

Strategy of Apator Group 2024–2028



01

Context of the organisation



Macroeconomic context



Climate change

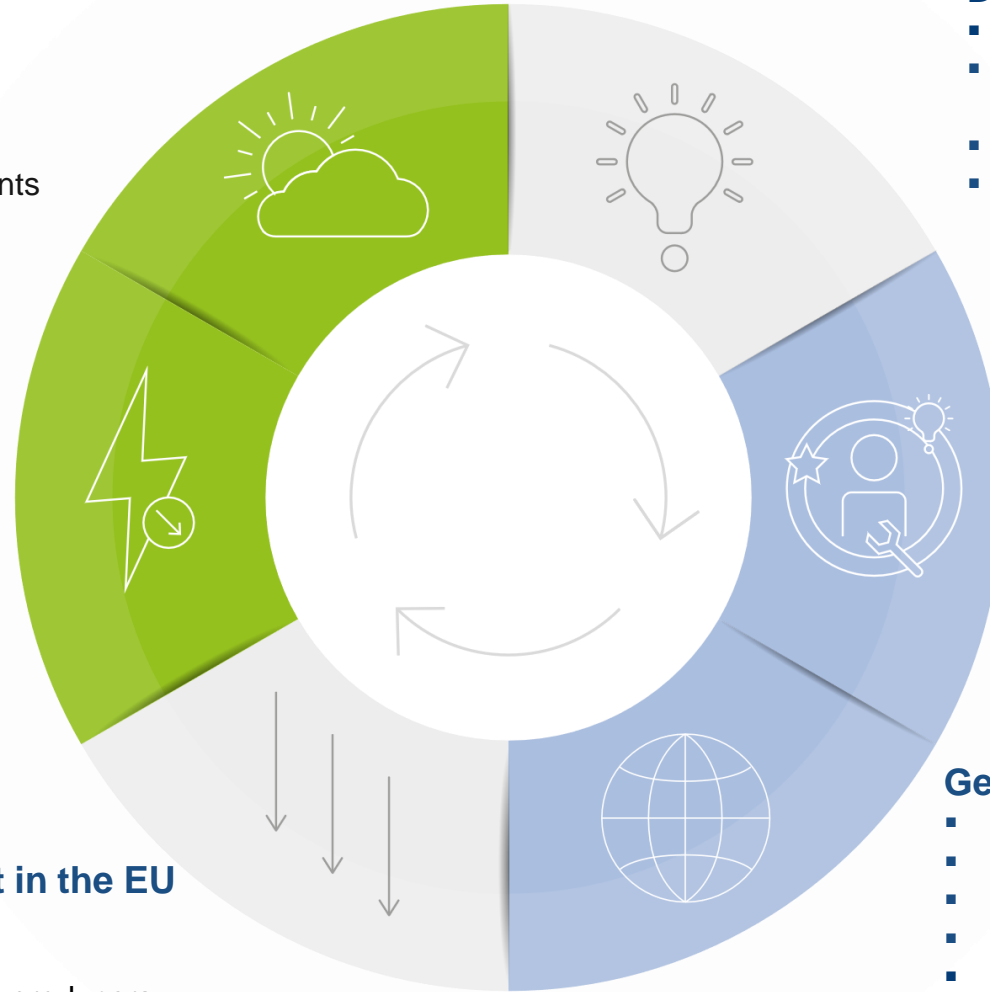
- Decarbonisation
- Green Deal, Blue Deal, Fit for 55 and REPowerEU etc.
- RES development
- A growing trend in green investments
- ESG regulations

Energy

- Energy market reform
- Gradual stabilisation of energy resource prices
- Negotiations on the reform of the ETS mechanism
- Financial support for energy transition

Rate of economic development in the EU

- Economic downturn
- Declining inflation
- Decreasing competitiveness of EU producers



Development of new technologies

- Acceleration of the energy transformation
- Innovations in the area of alternative fuels, IoT, AI and power electronics
- Acceleration of digitalisation
- Automation and robotisation

