



VIGO SYSTEM S.A.

Interim financial statements for the first quarter of 2022
covering the period from 1 January 2022 to 31 March 2022
Ożarów Mazowiecki, 6 May 2022

Table of contents

TABLE OF CONTENTS	BŁĄD! NIE ZDEFINIOWANO ZAKŁADKI.
1 SELECTED FINANCIAL DATA	BŁĄD! NIE ZDEFINIOWANO ZAKŁADKI.
2 INTRODUCTION TO THE CONDENSED INTERIM FINANCIAL STATEMENTS	4
2.1 COMPANY BACKGROUND INFORMATION	4
2.2 BASIS AND ACCOUNTING PRINCIPLES (POLICY)	8
2.3 PLN EXCHANGE RATES APPLIED IN THE STATEMENTS	BŁĄD! NIE ZDEFINIOWANO ZAKŁADKI.
3 FINANCIAL STATEMENTS FOR THE FIRST QUARTER OF 2022	9
4 NOTES TO THE FINANCIAL STATEMENTS	BŁĄD! NIE ZDEFINIOWANO ZAKŁADKI.
4.1 SUMMARY OF VIGO SYSTEM S.A. OPERATIONS IN THE FIRST QUARTER OF 2022	BŁĄD! NIE ZDEFINIOWANO ZAKŁADKI.
4.2 FACTORS THAT WILL INFLUENCE FUTURE PERFORMANCE	BŁĄD! NIE ZDEFINIOWANO ZAKŁADKI.
4.3 IMPLEMENTATION OF RESEARCH AND DEVELOPMENT PROJECTS	17
4.4 SEASONALITY OR CYCLICALITY OF SALES	BŁĄD! NIE ZDEFINIOWANO ZAKŁADKI.
4.5 WRITE-DOWNS	BŁĄD! NIE ZDEFINIOWANO ZAKŁADKI.
4.6 RESERVES	19
4.7 DEFERRED INCOME TAX	BŁĄD! NIE ZDEFINIOWANO ZAKŁADKI.
4.8 PROPERTY, PLANT AND EQUIPMENT	BŁĄD! NIE ZDEFINIOWANO ZAKŁADKI.
4.9 COURT PROCEEDINGS	22
4.10 CORRECTIONS OF PRIOR PERIODS' ERRORS	BŁĄD! NIE ZDEFINIOWANO ZAKŁADKI.
4.11 CHANGES IN ECONOMIC SITUATION AND BUSINESS CONDITIONS	BŁĄD! NIE ZDEFINIOWANO ZAKŁADKI.
4.12 OUTSTANDING CREDITS AND LOANS AND BREACH OF CREDIT OR LOAN AGREEMENTS	BŁĄD! NIE ZDEFINIOWANO ZAKŁADKI.
4.13 FINANCIAL INSTRUMENTS	BŁĄD! NIE ZDEFINIOWANO ZAKŁADKI.
4.14 CHANGES TO THE RULES FOR DETERMINING THE VALUE OF ASSETS AND LIABILITIES AND FOR MEASURING THE FINANCIAL RESULT	BŁĄD!
NIE ZDEFINIOWANO ZAKŁADKI.	
4.15 SIGNIFICANT LIABILITIES FOR THE PURCHASE OF PROPERTY, PLANT AND EQUIPMENT	BŁĄD! NIE ZDEFINIOWANO ZAKŁADKI.
4.16 ISSUE, REDEMPTION AND REPAYMENT OF NON-EQUITY AND EQUITY SECURITIES	BŁĄD! NIE ZDEFINIOWANO ZAKŁADKI.
4.17 DIVIDEND PAID OR DECLARED	BŁĄD! NIE ZDEFINIOWANO ZAKŁADKI.
4.18 EVENTS AFTER THE BALANCE SHEET DATE THAT MAY AFFECT THE COMPANY'S FINANCIAL PERFORMANCE	BŁĄD! NIE ZDEFINIOWANO
ZAKŁADKI.	
4.19 CONTINGENT LIABILITIES AND ASSETS	BŁĄD! NIE ZDEFINIOWANO ZAKŁADKI.
4.20 OPERATING SEGMENTS	24
4.21 GUARANTEES AND SURETIES GRANTED	BŁĄD! NIE ZDEFINIOWANO ZAKŁADKI.
4.22 OTHER INFORMATION	26

1. Selected financial data

Selected financial data	in PLN thousand			in EUR thousand		
	1 quarter of 2022 01.01.2022 to 31.03.2022	1 quarter of 2021 01.01.2021 to 31.03.2021	1 quarter of 2022 01.01.2022 to 31.03.2022	1 quarter of 2021 01.01.2021 to 31.03.2021		
Condensed interim statement of comprehensive income						
Net income from sales of products, services, goods and materials	11 728	14 582	2 524	3 189		
Prime cost of sales	3 101	5 221	667	1 142		
Profit (loss) from operating activities	1 556	5 203	335	1 138		
Gross profit (loss)	1 016	4 905	219	1 073		
Net profit (loss)	3 608	5 394	776	1 180		
Adjusted net profit (loss)*	937	4 905	202	1 073		
Number of shares in units	729 000	729 000	729 000	729 000		
Net profit (loss) per ordinary share (PLN/EUR)	4.95	7.40	1.06	1.62		
Adjusted net profit (loss) per ordinary share (PLN/EUR)*	1.29	6.73	0.28	1.47		
Condensed interim cash flow statement						
Net cash flows from operating activities	7 356	6 035	1 583	1 320		
Net cash flows from investing activities	-15 756	-9 868	-3 390	-2 158		
Net cash flow from financial activities	4 333	-72	932	-16		
Selected financial data	in PLN thousand			in EUR thousand		
	31.03.2022	31.12.2021	31.03.2021	31.03.2022	31.12.2021	31.03.2021
Condensed interim statement of financial position						
Fixed assets	198 127	184 684	136 356	42 585	40 154	29 259
Current assets	25 025	34 314	36 411	5 379	7 460	7 813
Equity	136 675	133 067	105 976	29 377	28 931	22 740
Long-term liabilities	57 871	56 660	51 534	12 439	12 319	11 058
Short-term liabilities	28 607	29 270	15 256	6 149	6 364	3 274
Book value per share (PLN/EUR)	187.48	182.53	145.37	40.30	39.69	31.16
Adjusted book value per share (PLN/EUR)*	183.92	171.65	144.70	39.53	37.32	31.01

2. Introduction to the condensed interim financial statements

2.1. Company background information

VIGO System is a high-tech manufacturing company specialising in semiconductor materials and devices for photonic and microelectronic applications. VIGO System is a leader in the global market of mid-infrared photon detectors. All products are based on proprietary unique technology. The company provides ready-made and customised solutions which allow to create products dedicated to a customer's application.

The company has a complete production line for high-throughput semiconductor devices - from epitaxy of materials from complex semiconductors of groups II-VI (tellurium, cadmium, mercury) and groups III-V of the periodic table of elements (indium, arsenic, gallium, antimony), to production of detector chips and lasers, to their microassembly and integration into electronics. The company also has its own modern measurement laboratories, which enable fast and accurate measurements of products and semi-finished products at every stage of production.

Detectors currently manufactured by the Company are used in the world's largest research centres and in the development of advanced technical equipment, in applications such as:

- railway traffic safety (failure detection systems in the running gear of high-speed rail systems and fire detection systems),
- environmental protection (measurement of the threat to the environment posed by harmful chemical substances, monitoring of emissions of hazardous substances into the air, air quality surveillance)
- industrial applications (industrial scanners for temperature distribution, industrial automation equipment),
- military applications (missile guidance systems, laser-beam vehicle-tracking alert systems)
- security (detection of explosive and hazardous substances, prevention systems against terrorist activities, systems for checking the contents of passengers' luggage)
- research and science (measurement of high-temperature plasma parameters for thermonuclear fusion research, measurement of ultra-short pulses of infrared radiation emitted by lasers and synchrotrons, spectrometers for measuring extremely low concentrations of substances)
- space industry (laser communications in open Space, measurement equipment for space applications).

