Net value at the end of the period</b>	<b>0</b>	<b>13,619</b>	<b>1,329</b>	<b>7,584</b>	<b>1,231</b>	<b>23,763</b>

## FIXED ASSETS RECOGNISED OFF-BALANCE SHEET

not applicable.

As at December 31, 2021, there are the following **collaterals on tangible fixed assets** of ELZAB S.A.:

- collateral for ING BANK ŚLĄSKI loans - contractual mortgage KW GL1Z/00010341/8 with assignment of rights under the insurance policy up to the amount of PLN 69,150 thousand;
- registered pledge on the PX1225 STRIPPIT INC punching machine for the benefit of ING BANK ŚLĄSKI - loan collateral - up to the amount of PLN 69,150 thousand.

ELZAB S.A. leases space for offices in Warsaw, Suchy Las and Wrocław. There is no information about the value of the leased space.

The off-balance sheet records include land in perpetual usufruct in the amount of PLN 0 thousand.

**NOTE NO. 2**

**INTANGIBLE ASSETS (EXCLUDING GOODWILL)**

INTANGIBLE ASSETS	As at 31.12.2021	As at 31.12.2020
Internally generated intangible assets	11,023	8,302
Development work in progress, expenditure on intangible assets in progress	6,347	7,540
Other intangible assets	670	1,137
<b>Intangible assets, total</b>	<b>18,040</b>	<b>16,979</b>

As at December 31, 2021, the liabilities related to the purchase of intangible assets amounted to PLN 99 thousand.

INTANGIBLE ASSETS - GOODWILL	As at 31.12.2021	As at 31.12.2020
The goodwill was created as a result of the merger of ELZAB S.A. and MEDESA Sp. z o.o.	362	362
<b>Intangible assets - goodwill, total</b>	<b>362</b>	<b>362</b>

As at the balance sheet date, the company performed a test for impairment of goodwill in accordance with the guidelines of IAS 36. The test was performed based on the estimated future cash flows and the discount of the value to the present value. The main assumptions of the test indicated the annual increase in revenues generated by the sale of scales. A weighted average cost of capital of 8.2% was used for the calculations.

In view of the performed test, the Management Board of the Company did not find premises for recognizing impairment of this asset in the books.

For the period from 01.01 to 30.06.2021

	Internally generated intangible assets		Other intangible assets		Total
	Development works	Other	Development works	Other	
<b>Gross value at the beginning of the period</b>	28,682	0	0	7,012	35,694
Increases:	5,409	0	0	44	5,453
- acquisition	0	0	0	0	0
- transfers from other items of assets	0	0	0	0	0
- development work on its own	5,409	0	0	44	5,453
- acquisition as part of mergers of business units	0	0	0	0	0
- from revaluation of value	0	0	0	0	0
- other	0	0	0	0	0
Decreases:	385	0	0	0	385
- withdrawal from use	0	0	0	0	0
- liquidation	385	0	0	0	385
- sale	0	0	0	0	0
- from revaluation of value	0	0	0	0	0
- from re-classified to fixed assets held for sale	0	0	0	0	0
- other	0	0	0	0	0
<b>Gross value at the end of the period</b>	<b>33,706</b>	<b>0</b>	<b>0</b>	<b>7,056</b>	<b>40,762</b>
<b>Depreciation value at the beginning of the period</b>	<b>20,380</b>	<b>0</b>	<b>0</b>	<b>5,875</b>	<b>26,255</b>
depreciation for the period	2,656	0	0	511	3,167
other increases	0	0	0	0	0
decreases	353	0	0	0	353
<b>Depreciation value at the end of the period</b>	<b>22,683</b>	<b>0</b>	<b>0</b>	<b>6,386</b>	<b>29,069</b>
Value recognizing depreciation and write-off from impairment at the end of the period	22,683	0	0	6,386	29,069
Adjustment for net exchange differences from translation	0	0	0	0	0
<b>Net value at the end of the period</b>	<b>11,023</b>	<b>0</b>	<b>0</b>	<b>670</b>	<b>11,693</b>

Depreciation of intangible assets charged: production costs PLN 2,843 thousand, selling costs PLN 76 thousand, general and administrative costs PLN 248 thousand.

For the period from 01.01 to 31.12.2020

	Internally generated intangible assets	Other intangible assets	Total
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ELZAB S.A.  
FINANCIAL STATEMENTS  
31.12.2021 (in thousand PLN)

	Development works	Other	Development works	Other	
<b>Gross value at the beginning of the period</b>	<b>27,842</b>	<b>0</b>	<b>0</b>	<b>6,806</b>	<b>34,648</b>
Increases:	840	0	0	206	1,046
- acquisition	0	0	0	124	124
- transfers from other items of assets	0	0	0	0	0
- development work on its own	840	0	0	82	922
- acquisition as part of mergers of business units	0	0	0	0	0
- from revaluation of value	0	0	0	0	0
- other	0	0	0	0	0
Decreases:	0	0	0	0	0
- withdrawal from use	0	0	0	0	0
- liquidation	0	0	0	0	0
- sale	0	0	0	0	0
- from revaluation of value	0	0	0	0	0
- from re-classified to fixed assets held for sale	0	0	0	0	0
- other	0	0	0	0	0
<b>Gross value at the end of the period</b>	<b>28,682</b>	<b>0</b>	<b>0</b>	<b>7,012</b>	<b>35,694</b>
<b>Depreciation value at the beginning of the period</b>	<b>17,751</b>	<b>0</b>	<b>0</b>	<b>5,185</b>	<b>22,936</b>
depreciation for the period	2,629	0	0	690	3,319
other increases	0	0	0	0	0
decreases	0	0	0	0	0
<b>Depreciation value at the end of the period</b>	<b>20,380</b>	<b>0</b>	<b>0</b>	<b>5,875</b>	<b>26,255</b>
Value recognizing depreciation and write-off from impairment at the end of the period	20,380	0	0	5,875	26,255
Adjustment for net exchange differences from translation	0	0	0	0	0
<b>Net value at the end of the period</b>	<b>8,302</b>	<b>0</b>	<b>0</b>	<b>1,137</b>	<b>9,439</b>

Depreciation of intangible assets charged: production costs PLN 2,820 thousand, selling costs PLN 182 thousand, general and administrative costs PLN 317 thousand.

**EXPENDITURES FOR DEVELOPMENT WORKS IN A GIVEN YEAR**

	For the period from 01.01 to 31.12.2021	For the period from 01.01 to 31.12.2020
Depreciation	44	37
Consumption of raw materials and auxiliary materials	523	152
Remunerations with add-ons	2,641	2,274
Other costs (including: departmental costs, external services)	1,387	1,050
<b>TOTAL</b>	<b>4,595</b>	<b>3,513</b>

Development expenditure is recognized on intangible assets in progress until the completion of work.

The costs of the period were charged with the costs of development works: depreciation write-off in the amount of PLN 2,657 thousand and the cost of written development works - PLN 105 thousand.

In 2021, the Company continued to prepare online devices for approval. The expenditure for this purpose in this period amounted to PLN 189 thousand.

In 2021, the company received approval for 3 types of online devices.

**NOTE 3**

**LONG-TERM FINANCIAL ASSETS**

Name of a subsidiary	Basic operations	Place of registration and operation	Percentage of shares and voting rights held by the Company	
			As at 31.12.2021	As at 31.12.2020
ELZAB HELLAS SPV Sp. z o.o.	consultancy	Poland	67.00 %	67.00 %

Name of the affiliate	Basic operations	Place of registration and operation	Percentage of shares and voting rights held by the Company	
			As at 31.12.2021	As at 31.12.2020
COMP CENTRUM INNOWACJI Sp. z o.o.	activities related to IT consulting	Poland	49.88 %	49.88 %

As a result of identifying the premises for a potential impairment in Centrum Innowacji Sp. z o.o. (CCI), the Issuer, which holds 49.88% of shares, together with the parent company, i.e. COMP S.A., which holds 50.12%, performed a test for impairment of the investment held.

The tests were performed at the level of the CCI Capital Group using the discounted free cash flow model. It did not show any impairment of the asset.

In the perspective of 5 years, a significant increase in the revenues of the CCI Capital Group depends on the one hand on the dynamic development of the m/platform project, as well as the expansion of export activities. The discount rate used to calculate the present value of the estimated cash flows is an estimate of the weighted average cost of capital, which was 10%. Additionally, a sensitivity analysis was performed in relation to the performed impairment test. This analysis examined the impact of the change:

- WACC increase and decrease by 1 pp.
- 5% decrease in sales.

as a factor affecting the recoverable amount of the cash-generating unit, with the remaining factors unchanged.

The sensitivity analysis performed did not indicate impairment of the tested asset with a 5% decrease in sales and a 1 pp change in WACC.

Other units	Basic operations	Place of registration and operation	Percentage of shares and voting rights held by the Company	
			As at 31.12.2021	As at 31.12.2020
CLOU Sp. z o.o. in liquidation*	marketing, publishing, advertising activity	Poland	-	30.00 %

\*) On June 30, 2021, the General Meeting of Shareholders of Clou spółka z ograniczoną odpowiedzialnością with its registered office in Warsaw adopted a resolution on the dissolution of the Company and opening its liquidation. The company was deleted from the NCR on August 24, 2021.

Name of a subsidiary	As at 31.12.2021			As at 31.12.2020		
	Cost	Impairment write-off	Net value	Cost	Impairment write-off	Net value
ELZAB HELLAS SPV Sp. z o.o.	4	0	4	4	0	4
<b>Total investments in the subsidiaries</b>	<b>4</b>	<b>0</b>	<b>4</b>	<b>4</b>	<b>0</b>	<b>4</b>

ELZAB S.A.  
FINANCIAL STATEMENTS  
31.12.2021 (in thousand PLN)

Name of the affiliate	As at 31.12.2021			As at 31.12.2020		
	Cost	Impairment write-off	Net value	Cost	Impairment write-off	Net value
COMP CENTRUM INNOWACJI Sp. z o.o.	59,021	0	59,021	59,021	0	59,021
<b>Total investments in the affiliates</b>	<b>59,021</b>	<b>0</b>	<b>59,021</b>	<b>59,021</b>	<b>0</b>	<b>59,021</b>

Name of another unit	As at 31.12.2021			As at 31.12.2020		
	Cost	Impairment write-off	Net value	Cost	Impairment write-off	Net value
CLOU Sp. z o.o. in liquidation	0	0	0	206	-122	84
<b>Total investments in other units</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>206</b>	<b>-122</b>	<b>84</b>

SELECTED FINANCIAL DATA OF THE SUBSIDIARIES	ELZAB HELLAS SPV Sp. z o.o. for 2021
Net revenues from sale of products, goods and materials	15
Net profit (loss)	26
Total assets	1,779
Trade receivables	0
Long-term liabilities and provisions	317
Short-term liabilities and provisions	2,464
Equity	-1,002

**NOTE NO. 3a**  
**LONG-TERM FINANCIAL ASSETS**

Financial instrument type	As at 31.12.2021	As at 31.12.2020
<b>Granted loans</b>	13,269	0
Interest-bearing loan	13,269	0
<b>Held-to-maturity investments carried at depreciated cost</b>	0	0
Other cash (bonds)	0	0

**SHORT-TERM FINANCIAL ACTIVITIES**

	As at 31.12.2021	As at 31.12.2020
<b>Cash</b>	<b>668</b>	<b>3,325</b>
Cash at bank	668	3,325
<b>Granted loans and own receivables</b>	<b>37,270</b>	<b>61,007</b>
Receivables without receivables due to taxes	32,918	55,753
Interest-bearing loan	4,352	5,254
<b>Held-to-maturity investments carried at depreciated cost</b>	0	0
Other cash (bonds)	0	0

**NOTE NO. 4**

**ASSETS AND PROVISIONS FOR DEFERRED INCOME TAX**

	Balance		Profit and loss account	
	As at 31.12.2021	As at 31.12.2020	For the period from 01.01 to 31.12.2021	For the period from 01.01 to 31.12.2020
<b>Deferred income tax provisions</b>				
Temporary differences				
- financial lease	136	406	-270	232
- difference between the balance sheet value and the tax value from the increase in the value of tangible fixed assets	566	368	198	-71
- other (interest)	63	100	-37	15
<b>Gross reserve from deferred income tax</b>	<b>765</b>	<b>874</b>		
<b>Deferred income tax assets</b>				
- retirement and pension benefits	72	66	-6	15
- for unused leaves	63	77	14	-29
- accrued costs	395	335	-60	94
- promotional and advertising fund	0	59	59	230
- guarantee fund	283	370	87	7
- interests from taken loans	318	265	-53	-133
- updating the value of shares held for sale	240	0	-240	0
Deductible tax loss				
<b>Gross assets from deferred income tax</b>	<b>1,371</b>	<b>1,172</b>		
<b>Deferred tax charge/credit</b>			<b>-308</b>	<b>360</b>
<b>Net assets from deferred income tax</b>	<b>606</b>	<b>298</b>		

Compensation of assets with deferred income tax liabilities is made in the statements on financial position at the level of separate statements of subsidiaries.

	As at 31.12.2021	As at 31.12.2020
Assets from deferred income tax	1,371	1,172
Deferred income tax provisions	765	874
Balance of assets from deferred income tax	606	298
Balance of provisions from deferred income tax	0	0

**NOTE NO. 5**

**RECEIVABLES AND ACCRUALS**

	As at 31.12.2021	As at 31.12.2020
<b>Receivables from deliveries and services from other units:</b>	22,971	29,859
- long-term part	211	396
- short-term part	22,760	29,463
<b>Receivables from deliveries and services from other subsidiaries:</b>	9,741	22,116
- long-term part	0	0
- short-term part	9,741	22,116
<b>Prepayments:</b>	747	126
- long-term part	0	0
- short-term part	747	126
<b>Other receivables:</b>	563	5,285
- long-term part	0	0
- short-term part	563	5,285
<b>Active accruals:</b>	186	227
- long-term part	15	21
- short-term part	171	206
<b>Impairment write-off from the loss of value at the beginning of the period</b>	<b>625</b>	<b>959</b>
<b>Recognition of an impairment loss in the period</b>	<b>4,015</b>	<b>30</b>
<b>Reversal of an impairment loss during the period</b>	<b>3,911</b>	<b>371</b>
<b>Exchange rate differences on change in impairment write-offs</b>	<b>-15</b>	<b>7</b>
<b>Impairment write-off from the loss of value at the end of the period</b>	<b>714</b>	<b>625</b>
<b>TOTAL</b>	<b>33,494</b>	<b>56,988</b>

<b>SHORT-TERM RECEIVABLES</b>	As at 31.12.2021	As at 31.12.2020
a) from the affiliates	9,741	22,116



ELZAB S.A.  
FINANCIAL STATEMENTS  
31.12.2021 (in thousand PLN)

- from deliveries and services by the due period:	9,741	22,116
- up to 12 months	9,741	22,116
- above 12 months	0	0
- other	0	0
b) receivables from other entities	23,567	34,645
- from deliveries and services by the due period:	22,257	29,360
- up to 12 months	22,046	28,964
- above 12 months	211	396
- from the sale of non-financial fixed assets	0	3,658
- from taxes, subsidies, custom duties, social securities, health securities and other benefits	390	1,008
- other	920	619
<b>Net short-term receivables, total</b>	<b>33,308</b>	<b>56,761</b>
c) impairment write-offs of receivables	714	625
<b>Gross short-term receivables, total</b>	<b>34,022</b>	<b>57,386</b>

As at December 31, 2021, there are collateral on receivables - a pledge on receivables, excluding receivables transferred to ING Commercial Finance Polska SA.

<b>CHANGE IN IMPAIRMENT WRITE-OFFS FOR SHORT-TERM RECEIVABLES</b>	<b>As at 31.12.2021</b>	<b>As at 31.12.2020</b>
Status at the period beginning	625	959
a) increases (from)	4,015	30
- made impairment write-offs	4,015	30
b) decreases (from)	3,911	371
- use of impairment write-offs	150	301
- reversal of impairment write-offs	3,761	70
c) exchange rates differences	-15	7
<b>Status of impairment write-offs of short-term receivables at the end of the period</b>	<b>714</b>	<b>625</b>

<b>SHORT-TERM RECEIVABLES FROM THE AFFILIATES</b>	<b>As at 31.12.2021</b>	<b>As at 31.12.2020</b>
a) from deliveries and services	9,741	22,116
b) other	0	0
<b>Net short-term receivables from the affiliates, total</b>	<b>9,741</b>	<b>22,116</b>
c) impairment write-offs of receivables from the affiliates	0	0
<b>Gross short-term receivables from the affiliates, total</b>	<b>9,741</b>	<b>22,116</b>

<b>GROSS SHORT-TERM RECEIVABLES (CURRENCY STRUCTURE)</b>	<b>As at 31.12.2021</b>	<b>As at 31.12.2020</b>
a) in Polish currency	23,738	36,332
b) in foreign currencies (by currencies and after conversion into PLN)	10,284	21,054
b1. unit/currency GBP	105	43
in thousand PLN	577	221
b2. unit/currency EUR	1,846	4,424
in thousand PLN	8,489	20,415
b3. unit/currency HUF	31,419	33,040
in thousand PLN	392	418
b4. unit/currency USD	203	0
in thousand PLN	826	0
other currencies (in thousand PLN)	0	0
<b>Short-term receivables, total</b>	<b>34,022</b>	<b>57,386</b>

ELZAB S.A.  
FINANCIAL STATEMENTS  
31.12.2021 (in thousand PLN)

<b>(GROSS) DELIVERIES AND SERVICES RECEIVABLES – OF A REPAYMENT PERIOD REMAINING FROM THE BALANCE SHEET DATE:</b>	<b>As at 31.12.2021</b>	<b>As at 31.12.2020</b>
a) up to 1 month	8,461	15,743
b) from 1 month up to 3 months	12,345	10,141
c) from 3 months up to 6 months	1,696	20,037
d) from 6 months to 1 year	51	3,658
e) more than 1 year	211	396
d) overdue receivables	9,948	5,784
<b>Receivables from deliveries and services, total (gross)</b>	<b>32,712</b>	<b>55,759</b>
g) write-offs updating receivables from deliveries and services	714	625
<b>Receivables from deliveries and services, total (net)</b>	<b>31,998</b>	<b>55,134</b>

<b>INCLUDING: (GROSS) DELIVERIES AND SERVICES RECEIVABLES FROM THE AFFILIATES – OF A REPAYMENT PERIOD REMAINING FROM THE BALANCE SHEET DATE:</b>	<b>As at 31.12.2021</b>	<b>As at 31.12.2020</b>
a) up to 1 month	1,190	2,202
b) from 1 month up to 3 months	1,594	1,062
c) from 3 months up to 6 months	472	15,159
d) from 6 months to 1 year	0	0
e) more than 1 year	0	0
d) overdue receivables	6,485	3,693
<b>Receivables from deliveries and services, total (gross)</b>	<b>9,741</b>	<b>22,116</b>
g) write-offs updating receivables from deliveries and services	0	0
<b>Receivables from deliveries and services, total (net)</b>	<b>9,741</b>	<b>22,116</b>

<b>(GROSS) OVERDUE DELIVERIES AND SERVICESE RECEIVABLES – DIVIDED INTO RECEIVABLES NOT REPAID IN THE PERIOD:</b>	<b>As at 31.12.2021</b>	<b>As at 31.12.2020</b>
a) up to 1 month	1,428	3,067
b) from 1 month up to 3 months	124	1,638
c) from 3 months up to 6 months	1,674	265
d) from 6 months to 1 year	2,743	0
e) more than 1 year	3,979	814
<b>Overdue receivables from deliveries and services, total (gross)</b>	<b>9,948</b>	<b>5,784</b>
g) impairment write-offs of receivables from deliveries and services, overdue	714	625
<b>Overdue receivables from deliveries and services, total (net)</b>	<b>9,234</b>	<b>5,159</b>

<b>INCLUDING: (GROSS) OVERDUE DELIVERIES AND SERVICESE RECEIVABLES FROM THE AFFILIATES – DIVIDED INTO RECEIVABLES NOT REPAID IN THE PERIOD:</b>	<b>As at 31.12.2021</b>	<b>As at 31.12.2020</b>
a) up to 1 month	161	1,884
b) from 1 month up to 3 months	60	1,550
c) from 3 months up to 6 months	256	259
d) from 6 months to 1 year	2,743	0
e) more than 1 year	3,265	0
<b>Overdue receivables from deliveries and services, total (gross)</b>	<b>6,485</b>	<b>3,693</b>
g) impairment write-offs of receivables from deliveries and services, overdue	0	0
<b>Overdue receivables from deliveries and services, total (net)</b>	<b>6,485</b>	<b>3,693</b>

<b>SHORT-TERM ACCRUALS</b>	<b>As at 31.12.2021</b>	<b>As at 31.12.2020</b>
Property insurance	53	57
Other (mainly cost invoices for the subsequent periods)	118	149
<b>Short-term accruals, total</b>	<b>171</b>	<b>206</b>

<b>LONG-TERM ACCRUALS</b>	<b>As at 31.12.2021</b>	<b>As at 31.12.2020</b>
Other	15	21
<b>Long-term accruals, total</b>	<b>15</b>	<b>21</b>

**NOTE 6  
PROVISIONS**

	As at 31.12.2021	As at 31.12.2020
Materials	15,163	18,631
Semi-finished products and products in progress	5,818	5,509
Finished products	9,784	8,713
Goods	2,325	2,734
<b>Total inventories</b>	<b>33,090</b>	<b>35,587</b>

IMPAIRMENT WRITE-OFFS FOR INVENTORY VALUE AS AT 31.12.2021	Gross inventories value	Impairment write-off	Net inventories value
Materials	16,290	-1,127	15,163
Semi-finished products and products in progress	6,104	-286	5,818
Finished products	10,092	-308	9,784
Goods	2,486	-161	2,325
<b>Total inventories</b>	<b>34,972</b>	<b>-1,882</b>	<b>33,090</b>

STATEMENT OF IMPAIRMENT WRITE-OFFS FOR INVENTORY VALUE AS AT 31.12.2020	Gross inventories value	Impairment write-off	Net inventories value
Materials	20,043	-1,412	18,631
Semi-finished products and products in progress	5,804	-295	5,509
Finished products	9,404	-691	8,713
Goods	2,936	-202	2,734
<b>Total inventories</b>	<b>38,187</b>	<b>-2,600</b>	<b>35,587</b>

STATEMENT OF IMPAIRMENT WRITE-OFFS FOR INVENTORY VALUE	December 31,	December 31, 2020
Status at the period beginning	2,600	2,102
Increase from	304	1,368
- creation of write-off	304	1,368
Decrease from	1,022	870
- revision of write-off	0	870
- use of write-off	1,022	0
<b>Status of impairment write-offs at the end of the period</b>	<b>1,882</b>	<b>2,600</b>

At the end of 2021, there is a collateral on inventories - a registered pledge on inventories (goods, finished goods and materials) in favour of ING BANK ŚLĄSKI S.A.

For the period from 01.01 to 30.06.2021

	Valuation based on a purchase price/production cost	Amount of write-offs on the value of inventories at the beginning of the period	Amounts of reversal of write-offs on inventories recognized as a decrease in these write-offs in the period	Amounts of write-offs of the value of inventories recognized as an expense in the period	Amount of write-offs on the value of inventories at the end of the period	Balance sheet value of inventories at the end of the period
Materials	16,290	1,412	685	400	1,127	15,163
Semi-finished products and products in progress	6,104	295	149	140	286	5,818
Finished products	10,092	691	153	-230	308	9,784
Goods	2,486	202	34	-7	161	2,325
<b>TOTAL</b>	<b>34,972</b>	<b>2,600</b>	<b>1,021</b>	<b>303</b>	<b>1,882</b>	<b>33,090</b>
<b>including long-term part</b>						

For the period from 01.01 to 31.12.2020

	Valuation based on a purchase price/production cost	Amount of write-offs on the value of inventories at the beginning of the period	Amounts of reversal of write-offs on inventories recognized as a decrease in these write-offs in the period	Amounts of write-offs of the value of inventories recognized as an expense in the period	Amount of write-offs on the value of inventories at the end of the period	Balance sheet value of inventories at the end of the period
Materials	20,043	1,052	486	846	1,412	18,631
Semi-finished products and products in progress	5,804	250	101	146	295	5,509
Finished products	9,404	623	49	117	691	8,713
Goods	2,936	177	234	259	202	2,734
<b>TOTAL</b>	<b>38,187</b>	<b>2,102</b>	<b>870</b>	<b>1,368</b>	<b>2,600</b>	<b>35,587</b>
<b>including long-term part</b>						

#### NOTE NO. 7

##### CASH AND CASH EQUIVALENTS

	As at 31.12.2021	As at 31.12.2020
Cash in hand and in bank	889	3,696
Total gross	889	3,696
Write-offs of the value of bills of exchange of trade partners	0	0
Total net	889	3,696
including cash in the VAT account	220	370
Amount of unused credit limit in a bank account	9,547	11,538

Cash and cash equivalents disclosed in the cash flow statement are consistent with the balance sheet values. Cash in the VAT account is shown in a separate item in the note.

There were no non-monetary transactions disclosed in the cash flow statements that would be excluded from investing and financing activities.

There were no net cash flows related to discontinued operations.

#### NOTE NO. 8

##### ASSETS CLASSIFIED AS INTENDED FOR SALE

Type of asset held for sale	As at 31.12.2021	As at 31.12.2020
<b>Assets related to the Company, held for sale</b>	<b>2,400</b>	<b>0</b>
Shares in Greenfield Plan Sp. z o.o.	2,400	0

On December 22, 2021, ELZAB S.A. acquired shares in Greenfield Plan Sp. z o.o. At the same time, on the same day, the Extraordinary General Meeting of Greenfield Plan Sp. z o.o. adopted a resolution to increase the share capital from the amount of PLN 5,000 up to the amount of PLN 3,663 thousand. ELZAB S.A. made a declaration on taking up shares and covering them in full with a cash contribution. Considering the cooperation of both parties so far, ELZAB S.A. concluded an agreement with Greenfield Plan Sp. z o.o. regarding the compensation of receivables due to the take-up of shares by ELZAB S.A. with existing receivables due to ELZAB S.A. from Greenfield Plan Sp. z o.o. The aforementioned deductions resulted in full repayment of mutual claims.

Greenfield Plan Sp. z o.o. is intended for sale in the next 12 months. In connection with the intended sale of shares in Greenfield Plan Sp. z o.o. the valuation of the shares held was made to the realizable value up to the amount of PLN 2,400 thousand, based on the purchase offers received.