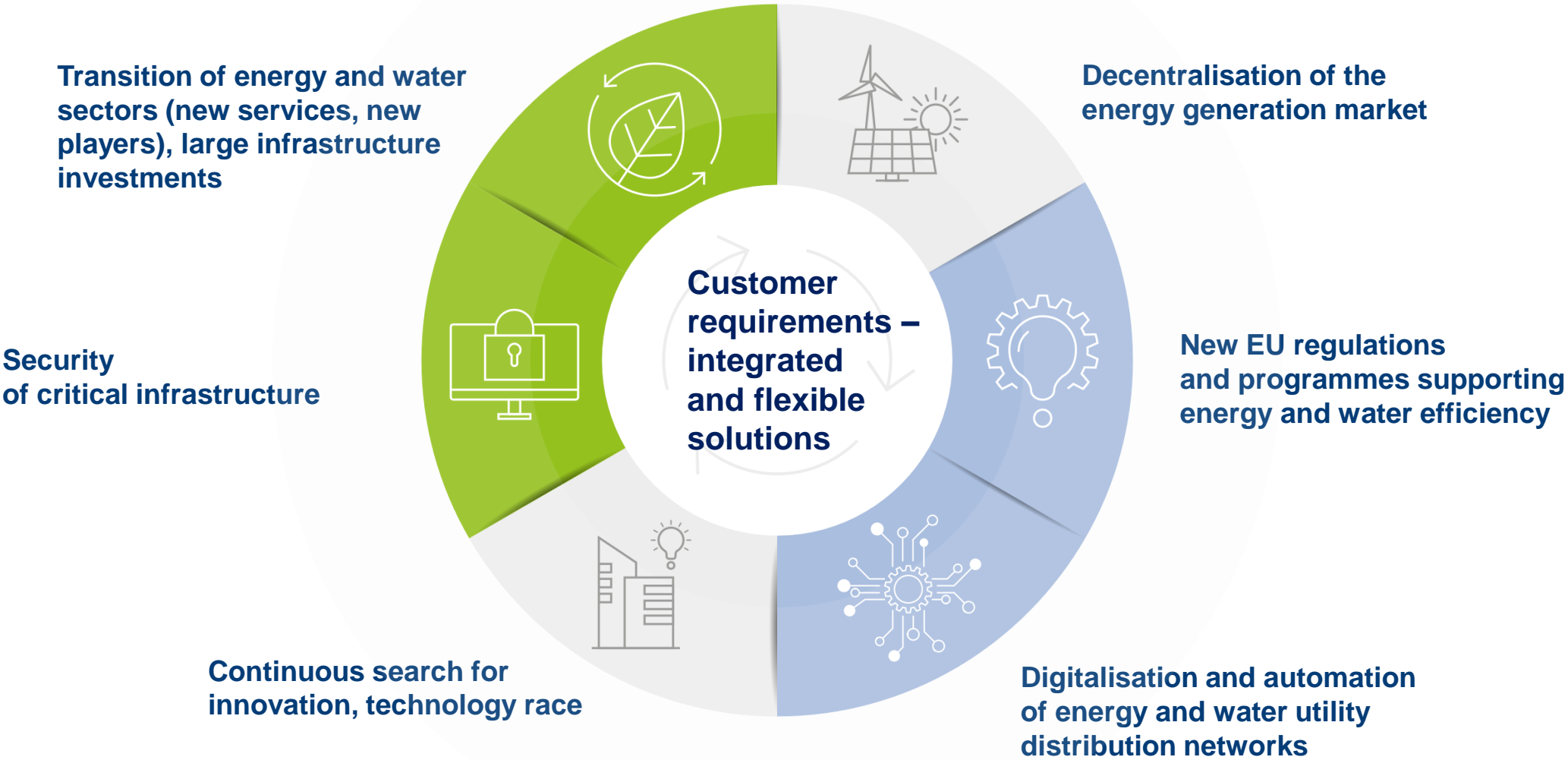
Availability of R&D competences

- Rapid technological obsolescence
- Increased labour costs
- Global competition for skilled workers

Geopolitical conflicts

- Unstable geopolitical situation
- US/PRC trade war
- Dominance of PRC
- Commodity and component market turbulence
- Trade interventionism, local content policy

Industrial factors



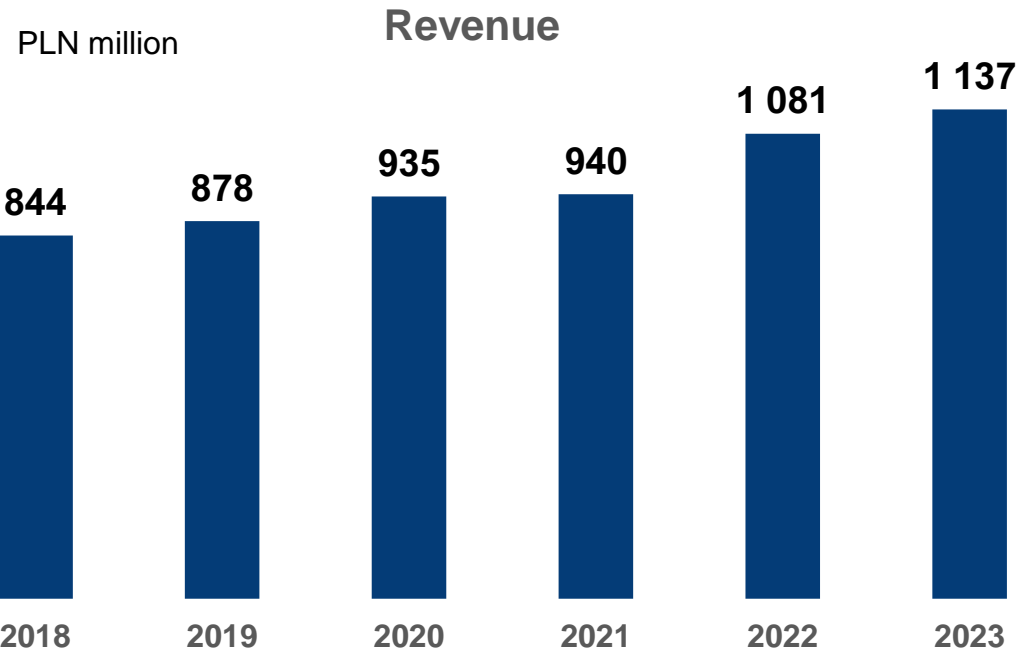
Strengths of Apator Group

Apator Group has extensive technical competence in the management of energy utilities and water that are unique in the CEE region and the industry.