In order to meet the dynamic development of photonics market, VIGO System has added epitaxial semiconductor layers to its offer. The epitaxial layers, based on indium phosphide and gallium arsenide, are the basis for the production of cascade edge lasers, vertical cavity resonance lasers (VCSEL), other sources of infrared radiation and microelectronic components (transistors, diodes).

The Company puts great emphasis on research and development of new products, thus continuously maintaining high competitiveness and quality of offered products since the 1990s. The technological advancement of VIGO System S.A. and the quality of its products as well as its position in the global market have been confirmed by the use of infrared detectors produced by VIGO in the Mars rover Curiosity, which landed on the Red Planet on 6 August 2012 as part of the NASA program and the subsequent detection of traces of methane on Mars in December 2014 with the use of these detectors. The Company's detectors were also used by the European Space Agency as part of the Exomars mission. In October 2016, Schiaparelli landing module, equipped with VIGO System detectors, attempted a landing on Mars.

VIGO System Spółka Akcyjna ("Company") in Ożarów Mazowiecki was created on 20 February 2002 as a result of transformation of VIGO System Spółka z ograniczoną odpowiedzialnością with its registered office in Warsaw entered in the National Court Register in the District Court for the capital city of Warsaw in Warsaw under KRS 0000110129.

VIGO System Spółka Akcyjna was incorporated by way of Notarial Deed, Roll of Deeds number 1459/2002, dated 20 February 2002 in the Notary's Office of Krzysztof Łaski - Notary in Warsaw and was entered in the National Court Register - Register of Entrepreneurs on 21 May 2002 under KRS number 0000113394. The

Company has a perpetual existence. The Company's core business is the manufacture of electronic components (PKD 2611Z).

2.1.1. Operating in a Special Economic Zone (hereinafter referred to as "SEZ") - tax exemption

On the basis of permit No. 116/ARP S.A./2005 issued on 9 November 2005, since 1 March 2008 the Company has conducted its business activity in the Tarnobrzeg Special Economic Zone ("TSEZ") EURO-PARK WISŁOSAN in Ożarów Mazowiecki and on this grounds it is entitled to exemption from Corporate Income Tax due to capital expenditures incurred in the Zone. The company fulfilled all the conditions specified in the permit in order to be able to benefit from the tax exemption. Income generated from business activities covered by the permit within the special economic zone is exempt under Article 17, Section 1, Point 34 of the Corporate Income Tax Act. The amount of aid obtained for the Issuer is 65% of discounted investment expenditures on fixed assets and purchased intangible assets incurred during the term of the permit. This aid is reduced by any discounted subsidies from public funds obtained for the purchase of fixed assets.

In the Tarnobrzeg SEZ, as indicated in the permit, the Company conducts the following production, trade and service activities with respect to products and services manufactured in the zone, defined under the following headings in the then-current Polish Classification of Products and Services of the Central Statistical Office:

Section D, subsection DL, Division 32,

Class 32.10 - Electronic tubes and other electronic components,

Section D, subsection DL, Division 33,

Class 33.20 - Instruments and appliances for measuring, checking, navigating and similar instruments and appliances,

Class 33.30 - Optical instruments and photographic equipment,

Section K, Division 73,

Class 73.10 - Research and development services for natural sciences and engineering.

2.1.2. Contact details

Name (registered business name):	VIGO System Spółka Akcyjna
Registered office:	Ożarów Mazowiecki
Address:	ul. Poznańska 129/133, 05 - 850 Ożarów Mazowiecki
NIP [tax identification number]:	527-020-73-40
REGON [statistical number]:	010265179
Telecommunications numbers:	phone no. (+48 22) 733 54 00 fax no. (+48 22) 733 54 26
E-mail address:	info@vigo.com.pl
Website address:	www.vigo.com.pl

2.1.3. Indication of the effects of changes in the structure of the entity

There was no change in the organisational structure of the Company in the audited period.

2.1.4. Shareholding structure

To the knowledge of the Company's Management Board, as at the date of submission of the condensed interim financial statements for the first quarter of 2022 (6 May 2022), the following shareholders hold at least 5% of the total number of votes at the General Meeting:

Shareholder	Number of shares	% share in share capital	Number of votes	% share in votes at GSM
Warsaw Equity Management S.A.	104 000	14.27	104 000	14.27
Józef Piotrowski	86 650	11.89	86 650	11.89
Investors TFI	70 192	9.63	70 192	9.63
Janusz Kubrak	48 100	6.60	48 100	6.60
Mirosław Grudzień	37 200	5.10	37 200	5.10
Others	382 858	52.52	382 858	52.52
Total	729 000	100.00	729 000	100.00

2.1.5. The Company's bodies

As at the date of submission of the quarterly report for Q1 2022, the Company's Management Board is composed of:

- Adam Piotrowski – President of the Management Board,
- Łukasz Piekarski – Member of the Management Board.

As at the date of publication of the quarterly report for Q1 2022, the Company's Supervisory Board is composed of:

- Przemysław Danowski - Chairman of the Supervisory Board,
- Janusz Kubrak - Member of the Supervisory Board,
- Marek Wiechno - Member of the Supervisory Board,
- Zbigniew Więclaw - Member of the Supervisory Board,
- Piotr Nadolski – Member of the Supervisory Board,
- Krzysztof Kaczmarczyk – Member of the Supervisory Board,
- Mirosław Grudzień – Member of the Supervisory Board.

The Audit Committee of the Supervisory Board is composed of:

- Marek Wiechno – Chairman of the Audit Committee,
- Zbigniew Więclaw – Member of the Audit Committee,
- Krzysztof Kaczmarczyk – Member of the Audit Committee,

2.1.6. Shareholdings by management and supervisory personnel

As at 31 March 2022, the members of the Company's Management Board held the following shares in the Company:

- Adam Piotrowski – President of the Management Board held 660 shares (nominal value of the shares PLN 660)
- Łukasz Piekarski – Member of the Management Board held 485 shares (nominal value of the shares PLN 485)

As at 31 March 2022, the members of the Company's Supervisory Board held the following shares in the Company:

- Janusz Kubrak held 48 100 shares (nominal value of the shares PLN 48 100),
- Zbigniew Więclaw held 12 000 shares (nominal value of the shares PLN 12 000),
- Przemysław Danowski held 476 shares (nominal value of the shares PLN 476),
- Mirosław Grudzień held 37 200 shares (nominal value of the shares PLN 37 200).

2.1.7. Description of the organisation of the Company's capital group

VIGO System S.A. owns 50% shares in company VIGO WE INNOVATION Sp. z o.o. (VWI). The aim of this investment was to create an investment vehicle whose task will be to develop innovative enterprises (start-ups and spin-offs) in the field of production of advanced technical devices and components. VIGO WE INNOVATION Sp. z o.o. investment strategy will particularly include ventures in the field of photonics.

Decisions on significant activities of VIGO WE Innovation Sp. z o.o. require unanimous consent of the parties sharing control. In accordance with the provisions of VWI Sp. z o.o.'s articles of association, the Supervisory Board exercises constant supervision over its activities in all areas of its operation. Resolutions of this governing body are passed only unanimously in the presence of all its members. All investors exercise joint control over the investee. They act collectively to direct significant activities. Accordingly, no investor exercises control over the entity individually. The Management Board of VIGO declares that as of 31 March 2022, there has been no change in one or more elements of joint control over VIGO WE Innovation Sp. z o.o. As of the balance sheet date, i.e. 31.03.2022, the Company holds 17,257 shares in VWI with a total value of PLN 6,912,900.00.

In the first quarter of 2022, the Company incurred expenditures on the acquisition of shares in VWI in the amount of PLN 224,900.00. As at the date of approval for publication of the financial statements for the first quarter of 2022 by the Management Board, the balance of shares in the company VWI amounted to 17,257 shares with a total value of PLN 6,912,900.00.