**NOTE NO. 9  
BASIC CAPITAL**

Series / issue	Type of shares	Type of a share priority	Number of shares	The series/issue value per nominal value	The paying up capital method	Registration date	Right to dividends (from date)
A	normal		7,955,460	10,819	cash withdrawal	01.12.1992	01.01.1997
B	preferential	to voting 1:5	36,470	50	cash withdrawal	17.09.1997	17.09.1997
B	normal		1,463,530	1,990	cash withdrawal	17.09.1997	17.09.1997
C	normal		3,060,000	4,162	cash withdrawal	11.03.1998	01.01.1997
D	normal		3,621,590	4,925	cash withdrawal	22.09.2004	01.01.2004
<b>Number of shares, total</b>			16,137,050				
<b>Share capital, total</b>				22,143			
<b>Nominal value per share is PLN 1.36.</b>							

**NOTE NO. 10  
OWN SHARES**

	As at 31.12.2021	As at 31.12.2020
Own shares acquired for redemption	-1,743	-1,743
Own shares acquired for resale or other purpose related to the Company's Strategy	-254	-254
<b>Own shares</b>	<b>-1,997</b>	<b>-1,997</b>

ELZAB S.A. Own shares	year	number of shares	purchase price	value of shares at the purchase price	% of the share capital	% votes at the GSM	nominal value of the purchased shares	value of the purchased shares
Own shares acquired for redemption	2008	405,662	4.91	1,993	2.51 %	2.49 %	552	1,997

**NOTE NO. 11  
RESERVE, SPARE CAPITALS AND VALUATION UPDATE CAPITALS**

For the period from 01.01 to 31.12.2021

	Supplementary capital created from profits	Reserve capital from valuation of fixed assets	Total
<b>Balance at the beginning of the period</b>	<b>58,413</b>	<b>628</b>	<b>59,041</b>
Changes in the accounting principles (policy)	0	0	0
Balance at the beginning of period after adjustments (reclassified)	58,413	628	59,041
Increase from transfer of the result of the last year	6,008	0	6,008
Increase from liquidation and sale of fixed assets	0	1	1
<b>Balance at the end of the period</b>	<b>64,421</b>	<b>629</b>	<b>65,050</b>

For the period from 01.01 to 31.12.2020

	Supplementary capital created from profits	Reserve capital from valuation of fixed assets	Total
<b>Balance at the beginning of the period</b>	<b>54,527</b>	<b>614</b>	<b>55,141</b>
Changes in the accounting principles (policy)	0	0	0
Balance at the beginning of period after adjustments (restated)	54,527	614	55,141
Increase from transfer of the result of the last year	3,886	0	3,886
Increase from liquidation and sale of fixed assets	0	14	14
<b>Balance at the end of the period</b>	<b>58,413</b>	<b>628</b>	<b>59,041</b>

The capital created from profits may be subject to payment in the form of dividends.  
ELZAB S.A. creates a reserve capital for purchase of own shares.

**NOTE NO. 12**  
**PROVISIONS**

For the period from 01.01 to 31.12.2021

	Provisions for guarantee repairs	Provisions for retirement and disability benefits, unused leaves	Other employee benefits (quarterly and yearly bonuses)	Other provisions (including: provision for promotion and advertising fund, other)	Total
<b>Value at the beginning of the period, including:</b>	<b>1,944</b>	<b>751</b>	<b>1,515</b>	<b>539</b>	<b>4,749</b>
- short-term at the beginning of the period	1,944	404	1,515	539	4,402
- long-term at the beginning of the period	0	347	0	0	347
Increases	13,929	227	4,635	2,088	20,879
- created in the period and increasing the existing ones	13,929	227	4,635	2,088	20,879
- acquisition as part of mergers of business units	0	0	0	0	0
Decrease	14,386	269	4,405	2,322	21,382
- used during the year	14,386	50	4,405	1,098	19,939
- resolved but not used		219	0	1,224	1,443
Adjustment from net foreign exchange differences from translation	0	0	0	0	0
Adjustment from the planned reduction of the retirement age	0	0	0	0	0
<b>Value at the end of the period, including:</b>	<b>1,487</b>	<b>709</b>	<b>1,745</b>	<b>305</b>	<b>4,246</b>
- short-term at the end of the period	1,487	328	1,745	305	3,865
- long-term at the end of the period	0	381	0	0	381

The main items of the provisions are as follows:

A. Provisions for employee benefits include:

- Provision for unused employee leaves in the amount of anticipated remunerations of employees for this holiday,
- Provision for retirement and disability benefits, calculated using the unit credit method.

The value of the provision for a given benefit depends on the number of units of entitlement to benefits, the full amount of the anticipated benefit, the current basis for the benefit calculation, the anticipated increase in the minimum benefit, the discount rate and the probability of the performance of a given benefit. Only employees who have not lost their entitlement to benefits are considered in the calculations.

- Provision for the management board benefit - created on the basis of established criteria.
- Provision for the quarterly bonus for employees for Q4 2021 and the annual bonus for 2021.

The last valuation of the current value of obligations resulting from benefits related to retirement and disability benefits was made as at December 31, 2021, by the Company.

B. Provision for guarantee repairs - the guarantee period provided by ELZAB S.A. does not exceed 12 months, which means that the change in the value of money over time does not have a significant impact on the estimation of provisions. The value of the provision is estimated at the amount resulting from the difference between the amount of the guarantee service fee for equipment sold in 2021, equipment covered by the service and the charges for equipment sold and installed at the end customer.

**NOTE NO. 13**

Liabilities from bank credits and loans								status as at 31.12.2021	
Loan/credit type	Bank name/lender	Currency	Interest terms	Repayment date	of security	Amount in accordance with the agreement	Amount in accordance with the agreement in PLN	Liabilities in currency	Liabilities in PLN
Multiproduct agreement/Investment loan of August 27, 2018 plus annexes (Annex 9 of October 26, 2021)	ING BANK ŚLĄSKI SA	PLN	WIBOR 1M+ BANK MARGIN	31.05.2023	registered pledge on inventories with assignment of rights under the insurance policy; registered pledge on receivables; registered pledge on the punching machine along with the assignment of rights under the insurance policy; the first place mortgage - MR with assignment of rights under the insurance policy; declaration of submission to enforcement in the form of a notarial deed; assignment of receivables from the factoring agreement;	7,501*)	7,501	6,376	6,376
Multiproduct agreement/Non-renewable loan of August 27, 2018 plus annexes (Annex 9 of October 26, 2021)	ING BANK ŚLĄSKI SA	PLN	WIBOR 1M+ BANK MARGIN	31.05.2023	as above	4,249*)	4,249	3,610	3,610
Multiproduct agreement/Finances for suppliers of August 27, 2018 plus annexes (Annex 9 of October 26, 2021)	ING BANK ŚLĄSKI SA	PLN	WIBOR 1M+ BANK MARGIN	26.12.2022	as above	10,000	10,000	1,595	1,595
Multiproduct agreement/Loan on the current account of August 27, 2018 plus annexes (Annex 9 of October 26, 2021)	ING BANK ŚLĄSKI SA	PLN	WIBOR 1M+ BANK MARGIN	30.06.2022	as above and the guarantee provided by Bank Gospodarstwa Krajowego	7,000	7,000	5,287	5,287
Credit in the current account of December 29, 2015 with subsequent annexes	Bank Millennium SA	PLN	WIBOR 1M+ BANK MARGIN	28.02.2023	Own blank promissory note with a promissory note declaration	6,000	6,000	3,936	3,936
Loan agreement of August 14, 2014 with subsequent annexes	Voivodeship Fund for Environmental Protection and Water Management in Katowice	PLN	rediscount rate plus a margin of not less than 3.50%	01.10.2022	Bank guarantee	1,493	1,493	522	522
Credit in the current account of July 6, 2015 with subsequent annexes	mBank	PLN	WIBOR 10/N+ BANK MARGIN	29.06.2022	Blank promissory note with a promissory note declaration, declaration of subject to enforcement	6,000	6,000	3,230	3,230
Loan agreement of November 30, 2017	Comp SA	PLN	WIBOR 1M + margin	31.12.2022	Own blank promissory note with a promissory note declaration	4,000	4,000	3,891	3,891
Loan agreement of November 29, 2019	Comp SA	PLN	WIBOR 1M + margin	31.01.2023	datio in solutum agreement, settlement of liabilities between ELZAB SA, COMP SA and CCI Sp. z o.o.	3,696	3,696	3,930	3,930
Agreement of November 22, 2019	Comp SA	PLN	WIBOR 1M + margin	31.12.2022	conversion of liabilities including interest on the loan. No provision in the agreement on securing a loan	13,407	13,407	14,273	14,273
Agreement of March 27, 2018, Annex 3 of June 29, 2020	Multis Sp. z o.o.	PLN	fixed interest rate	30.06.2027	Registered pledge on own shares 405 662; declaration of subject to enforcement	700	700	700	700
Agreement of March 16, 2018, Annex 9 of April 20, 2021	ING Commercial Finance Polska SA	PLN	interests WIBOR 1M+ bank margin	15.03.2022	Own blank promissory note with a promissory note declaration; power of attorney to the accounts	12,000	12,000	4,570	4,570
<b>Total</b>							<b>76,046</b>		<b>51,920</b>

\*) amount of sub-limit pursuant to Annex 9 to the Multiproduct agreement

ELZAB S.A.  
FINANCIAL STATEMENTS  
31.12.2021 (in thousand PLN)

Liabilities from bank credits and loans								status as at 31.12.2020	
Loan/credit type	Bank name/lender	Currency	Interest terms	Repayment date	of security	Amount in accordance with the agreement	Amount in accordance with the agreement in PLN	Liabilities in currency	Liabilities in PLN
Multi-product agreement / Investment credit of August 27, 2018	ING BANK ŚLĄSKI SA	PLN	WIBOR 1M+ BANK MARGIN	31.05.2023	registered pledge on inventories with assignment of rights under the insurance policy; registered pledge on receivables; registered pledge on the punching machine along with the assignment of rights under the insurance policy; the first place mortgage - MR with assignment of rights under the insurance policy; declaration of submission to enforcement in the form of a notarial deed; assignment of receivables from the factoring agreement;	18,002	18,002	10,876	10,876
Multi-product agreement / Non-renewable loan of August 27, 2018	ING BANK ŚLĄSKI SA	PLN	WIBOR 1M+ BANK MARGIN	31.05.2023	as above	10,000	10,000	6,166	6,166
Multi-product agreement / Supplier financing of August 27, 2018 + annex	ING BANK ŚLĄSKI SA	PLN	WIBOR 1M+ BANK MARGIN	26.12.2022	as above	15,000	15,000	11,740	11,740
Multi-product agreement / Credit in the current account of August 27, 2018 + annex	ING BANK ŚLĄSKI SA	PLN	WIBOR 1M+ BANK MARGIN	30.06.2022	as above and the guarantee provided by Bank Gospodarstwa Krajowego	10,000	10,000	0	0
Credit in the current account of December 29, 2015 with subsequent annexes	Bank Millennium SA	PLN	WIBOR 1M+ BANK MARGIN	28.02.2023	Own blank promissory note with a promissory note declaration	6,000	6,000	5,137	5,137
Loan agreement of August 14, 2014 with subsequent annexes	Voivodeship Fund for Environmental Protection and Water Management in Katowice	PLN	rediscount rate plus a margin of not less than 3.50%	30.06.2021	Bank guarantee	1,493	1,493	522	522
Credit in the current account of July 6, 2015 with subsequent annexes	mBank	PLN	WIBOR 1O/N+ BANK MARGIN	08.07.2021	Blank promissory note with a promissory note declaration, declaration of subject to enforcement	6,000	6,000	5,325	5,325
Loan agreement of November 30, 2017	Comp SA	PLN	WIBOR 3M + margin	December 31,	Own blank promissory note with a promissory note declaration	4,000	4,000	4,595	4,595
Loan agreement of June 27, 2018	Comp SA	PLN	WIBOR 3M + margin	30.06.2021	Own blank promissory note with a promissory note declaration	1,800	1,800	1,169	1,169
Loan agreement of November 29, 2019	Comp SA	PLN	WIBOR 3M + margin	31.01.2022	datio in solutum agreement, settlement of liabilities between ELZAB SA, COMP SA and CCI Sp. z o.o.	3,696	3,696	3,728	3,728
Agreement of November 22, 2019	Comp SA	PLN	WIBOR 3M + margin	December 31,	conversion of liabilities including interest on the loan. No provision in the agreement on securing a loan	13,407	13,407	13,956	13,956
Agreement of March 27, 2018, Annex No. 3 of June 29, 2020	Multis Sp. z o.o.	PLN	fixed interest rate	30.06.2027	Registered pledge on own shares 405 662; declaration of subject to enforcement	700	700	700	700
Agreement of March 16, 2018, Annex No. 6 of April 6, 2020	ING Commercial Finance Polska SA	PLN	interests WIBOR 1M+ bank margin	15.03.2022	Own blank promissory note with a promissory note declaration; power of attorney to the accounts	12,000	12,000	7,205	7,205
<b>Total</b>							<b>102,098</b>		<b>71,119</b>



**NOTE NO. 13a**

**OTHER FINANCIAL LIABILITIES (LEASING)\***

<b>FINANCIAL LEASING AT THE USER</b>	<b>As at 31.12.2021</b>	<b>As at 31.12.2020</b>
1. The total amount of future lease payments as at the balance sheet date	3,656	3,860
2. The present value of the lease payments payable in each of the following periods, including:	3,473	3,656
- up to 1 year	1,175	1,525
- more than 1 year	1,805	1,939
- more than 3 years up to 5 years	493	192
- more than 5 years	0	0
3. The amount of interests in the current year	119	84
4. The amount of interests to the end of the lease	183	204

\* financial liabilities valued based on a depreciated cost.

The total amount of future lease fees includes, apart from typical lease, the value of future fees for the use of real estate and movable property in the form of machines rented for the needs of ELZAB S.A.

This is due to the fact that, from 2019, IFRS 16 significantly changed the concept of considering agreements in terms of the need to disclose both lease and rental transactions in the lessee balance sheet, i.e. whenever the right to use the asset for a specified period is transferred in exchange for the fee. Financial liabilities from financial leasing as at December 31, 2021 amounted to PLN 1,686 thousand, while the liability for leases (movable and immovable property) amounted to PLN 1,970 thousand.

The following assumptions were made to calculate the financial liability for leases:

- if the lease agreement was concluded for an indefinite period, with the possibility of termination, the term of 3 years was assumed;
- in the case of real properties, a discount rate of 3.25% was used to convert agreements;
- in the case of renting machinery and equipment, a discount rate similar to that adopted in leasing agreements was used;
- in the case of renting means of transport, the average discount rate applied to the ones adopted in leasing agreements was used.

The lease covers means of transport, production equipment and warehouse equipment, rented real estate and movables. The net value of the leasing fixed assets as at December 31, 2021 is PLN 1,811 thousand, the net value of fixed assets to be leased as at December 31, 2021 is PLN 1,789 thousand.

Important provisions of the lease agreements:

During the term of the agreement, the Financing Party is entitled to make proportional changes in the amount of remuneration due to changes in tax rates, stamp duties or other public law taxes,

As far as ELZAB S.A. does not terminate the agreement earlier and, provided that the obligations arising from the agreement are fulfilled, the Company has the right to purchase vehicles for the sale price corresponding to the assumed residual value.

Agreements may be terminated both by the financing party (for reasons specified in the agreement) and by the user (without giving reasons). Termination of the agreements involves the payment by the user of the amounts due specified in the agreement.

The Beneficiary will immediately notify the Financing Party about any events and circumstances that may affect its ability to perform its obligations under this Agreement, including the deterioration of its financial situation.

**NOTE NO. 14**  
**LIABILITIES AND ACCRUALS**

	As at 31.12.2021	As at 31.12.2020
<b>Liabilities from deliveries and services for other units:</b>	<b>12,922</b>	<b>13,250</b>
- long-term part	0	0
- short-term part	12,922	13,250
<b>Liabilities due to deliveries and services from the affiliates:</b>	<b>334</b>	<b>752</b>
- long-term part	0	0
- short-term part	334	752
<b>Prepayments:</b>	<b>0</b>	<b>0</b>
- long-term part	0	0
- short-term part	0	0
<b>Other liabilities:</b>	<b>1,682</b>	<b>5,575</b>
- long-term part	28	28
- short-term part	1,654	5,547
<b>Passive accruals:</b>	<b>29</b>	<b>29</b>
- long-term part	0	0
- short-term part	29	29
<b>Revenue accruals:</b>	<b>956</b>	<b>1,150</b>
- long-term part	169	230
- short-term part	787	920
<b>TOTAL</b>	<b>15,923</b>	<b>20,756</b>

<b>SHORT-TERM LIABILITIES WITHOUT FINANCIAL LIABILITIES</b>	As at 31.12.2021	As at 31.12.2020
a) for the affiliates	334	752
- from deliveries and services with the maturity:	334	752
- up to 12 months	334	752
- above 12 months	0	0
- other	0	0
b) for other units	14,576	18,797
- from deliveries and services with the maturity:	12,922	13,250
- up to 12 months	12,849	13,132
- above 12 months	73	118
- from taxes, custom duties, social security and other benefits	1,624	5,536
- from remunerations	0	0
- other:	30	11
<b>Short-term liabilities, total</b>	<b>14,910</b>	<b>19,549</b>

<b>SHORT-TERM LIABILITIES WITHOUT FINANCIAL LIABILITIES (CURRENCY STRUCTURE)</b>	As at 31.12.2021	As at 31.12.2020
a) in Polish currency	13,230	17,584
b) in foreign currencies (by currencies and after conversion into PLN)	1,680	1,965
b1. unit/currency EUR	180	245
in thousand PLN	829	1,131
b2. unit/currency USD	193	113
in thousand PLN	785	424
b3. unit/currency GBP	8	12
in thousand PLN	42	63
b4. unit/currency HUF	0	0
in thousand PLN	0	0
other currencies (in thousand PLN)	24	347
<b>Short-term liabilities, total</b>	<b>14,910</b>	<b>19,549</b>

<b>LONG-TERM LIABILITIES WITHOUT FINANCIAL LIABILITIES</b>	As at 31.12.2021	As at 31.12.2020
Deposits on rented space	28	28
<b>Long-term liabilities, total</b>	<b>28</b>	<b>28</b>

ELZAB S.A.  
FINANCIAL STATEMENTS  
31.12.2021 (in thousand PLN)

ACCRUALS	As at 31.12.2021	As at 31.12.2020
a) passive accruals of costs	29	29
- short-term (by title)	29	29
- costs of auditing the financial statements	29	29
b) revenue accruals	956	1,150
- long-term-term (by title)	169	230
- subsidy	169	230
- short-term (by title)	787	920
- other	787	920
<b>Accruals, total</b>	<b>985</b>	<b>1,179</b>

Contingent liabilities:

- as at December 31, 2021:

- promissory note collateral for operating lease agreements (on balance sheet finance lease) concluded with ING Lease (Polska) Sp. z o.o. in Warsaw to finance the purchase of production and non-production equipment and cars. The total value of the leasing subject was PLN 2,305 thousand.

- promissory note collateral for the credit agreement in the Millennium S.A. current account - the credit limit is PLN 6,000 thousand, mBank S.A. - the credit limit is PLN 6,000 thousand, ING Commercial Finance Polska S.A. - the credit limit is PLN 12,000 thousand; Contingent liability for security limits for the bank guarantees of ING S.A. - the amount of the liability is PLN 535 thousand; contingent liability for the guarantee by Bank Gospodarstwa Krajowego PLN 5,6 million in the value of loan of PLN 7 million in ING Bank Śląski S.A.; contingent liability from the guarantee provided by Bank Gospodarstwa Krajowego is PLN 4,8 million in value of loan of PLN 6 million in Bank Millennium S.A.

- as at December 31, 2020:

- promissory note collateral for operating lease agreements (on balance sheet finance lease) concluded with ING Lease (Polska) Sp. z o.o. in Warsaw to finance the purchase of production and non-production equipment and cars. The total value of the leasing subject was PLN 4,583 thousand.

- promissory note collateral for the credit agreement in the Millennium S.A. current account - the credit limit is PLN 8,000,000, mBank SA - the credit limit is PLN 6,000,000, ING Commercial Finance Polska SA. - the credit limit is PLN 12,000 thousand; contingent liability from collateral limits for ING S.A. bank guarantees - liability amount: PLN 535 thousand; contingent liability from the guarantee provided by Bank Gospodarstwa Krajowego PLN 8 million in the value of loan of PLN 10 million obtained in August 2020 from ING Bank Śląski S.A.

Contingent assets:

Loan collateral in the amount of EUR 150,000 granted by ELZAB S.A. to a natural person involves a registered pledge on all shares of MONEA V Sp. z o. o. to the highest collateral amount of EUR 300,000, and a surety of up to EUR 300,000 granted by MONEA V Sp. z o.o. to a natural person, as well as a registered pledge on shares constituting 33% of the share capital of ELZAB HELLAS SPV Sp. o.o., which MONEA V Sp. o.o. has in ELZAB HELLAS SPV Sp. z o.o. up to the highest collateral amount of EUR 300,000.

## EXPLANATORY NOTES TO THE STATEMENTS OF TOTAL INCOME

### NOTE NO. 15

NET REVENUES FROM THE SALE OF PRODUCTS, GOODS AND MATERIALS (ACTUAL STRUCTURE)	For the period from 01.01 to 31.12.2021	For the period from 01.01 to 31.12.2020
Revenues from the sale of products	131,970	94,181
Revenues from the sale of services	8,336	6,261
Revenues from the sale of materials	6,708	3,123
Revenues from sale of goods	14,189	14,517
<b>Total</b>	<b>161,203</b>	<b>118,082</b>
<b>- including: revenues from the affiliates</b>	<b>5,249</b>	<b>6,125</b>

ELZAB S.A. did not have customers for which the sales realized exceeded 10% of the total sales revenues in 2021.

NET REVENUES FROM THE SALE OF PRODUCTS, GOODS AND MATERIALS (TERRITORIAL STRUCTURE)	For the period from 01.01 to 31.12.2021	For the period from 01.01 to 31.12.2020
Sales revenues in the territory of the Republic of Poland	152,970	109,721
<i>% share in total sales</i>	<i>94.9 %</i>	<i>68.1 %</i>
including products and services	133,561	93,926
goods and materials	19,409	15,795
Sales revenues on the foreign market	8,233	8,361
<i>% share in total sales</i>	<i>5.1 %</i>	<i>5.2 %</i>
including products and services	6,745	6,516
goods and materials	1,488	1,845
<b>Total</b>	<b>161,203</b>	<b>118,082</b>

## INFORMATION ABOUT OPERATING SEGMENTS

Electronic devices are the main activity of ELZAB S.A. and the source of sales revenues; they are products of own production and goods purchased for resale. Revenues from other sales of materials are related to the electronics industry and supplement the main offer. The services provided are mainly guarantee and post-guarantee services offered for sale of equipment.

The range offered for sale is characterised by a similar production process, distribution methods used and the scope of rendered services, and is intended for a specific group of recipients.

As for most of the factors specified in the segment definition, the similarity criterion is met and the areas of the Company's operations do not meet the conditions to be considered reporting segments in accordance with IFRS 8, there is no need to separate industry and geographical segments with different risk levels and return on expenditure. In this situation, the balance sheet values in terms of assets and liabilities are not divided, because they contribute to generating the financial result in one segment of the electronics industry.

The range offered for sale is characterised by a similar production process, distribution methods used and the scope of rendered services, and is intended for a specific group of recipients. In this situation, there is no need to divide the balance amounts in terms of assets and liabilities, as they participate in generating the financial result in one segment of the electronics industry. Currently, sales are performed through sales offices in Warsaw, Wrocław and Suchy Las. Sales are supported by regional sales managers serving various regions of the country.

For management purposes, the achieved gross margin is reported on individual assortments or assortment groups.