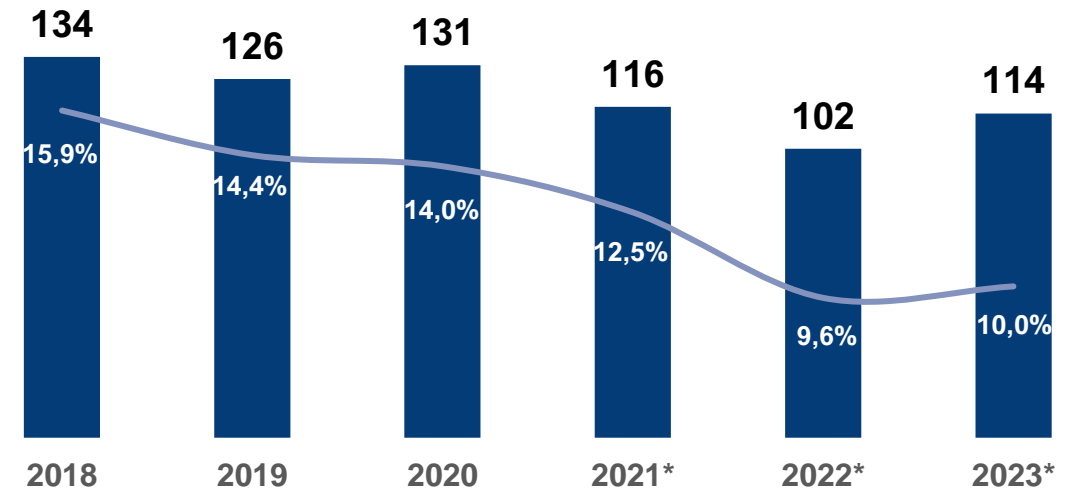
- Exceptional competences in electronics, mechanics and ICT
- Own R&D resources
- Proprietary solutions
- Full value chain, including own production assets
- Flexibility in offering to multiple market segments