Data from the trial balance of VIGO WE INNOVATION Sp. z o.o. are as follows (in PLN thousand):

Equity	Share capital	Other capitals	Net profit/loss	Value of assets	Fixed assets	Current assets	Value of liabilities	Value of revenues
9 535	3 390	6 440	-295	9 600	8 987	613	66	5

Name of the company, legal form, town where the management board is located	Value of shares at acquisition price (in PLN thousand)	Revaluation adjustments	Carrying amount of shares (in PLN thousand)	Percentage of shares held	Percentage of votes held	Consolidation method
VIGO WE INNOVATION Sp. z o.o., ul. Święty Marcin 29/8, 61-806 Poznań	2 988	-	2 988	50%	50%	The company is not consolidated
VIGO Photonics Taiwan Co., Ltd. Preparatory Office	64	64	-	100%	100%	The company is not consolidated
VIGO Photonics USA	484	484	-	100%	100%	The company is not consolidated

In 2021, the Company established VIGO Photonics USA (its own representative office in the United States) and granted it a loan for current operations in the amount of PLN 1.715 million. In the first quarter of 2022, VIGO

System also granted a loan for current operations to VIGO Photonics Taiwan in the amount of PLN 0.4 million. Pursuant to Section 2a in Article 13 of the VII Directive, any parent company governed by the national law of a Member State which only has subsidiaries that are not material for the purposes, either individually or as a whole, is exempted from the obligation to prepare consolidated financial statements. Accordingly, VIGO has not prepared consolidated financial statements as of 31 March 2022.

2.2. Basis and accounting principles (policy)

The interim condensed financial statements were prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting*.

As at the date of approval of these statements for publication, taking into account the ongoing process of introduction of IFRS standards in the European Union and the Company's activities, there is no difference in the accounting principles applied by the Company between the IFRS standards that came into force and the IFRS standards approved by the EU. IFRS include standards and interpretations accepted by the International Accounting Standards Board and the International Financial Reporting Interpretations Committee.

The data contained in the report have been prepared using the principles for the valuation of assets and liabilities and measurement of net income as determined at the balance sheet date. The accounting principles have not changed compared to those described in the Company's annual report for 2021.

The solutions adopted with regard to accounting records and the manner of grouping information have been subordinated to the needs of management and internal control. They also take into account the requirements set out in the provisions of the Act as well as the needs of state statistics.

The interim condensed financial statements have been prepared on the assumption that the Company will continue as a going concern in the foreseeable future. The Management Board of the Company is not aware of any circumstances indicating a threat to the continuation of operations.

The interim condensed financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the financial statements for the year ended 31 December 2021, which were authorised for publication on 2 March 2022, and the half-yearly report for the period from 1 January 2021 to 30 June 2021, which was authorised for publication on 26 August 2021.

These interim condensed financial statements for the three months of 2022 which ended 31 March 2022 were approved for issue by the Management Board on 6 May 2022.

The interim financial result may not fully reflect the realisable financial result for the financial year.

The functional currency of the Company and the currency of presentation of these condensed interim financial statements is the Polish zloty. Data in the financial statements are presented in figures rounded off to the nearest thousand PLN, unless specified otherwise.

As the amounts in the financial statements are presented in round figures to the nearest thousand, differences of +/- 1 may appear in the report.

2.3. PLN exchange rates used in the statements

The following PLN/EUR exchange rates were applied:

No.	Contents	1.01.2022 - 31.03.2022	1.01.2021 - 31.12.2021	1.01.2021 - 31.03.2021
1.	Period-end exchange rate (PLN/EUR) used in the Condensed Interim Statement of Financial Position	4.6525	4.5994	4.6603
2.	Average exchange rate for the period (PLN/EUR) applied in the Condensed Interim Statement of Comprehensive Income and the Condensed Interim Statement of Cash Flows	4.6472	4.5775	4.5721

The average exchange rate for each period was calculated as the arithmetic mean of the average exchange rates applicable on the last day of each month in a given period based on the information published by the National Bank of Poland.

3. Financial statements for the first quarter of 2022

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (PLN thousand)

Specification	As at 31.03.2022	As at 31.12.2021	As at 31.03.2021
ASSETS			
Fixed assets	198 127	184 684	136 356
Tangible fixed assets	104 299	99 219	72 751
Intangible assets	12 760	13 593	16 034
Expenditure on development projects - assets under construction	49 050	42 652	27 212
Investments in jointly controlled entities	7 027	22 395	5 407
Deferred income tax assets	24 990	6 802	14 949
Accruals and deferred income	1	22	3
Current assets	25 025	34 314	36 411
Inventories	9 786	6 899	8 421
Trade receivables	8 771	14 370	9 226
- of which from related parties	29	-	-
Other receivables	2 758	5 652	1 992
Other financial receivables			35
Short-term investments	1 640	875	7 165
Accruals and deferred income	432	858	404
Cash and cash equivalents	1 637	5 659	9 169
TOTAL ASSETS	223 152	218 997	172 767
LIABILITIES			
Equity capital	136 675	133 067	105 976
Initial capital	729	729	729
Share premium account	8 865	8 865	8 865
Capital from revaluation	-24	-24	-85
Other capitals	123 496	91 148	91 072
Financial result of the current period	3 608	32 348	5 394
Long-term liabilities	57 871	56 660	51 534
Loans and borrowings	21 743	21 368	24 326
Deferred income	35 902	35 066	26 955
Provision for pensions and similar benefits	226	226	254
Short-term liabilities	28 607	29 270	15 256
Loans and borrowings	17 001	12 441	6 503
Trade and other payables	3 421	8 103	1 506
Current income tax liabilities	3	-	-
Other liabilities	1 712	1 704	1 519
Deferred income	2 458	2 363	2 224
Provision for pensions and similar benefits	1 717	1 717	1 206
Other provisions	2 296	2 942	2 298
TOTAL LIABILITIES	223 152	218 997	172 767

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (PLN thousand)

Specification	01.01.2022 - 31.03.2022	01.01.2021 - 31.12.2021	01.01.2021 - 31.03.2021
Revenues from sales	11 728	71 497	14 582
Revenues from sale of products	11 331	69 428	14 205
Revenues from sale of services	397	2 023	377
Revenues from sale of goods and materials		46	
Cost of products, goods and materials sold	3 101	26 389	5 221
Cost of production of sold products and services	3 101	26 389	5 221
Value of goods and materials sold			
Gross profit (loss) on sale	8 627	45 108	9 361
Other operating income	1 756	5 902	1 422
Selling costs	1 946	4 348	743
General administration costs	5 730	20 017	4 414
Other operating expenses	1 152	1 920	423
Profit (loss) on operating activities	1 556	24 725	5 203
Financial income		530	32
Financial expenses	540	842	331
Profit (loss) before taxation	1 016	24 413	4 905
Income tax	-2 592	-7 935	-490
Net profit (loss) from continuing operations	3 608	32 348	5 394
Net profit (loss)	3 608	32 348	5 394
Components of other comprehensive income:			
Total comprehensive income	3 608	32 410	5 394
Net profit (loss) per one share from continued activity (in PLN)	4.95	44.37	7.40
Basic for the financial period (in PLN)	4.95	44.37	7.40
Diluted for the financial period (in PLN)	4.95	44.37	7.40

CONDENSED INTERIM STATEMENT OF CASH FLOWS (PLN thousand)

