

Zakłady Urządzeń Komputerowych ELZAB S.A.

Condensed Financial Statement for the ELZAB
Group consisting Financial Report for ELZAB
S.A. prepared in accordance with IFRS

for quarter 1, 2023



the ELZAB Group
Quarter 1 2023 (PLN thousand)

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I. General information

1. ELZAB S.A. – general information

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Auditor: Mistery Audytor Adviser Spółka z o.o. Wiśniowa st. 40 lok. 50, Warsaw.

PKD: 2620Z – manufacturing of computers and peripheral equipment

REGON: 270036336

NIP: 648-000-02-55

BDO: 000003645

KRS 95317: District Court in Gliwice, 10th Commercial Division

Register of telecommunications operators: No. 12684

Share Capital: 22 142 962,40 zł

Paid-up capital: 22 142 962,40 zł

The Company has been listed on the Warsaw Stock Exchange since 13.05.1998

Listing market: basic

Sector: IT

The Company joined the Liquidity Support Programme in July 2016

2. Composition of the Management Board and Supervisory Board of ELZAB S.A.

As at the date of publication of the report, the Company's Management Board was composed of:

Bartosz Panek – President of the Management Board

Jerzy Popławski – Vice-President of the Management Board

As at the date of publication of the report, the Supervisory Board 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

During the first quarter of 2023 the composition of the Management Board and the Supervisory Board has not changed.

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

Kajetan Wojnicz – Chairman of the Audit Committee of Supervisory Board

Grzegorz Należyty – Member of the Audit Committee of Supervisory Board

Andrzej Wawer – Member of the Audit Committee of Supervisory Board

As at the date of publication of the report, the following persons were appointed to the Strategy Committee:

Grzegorz Należyty – Chairman of the Strategy Committee of the Supervisory Board
Jarosław Wilk – Member of the Strategy Committee of the Supervisory Board
Jerzy Kotkowski – Member of the Strategy Committee of the Supervisory Board

3. Composition of the ELZAB Group

As of 31.03.2023 ELZAB Group comprised of the following entities:

- ELZAB S.A. – the parent company,
- ELZAB HELLAS SPV Sp. z o.o. – subsidiary, fully consolidated, shareholding of ELZAB S.A – 90,03%*) in the Company's capital and on GM. The remaining share capital is held by MONEA V Sp. z o.o.,
- ELZAB HELLAS S.A in Greece – subsidiary, fully consolidated, shareholding of ELZAB HELLAS SPV Sp. z o.o. –100% in the Company's capital and on GM,
- COMP CENTRUM INNOWACJI Sp. z o.o. – affiliate, accounted for under the equity method, shareholding of ELZAB S.A. – 40,99 % **) in the Company's capital and on GM. The remaining share capital is held by Comp S.A., parent entity in relation to ELZAB S.A.

*) On 16 December 2022 the Management of ELZAB S.A. has made a decision to bring trade receivables and loans granted, with a total value of approx. EUR 2.14 million, due to the Company from Elzab Hellas S.A., with its registered Office in Athens, Greece, as a contribution in kind to Elzab Hellas SPV Sp. z o.o. with its registered Office in Zabrze, as a result of which, after the registration of the increase in the share capital of Elzab Hellas SPV in the National Court Register, the Company holds 90,3% of shares in the share capital of Elzab Hellas SPV. The capital increase registration took place on 11.01.2023

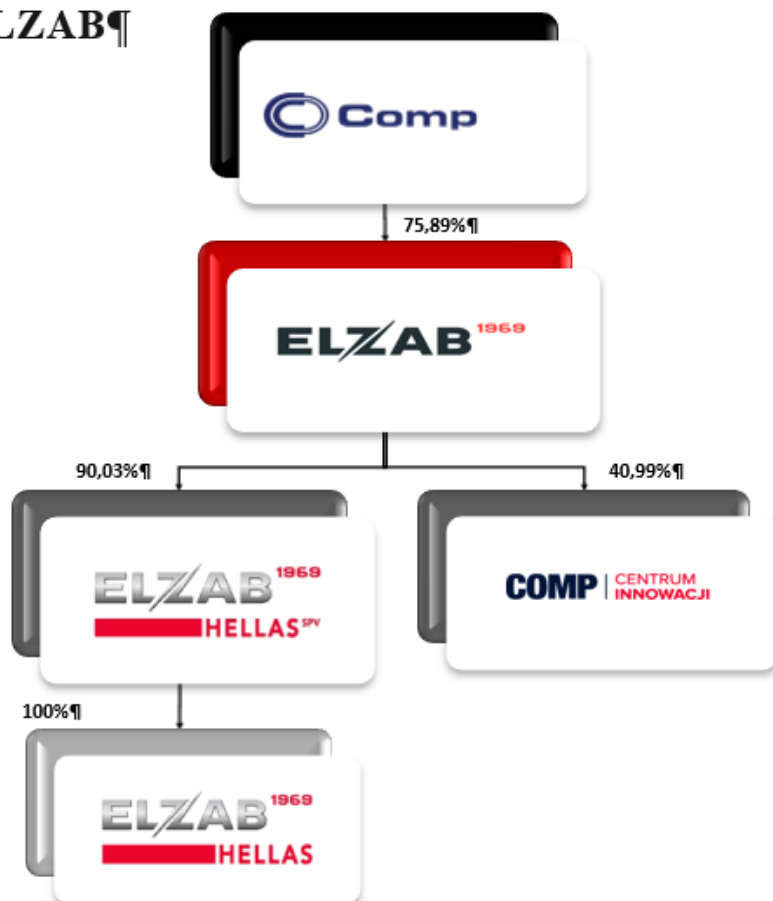
**) On 27.03.2023 Extraordinary General Meeting was called for the shareholders of Comp Centrum Innowacji Sp. Z o.o., with its registered Office in Warsaw. Pursuant to Resolution No. 3 it was decided to increase the share capital from PLN 143 986 000 to PLN 163 073 000 i.e. by PLN 19 087 000 by issuing 19 087 new, equal and indivisible shares in the Company with the nominal value of PLN 1 000 each, and with the total nominal value of PLN 19 087 000

The pre-emptive right of the existing shareholders to acquire newly issued shares in the increased share capital of the Company was excluded, pursuant to Art. 258 par 1 of the Code of Commercial Companies. The increased shares were offered to the company under the name of Comp Spółka Akcyjna with its registered office in Warsaw.

After the registration of the capital increase on 13.04.2023 the share of ELZAB SA in the share capital of Comp Centrum Innowacji Sp. o.o. decreased from 40,99% to 36,19%.

Graphic presentation of the organizational structure of the ELZAB Capital Group as at 31.03.2023

Grupa ELZAB



II. Accounting Policies

The subject of the publication is the consolidated financial report for the first quarter of 2023, which contains individual quarterly summary report for ELZAB S.A.

Consolidated financial statements and individual statements for ELZAB S.A. have been prepared with the assumption of going concern in the foreseeable future. As at the date of preparation of the financial statements, there are no known circumstances indicating a threat to the ability of ELZAB Corporate Group as well as to ELZAB S.A. to continue their economic activity.

The functional and reporting currency for domestic companies is the Polish Zloty (PLN). The functional currency of ELZAB HELLAS S.A. based in Greece is the currency of the European Union (EUR).

The data presented in the financial statements are shown in thousands of zloty. There may be a case where data is provided with greater accuracy.

The consolidated quarterly report of the ELZAB Group for the reporting period from 01.01.2023 to 31.03.2023 includes:

- Statement of financial position as at 31.03.2023, 31.12.2022, 31.03.2022
- Statement of comprehensive income for the period from 01.01.2023 to 31.03.2023 and the comparable period from 01.01.2022 to 31.03.2022
- Cash flow statement for the period from 01.01.2023 to 31.03.2023 and the comparable period from 01.01.2022 to 31.03.2022
- Statement of changes in equity for the period from 01.01.2023 to 31.03.2023, for the

period from 01.01.2022 to 31.12.2022 and 01.01.2022 to 31.03.2022

- Additional information within the scope specified in Art. 66 pts. 4 and 5 Reg. Min. Fin. of 29.03.2018 and other additional information within the scope specified in Art. 66 pts. 8, 9, 10 Reg. Min. Fin. of 29.03.2018

The consolidated financial statements for the first quarter of 2023 and for the comparable period of the first quarter of 2022 have been prepared considering the principles of IAS/IFRS, which include standards and interpretations approved by the International Accounting Standards Board and the Standing Interpretations Committee.

The applied accounting principles were published on 04.04.2023 in the Consolidated Annual Report for 2022.

The presented condensed interim financial report for the first quarter of 2023 should be read together with the financial statements of the ELZAB Group and ELZAB S.A. for 2022, which comprises the necessary information and disclosures.

III. Isolation of discontinued operations

On June 1 2022, after the completion of the preparatory stage and, as part of the implementation of the strategy of the corporate group, of which the Company is a part of, the assumptions of which the parent company i.e. Comp S.A. with its registered office in Warsaw informed in its report no. 8/2022 of May 12 2022, the Management Board of ELZAB S.A. made a decision to start a process aimed at optimizing fixed costs and focusing the activities of the Company on core business activities related to modern technologies for retail sector. Such action, similarly to the Company's development of a cash register into multifunctional device offering a number of additionally paid and independently offered services (VAS or SAAS model) is an element of the strategy referred to above.

The Management Board of ELZAB S.A., in accordance with the current report no. 15/2022, published on 01.08.2022, informed that, as part of the next stage of the ongoing process in the Company aimed at optimizing fixed costs and focusing the activities of the Company on core business activities related to modern technologies for the retail sector, the commencement of which was announced by the Management Board in current report no. 8/2022 of June 1 2022, decided to further implement production processes by outsourcing these processes. The above is related to discontinuation of production in the electronic department of the Company. The goal of the Management Board is a reduction of total amount of the fixed costs and change in their structure in such way that allows partial transfer to variable costs and release additional current assets through the commission of the production of fiscal devices to Comp S.A. Novitus branch.

The processes related to the discontinuation of external production for third parties in the mechanical department were completed (first part of the process) last year. The processes related to the cessation of the production in the electronic department are in progress. Pursuant to the concluded outsourcing agreement of 08.12.2022 the Company transferred the production of fiscal devices to Comp S.A. On the other hand, closure of the remaining processes related to non-fiscal production is planned by the end of July 2023.

In accordance with the provisions of IFRS 5 par.31 the Company classified these elements as clearly separated cash-generating units, both operationally and for financial reporting purposes. These are elements of a business entity that constitute its separate and significant area of activity.

the ELZAB Group
Quarter 1 2023 (PLN thousand)

For the purposes of meeting the requirements of par. 33 IFRS 5 the Company allocated revenues and costs in the statement of comprehensive income to departments that are subject to optimisation process. Additionally, the relevant items of the statement of financial position were verified in terms of their assignment, recognition and valuation.

The figures included in the statement of comprehensive income have been allocated based on records (direct) and distribution keys (indirect).