Apator Group results



Adjusted EBITDA*

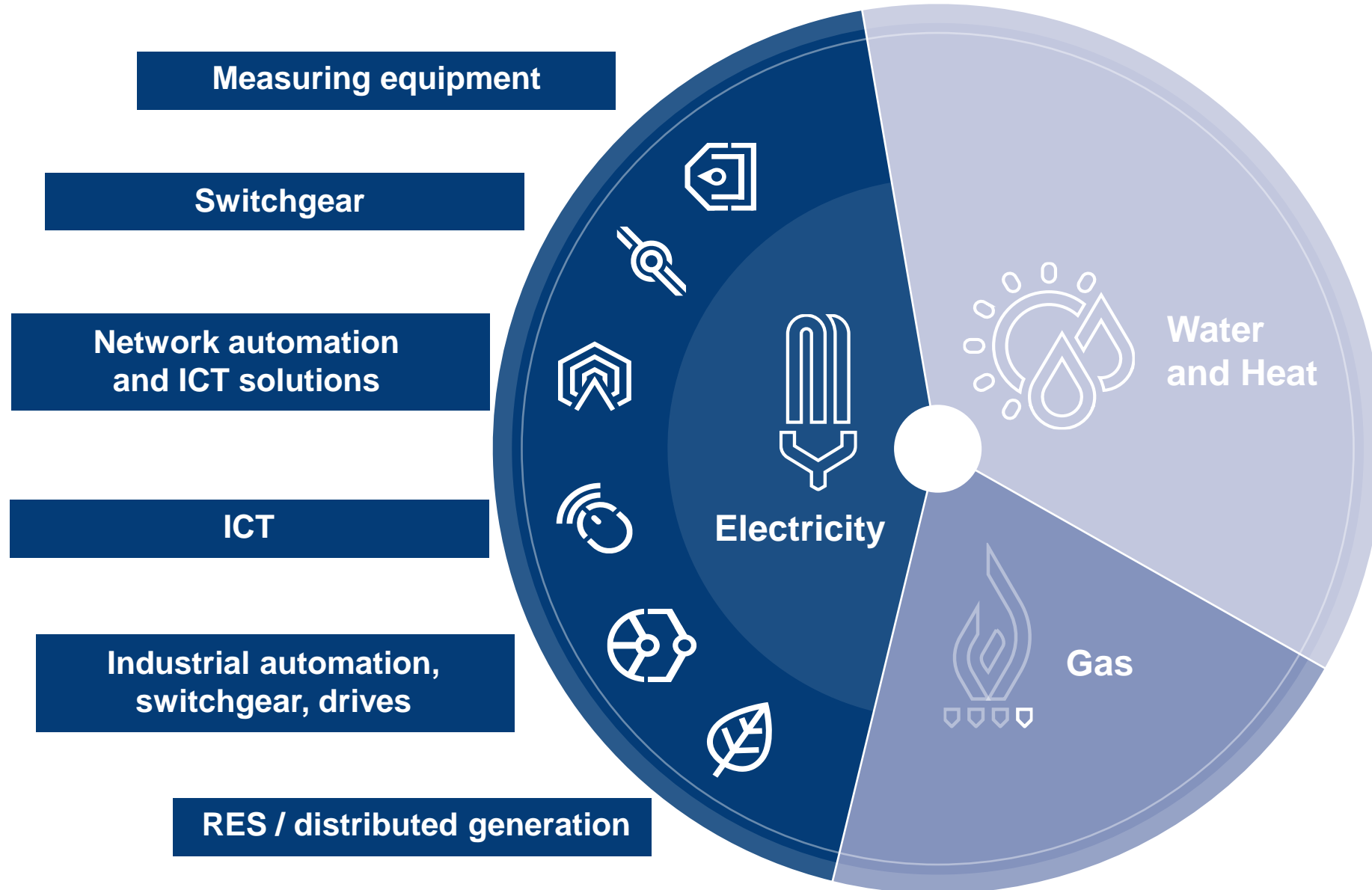


* EBITDA for 2021 was adjusted for the result on the sale of real estate and land in Poznań for an amount of (PLN 34.1 m)
 EBITDA for 2022 was adjusted for the write-off of development work and goodwill of GWi (PLN 14.6 m),
 EBITDA for 2023 was adjusted for write-offs on intangible assets and other assets relating to GWi (PLN 17.5 m)

CAGR 2018–2023

Revenue = 6.1%
 EBITDA = -3.2%

Apator Group today



Strategic opportunities



DISTRIBUTED MICROGENERATION

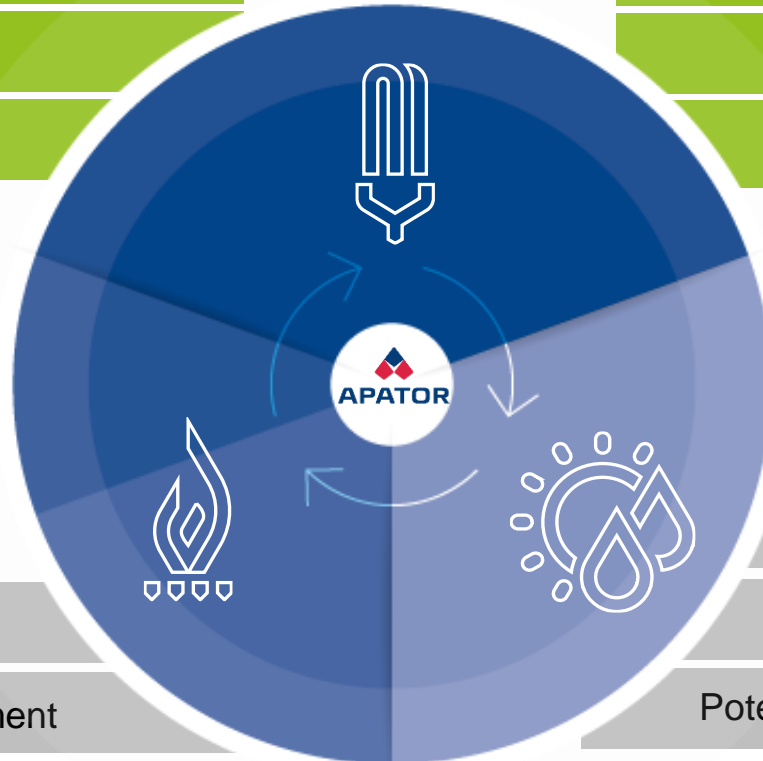
- Energy efficiency in industry
- IoT control
- Energy management

LARGE-SCALE MACROGENERATION

- Energy storage and grid stabilisation
- Increasing system flexibility
- Integrated management systems

GREEN GASES AND FUELS

- Hydrogen measurement
- Biogas measurement



WATER

- Water efficiency
- Potential for device replacements in Europe
- Potential in billing/services