## NOTE NO. 16

### COSTS BY TYPE AND IN THE CALCULATION SYSTEM

TYPE OF INCURRED COSTS	For the period from 01.01 to 31.12.2021	For the period from 01.01 to 31.12.2020
Depreciation of fixed assets	3,349	3,350
Depreciation of intangible assets	3,167	3,319
Costs of employees' benefits;	28,070	26,589
Consumed materials and energy	60,559	43,277
Costs of foreign services	33,229	23,188
Costs of taxes and fees	1,214	1,174
Other costs (including the remuneration of the members of the Supervisory Board)	685	531
Change in products, production in progress and the cost of manufacturing products for own needs	-6,689	-6,004
<b>Total</b>	<b>123,584</b>	<b>95,424</b>

ELZAB S.A.  
FINANCIAL STATEMENTS  
31.12.2021 (in thousand PLN)

<b>COSTS IN THE CALCULATION SYSTEM</b>	<b>For the period from 01.01 to 31.12.2021</b>	<b>For the period from 01.01 to 31.12.2020</b>
Sales costs	10,273	7,817
General management board costs	14,775	14,010
Cost of production of sold products	98,535	73,597
<b>Total</b>	<b>123,583</b>	<b>95,424</b>
Value of the sold goods and materials	18,119	15,754
Result of updating inventories	903	395
Result of updating inventories of goods and materials	1,727	797
Results of receivables update	227	-24
<b>Total own costs of sale</b>	<b>144,559</b>	<b>112,346</b>

<b>COSTS OF EMPLOYEES' BENEFITS</b>	<b>For the period from 01.01 to 31.12.2021</b>	<b>For the period from 01.01 to 31.12.2020</b>
Costs of remunerations	23,248	21,760
Costs of social insurances	3,887	3,702
Costs of services resulting from occupational health and safety regulations	193	184
Costs for employee training and qualification improvement	110	242
Costs of retirement and disability benefits	100	58
Other employee benefits	607	491
Provisions for employees' benefits	-75	152
<b>Total</b>	<b>28,070</b>	<b>26,589</b>

**NOTE NO. 17**  
**OTHER REVENUES AND COSTS**

<b>OTHER REVENUES</b>	<b>For the period from 01.01 to 31.12.2021</b>	<b>For the period from 01.01 to 31.12.2020</b>
Revenues from lease of fixed assets	522	512
Profit on sale of tangible fixed assets and intangible assets	55	101
Co-financing of remunerations from the VLO	0	1,588
Other (including: adjudicated litigation and litigation costs, damages and compensation)	316	221
<b>TOTAL</b>	<b>893</b>	<b>2,422</b>
including: non-monetary income from the exchange of goods or services	0	0

<b>OTHER COSTS</b>	<b>For the period from 01.01 to 31.12.2021</b>	<b>For the period from 01.01 to 31.12.2020</b>
Costs of abandoned development work	137	331
Loss on sale of tangible fixed assets and intangible assets	0	0
Loss from liquidation of assets	0	2
Enforcement, court and procedural costs	8	16
Costs of leased space	195	178
Other (including: donation, costs of random events)	267	69
<b>TOTAL</b>	<b>607</b>	<b>596</b>

**NOTE NO. 18**  
**FINANCIAL REVENUES AND COSTS**

<b>FINANCIAL REVENUES</b>	<b>For the period from 01.01 to 31.12.2021</b>	<b>For the period from 01.01 to 31.12.2020</b>
Revenues from interests:	69	216
- on bank deposits	0	31
- on granted loans	0	151
- on cash	0	1
- accrued interest on overdue payments	69	33
Income from foreign exchange differences	0	1,865
Valuation of futures contracts	1	0
Reversal of impairment losses on financial assets, including:	174	51
- interests from receivables	52	51
- value of held shares in Clou Sp. z o.o. in liquidation	122	0
Accrued interest on loans	-104	81
Impact from the settlement of the liquidation of Clou Sp. z o.o. in liquidation	52	0
Other	0	229
<b>TOTAL</b>	<b>192</b>	<b>2,442</b>

<b>FINANCIAL COSTS</b>	<b>For the period from 01.01 to 31.12.2021</b>	<b>For the period from 01.01 to 31.12.2020</b>
Interest costs, including:	1,337	1,674
- bank credits	906	1,407
- loans	288	152
- financial lease agreements	119	84
- other interests	24	31
Accrued interest on loans received	257	713
Other external financing costs (commission)	592	452
Reversal of loan valuation according to app	114	0
Losses from foreign exchange differences	147	0
Impairment write-offs for interests on main receivables	63	30
Write-downs updating granted loans	781	0
Updating deduction of the investment value	1,263	122
Derecognition of shares of liquidated Clou Sp. z o.o. in liquidation	206	0
Other	0	19
<b>TOTAL</b>	<b>4,760</b>	<b>3,010</b>

**NOTE NO. 19**  
**INCOME TAX**

<b>CURRENT INCOME TAX</b>	<b>For the period from 01.01 to 31.12.2021</b>	<b>For the period from 01.01 to 31.12.2020</b>
Gross financial result before tax from continuing activities	12,362	6,994
Profit/loss before tax from discontinued activities	0	0
Gross financial result before tax	12,362	6,994
Tax rate (%)	19 %	19 %
Differences between the gross result and the tax base with income tax, including:	2,013	-3,701
a/ exclusions of non-taxable revenues	-587	-2,935
b/ adding costs that are not tax deductible costs	4,010	1,172
c/ relief for innovation	-1,564	-1,858
d/ donations	0	-6
e/ losses from previous years	0	-74
f/ income from capital profits	154	0
Tax basis	14,375	3,293
Tax burden according to the applied tax rate	2,731	626
<b>Tax charge / credit shown in the income statement</b>	<b>2,731</b>	<b>626</b>

<b>DEFERRED INCOME TAX</b>	<b>For the period from 01.01 to 31.12.2021</b>	<b>For the period from 01.01 to 31.12.2020</b>
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ELZAB S.A.  
FINANCIAL STATEMENTS  
31.12.2021 (in thousand PLN)

Decrease from the creation of assets and the reversal of provisions for temporary differences	-4,733	-1,825
Increase from write-off of assets and provisions for temporary differences	4,425	2,185
<b>Deferred income tax, total</b>	<b>-308</b>	<b>360</b>

THE MAIN COMPONENTS OF TAX CHARGE / RECOGNITION IN THE PROFIT AND LOSS ACCOUNT	For the period from 01.01 to 31.12.2021	For the period from 01.01 to 31.12.2020
<b>Current income tax</b>	<b>2,731</b>	<b>626</b>
- current charge from income tax	2,731	626
<b>Deferred income tax</b>	<b>-308</b>	<b>360</b>
- charge/recognition from deferred tax relating the creation and reversal of temporary differences	-308	360
- charge/recognition from deferred tax relating to changes in tax rates	0	0
<b>Tax charge/recognition showed in the profit and loss account, including:</b>	<b>2,423</b>	<b>986</b>
- from continuing activities	2,423	986
- from discontinued activities	0	0

**NOTE NO. 20**

**DISCONTINUED OPERATIONS**

In 2021, ELZAB S.A. did not discontinue any activity and does not plan to discontinue any activity in the next year.

**NOTE NO. 21**

**PROFIT PER SHARE**

Data on the financial result and shares used to calculate the basic and diluted profit per share:

	For the period from 01.01 to 31.12.2021	For the period from 01.01 to 31.12.2020
Net profit/loss from continuing activities	9,939	6,008
Profit/loss from discontinued operations	0	0
Net profit/loss	9,939	6,008
Number of all shares	16,137,050	16,137,050
Number of own shares	405,662	405,662
Number of shares adjusted for own shares	15,731,388	15,731,388

The company does not have any instruments that would cause the share capital to be diluted.

Basic profits per share are calculated as the quotient of the net profit/loss attributable to the Company's shareholders and the weighted average number of ordinary shares during the year, excluding ordinary shares acquired by the Company and accounted for as treasury shares.

The calculation of the profit/loss per share can be found under the Statements of Total Income.

**NOTE NO. 22**

**TRANSACTIONS WITH THE AFFILIATES**

**Trade transactions**

Sale of ELZAB S.A. to:	For the period from 01.01 to 31.12.2021	For the period from 01.01 to 31.12.2020
COMP S.A.	2,277	1,118
ELZAB HELLAS SPV Sp. z o.o.	1	1
ELZAB HELLAS S.A.	1,212	3,166
MICRA METRIPOND KFT	1,622	1,808
ENIGMA SYSTEMY OCHRONY INFORMACJI Sp. z o.o.	120	0
INSOFT Sp. z o.o.	-2	2
POLSKI SYSTEM KORZYŚCI Sp. z o.o.	19	2
CLOU Sp. z o.o. in liquidation*)	0	28
<b>total</b>	<b>5,249</b>	<b>6,125</b>

\*) related company until the end of the first half of 2021; On June 30, 2021, the Ordinary Meeting of Shareholders of Clou Spółka z o.o. in liquidation with its registered office in Warsaw adopted a resolution on the completion of its liquidation. The company was deleted from the NCR on August 24, 2021.

The above note also shows the income from leases from the affiliates, which are disclosed in other operating income.

ELZAB S.A.  
FINANCIAL STATEMENTS  
31.12.2021 (in thousand PLN)

There were no sales transactions that would differ from the terms commonly used in sales contracts.

<b>Purchase of ELZAB S.A. from:</b>	<b>For the period from 01.01 to 31.12.2021</b>	<b>For the period from 01.01 to 31.12.2020</b>
COMP S.A.	2,441	5,205
COMP CENTRUM INNOWACJI Sp. z o.o.	12	0
ELZAB HELLAS SPV Sp. z o.o.	15	139
ELZAB HELLAS S.A.	67	25
MICRA METRIPOND KFT	3	1
INSOFT Sp. z o.o.	228	183
POLSKI SYSTEM KORZYŚCI Sp. z o.o.	0	5
CLOU Sp. z o.o. in liquidation*)	0	63
<b>total</b>	<b>2,766</b>	<b>5,621</b>

### Receivables

<b>Gross receivables of ELZAB S.A. from:</b>	<b>As at 31.12.2021</b>	<b>As at 31.12.2020</b>
COMP S.A.	408	149
COMP CENTRUM INNOWACJI Sp. z o.o.	1,860	1,875
JNJ Limited	0	13,314
ELZAB HELLAS SPV Sp. z o.o.	1	0
ELZAB HELLAS S.A.	7,077	6,328
MICRA METRIPOND KFT	392	418
POLSKI SYSTEM KORZYŚCI Sp. z o.o.	3	1
INSOFT Sp. z o.o.	0	2
Other non-consolidated entities	0	29
<b>Total gross receivables from the affiliates</b>	<b>9,741</b>	<b>22,116</b>
Impairment write-offs of receivables and interests	0	0
<b>Total net receivables from the affiliates</b>	<b>9,741</b>	<b>22,116</b>

<b>Receivables of ELZAB from the affiliates from granted loans with accrued interests</b>	<b>As at 31.12.2021</b>	<b>As at 31.12.2020</b>
ELZAB HELLAS SPV Sp. z o.o.	1,674	1,756
ELZAB HELLAS S.A.	1,554	1,555
JNJ Limited	13,269	0
<b>total</b>	<b>16,497</b>	<b>3,311</b>

### Liabilities

<b>Liabilities of ELZAB S.A. for:</b>	<b>As at 31.12.2021</b>	<b>As at 31.12.2020</b>
COMP S.A.	225	544
ELZAB HELLAS SPV Sp. z o.o.	0	2
ELZAB HELLAS S.A.	22	4
CLOU Sp. z o.o. in liquidation	0	102
MICRA METRIPOND KFT	2	0
INSOFT Sp. z o.o.	85	100
<b>Total</b>	<b>334</b>	<b>752</b>

<b>Liabilities of the ELZAB Group for the affiliates from granted loans</b>	<b>As at 31.12.2021</b>	<b>As at 31.12.2020</b>
COMP S.A.	22,094	23,448
<b>total</b>	<b>22,094</b>	<b>23,448</b>

<b>Other costs</b>	<b>As at 31.12.2021</b>	<b>As at 31.12.2020</b>
COMP S.A. interests from a loan	620	693
<b>total</b>	<b>620</b>	<b>693</b>

<b>Other operating</b>	<b>For the period from 01.01 to 31.12.2021</b>	<b>For the period from 01.01 to 31.12.2020</b>
ELZAB HELLAS SPV Sp. z o.o.	74	65
ELZAB HELLAS SA	-5	57
COMP CENTRUM INNOWACJI Sp. z o.o. interest on loans and bonds	0	0
<b>total</b>	<b>69</b>	<b>122</b>



#### Other transactions

	<i>Sale of the ELZAB Group to the affiliates</i>	<i>Purchases of the ELZAB Group from the affiliates</i>	<i>Other transactions with the affiliates*</i>	<i>Trade receivables of the ELZAB Group from the affiliates</i>	<i>Receivables of the ELZAB Group from the affiliates from granted loans</i>	<i>Trade liabilities of the ELZAB Group for the affiliates</i>
<b>Other affiliates</b>	<b>43</b>	<b>1,282</b>	<b>-6</b>	<b>250</b>	<b>1,192</b>	<b>132</b>
B2B Soft Sp. z o.o.	26	818	-11	0	1,192	84
Inkubator B+R Spółka z o.o.	17	264	0	250	0	27
SWP Invest Sp. z o.o.	0	200	5	0	0	21

\* In addition to commercial transactions, the Company performed with B2B Soft Sp. z o.o. the loan agreement of June 21, 2018. As at December 31, 2021, receivables in this respect amounted to PLN 1,192 thousand. The loan was repaid in full on January 31, 2022.

\* On December 22, 2021, the Company purchased from SWP Invest Sp. z o.o. shares in Greenfield Plan Sp. z o.o. at the price of PLN 5 thousand.

In 2021, there were no transactions other than those listed above.

#### NOTE NO. 23

##### EVENTS AFTER THE BALANCE SHEET DATE

On December 31, 2021, the Company concluded a loan agreement with JNJ Limited with its registered office in Dubai, a subsidiary of the subsidiary - Comp Centrum Innowacji Sp. z o.o., in the amount of EUR 2,885 thousand. The loan is to be repaid in three installments: the first installment in the amount of EUR 1,000 thousand by August 31, 2022; the second installment in the amount of EUR 1,000 thousand by August 31, 2023; third installment in the amount of EUR 885 thousand by December 31, 2024. Interests will be paid with the repayment of the third loan installment. On March 11, 2022, an annex to the loan agreement was concluded, according to which new deadlines for the payment of loan installments were established: the first installment in the amount of EUR 500 thousand by 31 December 2023; the second installment in the amount of EUR 1,000 thousand by 31 December 2024; and the third installment in the amount of EUR 1,385 thousand by 31 December 2025.

On March 31, 2022, the Extraordinary General Meeting of Shareholders of COMP CENTRUM INNOWACJA Sp. z o.o. with its registered office in Warsaw was held. Pursuant to Resolution no. 3, it was decided to increase the share capital from PLN 118,322,000 to PLN 143,986,000, i.e. by PLN 25,664,000 by creating 25,644 new, equal and indivisible shares in the Company with a nominal value of PLN 1,000 per share and a total nominal value of PLN 25,664,000.

Pursuant to article 258 (1) of the Commercial Companies Code, the pre-emptive right of the existing partners to take up newly created shares in the increased share capital of the Company was excluded. The increased shares were offered to the company: COMP Spółka Akcyjna with its registered office in Warsaw.

Having registered the capital increase, the share of ELZAB S.A. in the share capital of Comp Centrum Innowacji Sp. o.o. will decrease from 49.88% to 40.99%.

As at the date of the financial statements, ELZAB S.A. did not identify a direct impact on the presented financial statements. ELZAB S.A. does not have trade flows with either Ukraine or Russia. In addition, the Company does not employ persons from these countries.

The ongoing war, combined with a prolonged pandemic, may adversely affect the economic situation around the world through turmoil in the currency markets, further rise in inflation and higher interest rates. A further increase in the prices of raw materials, services and energy carriers is possible.

#### NOTE NO. 24

##### BASIC RISKS AND THREATS IN THE OPERATIONS OF THE ELZAB GROUP

The strategic purpose of ELZAB S.A. is to increase the value of the company for shareholders, realized by increasing financial results, the main element of which involves the increase in sales in the country and on foreign markets. There is a risk of occurrence of independent factors that will affect the results of the implementation of this strategy, in particular: decrease in demand for products, perturbations in winning foreign markets,

intensification of competition in the markets where ELZAB S.A. operates or intends to operate, weakening of the economic situation.

In 2021, as in previous years, ELZAB S.A. operated on a competitive market. The source of competition includes local manufacturers and importers of devices from abroad. Competition in the market forces the necessity to undertake promotional and marketing activities that reduce the obtained margin, which may be noticeable in the results achieved by the Company.

At ELZAB S.A., 86% domestic suppliers and 14% foreign suppliers are the main suppliers of materials, components for the production of cash registers as well as goods and trade materials.

The three largest suppliers of domestic companies account for a total of 30% of total deliveries. Each subsequent supplier delivers less than 4% of total deliveries.

None of the suppliers among foreign companies exceeded 5% of the total deliveries. The largest supplier of components for production in 2021 was Fideltronik Poland Sp. z o.o. (16% of total supplies of materials and goods). The value of net purchases from this company in 2021 exceeded 10% of the value of sales revenues.

Purchase of materials for production as well as goods and trade materials for foreign currencies creates a risk of increased costs in the event of a weakening of zloty. The exchange rate risk is difficult to estimate due to the unpredictability of changes in exchange rates. In addition, for some deliveries, changes in currency exchange rates do not directly translate into the Group's results, due to the purchases of imported materials from domestic suppliers.

Seasonality is the specificity of the fiscal market in Poland. In the scope of basic products of ELZAB S.A., i.e. fiscal devices, seasonality is associated with the entry into force of ordinances of the Minister of Finance imposing the obligation to install fiscal devices on new groups of taxpayers.

At the end of 2014, in connection with the entry into force of the Regulation of the Minister of Finance of November 4, 2014 on exemptions from the obligation to keep records using cash registers, obliging from March 1, 2015, to register sales with cash registers of certain groups of taxpayers previously exempted from this obligation, irrespective of the turnover, the sales of small cash registers on the Polish market increased. Previous decisions resulting from the Regulations that stimulated demand were: - in 2013 - the Ordinance of the Minister of Finance of November 29, 2012 on exemptions from the obligation to keep records with the use of cash registers. In the first quarter of 2013, the obligation to register sales by means of a fiscal device was imposed on taxpayers that in 2012 realized turnover for natural persons with a value exceeding PLN 20,000 (so far it was PLN 40 thousand). The obligation to register sales also covers, inter alia, driving schools; - in 2011, when the obligation to register turnover, from May 1, 2011, was extended with new, important groups of taxpayers - doctors and lawyers.

A new organization of sales registration at cash registers has been in force in Poland since 2020. Online fiscalisation has been implemented in accordance with the amendment to the Act on Value Added Tax and the Act - Law on Measures, as well as the amendment of relevant implementing acts in the form of the Regulation of the Minister of Entrepreneurship and Technology on the criteria and technical conditions that must be met by cash registers and the Regulation of the Minister of Finance on cash registers. It means that each cash register is equipped with a communication interface to transmit data on transactions on an ongoing basis to the servers of the Central Repository of Cash registers run by the Head of the National Revenue Administration at the Ministry of Finance. The implementation of the concept requires a gradual/phased replacement of all currently operating cash registers (the number of cash registers is estimated at 1.6 million) with new models equipped with functions that meet the technical requirements of the new regulation. There is also an obligation for each fiscal device to cooperate with a payment terminal, which is to support the idea of electronic payments and limit cash transactions. Ultimately, the changes are to tighten the fiscal system and systematically eliminate the sources of the shadow economy.

The phenomenon of sales seasonality is not significant in the case of the replacement market.

The economic situation of the country will also impact on the financial situation of ELZAB S.A.

The volume of the Company's sales revenues depends on the fact to what extent the economic situation in the country will impact on the activity customers of ELZAB S.A.

### **Financial risks**

The activities performed by the ELZAB Group are exposed to various types of financial risk.

ELZAB S.A.  
FINANCIAL STATEMENTS  
31.12.2021 (in thousand PLN)

Risk management is aimed at minimizing the potential unfavourable impact of these risks on the Company's financial result.

The financial risk factors to which the activities of ELZAB S.A. are exposed to a greater or lesser extent include:

- Credit risk,
- Liquidity risk,
- Market risk, which consists of: price risk, interest rate risk and exchange rate risk.

Bank loans (short-term and long-term) and trade liabilities are the main financial instruments used by ELZAB S.A.

#### Market risk

ELZAB S.A. is not exposed to significant risk due to participation in trading in securities on an active market.

In addition, ELZAB S.A. has financial assets, which mainly include trade receivables, cash and cash equivalents.

Classification of financial instruments is presented in the tables below:

ASSETS AND FINANCIAL LIABILITIES DIVIDED INTO CATEGORIES	As at 31.12.2021	As at 31.12.2020
<b>Financial assets</b>		
Own receivables	32,561	56,635
Granted loans	17,621	5,254
Cash and cash equivalents	889	3,696
Held-to-maturity investments carried at depreciated cost	0	0
<b>Financial liabilities</b>		
Liabilities valued based on the depreciated cost.	70,320	94,324

Loans granted and own receivables do not include: tax receivables, advance payments for deliveries, active accruals. Liabilities valued based on the depreciated cost do not include: tax liabilities, received advance payments for deliveries.

Considering the nature and specific features of the aforementioned categories of financial instruments, the following classes of instruments are distinguished within each group:

GRANTED LOANS AND OWN RECEIVABLES	As at 31.12.2021	As at 31.12.2020
Receivables from the affiliates (Note 5)	9,741	22,116
Receivables from other entities, short-term (Note 5) - trade	21,510	29,234
Receivables from other entities, short-term (Note 5) - other	1,310	5,285
Loans granted (Note 3a)	17,621	5,254
<b>Total</b>	<b>50,182</b>	<b>61,889</b>
<b>Impact on the category on the result of the period:</b>		
change in the write-off for receivables in the result for the period	227	-24
change in the write-off for loans in the result for the period	781	0
interest accrued on the loan granted, charged to the result for the period	-104	151
Revenues from interests on receivables	51	33
LIABILITIES VALUED BASED ON THE DEPRECIATED COST	As at 31.12.2021	As at 31.12.2020
Liabilities from credits and loans (Note 14)	51,920	71,119
Liabilities from issued bonds and other financial liabilities	17	0
Trade liabilities towards the affiliates (Note 15)	334	752
Other liabilities towards the affiliates (Note 15)	0	0
Short-term trade liabilities towards the affiliates (Note 15)	12,922	13,250
Short-term other liabilities towards the affiliates (Note 15)	1,654	5,547
Long-term liabilities from financial leasing (Note 14a)	3,473	3,656
<b>Total</b>	<b>70,320</b>	<b>94,324</b>
<b>Impact on the category on the result of the period:</b>		
interest on credit and loans included in the result of the period	1,194	1,559
interest on issued bonds, recognized in the result for the period	0	0
interest on the leasing charged to the result for the period	119	84

#### Credit risk

The table below presents the maximum credit risk to which ELZAB S.A. is exposed.

Maximum exposure to credit risk	As at 31.12.2021	As at 31.12.2020
Shares in the affiliates	2,404	4
Shares in other entities	59,021	59,021
Receivables	2,400	84
Loan	32,918	55,753
Cash and cash equivalents, excluding deposits and cash in hand	17,621	5,254
Other financial instruments - deposits and bonds, bills of exchange	668	3,325
<b>Total</b>	<b>0</b>	<b>0</b>

### **Shares in the subsidiaries**

The subsidiary, as part of the control of ELZAB S.A., is obliged to present its financial results on a monthly basis and to analyse deviations between planned and achieved results. ELZAB S.A. regularly assesses the financial situation and basic indicators of the subsidiary.

### **Receivables**

ELZAB S.A. applies to its contractors the rules of credit policy consisting in assigning each customer an appropriate trade credit limit depending on the amount of gross annual purchases, timely payment of receivables and the financial situation of the customer. In 2013, the payment terms, which are counted from the invoice issuance date, were changed (30, 60 or intermediate terms, e.g. 45 days). In rare cases, a payment term of 90 days is granted, counted from the date of issuing the invoice. As far as factoring of receivables is concerned, in very rare cases, after the analysis of the financial condition of companies, a period of 120 days is granted. The balance of receivables is monitored on an ongoing basis. ELZAB S.A. consistently treats recipients that do not make payments on time.

In the event of failure to comply with the agreed payment terms, the conditions for prepayment, cash payment or blockage of deliveries to the customer are changed when processing subsequent orders. Consistent application of the above procedures increases the guarantee of concluding transactions with reliable contractors.

Additionally, as part of the credit policy pursued, ELZAB S.A. uses business intelligence agencies to verify new customers that are to be assigned a deferred payment date.

ELZAB HELLAS SPV Sp. z o.o. applies a 21-day payment period from the date of invoice, for the recipients of its services.

ELZAB HELLAS SA applies the following conditions to its customers: sale for cash or from 30 to 120 days from the date of issuing the invoice.

### **Concentration of receivables**

There is no significant concentration of receivables in ELZAB S.A.

For this reason, the Company is slightly exposed to the loss of liquidity.

Ageing of receivables and receivables divided into payment dates are shown in the notes to the balance sheet.

### **Cash and cash equivalents**

The Company's policy is to balance cash inflows and outflows on a current basis in order to generate a surplus of cash from operating activities on a monthly basis. Cash loss is acceptable. The Company analyses the inflows and expenses on a daily basis in relation to the forecast set for a given month. As at June December 31, 2021, the Company has available credits on the current account of up to PLN 22,000 thousand.

In the presented period, the Company financed itself with a credit from the current account, factoring, credit for financing suppliers and received loans. On April 20, 2021, ELZAB S.A. and ING Commercial Finance Polska S.A. signed Annex 9 pursuant to which the factoring limit was increased from PLN 12,000 thousand up to PLN 17,000 thousand. From October 1, 2021, the factoring limit returns to the amount of PLN 12,000 thousand.

### **Liquidity risk**

The Company is exposed to the risk of losing financial liquidity, understood as the ability to settle liabilities within the specified deadlines. The liquidity risk arises from a mismatch between the amounts and maturities of assets and liabilities.

In the opinion of the Management Board of the parent entity, the risk occurs due to the following factors:

- possible payment delays (from the perspective of receivables and liabilities);
- the possibility of difficult access to external financing;
- the possibility of breaking bank covenants in the loan agreements held.

In the opinion of the Management Board, the Company adequately monitors the occurrence of the above factors, which allows the Company to adequately minimize the risk of losing liquidity. The Company is in constant contact with both its contractors and financial institutions providing financing. The Company constantly

ELZAB S.A.  
FINANCIAL STATEMENTS  
31.12.2021 (in thousand PLN)

monitors the course of legislative processes related to fiscalisation and currently finds no premises that could indicate a possible change of the fiscalisation schedule. An ongoing analysis of the demand for cash and the sources of its coverage is also conducted.

The tables below present an analysis of the maturity of financial liabilities by the remaining period until the contractual maturity date from the balance sheet date.

December 31,	Current value	Up to 1 year	From 1 to 3 years	From 3 to 5 years	More than 5 years
<b>Financial liabilities</b>	<b>68,649</b>	<b>51,652</b>	<b>15,804</b>	<b>493</b>	<b>700</b>
Liabilities due to financial leasing	3,473	1,175	1,805	493	-
Bank credits, including on the current account, loans	51,920	37,298	13,922	-	700
Liabilities from deliveries	13,256	13,179	77	-	-
<b>Financial liabilities - derivatives</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

31.12.2020	Current value	Up to 1 year	From 1 to 3 years	From 3 to 5 years	More than 5 years
<b>Financial liabilities</b>	<b>88,777</b>	<b>72,114</b>	<b>15,771</b>	<b>192</b>	<b>700</b>
Liabilities due to financial leasing	3,656	1,525	1,939	192	-
Bank credits, including on the current account, loans	71,119	56,705	13,714	-	700
Liabilities from deliveries	14,002	13,884	118	-	-
<b>Financial liabilities - derivatives</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

Structure of liabilities from deliveries and services by maturity:

Structure of liabilities from deliveries and services by maturity:	Total as at	Due on	To be paid until	To be paid until	To be paid until	To be paid over
	December 31,	December 31,	31.01.2022	31.03.2022	30.06.2022	30.09.2022
liabilities for deliveries and services	13,256	6,840	5,077	1,266	-	73
	31.12.2020	31.12.2020	31.01.2021	31.03.2021	30.06.2021	30.09.2021
liabilities for deliveries and services	14,002	5,920	6,159	1,805	-	118

The Management Board is the only responsible unit for liquidity risk management. It developed an appropriate system to manage the short, medium and long-term funding and liquidity requirements. According to the Company's assessment, the cash balance, funds available under the credit line and the forecast regarding the generation of cash from operating activities will be sufficient to service liabilities, including loans with interests and bank commissions.

Note 14 provides detailed information on the use of credit lines available to the Group as a liquidity risk reduction tool.

In the presented period, the amount of overdue liabilities decreased significantly.

The Company settles its financial liabilities towards banks and liabilities towards offices and public-law institutions in a timely manner.

### Interest rate risk

ELZAB S.A. is exposed to the interest rate risk due to partial financing of its activities with bank loans and leasing.

The Company is exposed to interest rate risk due to partial financing of its operations with bank loans, issued bonds and leasing.

The table below presents susceptibility of ELZAB S.A. to the risk of changes in interest rates and their impact on the financial result, assuming that the % rates will change by 1%.

Financial instruments with variable interest rate	December 31,	31.12.2020
Bank credits and loans	51,920	71,119
Bonds	0	0
Liabilities from leasing	3,473	3,656
Impact of changes in interest rates on the financial result		
increase by 1%	-554	-748
decrease by 1%	554	748

### Foreign exchange risk

ELZAB S.A. is exposed to foreign exchange risk because some of the sale and purchase transactions are concluded in foreign currencies. This risk is low considering the low percentage of the share of foreign currency sales to total sales. The currency risk is higher in the case of foreign and domestic deliveries, bought by intermediaries but coming from abroad, where domestic prices are determined in relation to currency prices.