Discontinued activity	For the period from 01.01. to 31.03.2023	For the period from 01.01. to 31.03.2022
Revenues from core operations related to discontinued operations	25	2 801
Costs related to discontinued operations	-1 063	-7 244
Result on the sale of redundant fixed assets and reversal of provisions for the revaluation of fixed assets	249	0
Inventory update and scrapping (use of write-offs)	65	0
Deferred tax	-203	0
Result on discontinued operation	-927	-4 443

Restatement – ELZAB’s statement of comprehensive income (in PLN thousands) for the first quarter of 2022:

CALCULATIVE VARIANT	For the period from 01.01 to 31.03.2022 data published in the quarterly report for Q1 2022	For the period from 01.01 to 31.03.2022 restatement of comparable data	For the period from 01.01 to 31.03.2022 restated data
A. Revenues from the sale of products, goods and materials	24 454	-2 801	21 653
B. Costs of products, goods and materials sold	19 822	-6 285	13 537
C. Gross profit/loss on sales (A–B)	4 632	3 484	8 116
D. Cost of sales	2 026	-85	1 941
E. Administrative costs	3 814	-874	2 940
F. Net profit/loss on sales (C-D-E)	-1 208	4 443	3 235
G. Other income	149	0	149
H. Other costs	59	0	59
I. Profit/loss from operating activities (F+G-H)	-1 118	4 443	3 325
J. Financial income	372	0	372
K. Financial costs	814	0	814
L. Gross profit/loss (I+J-K)	-1 560	4 443	2 883
M. Income tax	-25	-	-25
N. Net profit/loss on business activity (L-M)	-1 535	4 443	2 908
O. Profit/loss on discontinued operation	0	-4 443	-4 443
P. Net profit/loss (N+O)	-1 535	0	-1 535

Following the restatement of the Statement of Comprehensive Income, the Statement of Cash Flows for the first quarter of 2022 was also restated. The subsequent items, concerning operating activities, were restated as follows:

	For the period from 01.01 to 31.03.2022 data published in the quarterly report for Q1 2022	For the period from 01.01 to 31.03.2022 restatement of comparable data	For the period from 01.01 to 31.03.2022 restated data
Cash flows from operating activities			
Net profit/loss	-1 535	0	-1 535
Adjusted for:	2 797	0	2 797
Depreciation of fixed assets	814	-418	396
Amortization of intangible assets	1 077	-14	1 063
Impairment of goodwill	0	0	0
Foreign exchange gains/losses	0	0	0
Interest expenses and income	658	0	658
Dividend income	0	0	0
Profit/loss on investing activities	13	0	13
Change in provisions	-599	0	-599
Change in inventory	-3 498	0	-3 498
Change in receivables and active accruals	-307	0	-307
Change in liabilities and passive accruals	4 936	0	4 936
Tax shown in the statement of comprehensive income	-25	0	-25
Income tax paid/returned	-272	0	-272
Other adjustments	0	432	432
Net cash flow from operating activities	1 262	0	1 262

Restatement – Consolidated statement of comprehensive income of the ELZAB Group (in PLN thousands) for the first quarter of 2022:

the ELZAB Group
Quarter 1 2023 (PLN thousand)

CALCULATIVE VARIANT	For the period from 01.01 to 31.03.2022 data published in the quarterly report for Q1 2022	For the period from 01.01 to 31.03.2022 restatement of comparable data	For the period from 01.01 to 31.03.2022 restated data
A. Revenues from the sale of products, goods and materials	24 778	-2 801	21 977
B. Costs of products, goods and materials sold	19 783	-6 285	13 498
C. Gross profit/loss on sales (A-B)	4 995	3 484	8 479
D. Cost of sales	2 206	-85	2 121
E. Administrative costs	4 009	-874	3 135
F. Net profit/loss on sales (C-D-E)	-1 220	4 443	3 223
G. Other income	149	0	149
H. Other costs	59	0	59
I. Profit/loss from operating activities (F+G-H)	-1 130	4 443	3 313
J. Financial income	328	0	328
K. Financial costs	819	0	819
L. Share of losses/profits of associates	-2 689	0	-2 689
L. Gross profit/loss (I+J-K+L)	-4 310	4 443	133
M. Income tax	-19	0	-19
N. Net profit/loss on business activity (M-N)	-4 291	4 443	152
O. Profit/loss on discontinued operation	0	-4 443	-4 443
P. Net profit/loss (O+P)	-4 291	0	-4 291
Attributable to:			0
Shareholders of the parent company	-4 257	0	-4 257
Non-controlling interest	-34	0	-34

Following the restatement of the Consolidated Statement of Comprehensive income, Consolidated Statement of Cash Flows for the first quarter of 2022 was also restated. The subsequent items, concerning operating activities, were restated as follows:

INDIRECT METHOD	For the period from 01.01 to 31.03.2022 data published in the quarterly report for Q1 2022	For the period from 01.01 to 31.03.2022 restatement of comparable data	For the period from 01.01 to 31.03.2022 restated data
Cash flows from operating activities			
Net profit/loss	-4 257	0	-4 257
Adjusted for:	5 891	0	5 891
Share of net profit/loss of associates and joint ventures accounted for using the equity method	2 689	0	2 689
Non-controlling interest	-34	0	-34
Depreciation of fixed assets and amortization of intangible assets	1 908	-432	1 476
Impairment of goodwill	0	0	0
Foreign exchange gains/losses	-63	0	-63
Interest expenses and income	658	0	658
Dividend income	0	0	0
Profit/loss on investing activities	13	0	13
Change in reserves	-599	0	-599
Change in inventory	-4 149	0	-4 149
Change in receivables and accruals	523	0	523
Change in liabilities and accruals	5 236	0	5 236
Tax shown in the statement of comprehensive income	-19	0	-19
Income tax paid/returned	-272	0	-272
Other adjustments	0	432	432
Net cash flows from operating activities	1 634	0	1 634

IV. Information on the review of the condensed financial statement

The presented condensed financial statement for the first quarter of 2023 were not reviewed by the entity authorized to audit financial statements.

the ELZAB Group
Quarter 1 2023 (PLN thousand)

V. Selected financial data of the ELZAB Group and ELZAB S.A.

SELECTED FINANCIAL DATA THE ELZAB GROUP	in PLN thousands		In thousands EUR	
	Quarter 1 2023	Quarter 1 2022	Quarter 1 2023	Quarter 1 2022
Net revenues from the sale of products, goods and materials	25 268	21 977	5 376	4 729
Profit (loss) from operating activity	-1 707	3 313	-363	713
Gross Profit (loss)	-3 849	133	-819	29
Net Profit (loss) attributable to the shareholders of the parent company	-4 540	-4 257	-966	-916
Net cash flows from operating activities	847	1 634	181	351
Net cash flows from investing activities	-498	-1 385	-107	-298
Net cash flows from financing activities	-1 404	270	-300	58
Total net cash flows	-1 055	519	-226	112
Annualized profit (loss) per ordinary share (in PLN / EUR)	-1,71	-0,29	-0,36	-0,06
Annualized profit (loss) per ordinary share, excluding own shares (in PLN/ EUR)	-1,75	-0,30	-0,37	-0,06

SELECTED FINANCIAL DATA ELZAB	in PLN thousands		in EUR thousands	
	As at 31.03.2023	As at 31.12.2022	As at 31.03.2023	As at 31.12.2022
Total assets	111 724	115 706	23 896	24 671
Long-term liabilities and provisions	26 746	26 757	5 720	5 705
Short-term liabilities and provisions	42 898	43 844	9 175	9 349
Equity	42 080	45 105	9 000	9 617
Share capital	22 143	22 143	4 736	4 721
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 share (in PLN / EUR)	2,61	2,80	0,56	0,60
Book value per share excluding own shares (in PLN / EUR)	2,67	2,87	0,57	0,61

SELECTED FINANCIAL DATA ELZAB	in PLN thousands		in EUR thousands	
	Quarter 1 2023	Quarter 1 2022	Quarter 1 2023	Quarter 1 2022
Net revenues from the sale of products, goods and materials	24 616	21 653	5 237	4 659
Profit (loss) from operating activities	-1 331	3 325	-283	715
Gross Profit (loss)	-1 990	2 883	-423	620
Net Profit (loss) attributable to the shareholders of the parent company	-2 747	-1 535	-584	-330
Net cash flows from operating activities	1 024	1 262	219	271
Net cash flows from investing activities	-428	-1 364	-92	-293
Net cash flows from financing activities	-1 569	275	-336	59
Total net cash flows	-973	173	-208	37
Annualized profit (loss) per ordinary share (in PLN / EUR)	-1,36	0,33	-0,29	0,07
Annualized profit (loss) per ordinary share, excluding own (in PLN/ EUR)	-1,39	0,34	-0,30	0,07

SELECTED FINANCIAL DATA ELZAB	in PLN thousands		in EUR thousands	
	As at 31.12.2022	As at 31.03.2023	As at 31.12.2022	As at 31.03.2023
Total assets	156 506	160 614	33 474	34 247
Long-term liabilities and provisions	26 683	26 694	5 707	5 692
Short-term liabilities and provisions	40 311	41 661	8 622	8 883
Equity	89 512	92 259	19 145	19 672
Share capital	22 143	22 143	4 736	4 721
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 share (in PLN / EUR)	5,55	5,72	1,19	1,22
Book value per share excluding own shares (in PLN / EUR)	5,69	5,86	1,22	1,25

The following EURO exchange rates were adopted for the conversion of the selected financial data:

- for the conversion of assets and liabilities as at 31.03.2023, as well as cash flows for the first quarter of 2023, the average EURO exchange rate announced by the National Bank of Poland (NBP) as at 31.03.2023 – 4,6755

- for the conversion of assets and liabilities as at 31.12.2022, the average EURO exchange announced by the NBP as at 31.12.2022 – 4,6899

- for the conversion of assets and liabilities as at 31.03.2022, as well as cash flows for the first quarter of 2022, the average EURO exchange rate announced by the NBP as at 31.03.2022 – 4,6525

- for the conversion of the items for the profit and loss account for the first quarter of 2023 the arithmetic average of the average EURO exchange rates announced by the NBP on the last day of each month from January to March 2023 – 4,7005

- for the conversion of the items for the profit and loss account for the first quarter of 2022 the arithmetic average of the average EURO exchange rates announced by the NBP on the last day of each month from January to March 2022 – 4,6472

VI. Consolidated Financial Statements for ELZAB Group

Consolidated Statement of Financial Situation

ASSETS	As at 31.03.2023	As at 31.12.2022	As at 31.03.2022
A. Fixed Assets (non-current)	61 335	61 891	84 065
1. Property, plant and equipment	6 201	6 724	23 430
2. Investment property	0	0	0
3. Goodwill	0	0	0
4. Intangible assets	17 824	18 536	21 426
5. Shares in subsidiaries valued using the equity method	20 859	20 507	25 299
6. Shares in other entities	0	0	0
7. Non-current financial assets	11 746	11 470	13 492
8. Deferred tax assets	4 594	4 547	327
9. Long-term receivables and accruals	1 111	107	91
B. Assets (current)	50 384	53 016	67 547
1. Inventory	25 654	30 423	38 527
2. Short term receivables and accruals	20 312	17 166	27 505
3. Financial leasing receivables	0	0	0
4. Income tax receivables	626	573	0
5. Short-term financial assets	2 364	2 371	25
6. Cash and cash equivalents	1 428	2 483	1 490
C. Assets held for sale	5	799	2 400
Total assets	111 724	115 706	154 012