02

2024–2028 strategy



Vision, mission



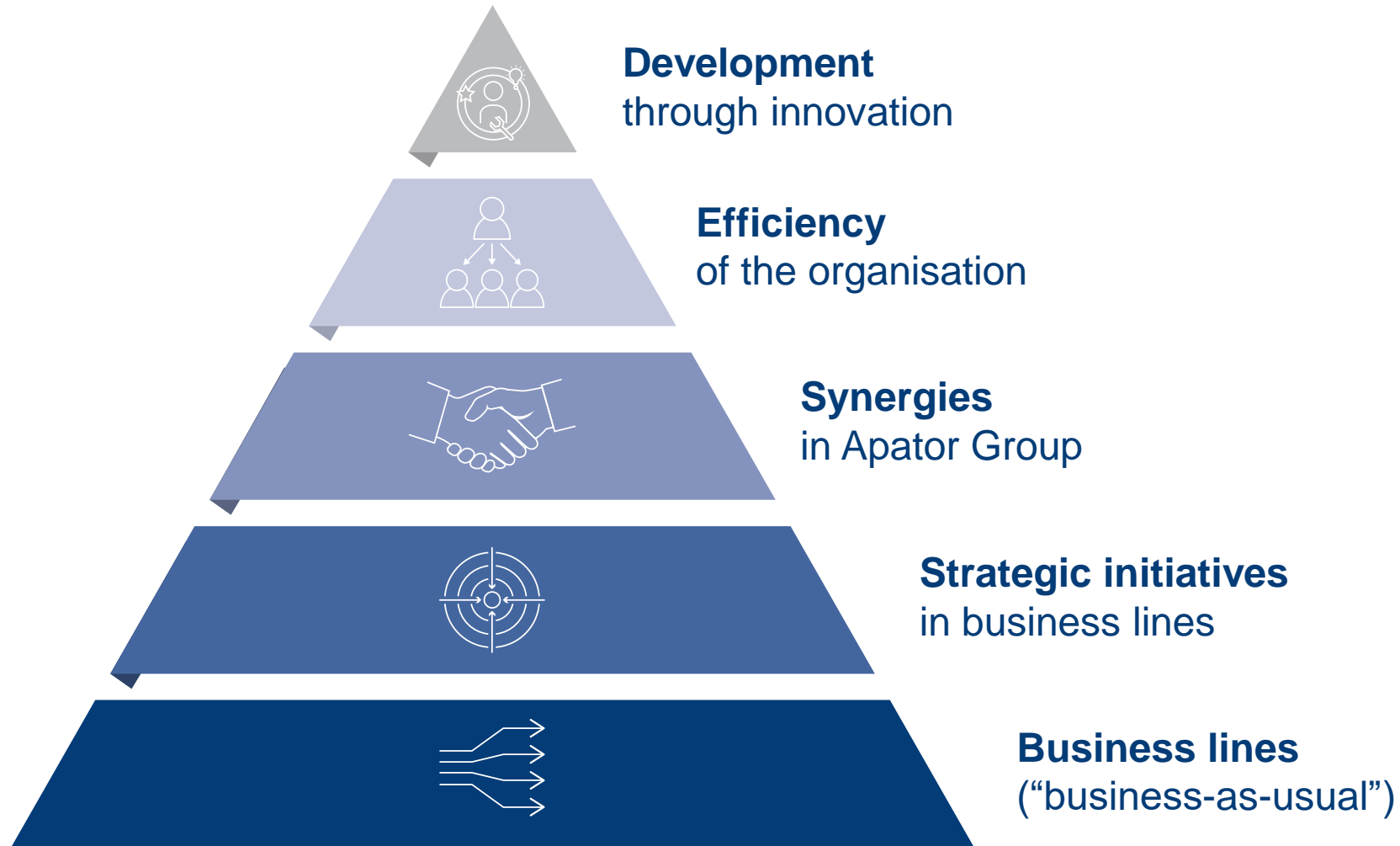
VISION

We are the first choice in providing integrated solutions of the future for the energy and water sectors.