Specification	for the period 01.01.2022 - 31.03.2022	for the period 01.01.2021 - 31.12.2021	for the period 01.01.2021 - 31.03.2021
OPERATING ACTIVITIES			
Net profit/loss	1 016	24 413	4 905
Income tax	-2 592	-7 935	
Gross profit/loss	3 608	32 348	4 905
Total adjustments:	6 344	-282	1 130
Depreciation/Amortisation	1 776	6 753	1 639
Foreign exchange gains (losses)	339	35	436
Interest and shares in profits (dividends)	299	266	77
Profit (loss) on investment activity	8	98	27
Change in the state of provisions	-646	354	-833
Change in inventories	-2 887	2 325	804
Change in the state of receivables	8 939	-7 981	231
Change in liabilities, except for loans and credits	-536	2 469	158
Change in the state of prepayments	-11	-435	-713
Change in prepayments and accruals	-1 829	-5 380	-1 266
Result of entities accounted for using the equity method	445	1 042	
Other adjustments	447	172	570
Cash from operating activities	7 360	24 131	6 035
Income tax (paid)/received	4		
A. Net cash flows from operating activities	7 356	24 131	6 035
INVESTMENT ACTIVITIES			
Receipts	2 772	15 055	2 968
Subsidies received	2 771	15 053	2 966
Proceeds from sale of fixed assets	1	2	2
Expenditure	-18 528	-49 616	-12 835
Acquisition of intangible and tangible fixed assets	-10 723	-29 394	-3 522
Expenditure on acquisition of shares	-670	-3 523	-1 086
Expenditure on investment funds	0	3 033	- 4 132
Expenditure on unfinished development works	-5 924	-18 298	-4 095
Loans granted	-1 211	-1 433	
B. Net cash flows from investment activities	-15 756	-34 561	-9 868
FINANCIAL ACTIVITIES			
Receipts	6 782	11 469	1 593
Credits and loans	6 782	11 469	1 593
Expenditure	-2 449	-8 404	-1 665
Repayments of loans and credits	-2 232	-8 092	-1 586
Interest and commissions	-218	-312	-80
C. Net cash flows from financial activities	4 333	3 065	-72
D. Total net cash flows	-4 067	-7 365	-3 905
E. Balance sheet change in cash, including	-4 022	-7 590	-4 080
- change in cash due to exchange differences	-44	225	175
F. Cash at the beginning of the period	5 658	13 022	13 022
G. Cash at the end of the period	1 591	5 658	9 117

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (PLN thousand)

Specification	Share capital	Share premium account	Revaluation reserve	Other capital	Financial result of the current period	Total equity
Three months ending on 31 March 2022						
Equity as of 01.01.2022	729	8 865	-24	123 496		133 067
Financial result of the period					3 608	3 608
Equity as of 31.03.2022	729	8 865	-24	123 496	3 608	136 674
Twelve months ending on 31 December 2021						
Equity as of 01.01.2021	729	8 865	-85	91 072		100 582
Financial result of the period					32 348	32 348
Conditional increase in capital				76		76
Other comprehensive income: actuarial gains/losses			61			61
Equity as of 31.12.2021	729	8 865	-24	91 148	32 348	133 067
Three months ending on 31 March 2021						
Equity as of 01.01.2021	729	8 865	-85	91 072		100 582
Financial result of the period					5 394	5 394
Equity as of 31.03.2021	729	8 865	-85	91 072	5 394	105 976

4. NOTES TO THE FINANCIAL STATEMENTS

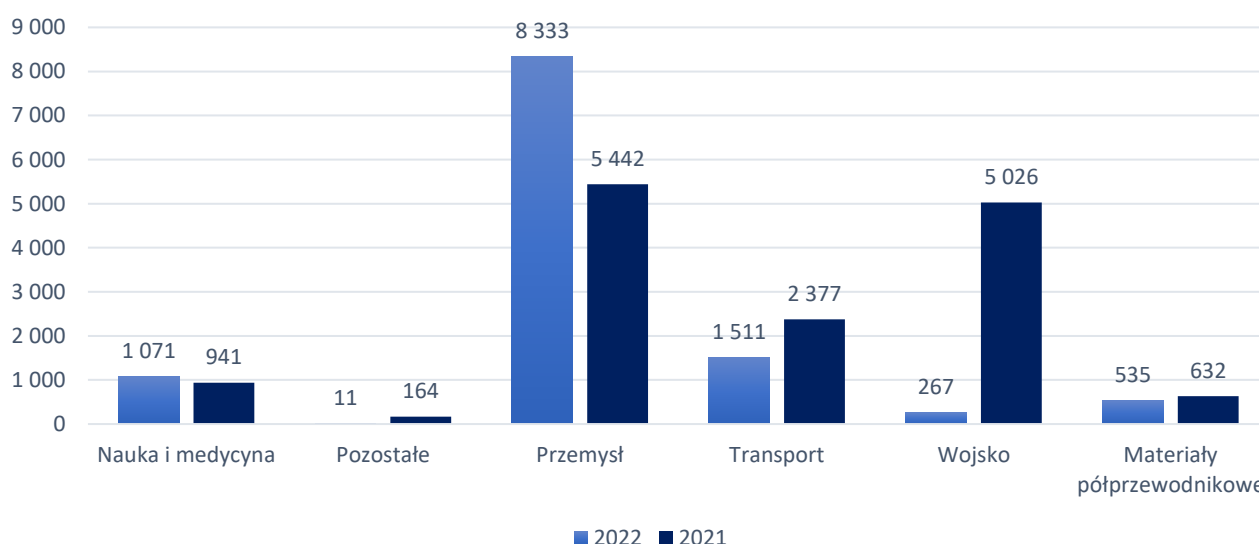
4.1. Summary of Vigo System S.A. operations in the first quarter of 2022

Sales revenues

The company generated PLN 11.73 million in sales revenue in Q1 2022, down PLN 2.76 million (by 19.57%) from the same period in 2021. Sales of detection modules amounted to PLN 11.19 million, while the sales of semiconductor materials totalled PLN 0.54 million.

The Company recorded the highest growth in the industrial segment (increase by 53.12% YOY) and science and medicine (13.81% YOY), in other segments the Company recorded a decrease, the highest in the military segment (-94.68% YOY).

Figure 1 Sales after Q1 2022 and 2021 by application [PLN thousand].



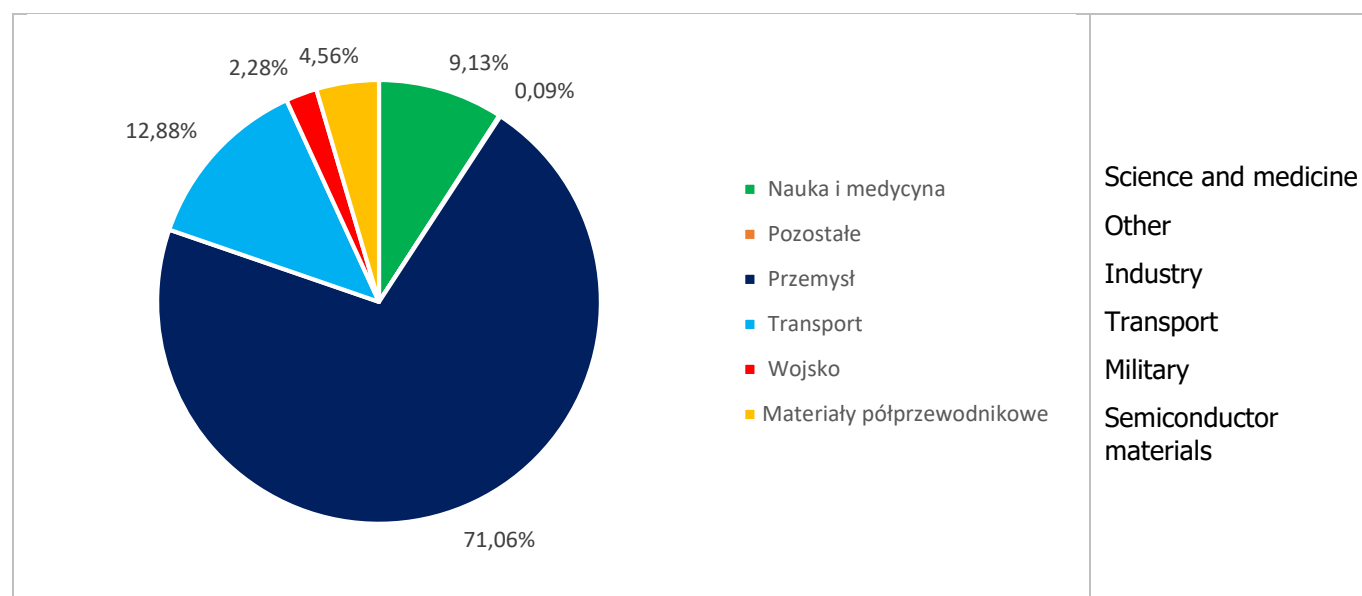
Science and medicine Other Industry Transport Military Semiconductor materials

- The decisive influence on turnover was the suspension of some production processes due to the reconstruction of the technology hall and the construction and commissioning of the cleanroom..