In 2021, ELZAB S.A. hedged the currency risk by concluding forward transactions. As at December 31, 2021, open forward transactions did not occur.

The tables below present the profile of susceptibility to the risk of changes in exchange rates divided into currencies (in thousand PLN):

December 31,	Total	In EUR	In USD	In HUF	In GBP	In CZK
Receivables from deliveries and services and other receivables in currency		1,846	203	31,419	105	0
Exchange rate as at 31.12.2021		4.5994	4.0600	0.0125	5.4846	0.1850
after converting to PLN	10,284	8,491	825	392	576	0
change in the exchange rate, the impact on the financial result						
result in thousand PLN with 5% increase of the rate	514	425	41	20	29	0
result in thousand PLN with 10% increase of the rate	1,028	849	82	39	58	0
change in the exchange rate, the impact on the financial result						
result in thousand PLN with 5% decrease of the rate	-514	-425	-41	-20	-29	0
result in thousand PLN with 10% decrease of the rate	-1,028	-849	-82	-39	-58	0

December 31,	Total	In EUR	In USD	In HUF	In GBP	In CZK
Liabilities from deliveries and services and others in currency		180	193	0	8	128
Exchange rate as at 31.12.2021		4.5994	4.0600	0.0125	5.4846	0.1850
after converting to PLN	1,680	828	784	0	44	24
change in the exchange rate, the impact on the financial result						
result in thousand PLN with 5% increase of the rate	-84	-41	-39	0	-2	-1
result in thousand PLN with 10% increase of the rate	-168	-83	-78	0	-4	-2
change in the exchange rate, the impact on the financial result						
result in thousand PLN with 5% decrease of the rate	84	41	39	0	2	1
result in thousand PLN with 10% decrease of the rate	168	83	78	0	4	2

Balance sheet exposure to foreign exchange risk	Total	In EUR	In USD	In HUF	In GBP	In CZK
change in the exchange rate, the impact on the financial result per saldo						
result in thousand PLN with 5% increase of the rate	430	383	2	20	27	-1
result in thousand PLN with 10% increase of the rate	860	766	4	39	53	-2
change in the exchange rate, the impact on the financial result per saldo	0					
result in thousand PLN with 5% decrease of the rate	-430	-383	-2	-20	-27	1
result in thousand PLN with 10% decrease of the rate	0	0	0	0	0	0

ELZAB S.A.  
FINANCIAL STATEMENTS  
31.12.2021 (in thousand PLN)

31.12.2020	Total	In EUR	In USD	In HUF	In GBP	In CZK
Receivables from deliveries and services and other receivables in currency		4,424	0	33,040	43	0
Exchange rate as at 31.12.2019		4.6148	3.7584	0.0126	5.1327	0.1753
after converting to PLN	21,054	20,415	0	418	221	0
change in the exchange rate, the impact on the financial result						
result in thousand PLN with 5% increase of the rate	1,053	1,021	0	21	11	0
result in thousand PLN with 10% increase of the rate	2,105	2,042	0	42	22	0
change in the exchange rate, the impact on the financial result						
result in thousand PLN with 5% decrease of the rate	-1,053	-1,021	0	-21	-11	0
result in thousand PLN with 10% decrease of the rate	-2,105	-2,042	0	-42	-22	0
31.12.2020	Total	In EUR	In USD	In HUF	In GBP	In CZK
Liabilities from deliveries and services and others in currency		245	113	0	12	1,979
Exchange rate as at 31.12.2019		4.6148	3.7584	0.0126	5.1327	0.1753
after converting to PLN	1,965	1,131	425	0	62	347
change in the exchange rate, the impact on the financial result						
result in thousand PLN with 5% increase of the rate	-98	-57	-21	0	-3	-17
result in thousand PLN with 10% increase of the rate	-196	-113	-42	0	-6	-35
change in the exchange rate, the impact on the financial result						
result in thousand PLN with 5% decrease of the rate	98	57	21	0	3	17
result in thousand PLN with 10% decrease of the rate	196	113	42	0	6	35
Balance sheet exposure to foreign exchange risk	Total	In EUR	In USD	In HUF	In GBP	In CZK
change in the exchange rate, the impact on the financial result per saldo						
result in thousand PLN with 5% increase of the rate	955	964	-21	21	8	-17
result in thousand PLN with 10% increase of the rate	1,909	1,929	-42	42	16	-35
change in the exchange rate, the impact on the financial result per saldo	0					
result in thousand PLN with 5% decrease of the rate	-955	-964	21	-21	-8	17
result in thousand PLN with 10% decrease of the rate	0	0	0	0	0	0

In connection with the sale and purchase in foreign currencies, changes in exchange rates may affect the financial result through the value of material consumption, through sales in foreign currencies and by making payments in foreign currencies.

#### Capital risk management

The purpose of capital risk management is to protect ELZAB S.A. to continue as a going concern, so that it is possible to generate returns for shareholders and to maintain an optimal capital structure in order to reduce its cost.

ELZAB S.A. monitors capital using the debt ratio. The debt ratio is calculated as the ratio of net debt to total equity. Net debt is calculated as the sum of liabilities (loans, trade and other liabilities) less cash and cash equivalents. The total value of capital is calculated as the sum of equity and net debt.

The debt ratio is as follows:	December 31,	31.12.2020
Total liabilities, excluding provisions	70,348	94,352
Cash and cash equivalents and short-term financial assets, excluding restricted cash	889	3,696
<b>Total net debt</b>	<b>69,459</b>	<b>90,656</b>
<b>Total equity</b>	<b>112,939</b>	<b>103,000</b>
<b>Total capital</b>	<b>182,398</b>	<b>193,656</b>
<b>Debt ratio %</b>	<b>38.08</b>	<b>46.81</b>

#### Signatures of Members of the Management Board

05.04.2022      Bartosz Panek      President of the Management Board

05.04.2022      Jerzy Popławski      Vice-President of the Management Board

Signature of a person entrusted with keeping of the accounting books:

05.04.2022      Agata Gierczak      Chief Accountant



**Zakłady Urządzeń Komputerowych ELZAB S.A.**

**THE REPORT OF THE OPERATIONS OF  
ELZAB S.A.  
2021**



**Zabrze, 31.12.2021 r.**



Zakłady Urządzeń Komputerowych ELZAB S.A.  
STATEMENTS ON THE OPERATIONS OF ELZAB S.A.  
31.12.2021 (in thousand PLN)

CONTENT

<b>I.</b>	<b>INFORMATION ABOUT THE COMPANY</b> .....	<b>3</b>
1.	Basic information .....	3
2.	Composition of the Management Board and the Supervisory Board.....	4
3.	History of the Company.....	4
4.	Organizational structure .....	7
5.	Personnel and payroll .....	8
6.	Control system of the employees' shares.....	11
7.	Environmental protection of OHS issues .....	11
8.	Dependence on suppliers and recipients.....	14
<b>II.</b>	<b>BASIC ECONOMIC AND FINANCIAL AMOUNTS</b> .....	<b>14</b>
1.	Revenues .....	16
2.	Costs .....	17
3.	Financial instruments .....	19
4.	Development works.....	20
<b>III.</b>	<b>BASIC FINANCIAL INDICATORS</b> .....	<b>20</b>
<b>IV.</b>	<b>UNUSUAL EVENTS AND OTHER FACTORS AFFECTING THE FINANCIAL SITUATION OF ELZAB S.A.</b> .....	<b>21</b>
<b>V.</b>	<b>FINANCIAL RESOURCES MANAGEMENT</b> .....	<b>21</b>
<b>VI.</b>	<b>INVESTMENTS</b> .....	<b>22</b>
1.	Investments in property, plant and equipment and intangible assets .....	22
2.	Investments in financial assets .....	22
<b>VII.</b>	<b>PROCEEDINGS PENDING BEFORE A COURT, COMPETENT AUTHORITY FOR THE ARBITRATION OR PUBLIC ADMINISTRATION</b> .....	<b>23</b>
<b>VIII.</b>	<b>AMOUNT AND TYPES OF THE COMPANY'S CAPITALS</b> .....	<b>23</b>
1.	Equity .....	23
2.	Settlement of financial result from previous years.....	23
3.	Proposed distribution of the result for the current period .....	23
4.	Ownership structure of the equity .....	23
5.	Shares of ELZAB S.A. held by members of the Management Board, Managers and the Supervisory Board .....	24
6.	Shares in the subsidiaries held by members of the Management Board and the Supervisory Board ....	24
7.	Call for the sale of shares - changes in the Shareholding of ELZAB S.A. ....	26
8.	Purchase of own shares.....	26
9.	Listing of ELZAB S.A. shares on the Warsaw Stock Exchange .....	26
<b>IX.</b>	<b>INFORMATION ABOUT THE ISSUE, REDEMPTION AND REPAYMENT OF NON-EQUITY AND EQUITY SECURITIES</b> .....	<b>27</b>
<b>X.</b>	<b>INFORMATION ABOUT THE AGREEMENTS</b> .....	<b>27</b>
<b>XI.</b>	<b>INFORMATION ON THE AGREEMENT WITH THE ENTITY AUTHORISED TO AUDIT THE FINANCIAL STATEMENTS</b> .....	<b>34</b>
<b>XII.</b>	<b>BASIC RISKS AND THREATS IN THE OPERATIONS OF ELZAB S.A.</b> .....	<b>34</b>
<b>XIII.</b>	<b>INFORMATION ON THE IMPACT OF SPREAD OF THE COVID-19 CORONAVIRUS ON THE OPERATION OF THE COMPANY</b> .....	<b>34</b>
<b>XIV.</b>	<b>INFORMATION ON THE IMPACT OF THE SITUATION RELATED TO THE ARMED AGGRESSION OF RUSSIA ON UKRAINE ON THE COMPANY 'S OPERATIONS</b> .....	<b>35</b>
<b>XV.</b>	<b>PREDICTED DEVELOPMENT OF THE COMPANY</b> .....	<b>35</b>
<b>XVI.</b>	<b>STATEMENT ON NON-FINANCIAL DATA</b> .....	<b>36</b>
<b>XVII.</b>	<b>DESCRIPTION OF THE DIVERSITY POLICY</b> .....	<b>37</b>
<b>XVIII.</b>	<b>STATEMENT ON THE APPLICATION OF CORPORATE GOVERNANCE</b> .....	<b>37</b>
<b>XIX.</b>	<b>DECLARATION OF CONFORMITY</b> .....	<b>49</b>
<b>XX.</b>	<b>STATEMENT ON THE SELECTION OF THE AUDITOR</b> .....	<b>50</b>

## **I. INFORMATION ABOUT THE COMPANY**

### **1. Basic information**

Zakłady Urządzeń Komputerowych ELZAB S.A.  
ul. ELZAB 1  
41-813 Zabrze  
Phone: +48 32 272 20 21  
Fax: +48 32 272 25 83  
[www.elzab.com.pl](http://www.elzab.com.pl)  
[www.ecopower.elzab.pl](http://www.ecopower.elzab.pl)  
[www.care.elzab.pl](http://www.care.elzab.pl)  
[www.renevo.elzab.pl](http://www.renevo.elzab.pl)

The company has 3 sales offices:

- Warsaw, Krakowiaków 50
- Wrocław, Słubicka 22
- Suchy Las, near Poznań, Akacyjowa 4

Auditor:

Misters Audytor Adviser Spółka z o.o., ul. Wiśniowa 40 lok. 5, 02-520 Warszawa

The financial statements of ELZAB S.A. for 2021 was audited on the basis of the agreement of August 4, 2020, by Misters Audytor Adviser Spółka z o.o.

Polish Classification of Activities: 2620 Z - production of computers and peripheral devices

REGON [National Register of Economic Units] 270036336

NIP [Tax Identification Number]: 648-000-02-55

BDO: 000003645

KRS [National Court Register Number] 0000095317: The District Court in Gliwice, the 10th Commercial Department

Share capital: 22.142.962.40 PLN

Paid-up capital: 22.142.962.40 PLN

ELZAB S.A. is registered in the register of telecommunications operators under the number 12684. Since 2019, the company has the status of a telecommunications operator in the field of telecommunications services sold on its own behalf and for its own account, provided by another service provider solely in the field of data transmission.

The company has been listed on the WSE since May 13, 1998.

Listing market: basic

Sector: IT

The company joined the Liquidity Support Program in July 2016.

ELZAB S.A. has the status of a large enterprise under the Act on the prevention of excessive delays

in commercial transactions of March 8, 2013 (amended on July 5, 2019, Art. 4 (6)).

## 2. Composition of the Management Board and the Supervisory Board

In 2021, the composition of the Management Board of the Company was unchanged, and as at December 31, 2021, it was as follows:

Bartosz Panek - President of the Management Board

Jerzy Popławski - Vice-President of the Management Board

As at December 31, 2021, the Company did not have Proxies.

As at December 31, 2021, the Supervisory Board of the Company was composed of:

Grzegorz Należyty - Chairman of the Supervisory Board

Jarosław Wilk - Vice-Chairman of the Supervisory Board

Andrzej Wawer - Secretary of the Supervisory Board

Jerzy Kotkowski - Member of the Supervisory Board

Krzysztof Morawski - Member of the Supervisory Board

Kajetan Wojnicz - Member of the Supervisory Board

As at the date of publication of the statements, the Audit Committee was composed of:

Kajetan Wojnicz - Chairman of the Audit Committee of the Supervisory Board

Grzegorz Należyty - Vice-Chairman of the Audit Committee of the Supervisory Board

Andrzej Wawer - Secretary of the Audit Committee of the Supervisory Board

In December 2021, the Supervisory Board appointed a standing committee for strategy of the Supervisory Board, composed of:

Grzegorz Należyty - Chairman of the standing committee for strategy of the Supervisory Board

Jarosław Wilk - Member of the standing committee for strategy of the Supervisory Board

Jerzy Kotkowski - Member of the standing committee for strategy of the Supervisory Board

## 3. History of the Company

The most important events in the history of ELZAB S.A.		
1969-1979		
	1969	• In Zabrze, establishing a branch of the Experimental Station at Zakłady Mechaniki Precyzyjnej "BŁONIE" from Warsaw
	1971	• Establishing a state enterprise under the name of "Experimental Enterprise for the Production of Peripheral Devices"
	1973	• Production of the engineering calculator MERA 203
	1974	• Transformation of the company into Zakłady Urządzeń Komputerowych MERA-ELZAB
	1977	• Production of MERA 7900 screen monitor systems
1980-1989		
	1985	• Starting the production of the ComPAN-8 professional microcomputer and the Meritum II personal computer
	1987	• Construction of a production hall for electronic devices, with one of the most modern department of electronic assembly at that time

Zakłady Urządzeń Komputerowych ELZAB S.A.  
STATEMENTS ON THE OPERATIONS OF ELZAB S.A.  
31.12.2021 (in thousand PLN)

<b>1990-1999</b>		
	1992	<ul style="list-style-type: none"> <li>Transformation of Zakłady Urządzeń Komputerowych ELZAB S.A. into a sole shareholder company of the State Treasury</li> </ul>
	1993	<ul style="list-style-type: none"> <li>ELZAB Xcel 260 cash terminal obtained the first admission to trading, granted by the Ministry of Finance for fiscal devices in Poland</li> </ul>
	1995	<ul style="list-style-type: none"> <li>Banking agreement regulating liabilities between ELZAB S.A. and Górnośląski Bank Gospodarczy S.A. in Katowice and other creditors</li> </ul>
	1997	<ul style="list-style-type: none"> <li>ELZAB S.A. in the RELPOL Group (repurchase of shares from creditors) and obtaining the Quality Certificate ISO 9001:1997, ISO 9002:1997, ISO 9003:1997</li> </ul>
	1998	<ul style="list-style-type: none"> <li>ELZAB S.A. shares debuted on the Warsaw Stock Exchange</li> <li>Obtaining the Quality Certificate ISO 9001:1997, ISO 9002:1997, ISO 9003:1997</li> </ul>
	1999	<ul style="list-style-type: none"> <li>Obtaining the Quality Certificate ISO 9001:1997, ISO 9002:1997, ISO 9003:1997</li> </ul>
<b>2000-2009</b>		
	2000	<ul style="list-style-type: none"> <li>ELZAB S.A. in the Italian MWCR Group (purchase of shares from RELPOL S.A.) and obtaining the Quality Certificate ISO 9001:2000</li> </ul>
	2004	<ul style="list-style-type: none"> <li>Acquisition of shares in MICRA METRIPOND KFT and MEDESA Sp. z o.o. (merged in 2009 with ELZAB S.A. pursuant to art. 492 § 1 (1)) the CCC, i.e. by transferring all assets of MEDESA Sp. z o.o. on ELZAB S.A.)</li> <li>Public subscription of Series D shares</li> <li>Receiving the European Medal for the ELZAB Mini cash register</li> </ul>
	2007	<ul style="list-style-type: none"> <li>ELZAB S.A. in the BBI CAPITAL Group (acquisition of shares from MWCR S.p.A.)</li> </ul>
	2008	<ul style="list-style-type: none"> <li>ELZAB S.A. related by capital to the companies EXORIGO Sp. z o.o. and UPOS SYSTEM Sp. z o.o.</li> <li>Obtaining the International Quality Certificate ISO 9001:2008</li> </ul>
<b>2010-2021</b>		
	2010	<ul style="list-style-type: none"> <li>ELZAB S.A. in the NOVITUS Group</li> </ul>
	2011	<ul style="list-style-type: none"> <li>COMP S.A. is the owner of the majority shares in ELZAB S.A.</li> <li>Receiving the "Quality of the year Gold" award of the Polish Centre for Testing and Certification</li> </ul>
	2012	<ul style="list-style-type: none"> <li>As a result of a call to subscribe for the sale of ELZAB S.A. shares, COMP S.A. acquired 2,792,428 shares of ELZAB S.A., which constitutes 17.3% of the share capital of ELZAB S.A. and 17.58% of the total number of votes at the general meeting of ELZAB S.A. Then, as at December 31, 2015: COMP S.A. held a total of 13,420,394 shares in ELZAB S.A. (including own shares) which accounted for 83.17% of the share capital of ELZAB S.A. The total number of votes attached to shares held by COMP S.A. was 13,494,194, which constituted 82.87% of the total number of votes at the general meeting of ELZAB S.A.</li> </ul>
	2013	<ul style="list-style-type: none"> <li>Granting the prestigious "Dobry Wzór 2013" award for the ELZAB K10 cash register, the first produced cash register in the world with a touch panel.</li> </ul>
	2014	<ul style="list-style-type: none"> <li>ELZAB S.A. related by capital to Comp Centrum Innowacji</li> <li>Receiving the prestigious "Red Dot" and "Teraz Polska" awards for the ELZAB K10 cash register</li> </ul>
	2015	<ul style="list-style-type: none"> <li>Winning the prestigious "Byki i Niedzwiedzie" award in the category "Best investment in a listed company 2014" for ELZAB S.A.</li> <li>Completion of the task "Thermomodernization of ELZAB S.A. buildings in 2009-2015 with financial support from PEPWM in Katowice and partial modernization of ELZAB S.A. buildings, including reception, sales department, service, production hall, assembly building,</li> <li>Issue of 3-year A/2015 series bonds,</li> <li>Sale of shares in MICRA METRIPOND KFT to Comp Centrum Innowacji</li> <li>Winning the first place and the Złoty Paragon award in the "Electronic store equipment" category by the ELZAB Mera TE TFT fiscal printer.</li> </ul>
	2016	<ul style="list-style-type: none"> <li>Establishing of the ELZAB HELLAS Capital Group</li> <li>Acquisition of shares in Clou Sp. z o.o. (formerly MONEA XI Sp. z o.o.)</li> <li>Receiving the Platinum Laurel "For the whole activity", awarded by the Regional Chamber of Commerce in Katowice during the 25 jubilee gala of Laurels of Skills and Competences</li> <li>Winning the "Orzeł Eksportu" award for the best exporter in the Silesian Voivodeship</li> <li>Obtaining the "Quality of the Year 2016 Gold" award</li> </ul>
	2017	<ul style="list-style-type: none"> <li>ELZAB K10 was selected as the only fiscal device for the permanent exhibition of the Design Gallery of the Polish National Museum in Warsaw.</li> </ul>

Zakłady Urządzeń Komputerowych ELZAB S.A.  
STATEMENTS ON THE OPERATIONS OF ELZAB S.A.  
31.12.2021 (in thousand PLN)

		<ul style="list-style-type: none"> <li>Acquisition of shares in INKUBATOR B + R Sp. z o.o. with its registered office in Zabrze</li> </ul>
	2018	<ul style="list-style-type: none"> <li>Purchase and redemption of the issued 3-year A/2015 series bonds</li> <li>Obtaining the International Quality Certificate PN-EN ISO 9001:2015</li> <li>Concluding a cooperation agreement with the Silesian University of Technology in the field of research and development works and projects as well as commercialization of developed solutions related to electronic and electrical devices.</li> <li>Completion of the construction of a multimedia training room at the company's premises.</li> <li>Completed process of renaming the street where ELZAB S.A. is located. In November 2018, the City Council changed the name of the separated street section to ELZAB 1 Street.</li> </ul>
	2019	<ul style="list-style-type: none"> <li>ELZAB S.A. obtained certificates for welding and control processes for the railway industry, i.e. the certificates of EN15085-2 standard, which concerns the implementation of the welding process management system in ELZAB S.A., and DIN EN ISO 3834-3 certificate for the quality management of these processes. Thus, ELZAB S.A. joined the group of European producers able to produce components of rail vehicles in the CL2 class. The certification audit was conducted by TÜV NORD.</li> <li>The Dobry Wzór 2019 award in the New Technologies category was awarded to the ELZAB Cube ONLINE fiscal printer. "ELZAB Cube ONLINE is the first heavy-duty printer in our offer. It has the fastest printing mechanism on the market today. Dedicated to work wherever the speed of customer service is important and where the frequency of printouts is very high.</li> <li>Another charging station for electric vehicles by ELZAB appeared in the car park in front of the Company's registered office. This is a single 7 kW charger designed to charge one vehicle.</li> <li>Sale of shares in INKUBATOR B + R Sp. z o.o. with its registered office in Zabrze.</li> <li>Sale of shares in ELZAB Soft Sp. z o.o. with its registered office in Zabrze.</li> </ul>
	2020	<ul style="list-style-type: none"> <li>COVID-19 pandemic - ELZAB designed and produced the Care SP1UV-C air sterilizer that removes up to 99% of bacteria and viruses from the air using a UV-C lamp. It is completely safe for the environment, and can work in the presence of people.</li> <li>ELZAB S.A. signed a partnership agreement with RENEVO; the ELZAB by RENEVO brand was established, under which photovoltaic panels are sold.</li> <li>Photovoltaic panels with a total power of 100 kW were installed on the roof and façade of the building of the registered office of ELZAB in Zabrze. It is the first of the 3 stages of creating a PV power plant in ELZAB. Ultimately, the power of the panels is to be 475 kW.</li> <li>ONLINE cash register exchange for the catering, hotel and coal industries. Entrepreneurs were obliged to purchase ONLINE cash registers connecting to the Central Repository of Cash registers by January 1, 2021. The deadline was postponed from July 1, 2020 due to the COVID-19 pandemic. The ELZAB offer involves, inter alia, ELZAB K10 ONLINE mobile cash register, ELZAB Mini or Jota ONLINE small cash register or ELZAB Mera ONLINE, ELZAB Cube ONLINE and ELZAB Zeta ONLINE fiscal printers.</li> </ul>
	2021	<ul style="list-style-type: none"> <li>ONLINE cash register exchange for the cosmetics, hairdressing, medical, legal and fitness industries. Elzab ran an extensive campaign in social media and Google Ads targeted at the aforementioned groups of recipients.</li> <li>In September, the new ELZAB ECOPOWER brand, which involves electric vehicle charging stations, was launched. The ELZAB ECOPOWER offer includes three chargers: CC Home - for home applications, CC Wall - for estate car parks, galleries and CC City - universal charging station for urban space.</li> <li>There are new products in our offer: K1 Slim ONLINE cash register, K2 Pay ONLINE cash register.</li> <li>Cooperation has been established with Sunmi Technologies - our offer includes, inter alia, POS computers, data terminals, code readers from this manufacturer.</li> <li>The "invoice to receipt" service was launched on the "Moja kasa.online" platform - users can quickly, easily and free of charge issue an invoice to the receipt with the buyer's tax identification number (NIP).</li> <li>A cash register was implemented in the form of software in cooperation with UBER.</li> </ul>

#### 4. Organizational structure

The Management Board of the Company, chaired by the President of the Management Board and the Vice-President of the Management Board, manages the Company and represents it outside. The Supervisory Board exercises permanent supervision over the work of the Management Board.

As at December 31, 2021, the structure of the Company was divided into 4 divisions, including specialists and experts in fields related to the functioning and economy of the enterprise, including in the field of production and logistics, finance, trade and development works.

As at December 31, 2021, the Company held shares in the following entities:

• ELZAB HELLAS SPV Sp. z o.o. in Zabrze	67.00 %
• ELZAB HELLAS S.A. in Greece	67.00% (indirect share)
• Comp Centrum Innowacji Sp. z o.o. in Warsaw	49.88 %
• Greenfield Plan Sp. z o.o.	100.00%.