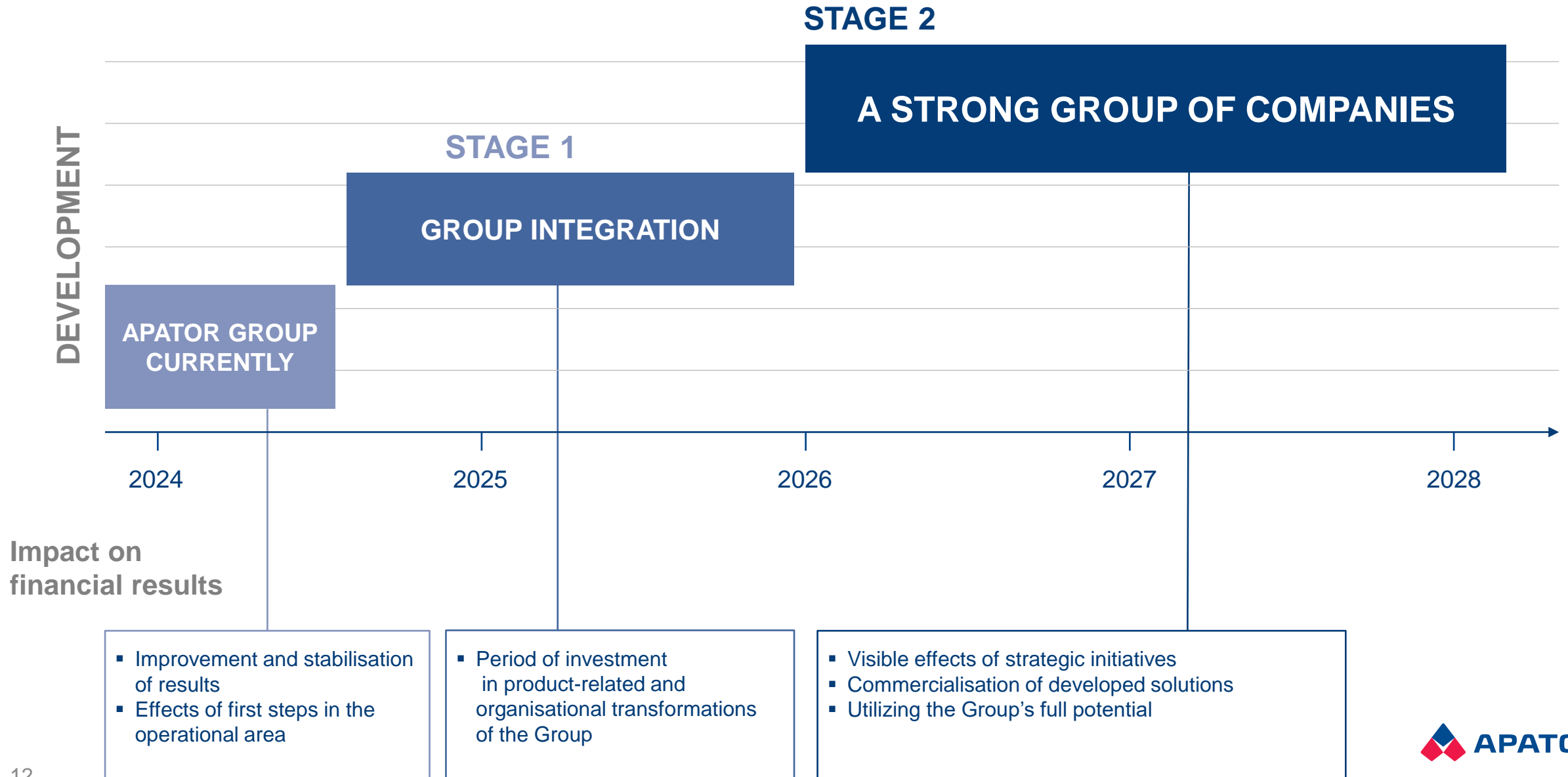
MISSION

We create technologies to support customers in the responsible and sustainable management of energy utilities and water.