LIABILITIES	As at 31.03.2023	As at 31.12.2022	As at 31.03.2022
A. Equity	42 080	45 105	70 359
1. Share capital	22 143	22 143	22 143
2. Surplus from the sale of shares above their nominal value	11 211	11 211	11 211
3. Own shares	-1 997	-1 997	-1 997
4. Other reserve capital – own shares	3 315	3 315	3 315
5. Reserve capital and spare capital	70 979	69 336	58 233
6. Exchange differences on translation of subsidiaries	-467	-489	-441
7. Profit/ loss from previous years and the current year, including:	-60 373	-55 747	-19 852
7.1. Accumulated profit/losses from previous years	-55 833	-28 503	-15 595
7.2. Profit/loss for the current year	-4 540	-27 244	-4 257
8. Equity attributed to non-controlling interests	-2 731	-2 667	-2 253
B. Long-term liabilities	26 746	26 757	4 469
1. Reserves	357	362	417
2. Deferred income tax liability	0	0	0
3. Long-term bank loans and borrowings	24 793	24 292	1 865
4. Other long-term financial liabilities (leasing)	1 596	2 095	2 005
5. Long-term financial liabilities	0	0	0
6. Long-term liabilities and accruals	0	8	182
C. Short-term liabilities	42 898	43 844	79 184
1. Reserves	3 667	3 676	3 273
2. Short-term bank loans and borrowings	18 789	19 131	52 818
3. Other short-term financial liabilities (leasing)	1 599	1 671	1 189
4. Short-term financial liabilities	59	19	135
5. Short-term liabilities and accruals	18 784	19 347	21 152
6. Income tax liabilities	0	0	617
Total liabilities	111 724	115 706	154 012

Consolidated Statement of Comprehensive Income

CALCULATIVE VARIANT	Quarter 1 2023 from 2023-01-01 to 2023- 03-31	Quarter 1 2022 from 2022-01-01 to 2022-03-31 restated data
A. Revenue from the sale of products, goods and materials	25 268	21 977
B. Costs of products, goods and materials sold	21 439	13 498
C. Gross profit/loss on sales (A–B)	3 829	8 479
D. Cost of sales	2 139	2 121
E. Administrative costs	3 354	3 135
F. Net profit/loss netto on sales (C-D-E)	-1 664	3 223
G. Other income	104	149
H. Other costs	147	59
I. Operating profit/loss (F+G-H)	-1 707	3 313
J. Financial income	409	328
K. Financial costs	1 346	819
L. Share of profits/losses of associates	-1 205	-2 689
M. Gross profit/loss (I+J-K+L)	-3 849	133
N. Income tax	-172	-19
O. Net profit/loss on business activity (M-N)	-3 677	152
P. Profit/loss on discontinued operations	-927	-4 443
R. Net profit/loss (O+P)	-4 604	-4 291
Attributable to:		
Shareholders of the parent company	-4 540	-4 257
Non-controlling interest	-64	-34
S. Other comprehensive income	1 579	-69
Foreign exchange differences on translation of subsidiaries	22	-69
Other comprehensive income	1 557	
T. Total income (S+T)	-3 025	-4 360
Attributable to:		

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Shareholders of the parent company	-2 961	-4 326
Non-controlling interest	-64	-34
Earnings/losses per share:		
- annualized net earnings/losses per share of the shareholders of the parent company	-27 527	-4 714
- number of all shares	16 137 050	16 137 050
- number of shares excluding own shares	15 731 388	15 731 388
- annualized earnings (losses) per ordinary share (in PLN / EUR)	-1,71	-0,29
- annualized earnings (losses) per ordinary share (in PLN / EUR) excluding own shares	-1,75	-0,30

Consolidated Statement of Cash Flows

INDIRECT METHOD	Quarter 1 2023 from 2023-01-01 to 2023-03-31	Quarter 1 2022 from 2022-01-01 to 2022- 03-31 restated data
Cash Flow from operating activities		
Net profit/loss	-4 540	-4 257
Adjusted for:	5 387	5 891
Share of net profit/loss of associates and joint ventures accounted for using the equity method	1 205	2 689
Non-controlling interest	-64	-34
Depreciation of fixed assets and amortization of intangible assets	1 630	1 476
Impairment of goodwill	0	0
Foreign exchange gains/losses	31	-63
Interest expenses and income	877	658
Dividend income	0	0
Profit/loss on investing activities	3	13
Change in reserves	-14	-599
Change in inventory	4 769	-4 149
Change in receivables and accruals	-3 151	523
Change in liabilities and accruals	-694	5 236
Tax shown in the statement of comprehensive income	-172	-19
Income tax paid/returned	-130	-272
Other adjustments	1 097	432
Net cash flows from operating activities	847	1 634
Cash flows from investing activities		
Proceeds from the sale of fixed assets and intangible assets	6	1
Proceeds from the sale of associates and subsidiaries	0	0
Proceeds from the sale of the short-term financial assets	0	0
Inflows from interests	0	127
Inflows from dividends	0	0
Repayment of granted loans	0	1 000
Expenses for the acquisition of property, plant and equipment and intangible assets	504	2 513
Net expenditures for the acquisition of subsidiaries, associates and other entities	0	0
Expenditure for the acquisition of short-term financial assets	0	0
Granted loans	0	0
Other	0	0
Net cash flows from investment activities	-498	-1 385
Cash flows from financing activities		
Proceeds from credits and loans	2 139	6 035
Net proceeds from the issue of shares, bonds, bills of exchange, vouchers	0	0
Other	0	0
Repayment of loans and borrowings	2 566	4 700
Payment of liabilities under finance lease agreements	408	291
Dividends paid to the Company shareholders	0	0
Dividends paid to the non-controlling interest	0	0
Share buy-backs	0	0
Paid interests	569	774
Other	0	0
Net cash flows from financing activities	-1 404	270
Increase/ decrease in cash and cash equivalents	-1 055	519
Cash and cash equivalents at the start of the period	2 483	971
Cash and cash equivalents at the end of the period	1 428	1 490
Unused credit limit in the bank account	2	98

the ELZAB Group
Quarter 1 2023 (PLN thousand)

Consolidated Statement of Changes in Equity

	Share capital	Share premium account	Own shares	Other capital redemption reserves – own shares	Reserve capital from profits	Reserve capital from revaluation of assets	Subordinate units currency translation reserve	Profit/ loss from previous years and the current year, including:	Profit/loss from previous years	Profit/loss from the current year	Total	Equity attributable to non-controlling interests	Total capital of the Group
Balance as at 01.01.2023	22 143	11 211	-1 997	3 315	74 360	-5 024	-489	-55 747	-55 747	0	47 772	-2 667	45 105
Changes in the principles of accounting policy											0		0
Balance as at 01.01.2023 after adjustments (after restatement)	22 143	11 211	-1 997	3 315	74 360	-5 024	-489	-55 747	-55 747	0	47 772	-2 667	45 105
Total comprehensive income	0	0	0	0	0	1 643	22	-4 626	-86	-4 540	-2 961	-64	-3 025
Comp S.A. valuation of shares held by CCI Sp. z o.o. - associate						1 557		0			1 557		1 557
Adjustment for liquidation of fixed assets						86		-86	-86		0		0
Exchange rate differences from conversion of subordinate units							22	0			22		22
Profit/loss for the financial year								-4 540	0	-4 540	-4 540	-64	-4 604
Other changes in equity	0	0	0	0	0	0	0	0	0	0	0	0	0
Balance as at 31.03.2023	22 143	11 211	-1 997	3 315	74 360	-3 381	-467	-60 373	-55 833	-4 540	44 811	-2 731	42 080
	Share capital	Share premium account	Own shares	Other capital redemption reserves – own shares	Reserve capital from profits	Reserve capital from revaluation of assets	Subordinate units currency translation reserve	Profit/ loss from previous years and the current year, including:	Profit/loss from previous years	Profit/loss from the current year	Total	Equity attributable to non-controlling interests	Total capital of the Group
Balance as at 01.01.2022	22 143	11 211	-1 997	3 315	64 421	-5 584	-372	-15 595	-15 595	0	77 542	-2 219	75 323
Changes in the principles of accounting policy	0	0	0	0	0	0	0	0	0	0	0	0	0
Balance as at 01.01.2022 after adjustments (after restatement)	22 143	11 211	-1 997	3 315	64 421	-5 584	-372	-15 595	-15 595	0	77 542	-2 219	75 323
Total comprehensive income	0	0	0	0	9 939	560	-117	-40 152	-12 908	-27 244	-29 770	-448	-30 218
Profit retained from the previous financial year	0	0	0	0	9 939	0	0	-9 939	-9 939	0	0	0	0
Comp S.A. valuation of shares held by CCI Sp. z o.o. - associate						-2 409		0			-2 409		-2 409
Adjustment for liquidation of fixed assets	0	0	0	0	0	2 969	0	-2 969	-2 969		0	0	0
Exchange rate differences from conversion of subordinate units	0	0	0	0	0	0	-117	0	0	0	-117		-117
Profit/loss for the financial year	0	0	0	0	0	0	0	-27 244	0	-27 244	-27 244	-448	-27 692
Other changes in equity	0	0	0	0	0	0	0	0	0	0	0	0	0
Balance as at 31.12.2022	22 143	11 211	-1 997	3 315	74 360	-5 024	-489	-55 747	-28 503	-27 244	47 772	-2 667	45 105
	Share capital	Share premium account	Own shares	Other capital redemption reserves – own shares	Reserve capital from profits	Reserve capital from revaluation of assets	Subordinate units currency translation reserve	Profit/ loss from previous years and the current year, including:	Profit/loss from previous years	Profit/loss from the current year	Total	Equity attributable to non-controlling interests	Total capital of the Group
Balance as at 01.01.2022	22 143	11 211	-1 997	3 315	64 421	-5 584	-372	-15 595	-15 595	0	77 542	-2 219	75 323
Changes in the principles of accounting policy											0		0
Balance as at 01.01.2022 after adjustments (after restatement)	22 143	11 211	-1 997	3 315	64 421	-5 584	-372	-15 595	-15 595	0	77 542	-2 219	75 323
Total comprehensive income	0	0	0	0	0	-604	-69	-4 257	0	-4 257	-4 930	-34	-4 964
Exchange rate differences from conversion of subordinate units							-69	0			-69		-69
Comp S.A. valuation of shares held by CCI Sp. z o.o. - associate						-604					-604		-604
Profit/loss for the financial year								-4 257		-4 257	-4 257	-34	-4 291
Other changes in equity	0	0	0	0	0	0	0	0	0	0	0	0	0
Balance as at 31.03.2022	22 143	11 211	-1 997	3 315	64 421	-6 188	-441	-19 852	-15 595	-4 257	72 612	-2 253	70 359

VII. Financial Report for ELZAB S.A.

Statement of the financial situation

ASSETS	As at 31.03.2023	As at 31.12.2022	As at 31.03.2022
A. Fixed assets (non-current)	107 618	108 595	116 041
1. Property, plant and equipment	6 147	6 672	23 377
2. Investment properties	0	0	0
3. Intangible assets	15 787	16 557	19 502
4. Long-term financial assets	80 795	80 519	72 517
5. Deferred tax assets	4 889	4 844	631
6. Long-term receivables and accruals	0	3	14
B. Operating assets (current)	48 883	51 220	74 737
1. Inventories	23 789	28 325	36 587
2. Short-term receivables and accruals	18 891	15 901	33 787
3. Finance lease receivables	0	0	0
4. Income tax receivables	626	573	0
5. Short-term financial assets	4 235	4 106	3 301
6. Cash and cash equivalents	1 342	2 315	1 062
C. Assets held for sale	5	799	2 400
Total assets	156 506	160 614	193 178