By the end of Q1 2022, the status of significant contracts and orders was as follows:

- 78% of the contract with the Caterpillar group company dated 11 May 2020, with a value of EUR 3.02 million (information on the contract provided in current report No. 8/2020 of 11 May 2020) has been performed.

Figure 2 Sales after Q1 2022 by application [%]



Operating costs

The cost of products and services sold in the first quarter of this year reached PLN 3.1 million and is 40.61% lower than in the same period of the previous year, which is mainly due to lower sales revenue, lower costs of services and lower manufacturing costs. The Company maintains a very high level of gross sales profitability - 73.6% compared to 64.2% in the same period of the previous year. Gross profitability increased compared to the same period of the previous year mainly due to lower manufacturing costs.

General and administrative expenses increased by 1.32 million YOY, which is related to the increase in employment, costs of utilities, external services (IT, financial, consulting, maintenance/renovation). Given the variety of functions of the new building, maintenance costs were included in general and administrative expenses.

Financial result

Gross profit on sales at the end of Q1 2022 amounted to PLN 8.6 million (down by 7.8% YOY), while operating profit amounted to PLN 1.6 million and was down by 70.1% YOY. EBITDA¹ stood at PLN 3.3 million (down by more than 51.4% YOY). Adjusted EBITDA² totalled PLN 2.8 million and was lower YOY by 55.4%. Adjusted net profit³ after the first quarter of 2022 amounted to PLN 0.9 million, i.e. by PLN 4 million less than in the corresponding period of 2021. Adjusted net profitability was 7.99% compared to 33.64% recorded after Q1 2021.

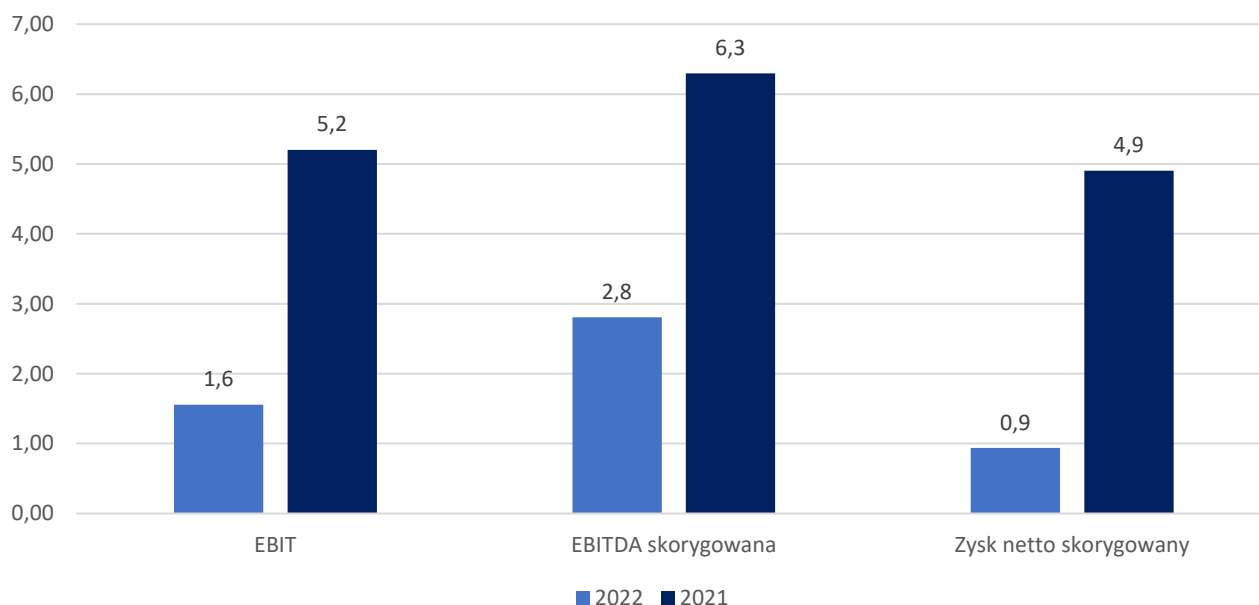
The level of net profit in Q1 2022 was significantly affected by a decrease in sales revenue by PLN 2.8 million YOY, exchange rate differences, including the valuation of foreign currency loans taken out for the implementation of investments and the settlement of subsidies for grants and fixed assets, as well as a write-down on loans granted.

¹ EBITDA is an economic measure that is not reflected in the current IAS/IFRS accounting standards and is not applicable for financial reporting purposes. Therefore, in the Company's opinion it represents the so-called alternative performance measurement (APM). Presented and calculated EBITDA is the sum of operating result (profit/loss), amortisation and depreciation.

² Adjusted EBITDA is the sum of operating result (profit/loss), depreciation and amortisation less settlement of subsidies for grants and fixed assets

³ Adjusted net profit was calculated as the difference between net profit and deferred tax

Figure 3 Comparison of selected financial data after Q1 2022 and 2021. [PLN million].



EBIT; Adjusted EBITDA; Adjusted net profit

Realisation of previous performance forecasts

The company did not publish forecasts.

4.2. Factors that will affect future performance

In the opinion of the Management Board, based on currently available information on expected orders for existing and new products in 2022, the Company expects growth of approximately 10% compared to the results obtained in 2021.

Infrared detectors

The following applications will be key drivers of sales growth:

- **Industrial.** The Company's revenue from sales of detectors for various industrial applications has been growing at an annual rate of 20-30% in recent years. The Management Board believes that industrial applications will be the main driver of the Company's sales increase in the coming years. In 2022, further intensive growth of this application is expected, with dynamics similar to 2021, also owing to the introduction of a whole family of new products based on III-V materials, as well as increased pro-activity and acquisition of numerous new projects carried out in cooperation with customers. The growth dynamics in this segment may be higher than in 2021, provided that the current collaborative projects carried out with customers are positively completed and validated on the customer side.
- **Military.** The company will execute orders for Safran Aerotechnics in 2022, yet it expects significantly smaller orders. The expected revenue of the Military segment in 2022 is approximately PLN 10 million.
- **Medicine and science.** Revenues from the science segment are planned at a level comparable to 2021.
- **Rail transport safety.** The company is currently executing a contract for the supply of detectors for a company from the Caterpillar group and has also acquired new customers from the Chinese market. The Management Board believes that revenue from the rail segment will be approximately 10% higher in 2022 than in 2021.

Materials for photonics

The Company is intensively expanding its sales network for epitaxial layers. In 2022, the Company targets revenues from the new segment at the level of EUR 1.5-2 million. Due to the high intensity of work on new products prepared on behalf of customers, the Company has exhausted the production capacity of the epitaxial reactor. This does not yet translate into increased revenues due to the fact that in most cases the new projects are in the development or validation stage on the part of customers. If the validation processes are completed, the Company may achieve higher revenues in this segment. Nevertheless, in 2021 the decision was taken to invest in another epitaxial reactor in order to significantly increase the possibility of acquiring new customers in this segment.

4.2.1. Long-term perspectives

Long-term perspective - VIGO 2026 Strategy

In June 2021, the Management Board of the Company adopted a new strategy to be implemented between 2021 and 2026.

The strategy assumes that the Company's primary objective of multiplying its capital and increasing shareholder value in the period up to 2026 will be achieved by continuing to grow in the global photonics market, including supporting the development of the market segments in which the Company is currently present and expanding the scope of the Company's activities into new areas.

The Management Board identifies a number of potential business opportunities available to the Company within the photonics market, the exploitation of which may enable it to achieve its growth ambitions in the 2026 timeframe. The Management Board considers the following to be the most promising of the Company's potential growth initiatives:

- a. Exploration of the MCT (HgCdTe) detector market, including expansion (geographical, segmental) in market areas not covered by regulations precluding the use of mercury and cadmium in detectors,
- b. Development of technology for infrared detectors and modules made of materials based on compounds from groups III and V of the periodic table of elements compliant with the Community Restriction of Hazardous Substances (RoHS) Directive,
- c. Development of epitaxy of III-V semiconductor materials and production of near-infrared sources (VCSEL lasers),
- d. Development of infrared sources technology,
- e. Development of technology for optoelectronic systems and photonic integrated circuits for the mid-infrared and short-infrared,
- f. Development of infrared detector array technology.