Value creation model



Stages of strategy implementation

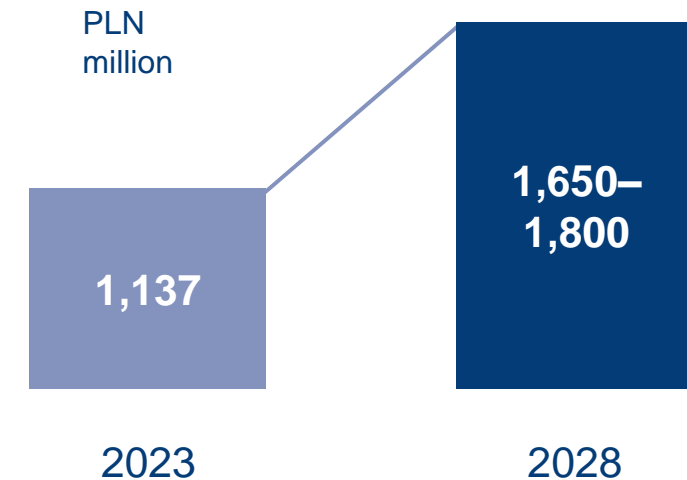


Financial goal of the strategy

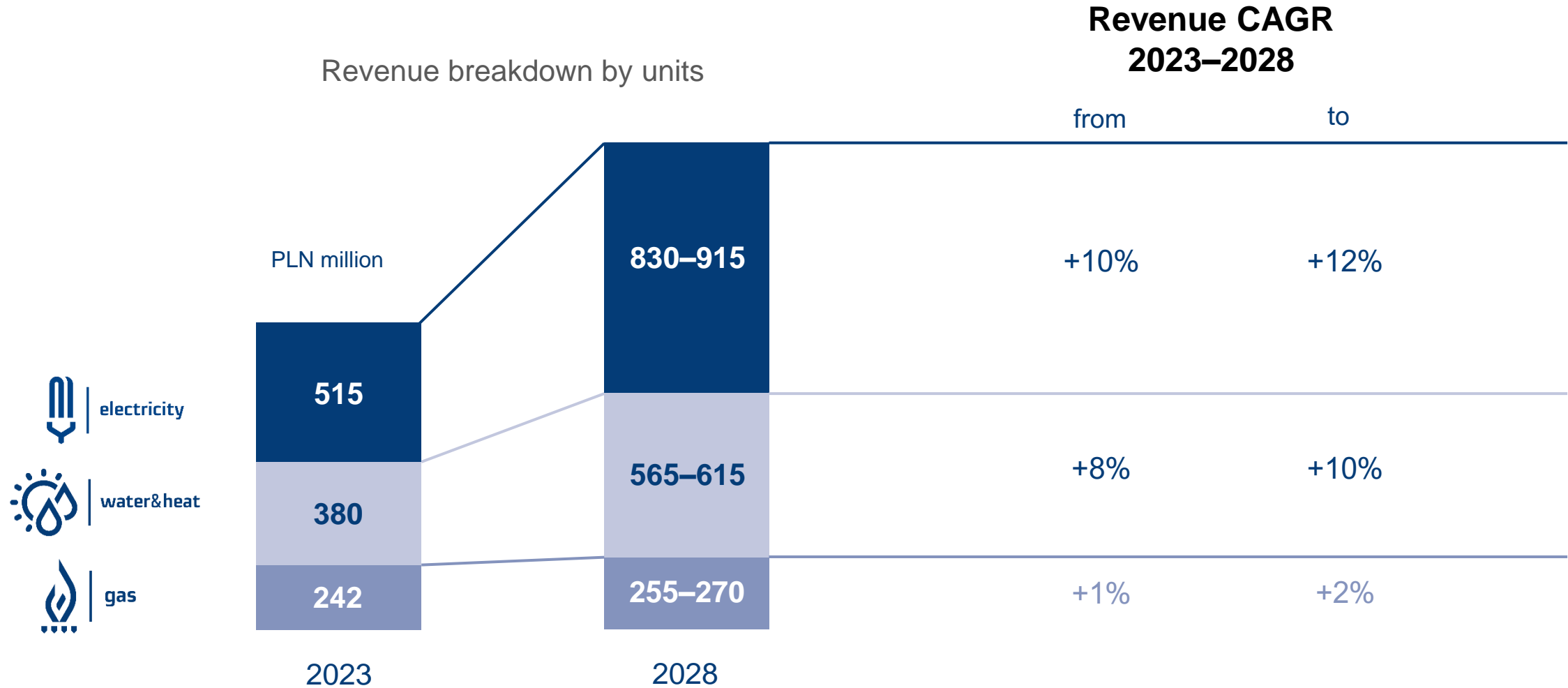
- an increased growth rate of revenue

Achievement of an average annual revenue growth rate of 8% to 10%

- Electricity BU and Water and Heat BU as sources of revenue growth



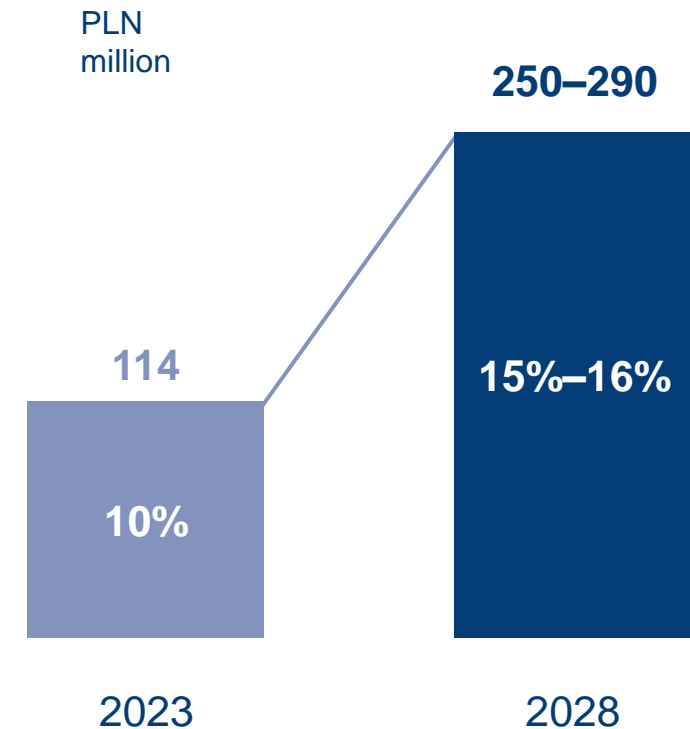
Business Units share in the strategic objective



Financial objective of the strategy – improved EBITDA profitability

Increase in EBITDA profitability from 5 to 6 percentage points compared to 2023

- Improved operational efficiency across all segments
- impact of higher-margin group solutions
- organisational integration of the Group



Improving operational efficiency



Improved operational efficiency across all Business Units (EBITDA effect of 3% to 3.5%)

- consolidation of purchasing processes
- increase in efficiency and operational specialisation
- standardisation of processes to competence centres and a shared service centre