LIABILITIES	As at 31.03.2023	As at 31.12.2022	As at 31.03.2022
A. Equity	89 512	92 259	111 404
1. Share capital	22 143	22 143	22 143
2. Share premium account	11 211	11 211	11 211
3. Own shares	-1 997	-1 997	-1 997
4. Other reserve capital – own shares	3 315	3 315	3 315
5. Reserve capital and spare capital	78 044	77 958	65 050
6. Profit/ loss from previous years and the current year, including:	-23 204	-20 371	11 682
6.1. Accumulated profits/losses from previous years	-20 457	309	13 217
6.2. Profit/loss for the current year	-2 747	-20 680	-1 535
B. Non-current liabilities	26 683	26 694	4 426
1. Reserves	294	299	374
2. Deferred tax liabilities	0	0	0
3. Long-term bank loans and borrowings	24 793	24 292	1 865
4. Other long-term financial liabilities (leasing)	1 596	2 095	2 005
5. Long-term financial liabilities	0	0	0
6. Long-term liabilities and accruals	0	8	182
C. Current liabilities	40 311	41 661	77 348
1. Reserves	3 667	3 676	3 273
2. Short-term bank loans and borrowings	16 895	17 513	51 676
3. Other short-term financial liabilities (leasing)	1 599	1 671	1 189
4. Short-term financial liabilities	59	19	135
5. Long-term liabilities and accruals	18 091	18 782	20 458
6. Income tax liabilities	0	0	617
Total liabilities	156 506	160 614	193 178

Statement of Comprehensive Income

CALCULATIVE METHOD	Quarter 1 2023 from 2023-01-01 to 2023- 03-31	Quarter 1 2022 from 2022-01-01 to 2022- 03-31 restated data
A. Revenue from the sale of products, goods and materials	24 616	21 653
B. Costs of products, goods and materials sold	20 975	13 537
C. Gross profit/loss on sales (A-B)	3 641	8 116
D. Cost of sales	1 889	1 941
E. Administrative costs	3 048	2 940
F. Net profit/loss netto on sales (C-D-E)	-1 296	3 235
G. Other income	104	149
H. Other costs	139	59
I. Operating profit/loss (F+G-H)	-1 331	3 325
J. Financial income	552	372
K. Financial costs	1 211	814
L. Gross profit/loss (I+J-K)	-1 990	2 883
M. Income tax	-170	-25
N. Net profit/loss on business activity (L-M)	-1 820	2 908
O. Profit/loss on discontinued operations	-927	-4 443
P. Net profit/loss (N+O)	-2 747	-1 535
R. Other comprehensive income	0	0
<i>Which will not be subsequently reclassified to profits or losses</i>	0	0
<i>Which will then be reclassified to profits or losses</i>	0	0
S. Total comprehensive income (P+R)	-2 747	-1 535
Earnings per share:		
- annualized net profit/loss	-21 892	5 336
- total number of shares	16 137 050	16 137 050
- total number of shares excluding own shares	15 731 388	15 731 388
- Annualised profit(loss) per ordinary share (in PLN / EUR)	-1,36	0,33
- Annualised profit(loss) per ordinary share (in PLN / EUR) excluding own shares	-1,39	0,34

the ELZAB Group
Quarter 1 2023 (PLN thousand)

Statement of Cash Flows

INDIRECT METHOD	Quarter 1, 2023 from 2023-01-01 to 2023- 03-31	Quarter 1, 2022 from 2022-01-01 to 2022- 03-31 restated data
Cash flows from operating activities		
Net profit/loss	-2 747	-1 535
Adjusted for:	3 771	2 797
Depreciation of fixed assets	420	396
Amortization of intangible assets	1 200	1 063
Impairment of goodwill	0	0
Foreign exchange gains/losses	0	0
Interest expenses and income	639	658
Dividend income	0	0
Profit/loss on investing activities	3	13
Change in reserves	-14	-599
Change in inventories	4 536	-3 498
Change in receivables and accruals	-2 988	-307
Change in liabilities and accruals	-822	4 936
Tax shown in the statement of comprehensive income	-170	-25
Income tax paid/returned	-130	-272
Other adjustments	1 097	432
Net cash flows from operating activities	1 024	1 262
Cash flows from investing activities		
Proceeds from the sale of fixed assets and intangible assets	6	1
Proceeds from the sale of associates and subsidiaries	0	0
Proceeds from the sale of short-term financial assets	0	0
Inflows from interests	0	127
Inflows from dividends	0	0
Repayments of loans granted	0	1 000
Expenditure on the acquisition of tangible fixed assets and intangible assets	434	2 472
Net expenditure on the acquisition of subsidiaries, associates and other entities	0	0
Expenditure on the acquisition of short-term financial assets	0	0
Loans granted	0	20
Others	0	0
Net cash flow from investing activities	-428	-1 364
Przepływy środków pieniężnych z działalności finansowej		
Proceeds from credits and loans	1 146	6 035
Net proceeds from the issue of shares, bonds, bills of exchange, vouchers	0	0
Repayment of loans and borrowings	1 764	4 700
Payment of liabilities under finance lease agreements	408	291
Dividends paid to the Company shareholders	0	0
Dividends paid to the non-controlling interest	0	0
Share buy-backs	0	0
Paid interests	543	769
Other	0	0
Net cash flows from financing activities	-1 569	275
Increase/ decrease in cash and cash equivalents	-973	173
Cash and cash equivalents at the start of the period	2 315	889
Cash and cash equivalents at the end of the period	1 342	1 062
Unused credit limit in the bank account	2	98

the ELZAB Group
Quarter 1 2023 (PLN thousand)

Statement of Changes in Equity

	Share capital	Share premium account	Own shares	Other capital redemption reserves – own shares	Reserve capital from profits	Reserve capital from revaluation of assets	Profit/ loss from previous years and the current year, including:	Profit/loss from previous years	Profit/loss from the current year	Total
Balance as at 01.01.2023	22 143	11 211	-1 997	3 315	74 360	3 598	-20 371	-20 371		92 259
Changes in the principles of accounting policy							0			0
Balance as at 01.01.2023 after adjustments (after restatement)	22 143	11 211	-1 997	3 315	74 360	3 598	-20 371	-20 371	0	92 259
Total comprehensive income	0	0	0	0	86	0	-2 833	-86	-2 747	-2 747
Adjustment for liquidation of fixed assets					86		-86	-86		0
Profit/loss for the financial year							-2 747	0	-2 747	-2 747
Other changes in equity	0	0	0	0	0	0	0	0	0	0
Balance as at 31.03.2023	22 143	11 211	-1 997	3 315	74 446	3 598	-23 204	-20 457	-2 747	89 512
	Share capital	Share premium account	Own shares	Other capital redemption reserves – own shares	Reserve capital from profits	Reserve capital from revaluation of assets	Profit/ loss from previous years and the current year, including:	Profit/loss from previous years	Profit/loss from the current year	Total
Balance as at 01.01.2022	22 143	11 211	-1 997	3 315	64 421	629	13 217	13 217		112 939
Changes in the principles of accounting policy										0
Balance as at 01.01.2022 after adjustments (after restatement)	22 143	11 211	-1 997	3 315	64 421	629	13 217	13 217	0	112 939
Total comprehensive income	0	0	0	0	9 939	2 969	-33 588	-12 908	-20 680	-20 680
Adjustment for liquidation of fixed assets						2 969	-2 969	-2 969		0
Profit retained from the previous financial year					9 939		-9 939	-9 939		0
Profit/loss for the financial year							-20 680		-20 680	-20 680
Other changes in equity	0	0	0	0	0	0	0	0	0	0
Balance as at 31.12.2022	22 143	11 211	-1 997	3 315	74 360	3 598	-20 371	309	-20 680	92 259
	Share capital	Share premium account	Own shares	Other capital redemption reserves – own shares	Reserve capital from profits	Reserve capital from revaluation of assets	Profit/ loss from previous years and the current year, including:	Profit/loss from previous years	Profit/loss from the current year	Total
Balance as at 01.01.2022	22 143	11 211	-1 997	3 315	64 421	629	13 217	13 217		112 939
Changes in the principles of accounting policy							0			0
Balance as at 01.01.2022 after adjustments (after restatement)	22 143	11 211	-1 997	3 315	64 421	629	13 217	13 217	0	112 939
Total comprehensive income	0	0	0	0	0	0	-1 535	0	-1 535	-1 535
Profit/loss for the financial year							-1 535	0	-1 535	-1 535
Other changes in equity	0	0	0	0	0	0	0	0	0	0
Balance as at 31.03.2022	22 143	11 211	-1 997	3 315	64 421	629	11 682	13 217	-1 535	111 404

VIII. Additional information to the Consolidated Financial Statement of the ELZAB Group.

1. Significant achievements of the ELZAB Group and events affecting the achieved results Revenue – Costs – Financial result.

Parent entity ELZAB S.A. is a manufacturer and a supplier of retail sales support devices and systems. It is a company specializing in the design, production and distribution of a wide range of fiscal cash registers, cash register devices and systems, peripherals and accessories for sales registration and management such as: electronic scales, price checkers, non-fiscal printers, label printers, cash drawers, cash modems and multiplexers. ELZAB S.A. offer also includes products such as commercial calculating and labeling scales, platform scales and maintenance services for the above-mentioned devices. The offer also includes charging stations for electric vehicles under the ELZAB ECOPOWER brand.

In the first quarter of 2023, revenues from the sale of own products and services as well as goods and materials amounted to PLN 24 616 thousand and were 14% higher than the revenues obtained in the corresponding period of 2022 which amounted to PLN 21 653 thousand (restated data).

Industry segments	Quarter 1, 2023	Quarter 1, 2022 restated data	change
Fiscal devices	12 299	12 717	-3%
Non-fiscal devices	2 124	2 445	-13%
Services, trainings, servicing, etc.	2 339	1 737	35%
Goods and materials	7 854	4 754	65%
Total	24 616	21 653	14%

The first quarter of 2023 was weaker compared to the first quarter of 2022 in terms of sales of the Company's basic assortment – fiscal and non-fiscal products, which was a consequence of macroeconomic factors i.e. weaker demand. The Company expects gradual reversal of this trend in the second half of 2023. In addition, it should be noted that in the first quarter of 2022 it was still possible to sell devices offline, which translated into additional sales impulse, which did not occur in the first quarter of 2023. At the same time, it should be noted that in the first quarter of 2023 ELZAB sold more cash registers online (both in terms quantity and value) than in the comparable period of the previous year. However, the inability to offer cash registers offline in the first quarter of 2023 translated into decline in sales of cash registers quarter on quarter. Export sales in the first quarter of 2023 were at a similar level as a year ago.

At the same time, the decrease in demand translated into reduced production of fiscal devices, which had an impact on the decline in the margin, while the decrease, due to the reduction of fixed costs in 2022, was smaller than estimated if the Company retained production. In the first quarter of 2023, ELZAB sold cash registers made of parts purchased in the second half of 2022, which were purchased at a higher exchange rate compared to the current situation. However, it should be emphasized that the total production costs (with comparable data), despite the negative market trends (inflation, cost increase) did not increase, and in the case of some of the Company's products decreased.