The implementation of the VIGO 2026 Strategy is divided into two stages.

2021-2023 Perspective

In Phase I, covering 2021-2023, the Company intends to focus on:

- 1) Continuation of initiated development projects, including photonic integrated circuit technology, detectors from III-V materials, epitaxy of semiconductor materials, infrared source technology,
- 2) Development of the technological and technical base common to key pro-growth initiatives through investment in R&D and universal infrastructure,
- 3) Selecting the most promising growth initiatives on the basis of, inter alia, the results of R&D projects and the analysis of the market situation, followed by the preparation of an investment plan necessary for their implementation.

The growth potential of the Company's sales revenue and EBITDA in the period 2021-2023 is estimated at, respectively:

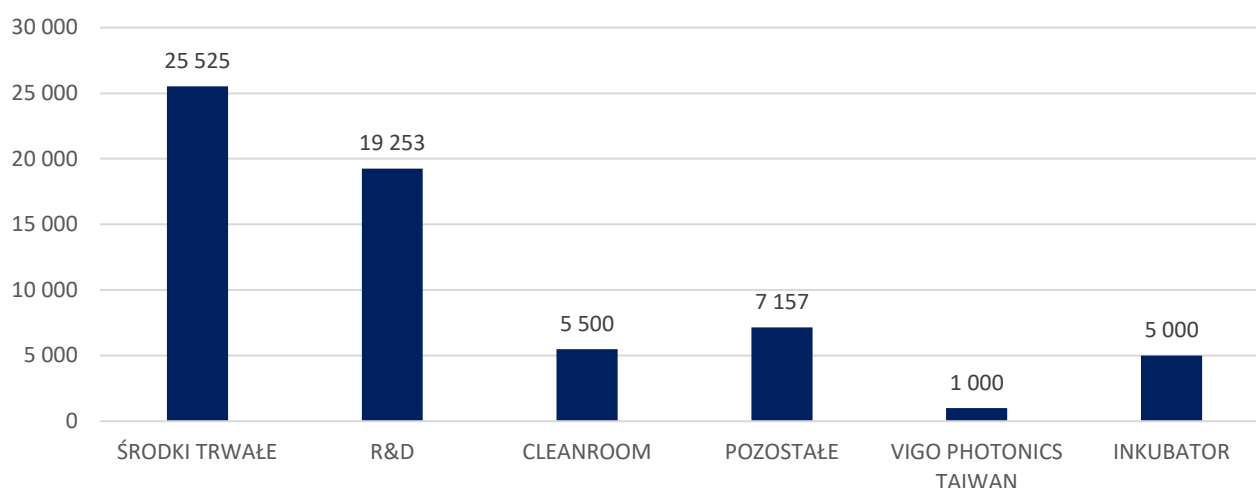
- 1) PLN 67 million revenue and PLN 29.5 million EBITDA in 2021

2) PLN 80 million revenue and PLN 33.5 million EBITDA in 2022

3) PLN 100 million revenue and PLN 40 million EBITDA in 2023.

In order to achieve its strategic objectives, the Company plans to invest PLN 30-40 million a year in R&D and technical infrastructure in the period 2021-2023, using its own funds and public subsidies for R&D.

Capital expenditure planned for 2022 [PLN thousand]



Fixed assets, R&D; Cleanroom, Other; VIGO Taiwan; Incubator

2024-2026 Perspective

In Phase II, the Company will focus on implementing and executing the most promising growth initiatives selected in Phase I of the Strategy.

In addition, the Company intends to continue its expansion into new geographical and product markets, including by investing in the development of its own sales structures in key markets.

The Company's ambition is to maintain the revenue growth rate at a level of 20-30% per annum and high profitability of its core operating activities, including a gross margin on sales exceeding 60% and EBITDA profitability exceeding 40%.

Bearing in mind the investment needs resulting from the implementation of the adopted Strategy, the Management Board decided to change the dividend policy, which provides for recommending to the Company's General Shareholders' Meeting that no dividend be paid during the Strategy implementation period and that the profits earned be invested in accelerating the Company's development.

The final recommendation as to dividend payment will depend on a number of factors relating to the Company and its industry, including in particular the prospects for the Company's future operations, future earnings, the Company's financial position, and taking into account any restrictions on dividend payments, the level of liquidity ratios, expansion plans and legal requirements with respect to the above elements. The amount of the dividend recommended by the Management Board will depend on the Company's need to retain the profits generated in order to use them for the Company's operations and its further dynamic development. The dividend policy will be subject to periodic review by the Board.

4.3. Implementation of research and development projects

In the first quarter of 2022, the following project was completed: DEMETER - "Multi-element infrared detectors for contactless multifunctional diagnostics".

The Company is implementing the following research and development projects (detailed information on each project is provided in the Company's 2021 Annual Report⁴):

No.	Project	Agreement execution date	Project budget for the Company [PLN thousand]	Amount of co-financing for the Company	Project implementation period
1.	Sensors for Industry 4.0 and IoT	03.12.2019	18 357	12 280	01.10.2019-30.09.2022
2.	Production technology for innovative epitaxial structures and VCSEL laser instruments critical for the development of photonics	21.11.2019	13 015	9 111	01.01.2020-31.12.2022
3.	PEMIR - "development of mid-infrared detectors using plasmonic amplification"	15.03.2021	1 115	836	01.03.2021-28.02.2023
4.	Travel - new transparent electrodes for VCSEL lasers	22.02.2021	472	354	01.10.2020-30.09.2023
5.	WIKINET - "Long-wave VCSEL lasers for fibre optic transmission"	09.02.2021	666	500	01.01.2021-01.01.2023
6.	MIRPIC - "Integrated photonics circuit technologies for the mid-infrared range"	25.05.2021	9 492	6 801	01.04.2021-31.03.2024
7.	INGAS WITH ASIC - "Fabrication of InGaAs sensors with integrated ASIC electronics for the 1.7-2.6 µm range"	23.09.2021	12 650	8 521	1.01.2021-31.12.2023
8.	MATRIX - "Polish matrix for space applications active in infrared"	24.05.2021	9 374	6218	1.01.2021 - 31.12.2023
9.	Car2TERA - Terahertz sensors and networks for next generation smart automotive electronic systems	01.01.2020	109	109	01.01.2020 – 31.12.2022

4.4. Seasonality or cyclicity of sales

The Company's experience to date does not indicate the occurrence of seasonality or cyclicity in the sales of the Company's products.

⁴ Available at: <https://vigo.com.pl/raporty/wyniki-finansowe-za-2021/>

4.5. Write-downs

Change in inventory write-downs

Specification (in PLN thousand)	Write-downs on materials	Write-downs on semi-finished products and work in progress	Write-downs on finished products	Total write-downs on inventories
Status as at 01.01.2022	417	20		437
Increases in the period 01.01.2022-31.03.2022:	215	29	54	298
creation of write-downs in correspondence with other operating costs	215	29	54	298
Status as at 31.03.2022	632	49	54	735
Status as at 01.01.2021	95	16		111
Increases, of which:	322	4		325
- creation of write-downs in correspondence with other operating costs	322	4		325
Status as at 31.12.2021	417	20		437
Status as at 01.01.2021	95	16		111
Increases in the period 01.01.2021-31.03.2021:	282			282
creation of write-downs in correspondence with other operating costs	282			282
Decreases in the period 01.01.2021-31.03.2021:		16		16
Release of impairment losses in correspondence with other operating income		16		16
Status as at 31.03.2021	377			377

Impairment losses on assets in VIGO Photonics Taiwan in the amount of PLN 0.445 million were also recognised between 1 January 2022 and 31 March 2022.