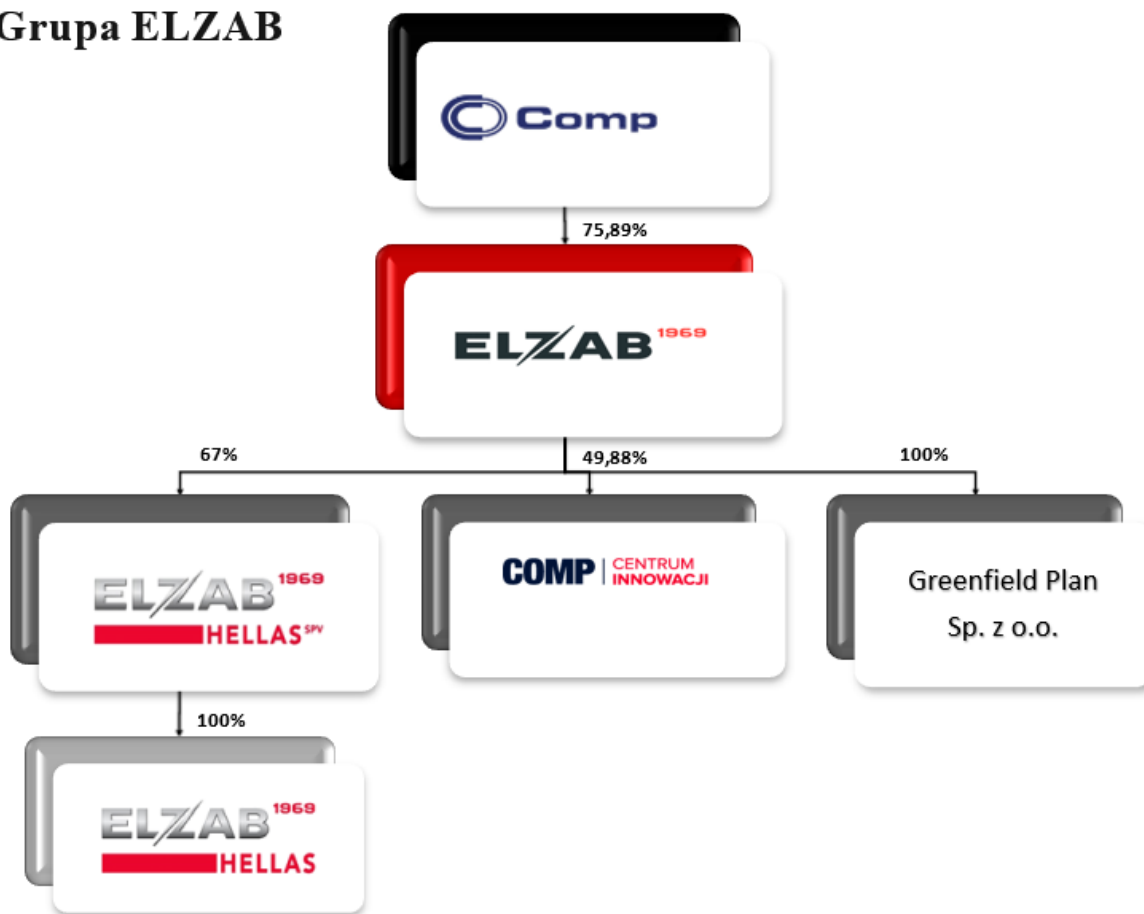
By the end of the first half of 2021, ELZAB S.A. owned 30% of shares in Clou Spółka z o.o. in liquidation with its registered office in Warsaw. On June 30, 2021, the Ordinary Meeting of Shareholders of the company adopted a resolution on the completion of its liquidation. The company was removed from the National Court Register on August 24, 2021.

On December 22, 2021, ELZAB S.A. acquired shares in Greenfield Plan Sp. z o.o. At the same time, on the same day, the Extraordinary General Meeting of Greenfield Plan Sp. z o.o. adopted a resolution to increase the share capital from the amount of PLN 5,000 up to the amount of PLN 3,663 thousand. ELZAB S.A. made a declaration on taking up shares and covering them in full with a cash contribution. Considering the cooperation of both parties so far, ELZAB S.A. concluded an agreement with Greenfield Plan Sp. z o.o. regarding the compensation of receivables due to the take-up of shares by ELZAB S.A. with existing receivables due to ELZAB S.A. from Greenfield Plan Sp. z o.o. The aforementioned deductions resulted in full repayment of mutual claims.

Greenfield Plan Sp. z o.o. is intended for sale in the next 12 months. In connection with the intended sale of shares in Greenfield Plan Sp. z o.o. the valuation of the shares held was made to the realizable value up to the amount of PLN 2,400 thousand, based on the purchase offers received.

Graphical representation of the organisational structure of the group and the issuer's related entities as at December 31, 2021.

## Grupa ELZAB



## 5. Personnel and payroll

### Employment

In 2021, the average employment amounted to 291 people. In relation to the average employment in 2020, amounting to 298 people, it decreased by 2%.

As at December 31, 2021 and December 31, 2020, employment divided into types of activity, was as follows:

Type of operation	Number of people as at 31.12.2021	Number of people as at 31.12.2020
Management Board	0	0
Production	160	157
Logistics	21	23
Development activity	32	35
Commercial operations	50	55
Support departments - finance, controlling, administration, staff	21	20
<b>Total</b>	<b>284</b>	<b>290</b>

Zakłady Urządzeń Komputerowych ELZAB S.A.  
STATEMENTS ON THE OPERATIONS OF ELZAB S.A.  
31.12.2021 (in thousand PLN)

In addition, 2 members of the Management Board perform work based on appointment pursuant to a resolution of the Supervisory Board.

The employment structure (in persons) by age as at December 31, 2021 compared to the state at the end of December 31, 2020 is presented in the following table:

Age	Number of people as at 31.12.2021	Structure %	Number of people as at 31.12.2020	Structure %
up to 29 years	38	13%.	35	12%.
from 30 to 44 years	97	34%.	102	35%.
from 45 to 49 years	43	15%.	47	16%.
More than 50 years	106	38%.	106	37%.
<b>Total</b>	<b>284</b>	<b>100%.</b>	<b>290</b>	<b>100%.</b>

The employment structure (in persons) by education as at December 31, 2021 compared to December 31, 2020 is as follows:

Education	Number of people as at 31.12.2021	Structure %	Number of people as at 31.12.2020	Structure %
Higher	109	38%.	111	38%.
Average	121	43%.	123	43%.
Professional	50	18%.	52	18%.
Basic	4	1%.	4	1%.
<b>Total</b>	<b>284</b>	<b>100%.</b>	<b>290</b>	<b>100%.</b>

### **Remunerations**

Average remuneration at ELZAB S.A. in 2021 (excluding the Management Board and Directors) amounted to PLN 5,375 and was higher by 31% compared to 2020. The reduction in remuneration in 2020 resulted from the signed agreement reducing the number of full-time jobs to 4/5 for a period of 3 months 2020 (May, June, July).

In 2021, the indicator of equal remuneration paid to employees of ELZAB S.A. amounted to 0.11.

Remuneration paid in 2021 to the members of the Management Board and other benefits amounted to PLN 2,141 thousand, including for individual members of the Management Board:

Person	Management Board/Function	Basic remuneration	Bonus	Non-competition agreement	Other benefits	TOTAL
Panek Bartosz	President of the Management Board	660	70		53	783
Jerzy Popławski	Vice-President of the Management Board	576	342		56	974
Krzysztof Urbanowicz	Non-competition agreement from 01.09.2020 to 31.05.2021			384		384
<b>The Management Board in total</b>		<b>1,236</b>	<b>412</b>	<b>384</b>	<b>109</b>	<b>2,141</b>



Zakłady Urządzeń Komputerowych ELZAB S.A.  
STATEMENTS ON THE OPERATIONS OF ELZAB S.A.  
31.12.2021 (in thousand PLN)

In June 2021, a bonus was paid to the President of the Management Board - Mr. Bartosz Panek for 2020. The Vice-President of the Management Board, Mr. Jerzy Popławski, received a bonus for 2019 in the first quarter of 2020, and a bonus for 2020 in June 2021.

In accordance with the current remuneration policy of the members of the Management Board and the Supervisory Board, the variable part of the remuneration of the members of the Management Board depends on the financial results or other indicators adopted by the Resolution of the Supervisory Board.

Based on the resolution of the Supervisory Board of Elzab S.A. of August 31, 2020, a non-competition agreement was signed with Mr. Krzysztof Urbanowicz, a former President of the Management Board, the term of which ends on May 31, 2021.

Managing and supervising persons were not granted any advances, credits, loans and guarantees.

At ELZAB S.A. or the subsidiaries, there were no equity-based incentive or bonus programs.

Remuneration paid in 2021 to members of the Supervisory Board of ELZAB S.A. and other benefits amounted to PLN 425 thousand, including: individual members of the Supervisory Board (in PLN thousand):

Person	Supervisory Board / Function	Basic remuneration	Other benefits	TOTAL
Grzegorz Należyty	Chairman of the Supervisory Board (serves as Vice-Chairman of the Audit Committee of the Supervisory Board)	127	2	129
Jarosław Wilk	Vice-Chairman of the Supervisory Board	64	2	66
Andrzej Wawer	Secretary of the Supervisory Board (serves as Secretary of the Audit Committee of the Supervisory Board)	80	2	82
Kajetan Wojnicz	Member of the Supervisory Board (serves as Chairman of the Audit Committee of the Supervisory Board)	79	2	81
Jerzy Kotkowski	Member of the Supervisory Board	31	2	33
Krzysztof Morawski	Member of the Supervisory Board	32	2	34
<b>Total</b>		<b>413</b>	<b>12</b>	<b>425</b>

### **Trainings**

In 2021, the Company's employees participated in training courses related to, inter alia, the following topics:

- Rules of providing first aid
- Intralogistics in the production plant
- Approved Whistleblowing - Anonymous reporting of abuse
- Civil defense
- ISO internal auditor
- Welding training
- SEP Permissions
- Anti-theft security technologies

Zakłady Urządzeń Komputerowych ELZAB S.A.  
STATEMENTS ON THE OPERATIONS OF ELZAB S.A.  
31.12.2021 (in thousand PLN)

- Language training
- Service training
- CIT tax
- Controlling and Management Accounting
- Labour Law 2021
- Financial analytics
- Reporting financial statements according to ESEF requirements

In 2021, the amount spent on training and improving qualifications amounted to PLN 110 thousand.

### **Social activities**

The expenditures from the Company Social Benefits Fund for the statement period compared to the previous year is presented in the table below:

<i>in thousand PLN</i>		
Description	2021	2020
Holiday co-financing for employees and family members	277	310
Other expenses (packages for children, cash benefits for employees)	220	91
<b>Total</b>	<b>497</b>	<b>401</b>

### **6. Control system of the employees' shares**

There is no employees' shares program in ELZAB S.A.

### **7. Environmental protection of OHS issues**

In ELZAB S.A., the Occupational Health and Safety Service is established by the employer on the basis of the provisions of the labour law. It is a one-person, separate OHS organizational unit as an advisory and control body of the Employer, located according to the organizational chart in the Operations Division, supervised by the Director.

Projects carried out by the Occupational Health and Safety Service do not require significant financial outlays. However, many of them directly impact on the improvement of working conditions, including the reduction of occupational risk and the number of accidents.

2021 is the continuation of the COVID pandemic. The crisis caused by the pandemic has not only caused concern among entrepreneurs, but has also caused great concern among employees. Therefore, management in times of a pandemic should be based primarily on trust, communication and flexibility. Health and comfort at work means the possibility of implementing intends, plans and continuation of operation. The pandemic has affected everything around us. On the other hand, modern technology saves us from negative consequences.

**As part of the care for health and safety at work in 2021, considering in particular the Covid-19 pandemic, the Occupational Health and Safety Service implemented a number of activities, including:**

- In order to reduce the exposure of employees to SARS-CoV-2, the employer applied a remote work system in relation to selected employees in order to counteract COVID-19,

referred to in Article 3 of the Act of March 2, 2020, on special solutions related to prevention, counteraction and combating COVID-19, other infectious diseases and the emergencies they cause.

- Active and regular publishing of articles on occupational health and safety, fire protection and the environment in the ELZAB S.A. Newsletter,
- Development of a periodic analysis of the occupational health and safety at work for the previous year 2020,
- Conducting initial occupational health and safety training for new employees of ELZAB S.A. and periodic trainings,
- Systematic and regular referral to preliminary, periodic and control medical examinations as well as specialist medical examinations as part of preventive medical examinations of employees,
- Development and updating of occupational risk assessment in positions, including risk assessment of Remote work,
- Development of occupational health and safety instructions,
- Submitting applications and suggestions to improve work safety and health protection,
- Consultations on occupational health and safety and environmental protection issues with employees, managers, directors,
- Performing occupational health and safety audits in accordance with the adopted plan, and participation in the ISO 9001 audit,
- Participation and representation before the plant's external control authorities, in 2021, an inspection by the National Labour Inspectorate occurred,
- Updating and enforcing occupational health and safety rules,
- Promoting a culture of work safety, providing OHS instructions/boards,
- Controlling machines and devices in terms of adapting to the minimum occupational health and safety requirements,
- Measurements of the working environment: noise, dust, chemical agents, oxides, microclimate, electromagnetic field, optical radiation, energy expenditure,
- Control of the working conditions and new investments under construction as well as renovation and repair works of machines and devices as well as renovation works of work rooms and the entire building,
- Participation in post-accident proceedings, in 2021.

**As far as occupational health and safety in 2021 is concerned,** 1 accident at work of ELZAB S.A. employees was registered, and 2 accidents on the way from work to home of an ELZAB S.A. employee occurred. No occupational diseases were found in the analysed period.

**Caring for environmental protection in line with the requirements of the European Union involved a number of continued activities in 2021, including:**

- Fulfillment of the obligation to have the necessary documents and comprehensive service and reporting of the Waste Database (BDO)
- Keeping records and classification of waste,
- Advice on the interpretation of official letters,
- Representation before authorities during inspections,
- Monitoring legal requirements and informing about changes on an ongoing basis,
- Ongoing support of ELZAB partners in BDO and in waste disposal,

- Selective segregation of municipal waste,
- Monitoring of environmental aspects, including: air emissions and post-production waste,
- Comprehensive service of the National Base on Emissions (KOBIZE),
- Selective collection of used batteries and collection of used toners for printers,
- Systematic disposal of hazardous and non-hazardous waste,
- Regular management of cardboard, foil, plastics and recyclable waste,
- Systematic payments, preparation of environmental protocols and reports,
- Cooperation with the Recovery Organization and the Offices,
- Development of waste disposal instructions and procedures.

**As part of reducing the negative impact on the environment**, ELZAB S.A. declares that the materials and components are ecological and safe, in accordance with the RoHS Directive (concerning the limitation of the use of substances in electronic equipment that may negatively impact on the environment). In order to ensure maximum recovery of used devices withdrawn from the market, ELZAB S.A. works under the contract with a specialized organization for the recovery of electro equipment, dealing with the collection, treatment and recycling of used electronic devices, in accordance with the requirements of the WEEE Directive. In order to ensure recovery, including recycling of packaging waste, ELZAB S.A. works under a contract with the Packaging Recovery Organization. In 2021, sewage quality inspections were systematically carried out by Zabrzeńskie Przedsiębiorstwo Wodociągów i Kanalizacji.

All activities related to water management, sewage management and waste management do not pose a threat to the environment and do not negatively impact on the environment.

**As part of fire protection, in 2021, the following were performed:**

- Preparation of building personnel for practical exercises in the scope of checking the organization and conditions of evacuation during the COVID-19 epidemic,
- A trial evacuation was performed, which considered the need to protect health of the facility users and ensured an appropriate level of fire protection, Therefore, specific solutions appropriate to the current situation were implemented, Evacuation exercises were transferred to paper/online form, Confirmation of checking the knowledge was a short fire test for all employees and an article in the ELZAB Newsletter,
- Inspection of fire extinguishers at the premises of ELZAB S.A. in Zabrze and in the premises of ELZAB S.A. commercial offices in Wrocław,
- Inspection of hydrants and measurements of water efficiency and pressure in the internal and external fire water supply network,
- Inspection of the smoke exhaust system in staircases,
- Periodic inspection of chimney pipes,
- Development of a fire protection implementation schedule along with the provision of offers.

ELZAB S.A. is reliably and on time involved in occupational health and safety as well as health, environmental and fire protection.

## **8. Dependence on suppliers and recipients**

### **Suppliers**

At ELZAB S.A. purchases are mostly made from domestic suppliers. The total share of imports and intra-Community purchases in total purchases in 2021 was approximately 12%.

The products in the trade offer of ELZAB S.A. come largely from the production carried out by ELZAB S.A. They are mostly the result of the work of our own development department, and the production process is carried out according to our own technology.

ELZAB S.A., based on the sales forecast prepared by the Sales Division, properly plans the supply of raw materials, materials and components for production, both in terms of quantity and type of purchases.

The three largest suppliers among domestic companies complete 30% of the total value of deliveries. Each subsequent supplier makes deliveries below 4% of the total value of deliveries.

Purchases from other suppliers can be replaced with deliveries from other companies.

Except for 2021, the experience from previous years shows that there were no negative phenomena in terms of continuity of production and sales due to deliveries.

None of the suppliers among foreign companies exceeded 5% of the total deliveries.

The largest supplier of components for production in 2021 was Fideltronik Poland Sp. z o.o. (16% of total supplies of materials and goods). The value of net purchases from this company in 2021 did not exceed 10% of the value of sales revenues.

In 2021, as was the case in 2020, from the beginning of the Covid-19 pandemic, difficulties with access to selected materials, mainly electronics, are observed. Some suppliers are postponing delivery times. The company is in constant contact with all suppliers and actively monitors delivery schedules. At the same time, the Company carries out tasks to identify substitutes and alternative sources of supply.

### **Recipients**

The domestic market is the dominant market of operations of ELZAB S.A., where sales revenues in 2021 accounted for 94.9%, and in the previous year 92.9%.

ELZAB S.A. sells its products directly through a dealer network.

ELZAB S.A. did not have customers for which the sales realized exceeded 10% of the total sales revenues in 2021.

## **II. BASIC ECONOMIC AND FINANCIAL AMOUNTS**

As a result of the revenues and costs incurred, the Company achieved the following results (in PLN thousands) and profitability ratios on individual types of activity in 2021.

Zakłady Urządzeń Komputerowych ELZAB S.A.  
STATEMENTS ON THE OPERATIONS OF ELZAB S.A.  
31.12.2021 (in thousand PLN)

	2021	2020
1. Gross result from sales	41,919	27,539
<b>Gross profitability from sales</b>	<b>26.0%</b>	<b>23.3%</b>
2. Net result from sales	16,644	5,736
<b>Net profitability from sales</b>	<b>10.3%</b>	<b>4.9%</b>
3. Result of other operations	286	1,826
<b>Operating profitability</b>	<b>10.5%</b>	<b>6.4%</b>
4. Result of financial operation	-4,568	-568
5. Gross result before tax	12,362	6,994
<b>Gross profitability</b>	<b>7.7%</b>	<b>5.9%</b>
6. Net result	9,939	6,008
<b>Net return</b>	<b>6.2%</b>	<b>5.1%</b>

In 2021, the gross result on sales in the amount of PLN 41,919 thousand was higher by 52.2% compared to PLN 27,539 thousand generated in 2020.

The following factors influenced the gross result on sales:

- Increased revenues, which were a consequence of the obligation to exchange existing cash registers for online fiscal cash registers. Due to the coronavirus pandemic, the deadline for replacing fiscal devices was postponed from January 1, 2021 to July 1, 2021. Taxpayers providing hairdressing, cosmetic, construction, legal services, medical care provided by doctors and dentists, and fitness services (in the scope of admission) were included in the need to replace fiscal devices,
- Lack of availability and price fluctuations of some components negatively affected the result in 2021,
- Increasing business costs related to remuneration increases and increasing inflation in 2021,
- Higher level of warranty service costs depending on the number of sold fiscal devices in the country,
- Higher effects of inventory updates than in 2020.

The net profit on sales in the presented period amounted to PLN 16,644 thousand and was by 3 times higher than that obtained last year in the amount of PLN 5,736 thousand.

The level of selling costs, excluding the effects of impairment losses on receivables, was lower than in 2020 by 31.4%. This is mainly related to the increased level of sales, caused by the change of the original schedule of replacing the existing fiscal devices with online devices for the aforementioned group of business entities. The lower level of sales costs last year was the result of the COVID-19 pandemic situation and the lower impact of costs incurred during this period on marketing activities and sales promotions.

General management and administrative costs were higher and increased by 5.5% compared to the previous year.

In 2021, the achieved net profitability on sales amounted to 10.3%, which was higher than that achieved in 2020 in the amount of 4.9%.

In 2021 and 2020, the balance of other operating activities was positive and amounted to PLN 286 thousand and PLN 1,826 thousand, respectively. Other operating revenues in 2021 included mainly

Zakłady Urządzeń Komputerowych ELZAB S.A.  
STATEMENTS ON THE OPERATIONS OF ELZAB S.A.  
31.12.2021 (in thousand PLN)

revenues from the lease of fixed assets as well as received damages and awarded costs of court proceedings. The high level of other operating revenues was affected in 2020 by the grant for the remunerations obtained from the Regional Labour Office - as a form of assistance partly financed from the Guaranteed Employee Benefits Fund, for which Elzab S.A. applied and received a total of PLN 1,588 thousand.

In 2021, the operating profitability ratio was 10.5% and was higher than that in 2020, which was 6.4%.

Both in 2021 and the previous year, the result on financial activities was negative and amounted to PLN 4,760 thousand, in the discussed period and PLN 568 thousand in 2020. The reason is the financing costs incurred by the Company (using of overdraft facilities, loans for the purchase of materials for increased production and received loans) and made revaluation write-offs for granted loans. The value of financial costs in the presented period was also influenced by the derecognition of shares liquidated on June 30, 2021 in Clou Sp. z o.o. in liquidation, in which ELZAB S.A. owned 30% of shares.

The derecognized value of the shares amounted to PLN 206 thousand.

In 2021, gross profit amounted to PLN 12,362 thousand, while in 2020 it amounted to PLN 6,994 thousand.

Having considered the current and deferred income tax, in 2021, ELZAB S.A. achieved a net profit of PLN 9,939 thousand. For comparison, the net profit in 2020 amounted to

PLN 6,008 thousand.

In ELZAB S.A., in the presented period, there were no revenues and costs due to discontinued operations.

## 1. Revenues

In 2021, the Company generated revenues from basic operating activities and from other operating and financial activities.

The revenues achieved in 2021, compared to the corresponding period of the previous year, were as follows (in PLN thousand):

	2021	2020	Dynamics in %
1. Revenues from sale of products and services	140,306	100,442	139.7%.
2. Income from sale of goods and materials	20,897	17,640	118.5%.
<i>Total revenues from sale</i>	<i>161,203</i>	<i>118,082</i>	<i>136.5%.</i>
3. Other operating revenues	893	2,422	36.9%.
4. Revenues from financial operations	192	2,442	7.9%.
<b>Total revenues</b>	<b>162,288</b>	<b>122,946</b>	<b>132.0%.</b>

Zakłady Urządzeń Komputerowych ELZAB S.A.  
STATEMENTS ON THE OPERATIONS OF ELZAB S.A.  
31.12.2021 (in thousand PLN)

## **Sales revenues**

Revenues from the sale of own production and services as well as goods and materials in 2021 amounted to PLN 161,203 thousand and were 36.5% higher than in 2020. The structure of sales revenues by industry segments is presented in the table below (in thousand PLN):

Industry segments	2021	2020	Dynamics in %
Fiscal devices	108,012	74,522	144.9%.
Non-fiscal products	23,958	19,659	121.9%.
Services	8,336	6,261	133.1%.
Goods and materials	20,897	17,640	118.5%.
<b>Together revenues</b>	<b>161,203</b>	<b>118,082</b>	<b>136.5%.</b>

In 2021, increased sales were recorded in each industry segment, especially in the segment of fiscal devices, where sales were 44.9% higher than in 2020. The reason for the increased number of fiscal devices sold was the postponement of the obligation to replace the existing cash registers with online from January 1, 2021 to July 1, 2021 for taxpayers providing hairdressing, beauty, construction, legal, medical care provided by doctors and dentists and fitness services (admission).

Sales of goods and materials in 2021 increased by 18.5% compared to the previous year.

## **Foreign markets**

The sales volume (in PLN thousand) of products, materials and goods to the domestic and foreign markets in 2021 compared to 2020 is shown in the following table:

Description	Sales value 2021	Structure %	Sales value 2020	Structure %	Dynamics %
<b>Total sales, including:</b>	<b>161,203</b>	<b>100.0</b>	<b>118,082</b>	<b>100.0</b>	<b>136.5</b>
1. Domestic sales	152,970	94.9	109,721	92.9	139.4
2. Sales to foreign markets	8,233	5.1	8,361	7.1	98.5

In 2021, as in the previous years, the dominant market for the operations of the Company was the domestic market where 95% of sales revenues were realized.

Sales to foreign markets, in the case of fiscal devices, concerned the Hungarian, Greek and Kenyan markets. The remaining sales mainly concern Great Britain, Ireland and Germany.

The main factor influencing the high level of exports in 2021 was the increased number of recipients of fiscal devices in Greece, where the obligation to replace and update cash registers according to the new legal regulations was introduced. The original date for the replacement of cash registers in Greece was July 1, 2020. However, due to the COVID-19 pandemic, it was initially postponed to March 31, 2021, and now a further postponement of this deadline is expected to March 31, 2022.

## **2. Costs**

In 2021, the Company incurred costs for the implementation of production and sales and for other operating activities and financial costs, the value of which is presented in the table below compared to the previous year (in PLN thousand).



Zakłady Urządzeń Komputerowych ELZAB S.A.  
STATEMENTS ON THE OPERATIONS OF ELZAB S.A.  
31.12.2021 (in thousand PLN)

	2021	2020	Dynamics %
1. Production cost of sold products and services	99,438	73,992	134.4%.
<i>including: inventory update</i>	<i>903</i>	<i>395</i>	
2. Value of the sold goods and materials	19,846	16,551	119.9%.
<i>including: inventory update</i>	<i>1,727</i>	<i>797</i>	
3. Sales costs	10,500	7,793	134.7%.
<i>including: receivables update</i>	<i>227</i>	<i>-24</i>	
3a. Cost of sales, excluding receivables update	10,273	7,817	131.4%.
4. General management board costs	14,775	14,010	105.5%.
5. Other operating costs	607	596	101.8%.
6. Financial costs	4,760	3,010	158.1%.
<b>Total costs</b>	<b>149,926</b>	<b>115,952</b>	<b>129.3%.</b>

In 2021, the Company incurred costs in the total amount of PLN 149,926 thousand, which were 29.3% higher than in the previous year.

### **Sale own cost**

In 2021, the production costs of the products and services sold were higher than at the previous year's level and amounted to PLN 99,438 thousand, while the costs of selling goods and materials exceeded the level of costs from 2020 by 19.9% and amounted to PLN 19,846 thousand.

The cost of production was influenced by:

- the level of sales of own products, which was lower than in 2020,
- the sales assortment structure,
- higher level of warranty service costs, depending on the product range sold in the country and the level of invoicing for guarantee service costs by the Company's dealers,
- higher effects of inventory updates than in 2020,
- lack of availability and price fluctuations of some components negatively affected the result in 2021,
- increasing business costs related to remuneration increases and increasing inflation in 2021.

The general management and selling costs increased in total by 16% in 2021 compared to 2020.

The costs by type incurred in 2021 in the amount of PLN 123,584 thousand were by 30% higher than those incurred in 2020. The percentage of selected cost items in the total costs incurred was:

- 49.0% were the costs of materials and energy consumption, which increased by 40% compared to 2020. The costs of materials are mainly influenced by the production structure, the level of sales, exchange rates on which the price of imported purchases depends and domestic purchases with prices denominated in relation to foreign currencies. The prices of components purchased on the domestic market also have an impact. The costs of materials also include advertising and information materials related to the conducted advertising campaigns in the country and abroad, as well as promotions.