Weaker than expected sales results of devices for the retail sector are also related to the product mix, i.e. the market demand for low-cost devices with lower margins. In the first quarter of 2023, the Company focused on the sale of finished products from the warehouse, while in the same period of 2022, devices with a higher margin were sold 16 ELZAB Group

the ELZAB Group
Quarter 1 2023 (PLN thousand)

Q1 2023 (in PLN thousand) unit. The Company's presence in new sales channels in 2023 (e.g. entering a large retail network with fiscal printers) is associated with a lower unit margin compared to the margins achieved in the dealer channel, but it opens up new sales prospects for the Company.

Spółka odnotowała również mniejszy popyt na produkty niefiskalne, co wypłynęło na mniejszą sprzedaż w I kwartale 2023 r. w porównaniu do analogicznego okresu 2022 r.

In addition, in the first quarter of 2023, the Company reviewed its product portfolio, adapting it to current market needs, focusing on products that ensure an appropriate level of margin, which will have positive impact on sales results in the coming quarters of this year.

In the upcoming quarters of 2023, it is planned to further reduce the operating costs (including fixed costs) of the Company and its capital group alongside commercial activities focusing on increasing the profitability and sales of ELZAB brand products. As a result of activities, we expect a gradual increase in the margin and the culmination of profit in the second half of 2023.

Sales revenue figures in the first quarter of the current year include the sale of necessary materials and components to perform assembly services by Comp S.A. under the existing agreement. These sales value amounted to PLN 2 mln. The Company informed about the agreement in the current report No. 20/2022 of 08.12.2022.

ELZAB HELLAS SPV Sp. z o.o.

The company ELZAB HELLAS SPV Sp. z o.o. is a consulting company. In the first quarter of 2023 it did not generate any revenue. Revenues generated in the first quarter of 2022 amounted to PLN 13 thousand.

ELZAB HELLAS S.A.

The company ELZAB HELLAS S.A. is a distributor of ELZAB S.A. fiscal devices on the Greek market. Sales revenues realized in the first quarter of 2023 amounted to PLN 1 026 thousand and were similar to the revenues generated in the first quarter of 2022, which amounted to PLN 1 067 thousand.

ELZAB CAPITAL GROUP

The value of sales generated by the ELZAB Group in the first quarter of 2023 amounted to PLN 25 268 thousand and was 15% greater than the revenues achieved in the comparable quarter of 2022 in the amount of PLN 21 977 thousand (restated data). The factor determining the amount of revenues of the ELZAB Group is the level of revenues achieved by the parent company.

Considering the costs incurred to produce the products sold, the value of materials and goods sold, the ELZAB Capital Group generated consolidated gross profit on sales totaling PLN 3 829 thousand in the first quarter of 2023, which was 54,8% lower compared to the corresponding period of the previous year.

The level of profitability for the discussed period and the first quarter of 2022 was at 15,2% and 38,6% respectively.

The results achieved by the ELZAB Group were influenced by the structure and level of sales, which has a direct impact on the achieved margin.

After considering distribution, marketing, promotion and advertising expenses incurred as well as the general costs of the operation and maintenance of the companies, ELZAB Group generated a net loss on sales of PLN 1 664 thousand in the first quarter of 2023. In

comparable period for the first quarter of 2022 the net profit on sales amounted to PLN 3 223 thousand (restated data).

During the first quarter of 2023 costs of sales amounted to PLN 2 139 thousand and were comparable to the cost of sales incurred in the first quarter of 2022 which totaled PLN 2 121 thousand (restated data), which was impacted by the situation on the market and the need to introduce promotional mechanisms for the Company's dealers (as a result of the activities introduced by the competitors).

In the first quarter of 2023 general and administrative expenses were at the comparable level as during the first quarter of 2022 and amounted to PLN 3 354 thousand however, their decrease is expected in the periods to follow.

In the presented quarter, the result on other operating activities was negative PLN 43 thousand. In the first quarter of 2022 the result on other operating activities was positive PLN 90 thousand.

Taking into consideration the result on other operating activities, ELZAB Group generated a loss on operating activities in the first quarter of 2023 in the amount of PLN 1 707 thousand. In the corresponding period of the previous year, the ELZAB Group generated profit on operating activities in the amount of PLN 3 313 thousand (restated data).

In the first quarter of 2023, there was a negative balance of financial revenues and costs in the amount of PLN 937 thousand. In the comparative period the balance was also negative and amounted to PLN 491 thousand. Financial income consists mainly of interest accrued to recipients, interest on loans granted, write-downs on interest on receivables and foreign exchange gains. Financial costs include mainly company financing costs.

In the first quarter of 2023 the financial activity of ELZAB Group also included the share of losses of associates in the amount of PLN 1 205 thousand. In the first quarter of 2022 the share of losses of associates amounted to PLN 2 689 thousand.

In the first quarter of 2023 the ELZAB Group generated a gross loss PLN 3 849 thousand. In the comparable period of the previous year, the generated gross profit amounted to PLN 133 thousand (restated data).

Considering the current and deferred income tax charges, in the first quarter of 2023 the ELZAB Group generated a net loss on continuing operations in the amount of PLN 3 677 thousand, compared to the net profit on continuing operations in the amount of PLN 157 thousand in the first quarter of 2022.

Due to changes in production processes, losses on discontinued operations were recognized and amounted to: PLN - 927 thousand in the first quarter of 2023 and PLN - 4 443 thousand in the first quarter of 2022.

2. Information on the effects of the optimization measures taken in 2022.

The Company adapts to the market trend in which fiscal electronics products are characterized by increased functionality (e.g. remote data transfer, payment infrastructure, e-receipts). In accordance with this trend, the role of IT solutions in the final product is increasing. This creates the conditions for the outsourcing of activities that do not feature IT competencies. Therefore, the following actions were taken:

- Liliquidation of contract production,

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- Outsourcing of the remaining production (the process is scheduled to be completed at the end of July 2023),
- Sale of redundant assets in the form of real estate and machinery,
- Significant reduction of fixed costs.

The Company focuses on high-margin activities (creating new online products and cash registers in the form of software, as well as offering value-added services and sales management). The Company introduces an external model of electronic production (with temporary retention of a small internal production of the non-fiscal part of the assortment related to the retail sector).

The Company designs, develops, introduces to the market and distributes fiscal devices under its own brand and using its knowledge and experience from this market, which gives the Company competitive advantage since the beginning of its operation on the fiscal market.

The process of selling redundant – both moveable and immovable, was completed. The Company generated additional revenues and obtained cash, which in 2023 allowed for further reduction of fixed costs related to the servicing and maintenance of fixed assets (including these of tax nature) and reduction of the Company's debt to financial institutions, which contributed to the reduction of debt servicing costs, which in turn, at the current level of interest rates, had a positive impact on the Company's net result.

According to the information provided in the current report No. 19/2022, according to which the Company's Management board estimated a decrease in the total of the Company's fixed costs in 2023 by approx. 50% (compared to 2022), the decrease in fixed costs in the first quarter of 2023 amounted to 34% compared to the first quarter of 2022. The Company plans to further reduce fixed costs. According to the current report, the next stage of the cost reduction process will be the optimization of the operating costs of the so-called back-office by adapting them to the new business model and taking actions aimed at reducing variable costs (e.g. optimization of supply chains and, where possible, replacement of components with cheaper ones while maintaining restrictive quality requirements).

The table below presents the structure of fixed costs incurred in the first quarter of 2022 and in the first quarter of 2023:

Fixed costs incurred by ELZAB SA (without allocation of costs to discontinued operations)	Quarter 1, 2022	Quarter 1, 2023	change quarter 1 2023/quarter 1 2022	change %
Depreciation and amortization	1 891	1 720	-171	-9%
Employee benefit and compensation costs excl. severance payments*)	6 866	4 180	-2 687	-39%
Usage of materials and energy	623	369	-254	-41%
External services costs	2 297	1 494	-803	-35%
Taxes and fees	311	59	-252	-81%
Other costs	308	330	22	7%
Total	12 296	8 152	-4 144	-34%
<i>Costs without depreciation and amortization</i>	<i>10 405</i>	<i>6 432</i>	<i>-3 973</i>	<i>-38%</i>

*) Severance payments to dismissed employees in the first quarter of 2023 amounted to PLN 153 thousand (covered by the provision in 2022). The cost item did not occur in 2022.

According to the assumptions, in the first quarter of the current year, the Company achieved positive result in terms of reducing fixed costs, which decreased compared to the costs incurred in the first quarter of the previous year by PLN mln and amounted to PLN 8,2 mln in total, which translates to approx. PLN 2,7 mln per month. The results do not yet include the target cost level due to the ongoing optimization process in the first quarter of this year and the occurrence of some costs items. The Company estimates that fixed costs will ultimately be reduced to approx. PLN 2,4 mln per month, starting from August this year.

It should also be noted that due to the transfer of the assembly of fiscal devices, part of the costs related to the assembly service, estimated at approx. PLN 150 thousand/month according to data in the first quarter of this year, is included in the variable cost of manufacturing fiscal devices instead of fixed cost.

It should also be noted that in addition to visible savings on fixed costs, the Company also recorded a decrease in part of variable costs in the item of external services related to, among others, discontinued contract production (approx. PLN 0,3 mln).

According to the adopted assumptions, the largest item of fixed costs savings in terms of value are salaries with surcharges and their derivatives. The average employment in the Company decreased by 144 people in the first quarter of 2023 compared to the average employment in the first quarter of 2022. Due to the discontinuation of contract production, outsourcing of the basic production and the sale of redundant assets the costs of external services were also optimized.

Achieved savings on fixed costs allowed for cash expenditure reduction.

Transfer of production to Comp S.A. combined with the sale of redundant assets, also contributed to the improvement of logistics processes and almost total liquidation of production processes. By the end of July this year ELZAB plans to transfer its non-fiscal production alongside further reduction of the operating costs.

The cost optimization process planned and carried out in 2022, given the current and unfavorable macroeconomic situation in Poland, allowed the Company to limit the adverse impact of the drop in demand for fiscal devices. In addition, it allowed for greater optimization within the costs of purchasing materials for production.

Positive effects of the cost optimization process have collided with the prolonged currently unfavorable macroeconomic situation in Poland and in the world, which is reflected in the level of sales, as well as in the costs of purchased materials, that consider the effect of inflation, the increase in currency prices and the increase in salaries.

Transferring the weight of fixed costs into variable costs allows for more flexible management of the cost base and adjustment of orders to the current situation. In the case of maintaining fixed costs e.g. employment costs, it is virtually impossible in a very short period. This fact also allows for better cash flow management and better turnover of finished goods in the warehouse.

3. Business segments

The ELZAB Group generated sales revenues in one industry segment of electronic devices, that includes fiscal and non-fiscal devices, which are produced internally, and goods purchased for resale. Revenues from other sales i.e. from the sale of materials and goods are supplementary to the Group's main offer. The services provided in the field of warranty, post-warranty, training and installation services are closely related to the Group's commercial offer. The assortment offered for sale is characterized by a similar production process, distribution methods used and the scope of services provided, and its intended for a specific group of recipients. In this situation there is no need to divide the balance sheet values in terms of assets and liabilities because they participate in generating the financial result in one segment of the electronics industry.

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For management purposes, the gross margin achieved on individual assortments or assortment groups is reported in each entity included in the ELZAB Capital Group. Sales from the revenues presented in the consolidated profit and loss account for the first quarter of 2023 include the exclusion of intra-group turnover within ELZAB Capital Group and constitute revenues from sales to external customers from outside the Group. Manufacturing costs and cost of sales also represent cost of sales related to external customers.