4.6. Reserves

Provisions for pensions and similar benefits

Specification (in PLN thousand)	31.03.2022	31.12.2021	31.03.2021
Provisions for retirement and disability severance pay	272	272	284
Provisions for holiday leaves	1 671	1 671	1 176
Total, of which:	1 942	1 942	1 460
- long-term	226	226	254
- short-term	1 717	1 717	1 206

Other reserves

Specification (in PLN thousand)	31.03.2022	31.12.2021	31.03.2021
Provision for salaries and wages (bonus compensation)	1 684	2 233	877
Provision for warranty repairs and returns	583	608	473
Provision for audit of financial statements	27	27	27
Provision for probable future liabilities	2	74	922

Specification (in PLN thousand)	31.03.2022	31.12.2021	31.03.2021
Total, of which:	2 296	2 942	2 299
- short-term	2 296	2 942	2 299

Change in provisions in the period 01.01.2022 - 31.03.2022

Specification (in PLN thousand)	Provision for retirement and disability benefits and for holiday leaves	Provisions for future liabilities, for warranty repairs and returns, for payment of future salaries	Total
Status as at 01.01.2022	1 943	2 942	4 885
Created during the accounting period		1 559	
Used		2 206	
Status as at 31.03.2022	1 943	2 296	4 239
Long-term	226		226
Short-term	1 717	2 296	4 013

Change in provisions in the period 01.01.2021 - 31.12.2021

Specification (in PLN thousand)	Provision for retirement and disability benefits and for holiday leaves	Provisions for future liabilities, for warranty repairs and returns, for payment of future salaries	Total
Status as at 01.01.2021	1 460	3 132	4 592
Created during the accounting period	494	870	1 364
Used	12	1 059	1 071
Status as at 31.12.2021	1 943	2 942	4 885
Long-term	226		226
Short-term	1 717	2 942	4 659

Change in provisions in the period 01.01.2021 - 31.03.2021

Specification (in PLN thousand)	Provision for retirement and disability benefits and for holiday leaves	Provisions for future liabilities, for warranty repairs and returns, for payment of future salaries	Total
Status as at 01.01.2021	1 460	3 132	4 592
Created during the accounting period			
Used			
Status as at 31.03.2021	1 460	2 298	3 758
Long-term	254		254

Specification (in PLN thousand)	Provision for retirement and disability benefits and for holiday leaves	Provisions for future liabilities, for warranty repairs and returns, for payment of future salaries	Total
Short-term	1 206	2 298	3 504

The Company has recorded a provision for remuneration in connection with the compensation of the bonus for the first quarter of 2022 due to employees in accordance with the remuneration regulations and payable by the end of the next month after a given quarter in the amount of PLN 1,559 thousand.

The Company creates a provision for the costs of expected warranty repairs and returns of products sold in the last 3 financial years based on the level of warranty repairs and returns recorded in previous years. The majority of these costs are expected to be incurred in the next financial year and all of them within 3 years from the balance sheet date. The assumptions used to calculate the provision for warranty repairs and returns were based on current sales levels and the latest available information on returns and the one-year warranty period for all products sold.

4.7. Deferred income tax

In connection with temporary differences between the value of assets and liabilities reported in the books and their tax value, the entity establishes deferred tax assets or liabilities, of which it is a taxpayer. As at 31 March 2022, the Company has recorded a deferred tax asset of PLN 2,595 thousand created in connection with the investment bonus in TSEZ and other temporary differences.

Income tax reported in the statement of comprehensive income (in PLN thousand)	01.01.2022 - 31.03.2022	01.01.2021 - 31.12.2021
Current income tax	3	
Pertaining to the financial year	3	
Deferred income tax	-2 595	-7 935
Origination and reversal of temporary differences	-2 595	-7 935
Tax charge disclosed in the statement of comprehensive income	-2 592	-7 935

Deferred tax assets and liabilities affect the financial statements as follows:

Specification (in PLN thousand)	01.01.2022 - 31.03.2022	01.01.2021 - 31.12.2021
Balance at the beginning of the period		
Deferred income tax assets	+22 950	+14 970
Deferred income tax provision	-555	-511
Net deferred tax at the beginning of the period	+22 395	+14 460
Change in the balance in the period affecting:	+2 595	+7 935
Result (+/-)	+2 595	+7 935
Net deferred tax at the end of the period, including	+24 990	+22 395
Deferred income tax assets	+24 321	+22 950
Deferred income tax provision	-669	-555

4.8. Property, plant and equipment

In Q1 2022, property, plant and equipment were purchased for over PLN 10.7 million. These purchases include machinery and equipment as well as civil works related to the reconstruction of the production plant, implementation of new technologies, increasing the level of automation of measurements and quality control.

4.9. Court proceedings

There were no settlements due to court cases in the presented period. In the first quarter of 2022, as well as until the date of publication of the interim report, no court, administrative or arbitration proceedings were or are pending before a court, an authority competent for arbitration proceedings or an administrative authority.

4.10. Corrections of prior periods' errors

There were no corrections of prior period errors in the period presented.

4.11. Changes in economic situation and business conditions

There has been no change in economic circumstances or operating conditions affecting the fair value of the Company's financial assets.

4.12. outstanding credits and loans and breach of credit or loan agreements

The balance of loans outstanding as at 31 March 2022 is shown in the table below.

Name of bank and type of credit	Amount of loan under the agreement (PLN thou. / EUR thou.)	Outstanding amount (PLN thou. / EUR thou.)	Nominal interest rate	Repayment date
ING Bank Śląski - corporate foreign currency investment loan	EUR 5 800	EUR 2 491	EURIBOR 1M + margin	31.03.2026
ING Bank Śląski - corporate foreign currency investment loan	EUR 3 600	EUR 2 056	EURIBOR 1M + margin	31.12.2026
ING Bank Śląski - corporate foreign currency investment loan	EUR 2 000	EUR 2 000	EURIBOR 1M + margin	31.03.2026
ING Bank Śląski PLN investment technological loan	PLN 6 000	PLN 3 687	WIBOR 1M + margin	30.09.2022
ING Bank Śląski - foreign exchange loan in a bank account	EUR 1 700	EUR 982	EURIBOR 1M + margin	21.03.2023

The balance of loans outstanding as at 31 March 2021 is shown in the table below.

Loans, as at 31.03.2021

Name of bank and type of credit	Amount of loan under the agreement (PLN thou. / EUR thou.)	Outstanding amount (PLN thou. / EUR thou.)	Nominal interest rate	Repayment date
ING Bank Śląski - corporate foreign currency investment loan	EUR 5 800	EUR 3 372	EURIBOR 1M + margin	31.03.2026
ING Bank Śląski - corporate foreign currency investment loan	EUR 3 600	EUR 2 570 x	EURIBOR 1M + margin	31.12.2026
ING Bank Śląski - corporate foreign currency investment loan	EUR 2 000	EUR 182	EURIBOR 1M + margin	31.03.2026
ING Bank Śląski PLN investment technological loan	PLN 6 000	PLN 2 287	WIBOR 1M + margin	30.09.2022

The balance of loans outstanding as at 31 December 2021 is shown in the table below.

Loans, as at 31.12.2021

Name of bank and type of credit	Amount of loan under the agreement (PLN thou. / EUR thou.)	Outstanding amount (PLN thou. / EUR thou.)	Nominal interest rate	Termin spłaty
ING Bank Śląski - corporate foreign currency investment loan	EUR 5 800	EUR 2 712	EURIBOR margin 1M +	31.03.2026
ING Bank Śląski - corporate foreign currency investment loan	EUR 3 600	EUR 2 184	EURIBOR margin 1M +	31.12.2026
ING Bank Śląski - corporate foreign currency investment loan	EUR 2 000	EUR 1 520	EURIBOR margin 1M +	31.03.2026
ING Bank Śląski PLN investment technological loan	PLN 6 000	PLN 4 270	WIBOR 1M + margin	30.09.2022

The collateral for the above loans obtained is described in section 4.2.9 of the 2021 Annual Report. No provisions of the active loan agreements have been breached. No provisions of the current loan agreements have been breached. As at 31 March 2022, the valuation of foreign currency loans totalled PLN 267 thousand and this amount was booked under finance costs.

4.13. Financial instruments

There was no change in the method of determining the fair value of financial instruments in the period presented. The Company did not change the classification of financial assets in the reporting period.

4.14. Changes to the rules for determining the value of assets and liabilities and for measuring the financial result

There has been no change in the rules for determining the value of assets and liabilities and for measuring the financial result.

4.15. Significant liabilities for the purchase of property, plant and equipment

In the period presented there were no significant liabilities for the purchase of property, plant and equipment.