- 22.79% was the cost of remunerations and employee benefits. The remunerations with add-ons and costs of other employee benefits increased by 6% compared to the same period last year. The reduction in remunerations in 2020 was caused by the actions taken by the Company to limit the negative effects of the COVID-19 pandemic. In April 2020, the Management Board of the Company, in consultation with the trade unions, decided that in the period from May 1, 2020 to

July 31, 2020, the working time of employees will be reduced by 20% compared to their current working time. The reduced working time applies to all professional groups present at ELZAB S.A. During this period, employees were entitled to remuneration for work - proportional to the reduced working time. In addition, at the end of April 2020, the Management Board of the Company, in consultation with the trade unions, decided to suspend the bonus regulations for a period of 3 months and introduced a 2-week holiday break in production and production-related departments.

- 26.9% were the costs of external services, the level of which was higher by 43% compared to 2020. A significant item is the costs of guarantee service, which is 59% of the costs of external services. Other higher cost items involve external processing, IT services costs and advertising services.

- 5.3% were depreciation costs, which were by 2% lower than those incurred in 2020.

In 2021, the result of updating the inventories of finished products amounted to PLN 903 thousand and increased the production cost. In 2020, the result on the update of product inventories also increased the production cost by PLN 395 thousand.

In 2021, the result on the updating of inventories of goods and materials in the amount of PLN 1,727 thousand increased the cost of goods and materials sold. In 2020, the result of updating inventories of goods and materials amounted to PLN 797 thousand and increased the cost of goods and materials sold.

In 2021, the result of updating receivables increased selling costs by PLN 227 thousand, and in 2020 increased them by PLN 24 thousand.

### **3. Financial instruments**

As at December 31, 2021, open forward transactions did not occur.

As at December 31, 2021, the Company had receivables under loans granted in the amount of PLN 17,621 thousand including accrued interest.

On December 31, 2021, the Company concluded a loan agreement with JNJ Limited with its registered office in Dubai, a subsidiary of the affiliate - Comp Centrum Innowacji Sp. z o.o., in the amount of EUR 2,885 thousand. The loan is to be repaid in three installments: the first installment in the amount of EUR 1,000 thousand by August 31, 2022; the second installment in the amount of EUR 1,000 thousand by August 31, 2023; third installment in the amount of EUR 885 thousand by December 31, 2024. Interests will be paid with the repayment of the third loan installment. On March 11, 2022, an annex to the loan agreement was concluded, according to which new deadlines for the payment of loan installments were established: the first installment in the amount of EUR 500 thousand by 31 December 2023; the second installment in the amount of EUR 1,000 thousand by 31 December 2024; and the third installment in the amount of EUR 1,385 thousand by 31 December 2025.

Other terms, in particular the financial terms of the agreement do not differ from those commonly used in agreements of this type. At the same time, from the received loan amount, referred to above,

Zakłady Urządzeń Komputerowych ELZAB S.A.  
STATEMENTS ON THE OPERATIONS OF ELZAB S.A.  
31.12.2021 (in thousand PLN)

JNJ Limited based in Dubai paid the trade receivables due to the company in the total amount of EUR 2,885 thousand. As a result of the above operations, total debt of JNJ Limited towards ELZAB S.A. did not change.

#### 4. Development works

In 2021, the Development Department of ELZAB S.A. worked on the following issues:

1. Continuation of works related to the implementation of on-line devices in Poland and design works in the field of cash register management systems aiming at integrating the on-line cash register population with the e-receipt system and associated services.
2. Continuation of works aimed at introducing devices to the Hungarian market (currently 2 types of cash registers). The new generation of online devices will have its own communication module.
3. Adjusting devices on foreign markets to the updated technical regulations in the following countries: Romania, Kenya, Greece.
4. Works related to the integration of the ELZAB brand cash registers with the M/Platform service platform.
5. Development of the integration of cash registers with non-cash payments, including development of a cash-terminal.
6. Development of the ELZAB cash register management system by adjusting it to the growing population of devices on the market and using it as a service support platform within the Comp group.
7. Work began on projects related to the development and introduction to the offer of sales software intended for use in various industries and offered, inter alia in subscription models.
8. Works related to the development of devices for charging electric cars and their implementation into production were carried out.
9. Work on a cash register in the form of software for use in transport and taxi services was started.

### III. BASIC FINANCIAL INDICATORS

	ELZAB S.A.	01.01. - 31.12.2021	01.01. - 31.12.2020
1	Gross sales profitability ratio %	26.00	23.32
2	Net profit margin ratio %	6.17	5.09
3	Return on equity ROE %	9.21	6.01
4	Return on total assets ROA %	5.06	2.91
5	Current fluidity ratio	1.21	1.27
6	High liquidity ratio	0.73	0.86
7	Total debt ratio	45.01	51.51

1 gross profit on sales / net revenues from sales %

2 net profit / net revenues from sales %

3 net profit / equity %\*

4 net profit / total assets %\*

5 current assets\* / short-term liabilities (excluding provisions and accruals)\*

6 current assets - inventories - prepayments\* / short-term liabilities\*

7 liabilities and provisions for liabilities\* / total assets\*

\* (as at the beginning of the period + as at the end of the period) / 2

#### **IV. UNUSUAL EVENTS AND OTHER FACTORS AFFECTING THE FINANCIAL SITUATION OF ELZAB S.A.**

In 2021, ELZAB S.A., like most enterprises, did not avoid the negative effects of the COVID-19 pandemic.

The amount of revenues was also influenced by the postponement of the obligation to replace fiscal devices with online devices, mainly for the HORECA industry (hotels, restaurants and catering) from July 1, 2020 to January 1, 2021. For half a year, from January 1, 2021, to July 1, 2021, the obligation to replace fiscal devices for entities providing hairdressing and cosmetic services, construction, medical and those related to the improvement of physical condition was also postponed.

On the cost side, the availability of certain components and price fluctuations due to limited availability have affected the results.

#### **V. FINANCIAL RESOURCES MANAGEMENT**

In the introduction to the separate financial statements, under "i", the Management Board of the Company presented the factors and activities underlying the preparation of the separate financial statements of the Company under the going concern assumption.

In Note 24 to the FS, the Management Board of the Company described the actions of the Management Board in terms of responding to the risks to which the Company is exposed.

The company has credit limits at banks, an active factoring agreement, and in 2021, it had the option of using supplier financing. The company monitors its financial situation on an ongoing basis and adjusts the payment options to the proceeds obtained.

On October 26, 2021, Annex 9 to the Multiproduct Agreement was concluded with ING Bank Śląski S.A. with its registered office in Katowice, reducing the multiproduct loan limit from PLN 46,100 thousand up to the amount of PLN 32,900 thousand. On the basis of the agreement, a sublimit was made available for use under the working capital loan in a bank account and it was covered by a guarantee granted by Bank Gospodarstwa Krajowego on the basis of the portfolio agreement of the Liquidity Guarantee Fund No. 3/PLG-FGP/2020 in the amount of PLN 5,600 thousand, constituting 80% of the granted loan amount for the loan period extended by 3 months, i.e. until September 30, 2022.

Annex 7 signed with Bank Millenium S.A. on March 1, 2021, maintained a credit limit of PLN 6,000 thousand, and extended the loan period until February 28, 2023. The above limit was intended for financing the current operations. Until May 28, 2023, it was secured with a guarantee granted by Bank Gospodarstwa Krajowego in the amount of PLN 4,800 thousand, which is 80% of the loan amount.

## **VI. INVESTMENTS**

### **1. Investments in property, plant and equipment and intangible assets**

In the statement period, the Company incurred capital expenditures for the purchase and modernization of fixed assets and intangible assets in the amount of PLN 5,755 thousand, including, inter alia, expenditure on the modernization of buildings and structures, modernization of production and office premises as well as on instruments and tools for production.

Investment outlays for fixed assets and intangible assets were financed mainly with own funds and partly by leasing.

In the statement period, ELZAB S.A. did not make any outlays for the protection of the natural environment. Specification of ELZAB S.A. production does not pose a threat to the natural environment.

In 2021, the construction department of ELZAB S.A. continued the development work started in previous statement periods and started the implementation of new topics. The value of expenditure on the implementation of development works amounted to PLN 4,381 thousand. The costs of development works completed with a positive result in the amount of PLN 5,409 thousand were transferred to intangible assets. This amount largely concerned new services and fiscal devices, the so-called online, which were introduced for sale in 2021.

The investment plans for 2022 mainly include:

- purchase of machines, tools and devices necessary to ensure the continuity of production, as well as partial renewal of the machine park,
- continuation of work on new products as part of development works and purchase of forms for the production of new products,
- modernization of buildings and rooms.

The investment will be financed with the Company's own funds, possibly with a loan or leasing.

### **2. Investments in financial assets**

On December 22, 2021, ELZAB S.A. acquired shares in Greenfield Plan Sp. z o.o. At the same time, on the same day, the Extraordinary General Meeting of Greenfield Plan Sp. z o.o. adopted a resolution to increase the share capital from the amount of PLN 5,000 up to the amount of PLN 3,663 thousand. ELZAB S.A. made a declaration on taking up shares and covering them in full with a cash contribution. Considering the cooperation of both parties so far, ELZAB S.A. concluded an agreement with Greenfield Plan Sp. z o.o. regarding the compensation of receivables due to the take-up of shares by ELZAB S.A. with existing receivables due to ELZAB S.A. from Greenfield Plan Sp. z o.o. The aforementioned deductions resulted in full repayment of mutual claims.

Zakłady Urządzeń Komputerowych ELZAB S.A.  
STATEMENTS ON THE OPERATIONS OF ELZAB S.A.  
31.12.2021 (in thousand PLN)

Greenfield Plan Sp. z o.o. is intended for sale in the next 12 months. In connection with the intended sale of shares in Greenfield Plan Sp. z o.o. the valuation of the shares held was made to the realizable value up to the amount of PLN 2,400 thousand, based on the purchase offers received.

## **VII. PROCEEDINGS PENDING BEFORE A COURT, COMPETENT AUTHORITY FOR THE ARBITRATION OR PUBLIC ADMINISTRATION**

There are no significant proceedings pending before a court, body competent for arbitration proceedings or public administration body.

## **VIII. AMOUNT AND TYPES OF THE COMPANY'S CAPITALS**

### **1. Equity**

As at December 31, 2021 and December 31, 2020, the equity of the Company includes (in PLN thousand):

	As at 31.12.2021	As at 31.12.2020
<b>A. Equity</b>	<b>112,939</b>	<b>103,000</b>
1. Basic capital	22,143	22,143
2. Surplus from the sale of shares above their nominal value	11,211	11,211
3. Own shares	-1,997	-1,997
4. Other reserve capitals - own shares	3,315	3,315
5. Reserve capital and spare capital	65,050	59,041
6. Profit/loss from previous years and the current year, including:	13,217	9,287
6.1. Accumulated profits/losses from previous years	3,278	3,279
6.2. Profit/loss of the current year	9,939	6,008

### **2. Settlement of financial result from previous years**

Pursuant to Resolution no. 8 of the OGM of June 30, 2021, the net profit of ELZAB S.A. for 2020 in the amount of PLN 6,008 thousand was fully transferred to the spare capital of the Company.

In the statements of 2021, ELZAB S.A. did not pay or declare the payment of dividends for the previous financial year.

### **3. Proposed distribution of the result for the current period**

At the time of publishing the financial statements, the Management Board of the Company had not yet made a decision on the recommendation to the General Meeting of Shareholders of the method of distribution of profit for 2021.

### **4. Ownership structure of the equity**

The structure of shareholders holding directly or indirectly through subsidiaries at least 5% of the total number of votes at the General Meeting as at December 31, 2021, and as at the date of publication of the statements, according to the knowledge of the Company, is as follows:

Zakłady Urządzeń Komputerowych ELZAB S.A.  
STATEMENTS ON THE OPERATIONS OF ELZAB S.A.  
31.12.2021 (in thousand PLN)

Full name (Company)	Number of ordinary shares	Number of preference shares	Total number of shares	Total number of votes	% of votes during the GM	Share in the share capital
COMP S.A.*	12,228,189	18,450	12,246,639	12,320,439	75.66	75.89
ELZAB S.A. (own shares)	405,662	0	405,662	405,662	2.49	2.51
Other shareholders	3,466 729	18,020	3,484 749	3,556 829	21.84	21.59
<b>TOTAL</b>	<b>16,100,580</b>	<b>36,470</b>	<b>16,137,050</b>	<b>16,282,930</b>	<b>100.00</b>	<b>100.00</b>

\* COMP. S.A. with its registered office in Warsaw holds a total of 12,652,301 shares of ELZAB S.A. which represents 78.41% of the share capital (directly - 12,228,189 ordinary shares, which is 75.78% of the share capital; directly - 18,450 preference shares, which is 0.11% of the share capital, indirectly - 405,662 own shares of ELZAB SA, which is 2.51% share in the share capital). Total number of votes from shares held by COMP S.A. amounts to 12,726,101, representing 78.16% of the total number of votes (directly 12,322,439 votes, representing 75.66% of the total number of votes; indirectly - 405,662 votes arising from own shares of ELZAB, representing 2.49% share in the total number of votes).

Total:

Share capital	22.142.962.40 PLN
total number of shares	16,137,050
total number of votes	16,282,930
number of shares in public trading	16,137,050
number of shares on the stock exchange	16,100,580

## 5. Shares of ELZAB S.A. held by members of the Management Board, Managers and the Supervisory Board

Number of shares held by the Managers and the Management Board of ELZAB S.A. as at December 31, 2021, and as at the date of approval of the financial statements by the Management Board of the Company, according to the Company's knowledge, is as follows (pcs.):

Bartosz Panek	President of the Management Board	1,000
Jerzy Popławski	Vice-President of the Management Board	0
<b>Total</b>		<b>1,000</b>

Members of the Supervisory Board of ELZAB S.A., according to the knowledge of the Company as at the date of submitting the statements, do not own any shares of ELZAB S.A.

## 6. Shares in the subsidiaries held by members of the Management Board and the Supervisory Board

According to the best knowledge of the Company, members of the Management Board and the Supervisory Board do not hold shares in the subsidiaries of ELZAB S.A.

President of the Management Board of ELZAB S.A., Mr. Bartosz Panek, has 37 shares of COMP S.A.

Members of the Management Board of ELZAB S.A. do not hold shares in other subsidiaries.

Shares and stakes in other subsidiaries held by members of the Supervisory Board of ELZAB S.A. (pc.):

Zakłady Urządzeń Komputerowych ELZAB S.A.  
STATEMENTS ON THE OPERATIONS OF ELZAB S.A.  
31.12.2021 (in thousand PLN)

As at 31.12.2021:

		COMP S.A.
Grzegorz Należyty	Chairman of the Supervisory Board	0
Jarosław Wilk	Vice-Chairman of the Supervisory Board	0
Andrzej Wawer	Secretary of the Supervisory Board	1,780
Jerzy Kotkowski	Member of the Supervisory Board	0
Kajetan Wojnicz	Member of the Supervisory Board	0
Krzysztof Morawski	Member of the Supervisory Board	0

As at 05.04.2022:

		COMP S.A.
Grzegorz Należyty	Chairman of the Supervisory Board	0
Jarosław Wilk	Vice-Chairman of the Supervisory Board	0
Andrzej Wawer	Secretary of the Supervisory Board	1,780
Jerzy Kotkowski	Member of the Supervisory Board	0
Kajetan Wojnicz	Member of the Supervisory Board	0
Krzysztof Morawski	Member of the Supervisory Board	0

In addition, as at December 31, 2021, Mr. Jerzy Popławski held 37,800 shares with a total value of PLN 1,890,000.00, representing 15.81% votes at the shareholders meeting in CE Management Group Sp. z o.o., which holds 302,719 shares of Comp S.A.

As at the date of publication of the financial statements, Mr. Jerzy Popławski holds 37,800 shares with a total value of PLN 1,890,000.00, constituting 15.12% votes at the shareholders meeting in CE Management Group Sp. z o.o., which holds 302,719 shares of Comp S.A.

As at the date of publication of the financial statements, Mr. Jerzy Popławski holds 2,000 shares with a total value of PLN 100,000.00, constituting 0.80% votes at the shareholders meeting in CE Management Group Sp. z o.o., which holds 302,719 shares of Comp S.A.

In addition, members of the Supervisory Board had an indirect share in COMP S.A. by CE Management Group Sp. z o.o.:

- as at December 31, 2021:
  - Mr. Andrzej Wawer holds 16,883 shares with a total value of PLN 844,150.00, constituting 7.06% votes at the shareholders meeting in CE Management Group Sp. z o.o. with its registered office in Warsaw, which holds 302,719 shares of Comp S.A.;
  - Mr. Krzysztof Morawski held 15,957 shares with a total value of PLN 797,850.00, constituting 6.67% votes at the shareholders meeting in CE Management Group Sp. z o.o. with its registered office in Warsaw, which holds 302,719 shares of Comp S.A.;
  - Mr. Jarosław Wilk held 8,883 shares with a total value of PLN 444,150.00, constituting 3.72% votes at the shareholders meeting in CE Management Group Sp. z o.o. with its registered office in Warsaw, which holds 302,719 shares of Comp S.A.;
- as at the date of publication of the financial statements:
  - Mr. Andrzej Wawer holds 16,883 shares with a total value of PLN 844,150.00, constituting 6.75% votes at the shareholders meeting in CE Management Group Sp. z o.o. with its registered office in Warsaw, which holds 302,719 shares of Comp S.A.;



Zakłady Urządzeń Komputerowych ELZAB S.A.  
STATEMENTS ON THE OPERATIONS OF ELZAB S.A.  
31.12.2021 (in thousand PLN)

- Mr. Krzysztof Morawski held 15,957 shares with a total value of PLN 797,850.00, constituting 6.38% votes at the shareholders meeting in CE Management Group Sp. z o.o. with its registered office in Warsaw, which holds 302,719 shares of Comp S.A.;
  - Mr. Jarosław Wilk held 8,883 shares with a total value of PLN 444,150.00, constituting 3.55% votes at the shareholders meeting in CE Management Group Sp. z o.o. with its registered office in Warsaw, which holds 302,719 shares of Comp S.A.;
- CE Management Group Sp. z o.o. is not under the control of any of the aforementioned persons (together they have a minority share).

The number of shares held by members of the Management Board and by members of the Supervisory Board in other subsidiaries has not changed since the publication of the statements for the third quarter of 2021.

## 7. Call for the sale of shares - changes in the Shareholding of ELZAB S.A.

In 2021, there was no call for the sale of ELZAB S.A. shares.

## 8. Purchase of own shares

ELZAB S.A. carried out the following transactions as part of the purchase of own shares:  
- 2008 the Company bought 405,662 own shares for redemption.

In 2017, the Company sold a total of 768,093 ordinary bearer shares (own shares) with a total nominal value of PLN 1,045 thousand in two block trades on the regulated market, constituting 4.76% of the share capital and entitling to 768,093 votes, which constitutes 4.72% of the total number of votes at the general meeting of the Company, at the average unit selling price of PLN 7.00 (seven) per share.

ELZAB SA - OWN SHARES	year	number of shares	purchase price	value of shares at the purchase price	% of the share capital	% votes at the GSM	nominal value of the purchased shares	value of the purchased shares
<i>ELZAB S.A. - own shares acquired for redemption</i>	2008	405,662	4.91	1,993	2.51%	2.49%	552	1,997
<b>TOTAL</b>	<b>X</b>	<b>405,662</b>	<b>4.91</b>	<b>1,993</b>	<b>2.51%</b>	<b>2.49%</b>	552	1,997

The purchased shares are recognised in the equities of ELZAB S.A. with a negative sign.

## 9. Listing of ELZAB S.A. shares on the Warsaw Stock Exchange

The basic amounts in terms of listing of the Company's shares in 2021 are as follows:

· Average share price	4.81
· Maximum share price	6.05
· Minimum share price	3.51
Rate of return ((final rate - initial rate)/initial rate))	-32.7%.
· Amplitude ((rate max.-rate min.)/rate min.))	72%.
· rate as at January 4, 2021	5.90
· rate as at December 30, 2021	3.97

The company has been listed on the WSE since May 13, 1998.

Listing market: basic

Sector: IT

#### **ELZAB S.A. share price according to listing on the WSE in 2021**



#### **IX. INFORMATION ABOUT THE ISSUE, REDEMPTION AND REPAYMENT OF NON-EQUITY AND EQUITY SECURITIES**

Not applicable.

#### **X. INFORMATION ABOUT THE AGREEMENTS**

##### **Long-term selected agreements in operations of the Company:**

Agreement on joint purchases of components and automatic identification devices concluded on July 25, 2011, by and between ELZAB S.A. and COMP S.A. (formerly NOVITUS S.A.). The agreement was concluded in order to obtain optimal conditions for the purchase of components and automatic identification devices (AI).

Under the agreement, ELZAB S.A. commissioned COMP S.A. conducting negotiations and making purchases for the needs of ELZAB S.A. in the scope of purchasing components, AI devices for distribution and AI devices for production.

Agreement for the sale of Dibal electronic scales concluded on July 25, 2011 by and between:

ELZAB S.A. and COMP S.A. (formerly NOVITUS S.A.) on the sale by COMP S.A. for ELZAB S.A. electronic scales by DIBAL.

ELZAB S.A. obliges to purchase scales in accordance with the orders placed and place them on the market in its own sales network and to Strategic Clients of ELZAB S.A. Pursuant to the agreement, the remuneration for ELZAB S.A. for the sale of scales was set as a trade discount.

Agreement on the rules of cooperation in the field of the production of electronic packages concluded on September 19, 2011 by and between ELZAB S.A. and FIDELTRONIK IMEL Sp. z o.o. Under the agreement, the company commissions FIDELTRONIK IMEL Sp. z o.o. performance of the service of purchasing electronic components, assembly and testing of packages in accordance with the arrangements and documentation of ELZAB S.A.

Agreement on rules principles of cooperation in the field of the production of electronic packages concluded on August 10, 2012 between ELZAB S.A. and JM Elektronik Sp. z o.o. Under the agreement, the company commissions JM Elektronik Sp. z o.o. performance of the service of purchasing electronic components, assembly and testing of packages in accordance with the arrangements and documentation of ELZAB S.A.

The agreement concluded on December 16, 2013 by and between ELZAB S.A. and MICRA METRIPOND KFT on the rules of cooperation in the production and delivery of fiscal devices intended for the Hungarian market and the definition of the terms and conditions of the Parties' activity in the field of distribution, provision of guarantee and post-guarantee services of the devices in question in the territory of Hungary.

On June 18, 2018, the company concluded a cooperation agreement with JNJ Limited based in Dubai, World Trade Center, Level 12, P.O. Box. 9353 Dubai, United Arab Emirates. The subject of the agreement is to develop software and the sale of proprietary copyrights to cache repositories, embedded software for recording devices on the Kenyan and Zambia markets for a total value of EUR 1,060 thousand, payable within 90 days from the date of signing the carrier and the software acceptance protocol. The financial terms of the agreement do not differ from those commonly used in agreements of this type.

On June 28, 2021, ELZAB S.A. concluded a settlement agreement with JNJ Limited regarding the change of the debt repayment date to December 31, 2021. The above debt was offset with the loan granted by ELZAB S.A. to JNJ Limited on December 31, 2021. Information about the loan granted is presented in this statement in point *VI.2. Investments in financial assets*

### **Credit agreements**

On August 27, 2018, the Multiproduct agreement was concluded with ING Bank Śląski S.A. with its registered office in Katowice, with a maximum credit limit of PLN 49,100 thousand and with a maximum repayment date until December 31, 2022.

The currently applicable Annex 9 to the Multiproduct agreement of August 27, 2018, signed on October 26, 2018, upheld the new loan repayment dates (as amended by Annex 6 of August 5, 2020) and, at the end of 2021, they are as follows:

- investment loan with a value of PLN 7 501 thousand - repayment date until May 31, 2023,

Zakłady Urządzeń Komputerowych ELZAB S.A.  
STATEMENTS ON THE OPERATIONS OF ELZAB S.A.  
31.12.2021 (in thousand PLN)

- non-renewable credit in the current account with the value of PLN 4,249 thousand - repayment date until May 31, 2023,
- loan financing suppliers with a value of PLN 10,000 thousand - repayment date until December 26, 2022,
- revolving credit facility in the current account with the value of PLN 7,000 thousand - repayment date until June 30, 2022.

At the same time, pursuant to Annex 9, the Multi-product agreement loan limit was reduced from PLN 46,100 thousand to the amount of PLN 32,900 thousand, with the payment deadline by June 7, 2023. In addition, a sublimit was made available for use under the working capital loan in the bank account in the amount of:

- PLN 9,000,000 from October 1, 2021 to October 31, 2021
- PLN 8,000,000 from November 1, 2021 to November 30, 2021
- PLN 7,000,000 from December 1, 2021 to December 31, 2021
- PLN 6,000,000 from January 1, 2022 to January 31, 2022
- PLN 5,000,000 from February 1, 2022 to February 28, 2022
- PLN 4,000,000 from March 1, 2022 to March 31, 2022
- PLN 3,000,000 from April 1, 2022 to April 30, 2022
- PLN 2,000,000 from May 1, 2022 to May 31, 2022
- PLN 1,000,000 from June 1, 2022 to June 30, 2022

The Bank's receivables resulting from the working capital loan in the current account are secured by a guarantee granted by Bank Gospodarstwa Krajowego under the portfolio agreement of the Liquidity Guarantee Fund No. 3/PLG-FGP/2020 in the amount of PLN 5,600 thousand, which is, as at December 31, 2021, 80% of the current loan amount for the loan period extended by 3 months, i.e. until September 30, 2022.

On April 7, 2020, ELZAB S.A. concluded annex 6 to the loan agreement at Bank Millennium regarding the renewal of the loan agreement of December 29, 2015 for the period until February 28, 2021. As part of the annex, new overdraft limits were set as follows:

- PLN 8,000,000 in the period from December 29, 2015 to February 27, 2020
- PLN 6,000,000 in the period from February 28, 2020 to July 30, 2020
- PLN 6,000,000 in the period from July 31, 2020 to February 28, 2021

Another annex 7 signed on March 1, 2021, maintained the credit limit in the amount of PLN 6,000 thousand, and extended the loan period until February 28, 2023. The financial terms of this agreement do not differ from those commonly used in agreements of this type. The above limit was provided to finance the current activity and until May 28, 2023 it was secured with a guarantee granted by Bank Gospodarstwa Krajowego in the amount of PLN 4,800 thousand, which is 80% of the loan amount.

On July 6, 2015, ELZAB S.A. concluded a PLN loan agreement with mBank S.A. in the amount of PLN 4,000 thousand for the purpose of financing the current business activities of the Company. The financial terms of the agreement do not differ from those commonly used in agreements of this type. On August 20, 2015, the Company concluded Annex 1 to the PLN loan agreement with mBank S.A. regarding the increase of the limit from PLN 4,000 thousand up to PLN 6,000 thousand. Other terms remained unchanged. On July 7, 2020, Annex 6 was signed to extended the

Zakłady Urządzeń Komputerowych ELZAB S.A.  
STATEMENTS ON THE OPERATIONS OF ELZAB S.A.  
31.12.2021 (in thousand PLN)

loan repayment date until July 8, 2021. Pursuant to Annex 7 signed on June 30, 2021, the loan repayment date was extended to June 29, 2022.