The table below presents the percentage share of the assortment offered showing the total value of sales revenues realized in individual companies and in the Capital Group, as well as the level of gross margin on sales achieved in the first quarter of 2023 in assortment groups separated as one segment of the electronic market.

Entity name	Internally produced electronics and services including maintenance services	Goods (electronics) and materials and accessories	TOTAL REVENUE FROM SALES
ELZAB S.A.	68%	32%	100%
- revenues	16 762	7 854	24 616
ELZAB HELLAS S.A.	1%	99%	100%
- revenues	7	1 019	1 026
Consolidated value of revenues to external customers	66%	34%	100%
- revenues	16 668	8 600	25 268
Gross margin on sales achieved in the first quarter of 2023	3 189	640	3 829

Entity name	Internally produced electronics and services including maintenance services	Goods (electronics) and materials and accessories	TOTAL REVENUE FROM SALES
ELZAB S.A.	78%	22%	100%
- revenues	16 899	4 754	21 653
ELZAB HELLAS SPV	100%	0%	100%
- revenues	13	0	13
ELZAB HELLAS S.A.	4%	96%	100%
- revenues	43	1 024	1 067
Consolidated value of revenues to external customers	76%	24%	100%
- revenues	16 674	5 303	21 977
Gross margin on sales achieved in the first quarter of 2022 (restated data)	7 495	984	8 479

In the first quarter of 2023 ELZAB S.A. supplied its products to the market through direct sales to dealers and through sales offices in Warsaw, Wroclaw and Suchy Las next to Poznan.

The consolidated value of revenues achieved by the ELZAB Capital Group in comparable periods of the first quarter of 2023 and the first quarter of 2022, by geographical structure, is presented in the table below:

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<i>In PLN thousands</i>	Quarter 1, 2023	% share	Quarter 1, 2022 (restated data)	% share
Sprzedż zrealizowana na terytorium RP	23 238	91,97%	20 075	91,35%
Sprzedż zrealizowana na rynkach zagranicznych	2 030	8,03%	1 902	8,65%
Razem	25 268	100%	21 977	100%

4. Seasonality or cyclicity of ELZAB S.A. activity

In terms of basic products of ELZAB S.A. which are fiscal devices, seasonality is related to the regulations of the Minister of Finance, that came into force, imposing the obligation to install fiscal devices on new group of taxpayers.

The last change that resulted in a significant increase revenues/production was the amendment to the Goods and services Tax Act and Act – Law on Measures, which came into force on 1st May 2019 and introduced the obligation to have online fiscal devices by the specified group of taxpayers:

- From 1st January 2020 for taxpayers selling fuel and providing vehicle mechanics and tire replacement services,
- In connection with the situation caused by the coronavirus pandemic, for entities providing services related to gastronomy (also seasonally), hotel industry, and coal sales, the obligation to replace existing fiscal devices with online fiscal devices has been postponed from 1st July 2020 to 1st January 2021,
- In connection with the situation caused by the coronavirus pandemic, for taxpayers providing services such as hairdressing, beauty, construction, or legal services as well as in the field of medical care provided by doctors and dentists and in the fitness industry (with regard to admission), the obligation to replace existing fiscal devices with online fiscal devices has been postponed from 1st January 2021 to 1st July 2021.

In 2022 and in 2023 no significant obligations were introduced for entities obliged to register sales using fiscal devices, except for the obligation to use cash registers for car washers. The Company together with companies specializing in integration of car wash solutions, has prepared a fiscal solution for this market, but its sale, to a large extent, depends on external partners.

Seasonality does not apply to the replacement market, where decisions to purchase fiscal devices are made after the fiscal module is full.

Similarly to the domestic markets, seasonality in sales on foreign markets applies to the primary market and relates to the implementation by the relevant administrative authorities of a given country of regulations regarding groups of taxpayers subject to the obligation to install fiscal devices.

Seasonality of sales has direct impact on seasonality of production.

5. Significant information about changes in estimates.

In the first quarter of 2023 in ELZAB S.A. and in subsidiaries the following changes occurred in the items of impairment losses, provisions, and accruals (in PLN thousands):

1. The balance of write-downs on receivables and interest on overdue payments in the first quarter of 2023 increased by PLN 16 thousand compared to 31.12.2022 and amounts to PLN 704 thousand.
2. Inventory write-downs in the first quarter of 2023 increased by PLN 20 thousand compared to 31.12.2022 and amounts to PLN 2 734 thousand.
3. Other changes in provisions and accruals (in PLN thousand):

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	As at 31.03.2023	As at 31.12.2022	Change
Provisions for retirement and disability benefits	357	362	-5
Provision for unused annual leave of employees	288	288	0
Provision for quarterly/annual bonuses	1 596	1 644	-48
Provision for costs of dismissed employees	790	943	-153
Provision for review and audit of financial statements	106	85	21
Provision for promotional and advertising activities	70	0	70
Provision for the guarantee fund	769	643	126
Other	154	158	-4
Total provisions and accruals	4 130	4 123	7

Provisions were included in production costs, costs of sales and overheads respectively.

4. As at 31.03.2023 deferred tax assets amounted to PLN 5 211 thousand and compared to 31.12.2022 it shows the following changes in the individual titles (in PLN thousands):

	As at 31.03.2023	As at 31.12.2022	Change
Retirement and disability benefits	56	57	-1
Unused annual leave	55	55	0
Accrued costs	501	534	-33
Promotional and advertising fund	14	0	14
Guarantee fund	146	122	24
Suspended margin on inventories	17	15	2
Interest on loans received	716	621	95
Leasing	8	370	-362
Revaluation of fixed assets held for sale	0	173	-173
Tax loss assets	3 698	3 103	595
Deferred tax assets	5 211	5 050	161

The balance of deferred income tax provisions, compared to 31.12.2022, increased by PLN 114 thousand and at the end of the first quarter of 2023 amounted to PLN 617 thousand. The main amount is the provision for differences between the carrying and tax value of fixed assets and financial assets (bonds and loans).

As at 31.03.2023 deferred income tax assets were offset against deferred income tax liabilities at the level of individual financial statements of subsidiaries.

Offsetting assets with deferred tax liabilities	31.03.2023
Deferred tax assets	5 211
Deferred tax liabilities	617
Deferred tax assets balance	4 594

6. Financial instruments

As at 31.03.2023 there were no forward open transactions in ELZAB Group.

As at 31.03.2023 the ELZAB Group had receivables from loans granted in the amount of PLN 14 110 thousand (including accrued interest).

7. Transaction with related parties of the ELZAB Group

	<i>ELZAB's receivables from related entities /advances transferred</i>	<i>ELZAB's receivables from related entities due to loans granted</i>	<i>ELZAB's liabilities towards related entities</i>	<i>ELZAB's liabilities towards related entities due to loans received</i>
MICRA METRIPOND KFT	255	0	0	0
COMP S.A.	2 032	0	7 107	24 193
INSOFT Sp. z o.o.	0	0	53	0
Comp Centrum Innowacji Sp. z o.o.	1 861	0	0	0
Polski System Korzyści Sp. z o.o.	34	0	0	0
JNJ Limited	0	14 084	0	0

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	<i>ELZAB's sales to related entities</i>	<i>ELZAB's purchases from related entities</i>	<i>Finance income/costs</i>
MICRA METRIPOND KFT	863	0	0
COMP S.A.	5 412	8 963	-549
INSOFT Sp. z o.o.	33	114	0
Polski System Korzyści Sp. z o.o.	6	0	0
Enigma Systemy Ochrony Informacji Sp. z o.o.		1	

The above tables include the turnover for the first quarter 2023 and the balance of liabilities and receivables as at 31.03.2023.

Significant contracts concluded with related parties

The presented financial statement for the first quarter of 2023 should be read together with the report of the ELZAB Group and ELZAB S.A. for 2022 which contain the necessary information and disclosures regarding significant contracts in the Company's operations.

In the period from 31.12.2022 to the date of the publication of the report for the first quarter of 2023, the Company did not conclude any significant contracts with related parties.

8. Information on non-market transactions concluded between entities of the ELZAB Group

In the reporting period there were no transactions between ELZAB S.A. and related entities that would be concluded on terms other than the market conditions.

9. Description of unusual factors and events having a significant impact on the financial results achieved

In the first quarter of 2023 there were no unusual events that would have a significant impact on the financial results, excluding the general decrease in demand for fiscal devices caused by the macroeconomic situation (visible in all market competitors). Significant information regarding the achieved results has been presented above.

The impact of the situation related to the coronavirus pandemic on the ELZAB Group is presented in the section: Information on the impact of the spread of the coronavirus covid-19 the company's operation.

The impact of the situation related to the Russian's aggression against Ukraine on the ELZAB Group is presented in the section: Information on the impact of the situation related to Russia's armed aggression against Ukraine on the company's operation.

10. Goodwill on consolidation

As at 31.03.2023 the goodwill on consolidation is PLN 0.

ELZAB HELLAS SPV Sp. z o.o. – The company has been included in the consolidation since August 2016

Goodwill from consolidation was created upon the purchase of shares of PLN 1 thousand
Goodwill as at 31.03.2023 PLN 0

ELZAB HELLAS S.A. – The company has been included in the consolidation since September 2016. There is no goodwill due to the establishment of the company.

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Compared to the end of 2022, the net goodwill from the consolidation of companies has not changed.

11. Shares in subsidiaries valued using the equity method

The name of the associate	Core activity	Place of registration and operation	Percentage of shares and voting rights held by the group	
			As at 31.03.2023	As at 31.12.2022
Comp Centrum Innowacji Sp. z o.o.	IT consultancy activity	Poland	40,99%	40,99%

The name of the associate	As at 31.03.2023		
	Cost	Cumulative share of profit/loss of associate	Net value
Comp Centrum Innowacji Sp. z o.o.	59 021	-38 162	20 859
Total investment in associate	59 021	-38 162	20 859

Change in the equity of the Comp Centrum Innowacji Group attributable to the ELZAB Group in the first quarter of 2023	352
- recognized in the financial result	-1 205
- transferred to the revaluation reserve	1 557

The Comp Centrum Innowacji Group	Stan na 31.03.2023
Current assets	14 400
Non-current assets	195 154
Short-term liabilities	45 310
Long-term liabilities	77 910

The Comp Centrum Innowacji Group	For the period from 01.01.2023 to 31.03.2023
Revenues	8 552
Profit (loss) from continuing operations	-3 343
Profit (loss) from discontinued operations (after tax)	0
Profit (loss) for the reporting period	-3 343
Other comprehensive income for the period	4 201
Total comprehensive income for the period	858
Dividends received from the associate	0

12. Information on sureties, guarantees and loans granted by ELZAB S.A. or by the associates

Loans granted

As at 31.03.2023 the group has following loans:

Borrower	Year of conclusion of the contract	Interest	Total amount of loan granted	Loan repaid in quarter 1, 2023	The outstanding loan amount as at 31.03.2023
Private person	2016	EURIBOR 1M + margin	EUR 150 thousand	EUR 0 thousand	* EUR 150 thousand
Private person	2020	EURIBOR 1M + margin	EUR 5 thousand	EUR 0 thousand	EUR 5 thousand
ELZAB HELLAS SPV	2016	EURIBOR 1M + margin	EUR 400 thousand	EUR 0 thousand	EUR 328 thousand
ELZAB HELLAS SPV	2022	WIBOR 1M + margin	PLN 20 thousand	PLN 0 thousand	PLN 20 thousand
ELZAB HELLAS S.A.	**2019 (consolidation of earlier loans), ***in the loan has been contributed in kind to ELZAB HELLAS SPV Sp. z o.o.	EURIBOR 1M + margin	EUR 324 thousand	EUR 0 thousand	EUR 324 thousand
JNJ Limited	2021	EURIBOR 3M + margin	EUR 2 855 thousand	EUR 0 thousand	EUR 2 855 thousand

Loans granted to ELZAB HELLAS SPV Sp. z o. o. and ELZAB HELLAS S.A. are excluded at the consolidation.