4.16. Issue, redemption and repayment of non-equity and equity securities

There was no issue, redemption or repayment of non-equity or equity securities in the period presented.

4.17. Dividend paid or declared

No dividends were paid in the period covered by this report.

4.18. Events after the balance sheet date that may affect the Company's financial performance

The Company has not recorded any events after the balance sheet date that could affect its financial results.

4.19. Contingent liabilities and assets

The Company has no contingent assets.

In addition to the contingent liabilities detailed in the 2021 Annual Report in sections 4.2.13 and 4.2.9, the Company has the following contingent liabilities:

Agreement on corporate foreign currency loan for investment financing.

The loan of EUR 1,700,000.00 to finance current business activities. The credit is granted for the period from 21.03.2022 to 21.03.2023.

The credit bears interest at a floating interest rate determined by the Bank on the basis of the EURIBOR rate for 1-month interbank deposits increased by the margin.

The Parties have agreed on the Collateral in the following form:

- contractual joint mortgage up to the amount of EUR 17,100,000.00 on the perpetual usufruct rights to the real property together with the buildings located in Ożarów Mazowiecki
- assignment of rights under the insurance policy for properties constituting the collateral
- statement on submission to enforcement proceedings regarding the obligation to pay the amount of up to EUR 2,550,000.00

4.20. Operating segments

Type of assortment 01.03.2022 - 31.03.2022 (in PLN thousand)		Operating segments		Total
		Detection modules	Semiconductor materials	
Segment income	of which:	12 855	629	13 484
	Sales revenues	11 192	535	11 728
	Other operating revenue	1 663	93	1 756
Segment costs	of which:	11 056	873	11 928
	Cost of products, services and materials sold	2 932	169	3 101
	Selling costs	1 861	85	1 946
	General administration costs	5 556	174	5 730
	Other operating costs	707	445	1 152
Segment profit/(loss)		1 800	-244	1 556
Profit/(loss) from continuing operations before tax and finance income (expenses)		1 800	-244	1 556
Interest income				
Interest expense		170	68	238
Significant cost items		230	71	301
Profit/(loss) before taxation		1 399	-383	1 016
Income tax		-2 592		-2 592
Net profit/(loss)		3 990	-383	3 608
Total assets		186 270	36 882	223 152
Segment assets		186 270	36 882	223 152
Total liabilities		67 999	18 479	86 478
Segment liabilities		67 999	18 479	86 478
Other segment information				
Capital expenditures		90 918	26 141	117 059
- property, plant and equipment		79 875	24 425	104 299
- intangible assets		11 043	1 717	12 760
Depreciation and amortisation		1 715	54	1 769

Type of assortment 01.01.2021 - 31.12.2021 (in PLN thousand)		Continuing operations		Total
		Detection modules	Semiconductor materials	
Segment income	of which:	72 230	5 169	77 399
	Sales revenues	67 212	4 285	71 497
	Other operating revenue	5 017	884	5 902
	Inter-segment sales			
Segment costs	of which:	48 836	3 838	52 674
	Cost of products, services and materials sold	23 868	2 521	26 389
	Selling costs	4 226	122	4 348
	General administration costs	19 759	647	20 406
	Other operating costs	1 372	548	1 920
Segment profit/(loss)		23 394	1 331	24 725
Profit/(loss) from continuing operations before tax and finance income (expenses)		23 394	1 331	24 725
Interest income		575	184	759
Interest expense		423	107	530
Significant income items		83		83
Profit/(loss) before taxation		23 005	1 408	24 413
Income tax		-7 935		-7 935
Net profit/(loss)		30 551	1 408	31 959
Total assets		183 109	35 889	218 997
Segment assets		183 109	35 889	218 997
Total liabilities		63 170	22 761	85 931
Segment liabilities		63 170	22 761	85 931
Other segment information				
Capital expenditures		86 961	25 851	112 812
- property, plant and equipment		75 094	24 125	99 219
- intangible assets		11 867	1 726	13 593
Depreciation and amortisation		6 510	216	6 725

Type of assortment 01.03.2021 - 31.03.2021 (in PLN thousand)		Operating segments		Total
		Detection modules	Semiconductor materials	
Segment income	Segment costs	15 060	945	16 004
	Segment costs	13 950	632	14 582
	Segment costs	1 110	312	1 422
Segment costs	of which:	10 256	389	10 801
	Cost of products, services and materials sold	4 968	253	5 221
	Selling costs	714	29	743
	General administration costs	4 151	263	4 414
	Other operating costs	423	0	423
Segment profit/(loss)		4 803	400	5 203
Profit/(loss) from continuing operations before tax and finance income (expenses)		32	0	32
Interest income		98	61	159
Significant cost items disclosed		62	110	172

Type of assortment 01.03.2021 - 31.03.2021 (in PLN thousand)	Operating segments		Total
	Detection modules	Semiconductor materials	
Profit/(loss) before taxation	4 676	229	4 905
Income tax	-395	-95	-490
Net profit/(loss)	5 071	324	5 394
Total assets	148 952	23 326	172 767
Segment assets	149 346	23 421	172 767
Total liabilities	50 276	16 515	66 791
Segment liabilities	50 276	16 515	66 791
Other segment information			
Capital expenditures	71 508	17 278	88 786
- property, plant and equipment	57 190	15 562	72 751
- intangible assets	14 318	1 717	16 034
Depreciation and amortisation	1 583	49	1 632

4.21. Guarantees and sureties granted

In Q1 2022, the Company granted a loan of PLN 345 thousand to VIGO Photonics Taiwan and PLN 865 thousand to VIGO Photonics USA. No loan sureties or guarantees were granted to any entity.

4.22. Other information

Impact of the war in Ukraine

In connection with the war in Ukraine, the Company estimated its impact on the Issuer's operations and its financial results.

The Company has decided to suspend sales of its products in Russia and Belarus. Suspension of sales to Russia will not have a significant impact on the Company's financial results. In 2021, sales to Russia stood at PLN 244 thousand, and in previous years between PLN 100 and 150 thousand annually.

As a result of the sanctions, the Company has noted additional risks associated with the supply of components manufactured in the Russian Federation. If additional restrictions are introduced, problems may arise with the timeliness of deliveries or restrictions on the ability to purchase these components. The value of components imported from Russia in 2021 amounted to PLN 7.3 million. The Company has taken steps to find alternative suppliers and is also working with suppliers to change the location of component production. The qualification of new suppliers is proceeding as planned and should be completed at the beginning of July this year.

RoHS Directive

Under Directive 2011/65/EU of 8 June 2011 on the restriction of the use of certain hazardous substances in electrical and electronic equipment ("ROHS Directive"), certain chemicals must be phased out of electrical and electronic equipment placed on the EU market. Among the hazardous substances identified by the ROHS Directive are mercury and cadmium, which are contained in cadmium mercury telluride (HgCdTe), a basic semiconductor material for uncooled mid-infrared detectors.

Pursuant to Annex IV of the ROHS Directive, mercury and cadmium in infrared detectors are exempted from the restrictions of the Directive until the expiry of the relevant transitional periods:

- Until 21 July 2021 for medical devices,

- Until 21 July 2023 for in vitro diagnostic medical devices,
- Until 21 July 2024 in the case of control and measuring equipment for industrial use

The Directive does not cover military or space applications.

The Directive provides for the possibility to apply to the European Commission for an extension of the above deadlines in the event that technical progress does not render it possible to find reliable substitutes for the above substances. The Company applied to the EC for an extension of the transition period for medical devices in January 2020. Similar requests have also been made by other manufacturers of equipment using HgCdTe detectors. The process of evaluating the applications is currently underway.

In March 2022, a report⁵ commissioned by the European Commission was published assessing the applications submitted for the extension of the transition periods. According to this report, the consultant recommends extending the possibility of using HgCdTe detectors in all three above-mentioned applications until 21 July 2028.

Adam Piotrowski
President of the Management Board

Łukasz Piekarski
Member of the Management Board

Sylwia Wiśniewska-Filipiak
Chief Accountant

⁵ Available at: https://rohs.biois.eu/RoHS-Pack-21_Final-Report.pdf