### **Leasing agreements**

Leasing agreements concluded with ING Lease (Polska) Sp. z o.o. to finance the purchase of production and non-production equipment (storage racks, forklifts) and to finance the purchase of cars.

The total value of financial leasing liabilities as at December 31, 2021 was PLN 3,473 thousand.

### **Factoring agreements**

On March 16, 2018, ELZAB S.A. and ING Commercial Finance Polska S.A. concluded an agreement for the provision of factoring services, under which the Factor purchases, records, collects and settles receivables regarding the sale of goods and services due to ELZAB S.A. up to PLN 4,000 thousand in the period from March 16, 2018 to March 15, 2019.

In the following years, the Company increased the factoring limit. Pursuant to Annex 6 of April 6, 2020, it was at the level of PLN 12,000 thousand with a deadline of March 15, 2021. Pursuant to the provisions of the above annex, this period was automatically extended until March 15, 2022. On April 20, 2021, ELZAB S.A. and ING Commercial Finance Polska S.A. signed Annex 9, pursuant to which, from the date of signing the annex to September 30, 2021, the factoring limit is increased from PLN 12,000 to PLN 17,000. From October 1, 2021, the factoring limit returns to the amount of PLN 12,000 thousand

### **Loan agreements**

#### **Loans granted by ELZAB S.A. as at December 31, 2021**

<b>Borrower</b>	<b>Year of conclusion of the agreement</b>	<b>Interest rate</b>	<b>Total amounts of granted loans</b>	<b>Loan amount repaid in 2021</b>	<b>Loan amount to be repaid as at 31.12.2021</b>
private individual	for 2016	EURIBOR 1M + margin	150 thousand EUR	0 thousand EUR	150 thousand EUR
ELZAB HELLAS SPV	for 2016	EURIBOR 1M + margin	400 thousand EUR	0 thousand EUR	328 thousand EUR
ELZAB HELLAS S.A.	*2019 (consolidation of previous loans)	EURIBOR 1M + margin	324 thousand EUR	0 thousand EUR	324 thousand EUR
JNJ Limited	for 2021	EURIBOR 3M + margin	2,855 thousand EUR	0 thousand EUR	2,855 thousand EUR
B2B SOFT Sp. z o.o. (formerly ELZAB SOFT Sp. z o.o.)	for 2018	WIBOR 1M + margin	1,800 thousand PLN	0 thousand PLN	1,000 thousand PLN

\*) In December 2019, ELZAB S.A. and ELZAB HELLAS S.A. concluded an agreement under which 11 loans granted by ELZAB S.A. were consolidated for ELZAB HELLAS S.A. As a result of the agreement, the amount of accrued

Zakłady Urządzeń Komputerowych ELZAB S.A.  
STATEMENTS ON THE OPERATIONS OF ELZAB S.A.  
31.12.2021 (in thousand PLN)

interest as at December 31, 2019 in the amount of EUR 26 thousand together with the original amounts of loans granted in the total amount of EUR 298 thousand were consolidated into one loan of EUR 324 thousand.

On June 30, 2020, Elzab S.A. signed Annex 3 to the loan of June 21, 2018, granted to B2B Sofy Sp. z o.o. in the amount of PLN 1,800 thousand, extending the repayment date to December 30, 2021. In addition, the next Annex 4 of December 22, 2021, changed the repayment date to January 31, 2022, and on that day B2B Soft Sp. z o.o. repaid the entire loan with interest.

On December 31, 2021, the Company concluded an agreement with JNJ Limited with its registered office in Dubai, a subsidiary of the subsidiary - Comp Centrum Innowacji Sp. z o.o., in the amount of EUR 2,885 thousand. The loan is to be repaid in three installments: the first installment in the amount of EUR 1,000 thousand by August 31, 2022; the second installment in the amount of EUR 1,000 thousand by August 31, 2023; third installment in the amount of EUR 885 thousand by December 31, 2024. On March 11, 2022, an annex to the loan agreement was concluded, according to which new deadlines for the payment of loan installments were established: the first installment in the amount of EUR 500 thousand by 31 December 2023; the second installment in the amount of EUR 1,000 thousand by 31 December 2024; and the third installment in the amount of EUR 1,385 thousand by 31 December 2025.

Interests will be paid with the repayment of the third installment of the loan. At the same time, from the received loan amount, referred to above, JNJ Limited based in Dubai paid the trade receivables due to the company in the total amount of EUR 2,885 thousand. As a result of the above operations, total debt of JNJ Limited towards ELZAB S.A. did not change.

The financial terms of the aforementioned agreements do not differ from those commonly used in agreements of this type.

**Loans taken by ELZAB S.A. as at December 31, 2021 (in thousand PLN):**

Lender:	Amount loans	Amount to be repaid with interests	Interest rate
Voivodeship Fund for Environmental Protection and Water Management in Katowice	1,493	522	rediscount rate plus a margin of not less than 3.50%
Comp SA	4,000	3,891	WIBOR 1M + margin
Comp SA	3,696	3,930	WIBOR 1M + margin
Comp SA	13,407	14,273	WIBOR 1M + margin
Multis Sp. z o.o.	700	700	fixed interest rate

Loan agreement with the Provincial Fund for Environmental Protection and Water Management in Katowice as part of de minimis aid. A loan in the amount of PLN 1,493 thousand was granted to finance the task: "Thermomodernization of the buildings of Zakłady Urządzeń Komputerowych ELZAB S.A., located in Zabrze at ul. Elzab 1" (formerly: Kruczkowskiego 39). The remaining amount to be repaid is PLN 522 thousand, as at December 31, 2021.

On November 30, 2017, ELZAB S.A. took a loan from Comp S.A. in the amount of PLN 4,000 thousand. The repayment was to be made by March 8, 2018. The financial terms of the loan did not differ from those commonly used in agreements of this type. The loan interest rate was determined based on the WIBOR 3M rate increased by the margin. The loan was secured with a declaration and a blank promissory note.

Zakłady Urządzeń Komputerowych ELZAB S.A.  
STATEMENTS ON THE OPERATIONS OF ELZAB S.A.  
31.12.2021 (in thousand PLN)

On July 1, 2020, ELZAB S.A. concluded Annex 4 with COMP S.A. to the loan agreement in the amount of PLN 4,000 thousand together with due interests, under which, from the date of signing the agreement, the interest rate on the loan was changed to WIBOR 1M increased by a margin. Annex 5 of January 21, 2021, extended the loan repayment date until December 31, 2021. Annex 6 of January 26, 2022, changed the loan repayment date to December 31, 2022. Pursuant to the Compensation agreement of November 18, 2021, concluded by and between ELZAB S.A. and Comp S.A., the parties decided to offset (with the effect of deduction) the debt due to Comp S.A. from the loan granted with the debt due to ELZAB S.A. under the Cooperation agreement concluded by and between the parties on September 30, 2021. On the basis of this compensation, the value of the main loan amount of November 30, 2017, decreased by PLN 680 thousand, and as at December 31, 2021, its value is PLN 3,320 thousand.

On June 27, 2018, ELZAB and COMP S.A, with its registered office in Warsaw at ul. Jutrzenki 116, concluded a loan agreement in the amount of PLN 1,800 thousand, paid by December 31, 2018, with due interests. The financial terms of this loan do not differ from those commonly used in agreements of this type. The loan interest rate was determined based on the WIBOR 3M rate increased by the margin.

On January 16, 2020, ELZAB S.A. concluded Annex 2 with COMP S.A. to the loan agreement in the amount of PLN 1,800 thousand together with due interest, under which the loan repayment date was extended until June 30, 2021.

On July 1, 2020, ELZAB S.A. concluded Annex No. 3 with COMP S.A. to the loan agreement in the amount of PLN 1,800 thousand together with due interest, under which, from the date of signing the agreement, the interest rate on the loan was changed to WIBOR 1M increased by a margin. On October 29, 2020, the Company partially repaid the loan capital in the amount of PLN 755 thousand and accrued interest in the amount of PLN 86 thousand. Pursuant to the provisions of the agreement, on June 30, 2021, ELZAB S.A. repaid the remaining part of the loan in the amount of PLN 1,045 thousand with due interest in the amount of PLN 134 thousand.

On November 29, 2019, the Company concluded with Comp S.A. with its registered office in Warsaw, an agreement under which, in return for reducing Comp S.A.'s claims towards ELZAB S.A. resulting from the loan agreement of June 29, 2018 concluded between Comp S.A. and ELZAB S.A. for the amount of PLN 19,647 thousand plus interests (about which the Company informed in the current report no. 18/2018 of June 29, 2018), *datio in solutum* was transferred to Comp S.A. receivables (and rights and obligations) due to ELZAB S.A. towards Comp Centrum Innowacji Sp. z o.o. with its registered office in Warsaw under the loan agreement of June 28, 2019 concluded between ELZAB S.A. and Comp Centrum Innowacji Sp. z o.o. for the amount of PLN 17 156 thousand increased by interests (the conclusion of which was announced by the company in the current report No. 15/2019 of June 28, 2019). The change of the creditor was approved by Comp Centrum Innowacji Sp. z o.o. In connection with the aforementioned agreement, ELZAB S.A. also concluded annexes to the aforementioned loan agreements, regulating the current amounts of debt, interest rates and setting the repayment date of both loans as at January 31, 2022. The remaining terms of the concluded annexes do not differ from those typical for this type of transaction on the market. As a result of concluding the activities described above, the debt of ELZAB S.A. towards Comp S.A. from the aforementioned loan agreement decreased to the level of PLN 3,696 thousand, and Comp Centrum Innowacji Sp. z o.o. ceased to be a debtor of ELZAB S.A. on June 29, 2018. On March 2, 2022, Comp S.A. and ELZAB

S.A. concluded and annex to the loan agreement extended the repayment deadline until January 31, 2023.

On November 22, 2019, the Company and Comp S.A., with its registered office in Warsaw, concluded a loan agreement for the total amount of PLN 13,407 thousand. The agreement converts some of the receivables under trade agreements into a loan, the repayment date of which is 12 months from the date of the agreement, i.e. until November 22, 2020. The total value of the converted commercial receivables as at the date of this agreement is PLN 13,081 thousand.

In addition, the parties agreed that interests for the delay will be calculated also for the period after 180 days from the date of issuing a given invoice resulting from the trade agreements, and will be included in the total amount of PLN 326 thousand to the nominal amount of the loan. The loan bears interest at a variable interest rate, determined based on the WIBOR rate for three-month interbank deposits increased by the market margin. In the remaining scope, the terms of the agreement do not differ from the ones typical for this type of transaction on the market. On July 1, 2020, ELZAB S.A. concluded Annex No. 1 with COMP S.A., pursuant to which, from the date of signing the agreement, the interest rate on the loan was changed to WIBOR 1M plus margin. Annex 2 of January 21, 2021, extended the loan repayment date until December 31, 2021. Annex 3 of January 26, 2022, extended the loan repayment date until December 31, 2022.

On March 27, 2018, the Company took a loan in the amount of PLN 2,000 thousand from Multis Sp. z o.o., with its registered office in Warsaw. The financial terms of this loan do not differ from those commonly used in agreements of this type. The loan is hedged with a registered pledge on the Company's own shares (405,662) and submission to enforcement in accordance with Article 777 of the Code of Civil Procedure. On November 23, 2018, the Company concluded Annex 1 to the loan agreement in which it obliged to repay the amount of PLN 500 thousand until November 30, 2018, and the amount of PLN 1,500 thousand no later than June 30, 2020. On June 29, 2020, the Company concluded Annex 3 to the loan agreement, in which it obliged to repay the remaining amount of the loan, i.e. PLN 700 thousand, until June 30, 2027.

### **Surety agreements**

Not applicable.

### **Insurance agreements**

- Property Insurance Agreement concluded with AVIVA Towarzystwo Ubezpieczeń Ogólnych S.A. The agreement is valid from March 30, 2021 to 28 February, 2022.
- Third Party Liability Insurance Agreement concluded with AVIVA Towarzystwo Ubezpieczeń Ogólnych S.A. The agreement is valid from February 1, 2021 to 31 January, 2022.
- Group employee insurance is valid from April 1, 2021 to March 31, 2022.

### **Agreements regarding the acquisition of bonds**

Not applicable.



## **XI. INFORMATION ON THE AGREEMENT WITH THE ENTITY AUTHORISED TO AUDIT THE FINANCIAL STATEMENTS**

On August 4, 2020, ELZAB S.A. and Misters Audytor Adviser Sp. z o.o. concluded an agreement for the audit and review of the separate and consolidated statements of ELZAB S.A. and the ELZAB Group for 2020 and 2021. The agreement allows for the include audit for 2022 in the subject of the agreement, if the parties agree on it in the form of an annex.

In 2021, ELZAB S.A. paid Misters Audytor Adviser Spółka z o.o., pursuant to the aforementioned agreements, remuneration in the net amount of PLN 89 thousand. In 2020, ELZAB S.A. paid Misters Audytor Adviser Spółka z o.o., pursuant to the aforementioned agreements, remuneration in the net amount of PLN 82 thousand.

In May 2021, ELZAB S.A. and Misters Audytor Adviser Sp. z o.o. concluded an agreement on assessing the remuneration statements for 2019/2020. The remuneration was a net amount of PLN 14 thousand, and was settled in 2021.

In February 2022, ELZAB S.A. and Misters Audytor Adviser Sp. z o.o. concluded an agreement on assessing the remuneration statements for 2021. The remuneration will amount to PLN 7 thousand.

The companies concluded an annex to the agreement on the audit and review of the separate and consolidated statements of ELZAB SA and the ELZAB Group, pursuant to which the scope of the audit for 2021 was extended to include the requirements resulting from the ESEF audit for 2021. Therefore, the contract value increased by PLN 7,000, and will amount to PLN 91.2 thousand for 2021.

## **XII. BASIC RISKS AND THREATS IN THE OPERATIONS OF ELZAB S.A.**

The description of risks and threats related to the conducted activity of ELZAB S.A. can be found in note 24 to the financial statements.

## **XIII. INFORMATION ON THE IMPACT OF SPREAD OF THE COVID-19 CORONAVIRUS ON THE OPERATION OF THE COMPANY**

In 2021, ELZAB S.A., like most enterprises, continued to operate in the environment of negative effects resulting from successive waves of the SARS-CoV-2 and COVID-19 coronavirus pandemic. Difficulties with access to some materials, mainly electronics, are still observed, and some suppliers are postponing delivery times. The company is in constant contact with all suppliers, and the search for replacements is in progress, as well.

Another noticeable effect of the prolonged pandemic involves inflation and an increase in exchange rates, which directly affect the prices of purchased services, materials or energy carriers. in addition, inflation impacts on remuneration expectations.

Increases in interest rates in connection with the Company's use of external sources of financing will also not be without effect.

The Company notes that it is not able to fully estimate the potential effects of the SARS-CoV-2 and COVID-19 coronavirus-related pandemic on the future results of the Company and the Group, as many factors are currently beyond the control of the Company and the Group and are heavily dependent on development situation in the country and in the world, as well as decisions taken by state bodies.

#### **XIV. INFORMATION ON THE IMPACT OF THE SITUATION RELATED TO THE ARMED AGGRESSION OF RUSSIA ON UKRAINE ON THE COMPANY'S OPERATIONS**

As at the date of the financial statements, ELZAB S.A. did not identify a direct impact on the presented financial statements. ELZAB S.A. does not have trade flows with either Ukraine or Russia. In addition, the Company does not employ persons from these countries.

The ongoing war, combined with a prolonged pandemic, may adversely affect the economic situation around the world through turmoil in the currency markets, further rise in inflation and higher interest rates. A further increase in the prices of raw materials, services and energy carriers is possible.

#### **XV. PREDICTED DEVELOPMENT OF THE COMPANY**

The development of the Company in 2022 and in the following years, as in 2021, will be carried out in strong synergy with the COMP industry group.

Macroeconomic and Company-independent factors:

- a) size of the replacement market for fiscal devices,
- b) economic situation and possible changes in law affecting the demand for fiscal devices exported by ELZAB (inter alia Hungary, Greece, Kenya),
- c) The situation related to the SARS-CoV-2 coronavirus pandemic and the incidence of COVID-19,
- d) return of the economy to the potential preceding the pandemic by reducing the restrictions by the Polish and other governments,
- e) the current political situation and its unforeseeable consequences related to the armed attack on Ukraine.
- f) currency turmoil, further increases in inflation and interest rates, further increases in the prices of raw materials, services and energy products.

Market and Company-dependent factors:

- a) increasing the share of the ELZAB brand on the fiscal devices market by introducing new functions of fiscal devices, new fiscal and non-fiscal products and new services to the offer,
- b) ability to quickly adapt the offer to new market requirements,
- c) increase in the share on the non-fiscal market through the development of sales of proprietary and distributed solutions in the field of electronic scales, price checkers,

automatic identification devices, cash drawers, POS elements and sales management software, charging stations for electric vehicles.

ELZAB S.A. it will continue to invest in new products, technologies, forms and tools for production, and will continue its organic growth strategy based on its own developments.

In addition, the Company will focus on improving the quality system of its own products and ensuring the constant availability of equipment for customers in order to strengthen its market position.

Since the fourth quarter of 2021, ELZAB S.A. also offers air sterilization devices, photovoltaic panels and charging stations for electric vehicles under the ELZAB ECOPOWER brand. ELZAB ECOPOWER is a comprehensive range of electric vehicle charging stations adjusted to a diverse customer, ranging from private chargers for single-family houses, garages and workshops, through charging stations for companies, commercial facilities, vehicles services, residential parking places to fast charging stations for cities and local governments.

The COMP Group and ELZAB S.A. continue to develop an integrated platform for selling services, i.e. M/platform. It is the first internet platform in Poland which, based on a network of cash registers, will allow service providers and points of sale to develop their businesses.

M/platform allows using attractive promotional offers from producers participating in the program and integrates many additional services such as sales analytics or the hop-shop application (former e-Mka Twoje Zakupy) enabling safe shopping in the "order and collect" model. The platform already associates over 10,000 traditional trade stores throughout the country.

- M/promo+ – a service enabling producers to implement modern promotional campaigns targeted individually at specific retailers,
- M/store – marketplace sales platform connecting wholesalers with retail store owners; the system prompts the user to optimally divide the order basket into wholesalers, considering prices, available promotions, logistic minimum, delivery date or credit balance at individual distributors,
- hop & shop (formerly e-Mka - Twoje Zakupy) - an application for consumers and owners of traditional stores, thanks to which consumers gain the opportunity to participate in the nationwide hop & shop loyalty program, and store owners can effectively compete with retail chains and discounters for the consumer's attention, expand their offer and thus increase profits. The program allows to easily and quickly collect points during everyday purchases, and then exchange them for coupons and discounts, as well as access to e-receipts, purchase history and current promotions. Customers can also place remote orders with home delivery or collect in the store.

## **XVI. STATEMENT ON NON-FINANCIAL DATA**

Not applicable.

## **XVII. DESCRIPTION OF THE DIVERSITY POLICY**

ELZAB S.A. has created a culture of an atmosphere of dialogue, openness, tolerance and teamwork, as well as an approach minimizing the risks associated with the loss of valuable employees.

The company has not developed a diversity policy with regard to the company's governing bodies and its key managers. When selecting the company's governing bodies and its key managers, the Company strives to ensure versatility and diversity, especially in the area of gender, education, age and professional experience. Members of the Management Board and members of the Supervisory Board of the Company are selected by the Supervisory Board and the General Meeting of the Company, respectively, on the basis of qualifications held by the candidates and substantive preparation to perform a specific function.

The company is considering the future implementation of the rule of diversity management and an equal treatment policy, bearing in mind the respect for a diverse, multicultural society and putting particular emphasis on equal treatment regardless of sex, age, disability, health, race, nationality, ethnic origin, religion, non-denominational, political beliefs, trade union membership, psychosexual orientation, gender identity, family status, lifestyle, form, scope and basis of employment or cooperation, and other grounds that risk discrimination.

## **XVIII. STATEMENT ON THE APPLICATION OF CORPORATE GOVERNANCE**

### **1. Set of corporate governance rules to which the issuer is subject and the place where the text of the set of rules is publicly available.**

In the financial year, 2021, ELZAB S.A. applied the principles of corporate governance set out in the "Best Practices of WSE Listed Companies 2016" collection, and from 1 July, 2021, the principles of corporate governance set out in the "Best Practices of WSE Listed Companies 2021" collection. The content of both documents is available on the website of the Warsaw Stock Exchange S.A. <https://www.gpw.pl/dobre-praktyki>. Information on the status of use by ELZAB S.A. of the Best Practices of WSE Listed Companies 2021 can be found at <https://www.elzab.com.pl/pl/relacje-inwestorskie/lad-korporacyjny/dobre-praktyki>.

### **2. Provisions of the set of corporate governance rules from which the issuer deviated, along with an explanation of the reasons for such deviation**

The Company complies with most of the recommendations and rules resulting from the "Best Practices of WSE Listed Companies 2021", except for: 1.3.1., 1.3.2., 1.4., 1.4.1., 1.4.2., 1.6., 2.1., 2.2., 2.4., 2.11.6., 3.1., 3.4., 3.5., 3.6., 6.3.

With regard to the aforementioned regulations, the Company does not exclude the possibility of introducing appropriate solutions in the future.

## **1. INFORMATION POLICY AND COMMUNICATION WITH INVESTORS**

**1.3.** In its business strategy, the company also considers the ESG subject, in particular:

**1.3.1.** environmental issues, including measures and risks related to climate change and sustainable development issues;

*The rule is not applied.*

**Comment of the Company:** The Company has not published its business strategy on the website. The Company considers environmental issues in its activities. Activities in this respect are described in the statements of the Management Board on the operations of the company.

**1.3.2.** social and employee issues, including actions taken and planned to ensure gender equality, proper working conditions, respect for employees' rights, dialogue with local communities, customer relations.

*The rule is not applied.*

**Comment of the Company:** The Company has not published its business strategy on the website. The Company considers social and employee issues in its activities. Activities in this respect are described in the statements of the Management Board on the operations of the company.

**1.4.** In order to ensure proper communication with stakeholders, in the scope of the adopted business strategy, the company publishes on its website information on the assumptions of its strategy, measurable goals, including in particular long-term goals, planned activities and progress in its implementation, determined by means of measures, financial and non-financial. Information on the ESG strategy should, inter alia:

*The rule is not applied.*

**Comment of the Company:** The Company has not published its business strategy on the website. Information about general assumptions in this regard is described in the statements of the Management Board on the operations of the company.

**1.4.1.** explain how climate change considerations are considered in the decision-making processes of the company and its group entities, indicating the resulting risks;

*The rule is not applied.*

**Comment of the Company:** The company's documents on the website do not explain how climate change considerations are considered in decision-making processes.

**1.4.2.** present the value of the index of equal remunerations paid to its employees, calculated as a percentage difference between the average monthly remuneration (including bonuses, awards and other allowances) of women and men for the last year, and provide information on actions taken to eliminate any inequalities in this regard, together with a presentation of the risks associated with it and the time horizon in which equality is planned to be achieved.

*The rule is not applied.*

**Comment of the Company:** The Company does not publish this type of information on its website. In terms of remuneration, the Company applies market principles, considering knowledge, experience and substantive contribution to the development of the Company. The Company complies with all the provisions governing relations with employees, in particular the provisions of the Labour Code and the provisions prohibiting any discrimination regardless of its cause. The Company will consider the application of this principle in the future.

**1.6.** In the case of a company belonging to the WIG20, mWIG40 or sWIG80 index once a quarter, and in the case of the others at least once a year, the company organizes a meeting for investors, inviting in particular shareholders, analysts, industry experts and media representatives. During the meeting, the management board of the company presents and comments on the adopted strategy and its implementation, the financial results of the company and its group, as well as the most

important events affecting the operations of the company and its group, the achieved results and prospects for the future. During the organised meetings, the management board of the company publicly provides answers and explanations to the questions asked.

The rule is not applied.

**Comment of the Company:** The rule is not applied. The Company does not belong to the WIG20, mWIG40 or sWIG80 index. The Company does not conduct meetings with investors and analysts. The Management Board provides answers to questions concerning the operations of the Company as specified in generally applicable law. The Company will consider the application of this principle in the future.

## **2. THE MANAGEMENT BOARD AND THE SUPERVISORY BOARD**

**2.1.** The Company should have a diversity policy towards the Management Board and the Supervisory Board, adopted by the Supervisory Board or the General Meeting, respectively. Diversity policy sets out objectives and criteria for diversity, including in areas such as gender, education, specialised knowledge, age and professional experience, and indicates the date and manner of monitoring the achievement of these objectives. In terms of gender diversity, the condition for ensuring the diversity of company bodies is the participation of a minority in a given body at a level not lower than 30%.

The rule is not applied.

**Comment of the Company:** As of the date of this Information on the state of application of the principles contained in the Code of Good Practice of WSE Listed Companies 2021, the company does not have a diversity policy. When selecting the members of the Management Board and the Supervisory Board, the Company's bodies were guided by the interests of the Company, considering the education and professional experience of candidates for members of the Company's bodies. The selection of bodies in the composition as at July 1, 2021, was made in 2020 - the Management Board, and in 2019 - the Supervisory Board.

**2.2.** Persons deciding on the selection of members of the management board or of the supervisory board of a company should ensure the versatility of those bodies by electing diversity practitioners to their composition, allowing, inter alia, for the achievement of a target minimum minority share of not less than 30%, in accordance with the objectives set out in the adopted diversity policy referred to in principle 2.1.

The rule is not applied.

**Comment of the Company:** As of the date of this Information on the state of application of the principles contained in the Code of Good Practice of WSE Listed Companies 2021, the company does not have a diversity policy. When selecting the members of the Management Board and the Supervisory Board, the Company's bodies were guided by the interests of the Company, considering the education and professional experience of candidates for members of the Company's bodies. The selection of bodies in the composition as at July 1, 2021, was made in 2020 - the Management Board, and in 2019 - the Supervisory Board.

**2.4.** Votes of the Supervisory Board and the Management Board are public, unless otherwise required by law.

The rule is not applied.

**Comment of the Company:** The principle is not applied to the extent that the obligation to conduct secret voting results from the Rules of Procedure of the Management Board or the Supervisory Board. The principle is applied for the remaining part.

**2.11.** In addition to the activities resulting from legal provisions, once a year the supervisory board draws up and presents an annual statements for approval to the ordinary general meeting. The aforementioned statements contain at least the following:

**2.11.6.** information on the degree of implementation of diversity policy in relation to the management board and supervisory board, including the implementation of the objectives referred to in principle 2.1.