*) loan covered by the write-down in w 2021

**) in December 2019 ELZAB S.A. and ELZAB HELLAS S.A. concluded an agreement under which 11 loans granted by ELZAB S.A. to ELZAB HELLAS S.A. were consolidated. As a result of the agreement, the amount of interest accrued as at 31.12.2019 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 in the amount of EUR 324 thousand

***) on December 16, 2022 trade receivables and loans granted with a total value of approx. EUR 2.14 mln, due to Elzab Hellas S.A., were contributed in kind to Elzab Hellas SPV Sp. z o.o.

Guarantees

The subsidiaries did not grant loans, guarantees or sureties as at 31.03.2023

13. Loans, borrowings and leasing activities

Liabilities due to loans, borrowings and leasing	As at 31.03.2023	As at 31.12.2022
Long-term liabilities	26 389	26 387
Long-term bank loans and borrowings	24 793	24 292
Other long-term financial liabilities (leasing)	1 596	2 095
Short-term liabilities	20 388	20 802
Short-term bank loans and borrowings	18 789	19 131
Other short-term financial liabilities (leasing)	1 599	1 671

Bank loans, as at 31.03.2023, include:

- Multi-product agreement with ING – investment loan and non-renewable loan – the outstanding amount is PLN 1 165 thousand,
- Multi-product agreement with ING – working capital loan - the outstanding amount is PLN 5 400 thousand,
- overdrafts:

Overdrafts	Available limit	Used amount	Amount remaining to use
As at 31.03.2023			
mBank S.A.	6 000	5 998	2
Total	6 000	5 998	2

- factoring at ING Commercial Finance Polska SA. The value of the liability was PLN 3 810 thousand. The limit of the amount available for use is PLN 4 000 thousand,

The company ELZAB HELLAS S.A. uses the contract for financing suppliers, the liability in this respect at the end of the first quarter of 2023 is EUR 212 thousand (PLN 994 thousand).

On 27.08.2018 multi-product 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 of 31.12.2022.

On 27.04.2023, the Company Spółka received from ING Bank Śląski S.A., with its registered Office in Katowice (hereinafter referred to as „the Bank”) annex 14 to the multi-product agreement of 27.08.2018 (hereinafter referred to as „Multi-product Agreement”), signed by both parties, reducing the total amount of the Company’s credit obligations under the Multi-product Agreement to the nominal value of PLN 6,653,110.00 however, after the conclusion of the annex to the Multi-purpose Agreement, the revolving credit sub-limit in the amount of PLN 4,900,000.00 shall be available until 29.06.2023, with the repayment date due on 7.07.2023, and the terms of availability of the sub-limit working capital loan and the sub-limit of the investment loan remain unchanged. The annex also introduces a change in the scope of securing the repayment of the Multi-product Agreement. The Bank released the collateral in the form of a registered pledge on a STRIPPIT INC. brand punching machine owned by the Company model PX1225 and assignment of rights under the insurance policy of the above-mentioned item.

Pursuant to annex no. 13 to the Multi-product Agreement of 13.03.2023 concluded with ING Bank Śląski S.A., the amount of the Company’s credit liabilities under the Multi-product Agreement was reduced to the nominal amount of PLN 7 153 thousand, however, after the conclusion of the annex to the Multi-product Agreement:

1. revolving credit sublimit in the amount of PLN 5 400 thousand, is available until 29.06.2023, with the repayment date until 7.07.2023
2. working capital loan sublimit in the amount of PLN 628 thousand shall be repaid in:
(i) two monthly installments payable starting from 31.03.2023 in the amount of PLN 213 thousand each; (ii) one installment payable on 31.05.2023 in the amount of PLN 202 thousand, with the loan repayment date not exceeding 30.06.2023
3. investment loan sublimit in the amount of PLN 1 125 thousand shall be repaid in three monthly installments payable starting from 31.03.2023 in the amount of PLN 375 thousand.

The annex also introduces a change in the scope of collateral for the repayment of Multi-product Agreement. The Bank undertook to release the collateral in the form of a registered pledge on the STRIPPIT INC. brand punching machine, owned by the Company, model PX1225, and assignment of rights under the insurance policy of the above-mentioned subject to the repayment of the Multi-product Agreement in the amount not less than PLN 500 thousand.

Pursuant to Annex 11 to the Multi-product Agreement of 20.12.2022 a change was introduced regarding the security for the repayment of the Multi-product Agreement. The Bank released the security in the form of a contractual mortgage up to the amount of PLN 69 150 thousand on the Company’s right of perpetual usufruct of a land property together with the ownership right to the buildings and equipment located on it constituting a separate property, located in Zabrze Elzab 1 street, covered by the land and mortgage register KW no. GL1Z/00010341/8 kept by the District Court in Zabrze, VI Land and Mortgage Register Division (hereinafter referred to as „Real Estate”) and the assignment of rights under the Real Estate insurance policy. ELZAB S.A. met the conditions that were the basis for the release of the above security in form of mortgage:

1. debt repayment under the Multi-product Agreement up to the amount of not less than PLN 4 100 thousand;

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2. transfer of the remaining amount from the sale of the right of perpetual usufruct Real Estate to the Company's account indicated by the Bank;
3. granting Comp S.A., with its registered Office in Warsaw, a civil surety up to the amount of PLN 19 596 thousand with the deadline of 07.06.2026 and submission by Comp S.A. declaration of submission to enforcement pursuant to Art. 777 § 1 pt. 5 of the Code of Civil Procedure, concerning the obligation to pay a sum of money under the surety referred to above, up to the amount of PLN 19 526 thousand;
4. conclusion with Comp S.A. subordination agreement for loans granted to the Company by Comp S.A. in the total nominal amount of PLN 21 103 thousand.

The company ELZAB S.A. concluded on July 6, 2015 a PLN loan agreement with mBank S.A. in the amount of PLN 4 000 thousand intended to finance 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 20.08.2015, the Company concluded Annex no.1 to the PLN agreement with mBank regarding the increase of the limit from PLN 4 000 thousand to PLN 6 000 thousand. Other terms and conditions of the agreement have not changed. On 27.06.2022 Annex no.8 was signed, which extended the loan repayment date to 29.06.2023.

On 10.02.2023 the Company received from ING Commercial Finance Polska Spółka Akcyjna, with its registered Office in Warsaw, Annex No.11 to the agreement of 16.03.2018 for the provision of factoring services, under which the factor purchases, records, collects and settles receivables related to the sale of goods and services due to the Company. Pursuant to the concluded Annex, the exposure limit was reduced to PLN 4 000 thousand. In addition, the amount of the advance paid to the Company by the factor on account of the purchase price of receivables was reduced to 80% of the gross value of the purchased receivables. In the remaining scope, the terms of the agreement for the provision of factoring services have not changed. The financial terms of the agreement do not differ from those typical for such transactions on the market.

Loans, as at 31.03.2023 include:

- Regional Fund for Environmental Protection and Water Management – PLN 522 thousand,
- loan ELZAB HELLAS SPV Sp. z o.o. from MONEA V Sp. z o.o. – PLN 900 thousand,
- loans ELZAB S.A. from Comp S.A. – PLN 24 193 thousand,
- loan ELZAB S.A. from Multis Sp. z o.o. – PLN 600 thousand,
- loan ELZAB HELLAS S.A. from Flexfin S.A. – PLN 994 thousand.

Finance and similar lease liabilities:

- at ELZAB S.A. – due to financing the purchase of non-production equipment and cars, as well as due to the recognition in the books of assets and liabilities resulting from equating rental and similar contracts with leasing (IFRS 16) – the value of liabilities on this account is PLN 3 195 thousand.

14. Contingent and off-balance sheet liabilities and assets

Contingent liabilities:

- as at 31.03.2023:

- promissory note collateral for operating lease agreements (balance sheet finance lease) concluded with ING Lease (Poland) Sp. z o.o. in Warsaw for financing the purchase of non-production equipment and cars. The total value of the leased item amounted to PLN 3 138 thousand,
- promissory note security for mBank SA current account loan agreement – the loan limit is PLN 6 000 thousand, ING Commercial Finance Polska S.A. – the credit limit

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is PLN 4 000 thousand; Contingent liability due to collateral limits for mBank bank guarantees – liability amount PLN 535 thousand.

- wg stanu na 31.12.2022:

- zabezpieczenie wekslowe umów leasingu operacyjnego (bilansowo leasing finansowy) zawartych z ING Lease (Polska) Sp. z o.o. w Warszawie na finansowanie zakupu urządzeń nieprodukcyjnych oraz samochodów. Łączna wartość przedmiotu leasingu stanowiła 2 305 tys. zł,
- zabezpieczenie wekslowe umowy kredytu w rachunku bieżącym mBank SA – limit kredytu wynosi 6 000 tys. zł, ING Commercial Finance Polska S.A. – limit kredytu wynosi 6 000 tys. zł;; Zobowiązanie warunkowe z tytułu limitów zabezpieczeń pod gwarancje bankowe mBank – kwota zobowiązania 535 tys. zł.

15. The events after the balance sheet date

There were no significant events after the balance sheet date.

16. Basic financial ratios

	ELZAB S.A.	1.01-31.03.2023	1.01-31.03.2022 restated data
1	Gross sales profitability ratio %	14,79	37,48
2	Net profitability ratio %	-11,16	-7,09
3	Return on equity ROE %	-3,02	-1,37
4	Return on total assets ROA %	-1,73	-0,80
5	Current liquidity ratio	1,36	1,09
6	High liquidity ratio	0,65	0,56
7	Total debt ratio	42,68	41,36

	The ELZAB Group	1.01-31.03.2023	1.01-31.03.2022 restated data
1	Gross sales profitability ratio %	15,15	38,58
2	Net profitability ratio %	-18,22	-19,52
3	Return on equity ROE %	-10,56	-5,89
4	Return on total assets ROA %	-4,05	-2,79
5	Current liquidity ratio	1,33	0,96
6	High liquidity ratio	0,60	0,42
7	Total debt ratio	61,67	52,62

1 Gross profit on sales / net revenue on sales %

2 Net profit / net sales revenue %

3 Net profit / equity %*

4 Net profit / total assets %*

5 Current assets* / current liabilities (excluding provisions and accruals)*

6 Current assets – inventories - accruals* / current liabilities*

7 Liabilities and provisions* / total assets*

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

IX. Equity of ELZAB S.A.

1. Ownership structure of the capital and changes in the shareholding structure

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 31.03.2023 as at the date of publication of the report, according to the Company's knowledge, is as follows:

First name and surname (Company)	Number of ordinary shares	Number of preferred shares	Total number of shares	Total number of votes	% of votes at the GM	Share in share capital
COMP S.A.*	12 228 189	18 450	12 246 639	12 320 439	75,66	75,89
ELZAB S.A. (akcje własne)	405 662	0	405 662	405 662	2,49	2,51
Pozostali akcjonariusze	3 466 729	18 020	3 484 749	3 556 829	21,84	21,59
OGÓLEM	16 100 580	36 470	16 137 050	16 282 930	100,00	100,00

*Comp S.A. with its registered Office in Warsaw, hold a total of 12,652,301 shares of ELZAB S.A. representing 78,41% of the share capital (directly – 12,228,189 of ordinary shares, representing 75,78% of the share capital; directly -18.450 preferred shares, representing 0,11% of the share capital, indirectly – 405,662 of own shares of ELZAB S.A., representing 2,51% of the share capital). Total number of votes from shares held by the Comp S.A. is 12,726,101 votes, representing 78,16% of the total number of votes (directly 12,320,439 of votes,

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representing 75,66% of the number of votes; indirectly – 405,662 of votes resulting from held by ELZAB, representing 2,49% of the 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 market	16 137 050
Number of shares in stock exchange trading	16 100 580

2. ELZAB S.A. shares held by members of the Management Board and the Supervisory Board

The number of shares held by the Management Board of ELZAB S.A., according to the Company's knowledge as at the date of submitting the report, is as follows (in units):

Bartosz Panek	President of the Management Board	1 000
Jerzy Popławski	Vice-president of the Management board	0
Total		1 000

Members of the Supervisory Board of ELZAB S.A., according to the Company's knowledge as at the date of submitting the report, do not hold shares of ELZAB S.A.