*The rule is not applied.*

**Comment of the Company:** As of the date of this Information on the state of application of the principles contained in the Code of Good Practice of WSE Listed Companies 2021, the company does not have a diversity policy. When selecting the members of the Management Board and the Supervisory Board, the Company's bodies were guided by the interests of the Company, considering the education and professional experience of candidates for members of the Company's bodies. The selection of bodies in the composition as at July 1, 2021, was made in 2020 - the Management Board, and in 2019 - the Supervisory Board.

### **3. INTERNAL SYSTEMS AND FUNCTIONS**

**3.1.** A listed company maintains effective systems of: internal control, risk management and supervision of compliance with the law, as well as an effective internal audit function, appropriate to the size of the company and the type and scale of activities, for which the management board is responsible.

*The rule is not applied.*

**Comment of the Company:** Due to the size of the Company and the type of its activities, there are no specialized units responsible for internal audit, risk management and compliance in the structure of the Company.

**3.2.** In its structure, the company distinguishes the entities responsible for the tasks of individual systems or functions, unless this is not justified due to the size of the company or the type of its activity.

*The rule does not apply to the Company.*

**Comment of the Company:** Due to the size of the Company and the type of its activities, there are no specialized units responsible for internal audit, risk management and compliance in the structure of the Company.

**3.4.** The remuneration of persons responsible for risk management and compliance and the manager of the internal audit should be conditional on the performance of the tasks assigned and not on the short-term performance of the company.

*The rule is not applied.*

**Comment of the Company:** The Company structure has not created a position responsible for risk management, internal audit and compliance.

**3.5.** The persons responsible for risk management and compliance report directly to the President or to another member of the management board.

*The rule is not applied.*

**Comment of the Company:** The principle is not applied because the Company structure has not created a position responsible for risk management, internal audit and compliance.

**3.6.** The head of the internal audit reports to the organizational authority of the President of the management board and functionally the chairman of the audit committee or the chairman of the supervisory board, if the board acts as an audit committee.

*The rule is not applied.*

**Comment of the Company:** The principle is not applied because the Company structure has not created a position responsible for internal audit.

**3.7.** Principles 3.4 to 3.6 also apply to entities in a group of companies which are relevant to its activities, if they have been designated as persons to perform these tasks.

*The rule does not apply to the Company.*

**Comment of the Company:** No persons have been appointed in the entities of the company group to perform these tasks.

**3.10.** At least once every five years in a company belonging to the WIG20, mWIG40 or sWIG80 index, an independent auditor selected with the participation of the audit committee reviews the internal audit function.

*The rule does not apply to the Company.*

**Comment of the Company:** The principle does not apply to the Company since the Company is not part of the WIG20, mWIG40 or sWIG80 index.

## **6. REMUNERATIONS**

**6.3.** If one of the incentive programs is a management option program in the company, then the implementation of the option program should be dependent on the fulfillment of pre-determined, realistic and appropriate financial and non-financial goals and sustainable development by the entitled persons, within at least 3 years, and the determined price of the acquisition of shares by the entitled persons or settlement of the option may not deviate from the value of shares from the period of adopting the program.

*The rule is not applied.*

**Comment of the Company:** The company has not adopted a program of managerial options.

### **3. Description of the main features of the issuer's internal control and risk management systems in relation to the process of preparing financial statements and consolidated financial statements.**

The Management Board of ELZAB S.A. and the Financial Director supported by the accounting and financial controlling department are responsible for control, risk management and the correctness of financial reporting. The Company's financial reporting is carried out in compliance with the standards set out by the International Accounting Standards and the International Financial Reporting Standards. Persons responsible for the preparation of financial statements constantly monitor legal changes that affect the shape of the reporting standards applied. The prepared half-yearly and annual financial statements are subject to: reviews or audits by an independent statutory auditor, respectively. The statutory auditor is selected in accordance with the rules set out in the Act of May 11, 2017, on statutory auditors,



Zakłady Urządzeń Komputerowych ELZAB S.A.  
STATEMENTS ON THE OPERATIONS OF ELZAB S.A.  
31.12.2021 (in thousand PLN)

audit companies and public supervision. The selection is made by the Supervisory Board of ELZAB S.A. after receiving the recommendation of the Audit Committee.

**4. Indication of shareholders holding, directly or indirectly, significant blocks of shares with an indication of the number of shares held by these entities, their percentage share in the share capital, the resulting number of votes and their percentage share in the total number of votes at the general meeting.**

The shareholding structure of ELZAB S.A. as at the date of the annual statement is presented below:

Full name (Company)	Number of ordinary shares	Number of preference shares	Total number of shares	Total number of votes	% of votes at the GM	Share in the share capital
COMP S.A.*	12,228,189	18,450	12,246,639	12,320,439	75.66	75.89
ELZAB S.A. (own shares)	405,662	0	405,662	405,662	2.49	2.51
Other shareholders	3,466 729	18,020	3,484 749	3,556 829	21.84	21.59
<b>TOTAL</b>	<b>16,100,580</b>	<b>36,470</b>	<b>16,137,050</b>	<b>16,282,930</b>	<b>100.00</b>	<b>100.00</b>

\* COMP. S.A. with its registered office in Warsaw holds a total of 12,652,301 shares of ELZAB S.A. which represents 78.41% of the share capital (directly - 12,228,189 ordinary shares, which is 75.78% of the share capital; directly - 18,450 preference shares, which is 0.11% of the share capital, indirectly - 405,662 own shares of ELZAB SA, which is 2.51% share in the share capital). Total number of votes from shares held by COMP S.A. amounts to 12,726,101, representing 78.16% of the total number of votes (directly 12,322,439 votes, representing 75.66% of the total number of votes; indirectly - 405,662 votes arising from own shares of ELZAB, representing 2.49% share in the total number of votes).

**5. Indication of the owners of all securities with special control rights, together with a description of these rights**

At ELZAB S.A. there are no special powers of inspection.

**6. Indication of any restrictions on the exercise of voting rights, such as restrictions on the exercise of voting rights by holders of a certain proportion or number of votes, time restrictions on the exercise of voting rights or provisions according to which equity rights related to securities are separated from the ownership of securities.**

In ELZAB S.A., there are no restrictions on the exercise of voting rights.

**7. Indication of any restrictions on the transfer of ownership of the issuer's securities**

The Articles of Association of ELZAB S.A. do not limit the transfer of ownership of the Issuer's securities. All shares of the Company are transferable in accordance with Art. 337 § 1 of the Commercial Companies Code. However, it should be noted that series B registered shares are privileged and in accordance with paragraph 10 of the Company's Articles of Association. The conversion of registered shares into bearer shares requires the consent of the Supervisory Board. Bearer shares may not be converted into registered shares.

**8. Description of the rules governing the appointment and dismissal of managing persons and their rights, in particular the right to decide on the issue or redemption of shares**

Pursuant to § 13 and § 14 of the Company's Articles of Association, the Management Board of the Company consists of one or more members, including the President of the Management Board, appointed for a joint term of office. The term of office of the Management Board is three years. Members of the Management Board are appointed and dismissed by the Supervisory Board, specifying the number of members of the Management Board for each term of office and the function that a person is to perform in the Management Board. Changing

the position in the Management Board of the Company is not allowed without prior dismissal of a given person from the Management Board of the Company. The Supervisory Board may dismiss a member of the Management Board or the entire Management Board of the Company before the end of the term of office. The Management Board of the Company manages the Company and represents it outside. All matters related to the running of the company's business, not reserved by law or the Articles of Association as the competence of the General Meeting or the Supervisory Board, fall within the competence of the Management Board. In order to submit declarations of will and sign on behalf of the company, cooperation between the President of the Management Board and a member of the Management Board or two members of the Management Board or one member of the Management Board and the Proxy is required.

**9. Description of the rules for changing the issuer's articles of association or agreement**

Pursuant to § 30 (5) of the Articles of Association, the powers of the General Meeting include, in particular, amendments to the Articles of Association. Pursuant to the provisions of Art. 415 § 1 of the Commercial Companies Code, a resolution to amend the Articles of Association is passed by a three-fourths majority of votes. The General Meeting may adopt resolutions regardless of the number of shareholders present and shares represented, unless the Code of Commercial Companies provides otherwise. Each share gives the right to one vote at the General Meeting. Resolutions of the General Meeting are adopted by an absolute majority of votes of shareholders present at the Meeting, unless the Articles of Association or applicable law provide otherwise. The General Meeting may adopt resolutions only on matters included in the agenda, unless the entire share capital is represented at the Meeting, and no one present has objected to adopting the resolution.

**10. The method of operation of the general meeting and its fundamental powers as well as a description of the shareholders' rights and the method of execution of resolutions, in particular the rules resulting from the rules of the general meeting, if such rules have been adopted, unless the information in this respect results directly from legal provisions**

The General Meeting is held as Ordinary or Extraordinary and, as a body of the Company, it acts pursuant to the provisions of the Code of Commercial Companies, the Articles of Association and the provisions of the Regulations of the General Meeting available to the public, the content of which is available on the Issuer's website at [www.elzab.pl](http://www.elzab.pl).

The rules of convening and conducting general meetings of ELZAB S.A. are specified in the Regulations of the General Meeting of the Company. General Meeting of ELZAB S.A. is convened and held in accordance with the provisions of the Commercial Companies Code and the provisions of the Company's Articles of Association.

Only persons who are shareholders of ELZAB S.A. may participate in the GMS sixteen days before the date of the meeting, i.e. the "Registration Date". In order to participate in the general meeting, shareholders should apply not later than on the first working day after the Registration Date to the entities maintaining their securities accounts for issuing a personal certificate confirming the right to participate in the general meeting. The meeting is attended by members of the Supervisory Board and the Management Board in a composition that allows for substantive answers to questions asked during the meeting. If the Company's financial matters are included in the agenda, the Company's Statutory Auditor, Chief Accountant or Financial Director are invited to participate in the meeting. The meeting may also be attended by experts

and guests invited by the Management Board, Supervisory Board or Shareholders who have requested that the meeting be convened, including former members of the Company's bodies, if the agenda includes an assessment of their performance in the Company. A shareholder who is a natural person may participate in the meeting and exercise the voting right in person or through a proxy. A shareholder who is not a natural person may participate in the meeting and exercise the voting right through a person authorized to make declarations of will on its behalf or through a proxy. The Company's internal regulations do not provide for the possibility of participating in the meeting by means of electronic communication or exercising the right to vote by means of electronic communication or by correspondence. Resolutions of the meeting are adopted by an absolute majority of votes, unless the provisions of applicable law or the provisions of the Articles of Association of ELZAB S.A. do not state otherwise

The competences of the General Meeting of the Company include matters not reserved by the Issuer's Articles of Association for other bodies and specified by the provisions of the Commercial Companies Code:

- considering and approving the statements of the Management Board and Supervisory Board, balance sheet and profit and loss accounts for the previous financial year,
- adopting a resolution on distribution of profits or coverage of losses,
- granting a discharge to the authorities of the Company on the performance of their duties,
- changing the Company's Articles of Association,
- changing the subject of the Company's business,
- increasing or decreasing the share capital of the Company, increasing or decreasing reserve capitals,
- merger or transformation of the Company,
- dissolution and liquidation of the Company, selection and dismissal of liquidators and establishing the rules for the division of the Company's assets after liquidation,
- bond issue,
- dissolution and liquidation of the Company,
- consent to introduce the Company's shares to public trading
- sale and lease of the enterprise or its organized part and establishment of a limited property right thereon,
- matters relating to claims to repair damage caused in the establishment of the Company or in the exercise of management or supervision,
- establishing the rules for remunerating members of the Supervisory Board,
- consideration of matters submitted by Shareholders pursuant to the Act or the Articles of Association.

Detailed rules for the operation of the General Meeting are set out in the Regulations of the General Meeting adopted by the General Meeting.

**11. Description of the operation of the issuer's management, supervisory or administrative bodies and their committees, including the composition of these bodies and changes to them during the last financial year**

**Management Board of ELZAB S.A.**

The Management Board of the Company acted pursuant to the provisions of the Commercial Companies Code, the provisions of the Company's Articles of Association, the Regulations of the Management Board, open and available to the public, approved by a resolution of the Supervisory Board and in accordance with the principles of the "Best Practices of WSE Listed Companies 2016", and from July 1, 2021, in accordance with the principles of the "Best Practices Companies Listed on the WSE 2021". The current text of the Regulations of the Management Board is available on the Issuer's website at [www.elzab.pl](http://www.elzab.pl)

The Management Board is obliged to manage all matters of the Company, except for matters reserved by the relevant provisions of law to the competence of the Supervisory Board or the General Meeting of the Issuer. The detailed mode of operation is specified in the Regulations of the Management Board. The Management Board of ELZAB S.A. consists of one to five persons appointed by the Supervisory Board for a joint three-year term of office. In the case of a multi-person Management Board, the cooperation of two members of the Management Board or one member of the Management Board with a proxy is required to submit declarations of will and sign on behalf of the Company. Agreements with members of the Management Board of the Company are concluded on behalf of the Company by a representative of the Supervisory Board delegated from among its members. The same procedure applies to other legal actions between the Company and a member of the Management Board. A member of the Management Board may not deal with competitive interests or participate in a competitive company as a partner, shareholder or member of the authorities, without the consent of the Supervisory Board. The remuneration of the members of the Management Board is determined by the Supervisory Board.

The work of the Management Board is managed by the President of the Management Board: he divides the work between the members of the Management Board, coordinates their work, sets the agenda, convenes and chairs the meetings of the Management Board, represents the Management Board in front of the General Meeting.

As at 31 December 2021, the Management Board of ELZAB S.A. was as follows:

- Bartosz Panek – President of the Management Board
- Jerzy Popławski – Vice-President of the Management Board

Until the publication of the annual statements, there were no changes in the composition of the Issuer's Management Board.

### **Supervisory Board of ELZAB S.A.**

The Supervisory Board acted in accordance with the provisions of the Commercial Companies Code, the provisions of the Company's Articles of Association, the publicly available Regulations of the Supervisory Board, defining its organization and manner of performing activities, and the principles of the "Best Practices of WSE Listed Companies 2016", and from July 1, 2021, the principles of the "Good Practice of WSE Listed Companies 2021". The content of the Regulations of the Supervisory Board is available on the Issuer's website at [www.elzab.pl](http://www.elzab.pl). The Issuer's Supervisory Board consists of 5 to 7 members, including the Chairman and Vice-Chairman. The number of members of the Supervisory Board is adopted by the General Meeting. At least two members of the Supervisory Board should meet the criteria of being independent from the Company and entities with significant connections with the Company. Remuneration for members of the Supervisory Board is determined by the General Meeting. The term of office of the Supervisory Board of ELZAB S.A. lasts for 3 years and expires on the date of the

Ordinary General Meeting of the Company approving the financial statements for the last year of operation.

The specific duties and powers of the Supervisory Board include:

- a) auditing the balance sheet and profit and loss account,
- b) auditing the statements of the Management Board of the Company and the motions of the Management Board regarding the distribution of profit or coverage of losses,
- c) submitting to the General Meeting a written report on the results of the activities referred to above,
- d) appointing and dismissing members of the Issuer's Management Board and determining the amount of remuneration for them,
- e) adopting the regulations of the Management Board of the Company,
- f) expressing consent to granting the Management Board consent to perform the following activities:
  - acquisition, as part of one or more related transactions of an enterprise or its organized part,
  - purchase or sale of real estate, perpetual usufruct or share in them,
  - encumbering real estate, perpetual usufruct or a share in it by creating a mortgage or other limited property right,
  - taking up or acquiring shares (stocks) in another company and disposal of owned shares (stocks),
  - expressing consent to incur liabilities relating to a single transaction or a series of related transactions with a total value exceeding 5% (five percent) of the value of the Company's equity not provided for in the Company's financial plan (budget) approved in accordance with the provisions of the Articles of Association.
- g) selecting a statutory auditor to audit the Company's financial statements,
- h) expressing consent to the conversion of registered shares into bearer shares,
- i) approving changes to the accounting principles (policy) applied by the Company,
- j) establishing the uniform text of the Company's Articles of Association,
- k) delegating members of the Supervisory Board to perform specific supervisory activities independently,
- l) issuing bonds other than convertible bonds or bonds with priority rights.

As at December 31, 2021, the Supervisory Board of the Company was composed of:

Grzegorz Należyty - Chairman of the Supervisory Board  
Jarosław Wilk - Vice-Chairman of the Supervisory Board  
Andrzej Wawer - Secretary of the Supervisory Board  
Jerzy Kotkowski - Member of the Supervisory Board  
Krzysztof Morawski - Member of the Supervisory Board  
Kajetan Wojnicz - Member of the Supervisory Board

As at the date of publication of the statements, the Audit Committee was composed of:

Kajetan Wojnicz - Chairman of the Audit Committee of the Supervisory Board  
Grzegorz Należyty - Vice-Chairman of the Audit Committee of the Supervisory Board  
Andrzej Wawer - Secretary of the Audit Committee of the Supervisory Board

Zakłady Urządzeń Komputerowych ELZAB S.A.  
STATEMENTS ON THE OPERATIONS OF ELZAB S.A.  
31.12.2021 (in thousand PLN)

	A member of the Committee meets the statutory criteria of independence.	A member of the Committee has knowledge and skills in the field of accounting or auditing of financial statements.	A member of the Committee has knowledge and skills in the industry in which the issuer operates.
Kajetan Wojnicz	YES	YES	
Grzegorz Należyty	YES		
Andrzej Wawer		YES	YES

The members of the Audit Committee who meet the conditions of independence are: Mr. Kajetan Wojnicz - Chairman of the Audit Committee and Grzegorz Należyty - Vice-Chairman of the Audit Committee.

The members of the Audit Committee with knowledge and skills in accounting or auditing of financial statements are: Mr. Kajetan Wojnicz - Chairmen the Audit Committee, and Mr. Andrzej Wawer, Secretary of the Audit Committee. The member of the Audit Committee with knowledge and skills in the industry in which ELZAB S.A. operates is: Mr. Andrzej Wawer - Secretary of the Audit Committee. The CVs of the members of the Audit Committee were published by the Company in Current Report No. 20/2017 on August 9, 2017.

The Audit Committee and the Supervisory Board, acting pursuant to the Act on Statutory Auditors, Audit Companies and Public Supervision of May 11, 2017 (the Journal of Laws 2017 No. 1089) (hereinafter referred to as the "Act"), established:

1. The policy of selecting an audit company to conduct an audit in the Company
2. The procedure for selecting an audit company to conduct an audit in the Company
3. The policy for the provision by the audit company conducting the audit, by entities related to this audit company and by a member of the network of the audit company of permitted non-audit services in the Company
4. The regulations of the Audit Committee of the Supervisory Board of ELZAB S.A.

The main assumptions of the audit company selection policy adopted by the Audit Committee and the Supervisory Board are:

- a) selection of an audit company made by the Supervisory Board after getting acquainted with the recommendation of the Audit Committee,
- b) the audit company is selected in accordance with the procedure adopted by the Audit Committee of the Supervisory Board,
- c) selection of the audit company complies with the provisions of the Act, in particular considering the rule of rotation of the audit company and the key statutory auditor in such a way that the maximum uninterrupted duration of statutory audit engagements conducted by the same audit company, or an audit company associated with this audit company or any member of the network operating in the European Union countries to which these audit companies belong, does not exceed five years. At the same time, the key statutory auditor may not conduct the statutory audit in the Company for a period longer than five years. In addition, he/she may again conduct the statutory audit in the Company at least three years after the end of the last statutory audit.

The main assumptions of the policy adopted by the Audit Committee and the Supervisory Board of the provision of permitted non-audit services at ELZAB S.A. by the audit company conducting

the audit, by entities related to this audit company and by a member of the network of the audit company are:

- a) the audit company or the statutory auditor conducting the audit, an entity related to this audit company, or any member of the network of the audit company or the statutory auditor, do not provide, directly or indirectly, to the Company or its related entities any prohibited services that are not auditing or financial audit activities,
- b) prohibited non-audit services are listed in Article 5 (1) of the Regulation of the European Parliament and of the Council No. 537/2014 of April 16, 2014,
- c) the provision of prohibited services is possible only to the extent unrelated to the Company's tax policy, after the Audit Committee has carried out an assessment of threats and safeguards to independence.

The composition of the Audit Committee, the method of appointment, tasks, scope of activities and mode of operation are specified in the Regulations of the Audit Committee adopted by the Supervisory Board on November 27, 2017.

Pursuant to the Regulations, the Audit Committee operates collectively, unless a resolution of the Audit Committee delegates its member to perform a specific activity. The Chairman of the Audit Committee is responsible for the cooperation of the Audit Committee with the Supervisory Board, in particular by submitting opinions, conclusions and reports of the Audit Committee to the Supervisory Board. The Audit Committee meets at least four times a year, on dates determined by the Chairman of the Audit Committee, if possible before the dates of the Supervisory Board meetings. In special cases, the meeting of the Audit Committee may be convened by the Chairman of the Supervisory Board. Meetings of the Audit Committee may be convened by its Chairman on his own initiative, a member of the Audit Committee or another member of the Supervisory Board, as well as at the request of the Management Board, a person responsible in the Company for the internal control system, risk management system or internal audit. Meetings of the Audit Committee may be held without being formally convened, provided that all members of the Audit Committee are present and agree to hold the meeting with a specific agenda. The Audit Committee adopts resolutions if at least half of its members are present at the meeting of the Audit Committee, and all members have been properly invited on time. The Audit Committee may adopt resolutions in writing (by circulation) or by means of remote communication. Resolutions of the Audit Committee are adopted by a simple majority of votes cast. In the event of an equal number of votes, the vote of the Chairman of the Audit Committee is decisive. In order to perform its activities, the Audit Committee may:

- a) demand the submission of specific information or documents by employees or associates of the Company, in particular in the field of accounting, finance, internal audit and risk management,
- b) invite employees or associates of the Company or third parties to meetings (with or without the presence of members of the Company's Management Board),
- c) seek, at the Company's expense, advice from external advisors to the extent necessary to perform the tasks of the Audit Committee. The Audit Committee may request that the key statutory auditor discuss with the Audit Committee key issues arising from the audit of the Company's statements.

The tasks of the Audit Committee include in particular:

- a) monitoring the financial reporting process, the effectiveness of internal control systems and risk management systems in the field of financial reporting, performance of financial audit activities, in particular, the audit conducted by the audit company,

- b) controlling and monitoring the independence of the statutory auditor and the audit company,
- c) informing the Supervisory Board or other supervisory authority about the results of the audit,
- d) assessing the independence of the statutory auditor,
- e) developing a policy for the audit company to provide permitted non-audit services,
- f) determining the procedure for selecting an audit company by the Company,
- g) submitting recommendations to the Supervisory Board regarding the appointment of a statutory auditor in accordance with the adopted policy and performing all entrusted tasks under a resolution of the Supervisory Board.

In 2021, the Audit Committee held 5 meetings, during which it performed tasks in the following scope:

- analysis of financial statements,
- approval of the audit committee's reports on the assessment of the statements of the Management Board's on operations of the company,
- analysis of the report on the remuneration of members of the Company's governing bodies,
- analysis of concluding transactions with the affiliates,
- adoption of a resolution on the recommendation and consent to the conclusion of an agreement for the verification of the remuneration statements for 2021 and, optionally, for 2022.

In December 20, 2021, the Supervisory Board appointed a standing committee for strategy of the Supervisory Board. The following members were appointed to the Standing Committee of the Supervisory Board for Strategy as of the day of publication:

Grzegorz Należyty - Chairman of the standing committee for strategy of the Supervisory Board

Jarosław Wilk - Member of the standing committee for strategy of the Supervisory Board

Jerzy Kotkowski - Member of the standing committee for strategy of the Supervisory Board

**12. Permitted non-audit services provided to the issuer and its capital group by the audit company auditing their financial statements and whether, therefore, the independence of this audit company was assessed and consented to the provision of these services**

Except for the contract for the assessment of the remuneration statements for the years 2019/2020, the audit company examining the financial statements of ELZAB S.A. and the consolidated financial statements of the ELZAB Capital Group did not provide non-audit services for the Issuer and its subsidiaries in 2021.

**13. The main assumptions of the developed policy of selecting an audit company to conduct the audit and the policy of providing by the audit company conducting the audit, by entities associated with this audit company and by a member of the network of the audit company of permitted non-audit services**

Recommendation concerning the selection of an audit company to conduct an audit of the separate and consolidated financial statements of ELZAB S.A. complied with the applicable conditions and was drawn up as a result of the selection procedure organized by the Issuer that meets the applicable criteria.

**XIX. DECLARATION OF CONFORMITY**



Pursuant to § 70 (1) (6) of Regulation of the Minister of Finance of March 29, 2018, on current and periodic information provided by issuers of securities, we declare that, to the best of our knowledge, the semi-annual consolidated financial statements of the ELZAB Group and the semi-annual condensed separate statements of ELZAB S.A. covering the period from January 1 to December 31, 2021 and comparable data for the period from January 1 to December 31, 2020 (for the items in the statement of financial position, these data represent the status as at December 31, 2020) were prepared in accordance with the accounting principles of ELZAB S.A. and principles of the International Accounting Standards considering the principle of materiality and that they truthfully, fairly and clearly reflect the property and financial situation as well as the financial result of the Company.

In addition, we declare that the statements on the operations of the ELZAB Group contains a true picture of the development, achievements of the ELZAB Group and its situation, including a true description of the basic risks and threats.

Bartosz Panek - President of the Management Board

Jerzy Popławski - Vice-President of the Management Board

## **XX. STATEMENT ON THE SELECTION OF THE AUDITOR**

Pursuant to § 70 (1) (7) of the Regulation of the Minister of Finance of March 29, 2018 on current and periodic information published by issuers of securities, we declare that pursuant to § 22 (2) (9) of the Company's Articles of Association, selection of the entity authorised to audit financial statements, Misters Audytor Adviser Spółka z ograniczoną odpowiedzialnością with its registered office in Warsaw, reviewing the presented financial statements of ELZAB S.A. for 2021 was made in accordance with the law.

In our opinion, Misters Audytor Adviser Spółka z o.o. ul. Wiśniowa 40 lok. 5, 02-520 Warsaw, and certified auditors reviewing the semi-annual condensed separate financial statements of ELZAB S.A. and the semi-annual consolidated financial statements of the ELZAB Group for the financial year 2021 meet the conditions for the preparation of an impartial and independent report on the review of interim financial statements in accordance with applicable regulations, professional standards and professional ethics rules,

- at ELZAB S.A. and its Capital Group, the applicable legal regulations related to the rotation of the audit company and the key statutory auditor as well as the mandatory grace periods are complied with,

- ELZAB S.A. has a policy for the selection of an audit company and a policy for the provision of additional non-audit services to the issuer by the audit company, entity related to the audit company or a member of its network, including services conditionally exempt from the prohibition of providing by the audit firm.

Zabrze, 05.04.2022

Bartosz Panek - President of the Management Board

Jerzy Popławski - Vice-President of the Management Board