The number of shares held directly and indirectly by members of the Management Board since the publication of the report for 2022, according to the Company's knowledge, has not changed.

3. Shares and interests in related parties held by members of the Management Board and the Supervisory Board

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

President of the Management Board of ELZAB S.A., Mr. Bartosz Panek, holds 37 shares of Comp S.A.

Members of the Management Board of ELZAB SA do not hold shares in other related entities.

Shares and interests in other related entities held by members of the Supervisory Board of ELZAB S.A. (in units.):

- as at 31.03.2023 and as at the date of publication of the financial statements:

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

In addition, Mr Jerzy Popławski, as at 31.03.2023, held 37,800 shares with a total value of PLN 1,890,000.00, giving 13,38% of votes at the shareholders meeting in CE Management Group sp. z o.o., which held 300,568 shares of Comp S.A.

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Mr Jerzy Popławski, as at the date of publication of the financial report, holds 37,800 shares with a total value of PLN 1,890,000.00, giving 13,38% votes at the shareholders meeting in CE Management Group sp. z o.o., which held 300,568 shares of Comp S.A.

Mr Bartosz Panek, as at 31.03.2023, held 2.000 shares of the total value of PLN 100,000.00, giving 0,71% of votes at the shareholders meeting in CE Management Group sp. z o.o., which held 300,568 shares of Comp S.A.

Mr Bartosz Panek, at at the date of publication of the financial report, holds 2,000 shares with the total value of PLN 100,000.00, giving 0,71% of votes at the shareholders meeting in CE Management Group sp. z o.o., which held 300,568 shares of Comp S.A.

In addition, members of the Supervisory Board held an indirect share in Comp S.A. through CE Management Group sp. z o.o.:

– As at 31.03.2023:

- Mr. Andrzej Wawer held 18,153 shares with the total value of PLN 907,650.00, giving 6,43% of votes at the shareholders meeting in CE Management Group sp. z o.o. with its registered office in Warsaw, which held 300,568 shares of Comp S.A.;
- Mr. Krzysztof Morawski held 17,227 shares with the total value of PLN 861,350.00, giving 6,10% of votes at the shareholders meeting in CE Management Group sp. z o.o. with its registered office in Warsaw, which held 300,568 shares of Comp S.A.;
- Mr. Jarosław Wilk held 8,883 shares with the total value of PLN 444,150.00, giving 3,15% of votes at the shareholders meeting in CE Management Group sp. z o.o. with its registered office in Warsaw, which held 300,568 shares of Comp S.A.;

– As at the date of publication of the financial statement:

- Mr Andrzej Wawer holds 18,153 shares with the total value of PLN 907,650.00, giving 6,43% votes at the shareholders meeting in CE Management Group sp. z o.o. with its registered office in Warsaw, which held 300,568 shares of Comp S.A.;
- Mr Krzysztof Morawski holds 17,227 shares with the total value of PLN 861,350.00, giving 6,10% votes at the shareholders meeting in CE Management Group sp. z o.o. with its registered office in Warsaw, which held 300,568 shares of Comp S.A.;
- Mr Jarosław Wilk holds 8,883 shares with the total value of PLN 444,150.00, giving 3,15% votes at the shareholders meeting in CE Management Group sp. z o.o. with its registered office in Warsaw, which held 300,568 shares of Comp S.A.;

CE Management Group sp. z o.o. is not under the control of any of the above-mentioned persons (in total, these persons hold a minority shareholding).

The number of shares held by the members of the Management Board and by members of the Supervisory Board in other related entities has not changed since the publication of the report for 2022.

4. Own shares

ELZAB SA – OWN SHARES	year	Number of shares	Purchase price	The value of shares at the share price	% of share capital	% of votes at the AGM	Nominal value of the acquired shares	The value of shares purchased
<i>ELZAB SA – own shares</i>	2008	405 662	4,91	1 993	2,51%	2,49%	552	1 997

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<i>purchased for redemption</i>								
TOTAL	X	405 662	4,91	1 993	2,51%	2,49%	552	1 997

The acquired shares are shown in the equity of ELZAB S.A. and in the equity of the ELZAB Group with a negative sign.

5. Divident payment

Not applicable.

X. Information on the issue, redemption and repayment of non-equity and equity securities.

In the first quarter of 2023 there were no such transactions.

XI. Position of the Management Board regarding the implementation of the published forecasts

In the current report no.19/2022 of November 21, 2022 the Management Board of the Company indicated that the estimated consolidated EBITDA for 2023 will amount to approx. PLN 12.2 mln.

After the first quarter of 2023, the Management Board did not review these estimates because, in the opinion of the Company's Management Board, the results of the first quarter of 2023 are not fully representative of the new cost structure of the Company (e.g. due to the incomplete cost optimization processes, including production outsourcing non-fiscal part of the assortment related to the retail sector). In addition, the Management Board indicates that lower than expected sales of fiscal and non-fiscal devices in the first quarter of 2023, resulting from a deeper than forecasted by the Management Board of the Company economic slowdown, affecting the demand for the Company's products, should improve in subsequent periods as the downward trend of inflation continues in 2023 and reviving economic activity.

At the same time, the Management Board maintains the expectation that the level of the Company's financial debt at the end of 2023 will decrease compared to the level in quarter 3 2022. It should be noted that already after the first quarter, the Company's total financial debt decreased in relations to the financial debt presented in the financial statements for the third quarter of 2022 by PLN 5.1mln, while the financial debt to banks decreased by PLN 7.5mln.

XII. Proceedings pending before a court, a body competent for arbitration proceedings or a public administration body

In the first quarter of 2023 there were no proceedings regarding liabilities or receivables of the ELZAB Group companies that could have a significant impact on the financial situation or profitability of the group.

XIII. Other information relevant to the assessment of the personnel situation, property or financial situation, financial results, or their changes, as well as information relevant to the assessment of the ability to meet obligations by ELZAB S.A. and the ELZAB Group

In the first quarter of 2023, except from those described in the presented report, there were no other events that may have a significant impact on the personnel situation, property or financial situation, the Company's financial result and the ability to meet its obligations.

XIV. Information on the impact of spreading of the coronavirus covid-19 pandemic on the company's activities

2023 is another year with the presence of threat caused by coronavirus SARS-CoV-2 and COVID-19. In quarter 2, 2022 r. the nature of the threat was changed from an epidemic to an epidemic emergency, which is still in force in Poland. In the second quarter of this year The World Health Organization (WHO) has announced that COVID-19 is not a global threat. In accordance with the draft regulation of the Minister of Health of 26.04.2023 on the cancellation of the state of epidemic emergency in the territory of the Republic of Poland, the date of cancellation of the state of epidemic emergency is planned for July 1, 2023.

Difficulties with access to some materials are observed to a lesser extent. Nevertheless, it cannot be ruled out that in the future there will be further waves of illness and top-down restrictions, that may affect the availability of the materials.

The Company points out that it is unable to fully estimate the potential effects of the SARS-CoV-2 and COVID-19 coronavirus pandemic on the Company's results and the ELZAB Group in the future, as at present many factors may still be beyond the control of the Company and the Group and is largely dependent on the development of the situation in the country and in the world, as well as decisions taken by state authorities. na wyniki Spółki oraz

Currently, the combined effects of the pandemic and the outbreak of war in Ukraine are being felt, described in the next section.

XV. Information on the impact of the situation related to Russia's armed aggression against Ukraine on the company's operation

As at the date of preparation of the Financial Report ELZAB S.A. has not identified a direct impact on the presented Financial Report. ELZAB S.A. has no trade with Ukraine or Russia. The company also does not employ any employees from these countries.

The ongoing war, which broke out during SARS-CoV-2 and COVID-19 pandemic, translated into the economic situation around the world through turbulence on currency markets, increase in inflation and interest rates, as well as further increase in the prices of raw materials, services and energy carriers. There is also a decrease in the number of new businesses that are required to purchase a fiscal device. As well as that, there are more business closures than 2-3 years ago.

XVI. Description of the factors that will affect the achieved results in the perspective of at least next quarter

Macroeconomic factors and factors beyond the Group's control:

- a) the size of the replacement market for fiscal devices,
- b) the economic situation and possible changes in the law affecting the demand for fiscal devices exported by ELZAB S.A. (e.g. Hungary, Greece, Kenya),
- c) the situation related to the SARS-CoV-2 coronavirus pandemic and incidence of COVID-19,
- d) the current political situation and its unpredictable consequences related to the armed attack of the Russian Federation on Ukraine,
- e) turmoil in currency markets, further increase in inflation and increase in interest rates, further increase in prices of raw materials, services and energy carriers.

Market and Group-dependent factors:

- a) increasing the share of the ELZAB brand on the market of fiscal devices by introducing new functions of fiscal devices to the offer and developing mojakasa.online system in order to enable flexible building and management of many own and external services, e.g. e-receipt system, accounting systems, integration with client and service providers and accompanying services, as well as the development of sales software offered, among others, in the subscription model,
- b) the ability to quickly adapt the offer to new market requirements,
- c) increase the share of non-fiscal market by developing sales of own 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 cars.

XVII. Financial and capital risk management

Activities conducted by the ELZAB Group and ELZAB S.A. is exposed to various types of financial and capital risk. Risk management is aimed at minimizing the potential adverse impact of this risk on the financial result.

Financial risk management

The financial risk factors to which the activity of ELZAB S.A. and its subsidiaries are exposed to, in greater or lesser extend include:

- credit risk,
- liquidity risk,
- market risk which include: price risk, interest rate risk and exchange rate risk.

Capital risk management

The purpose of capital risk management is to protect the ability of ELZAB S.A. and the ELZAB Group to continue operations so that it is possible to realize returns for the shareholders and maintain an optimal capital structure in order to reduce its cost.

Information on financial and capital risk management is presented in the Consolidated Annual Report for 2022.