Impact of higher-margin group solutions (EBITDA effect of 2% to 2.5%)

- new integrated solutions, e.g. in the area of managing energy utilities, water and RES
- new business models

Financial objectives of the strategy

Maintain the net debt/EBITDA ratio below 2x

- reduction visible as early as in 2024

CAPEX at 5–7% of revenues

- investment level above replacement value
- product-related development of group solutions
- increased level of investment in IT systems
(new group ERP)

Directions of organisational transformation

1

Increasing the effectiveness of the sales strategy



2

Product life cycle and innovation management



3

Competitiveness/
cost effectiveness



4

Apator as a Group

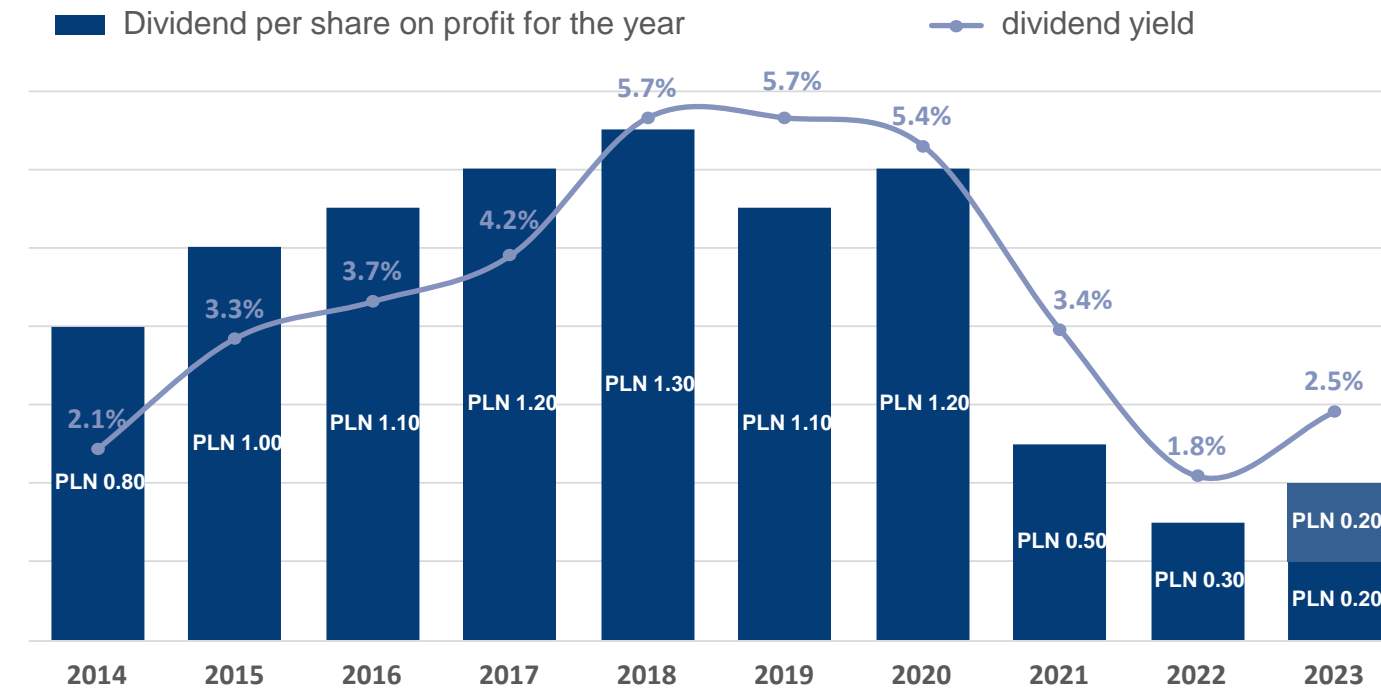


Integrated solutions



Apator as a dividend-paying company

Since its entry into the stock exchange (1997), we have paid out **PLN 530 m** in the form of dividends and share buyback



Dividend policy

Annual declaration of dividend payment in the amount of **up to 75%** of the net profit of Apator SA.

The Executive Board foresees the possibility of payment of advance dividends.

**The recommendation will always take into account the current and future development prospects, financial standing of Apator Group (including current and predicted level of liabilities), investment plans and possibilities of their financing and conditions of the market environment.*



Summary of financial objectives 2028



1. Revenue from sales	annual growth rate of 8–10%*
2. EBITDA	improvement of 5–6 p.p.*
3. DN/EBITDA	ratio <2.0
4. CAPEX	5–7% of revenue
5. DIVIDEND	up to 75% of profit of Apator SA

* compared to 2023

Disclaimer

The Company's Management Board points out that, despite the exercise of due diligence, due to the possibility of external factors (especially in view of the high unpredictability of the macroeconomic environment) that may materially affect the objectives presented in the Strategy, they cannot be treated as operational or financial forecasts, but only as measures of the implementation of the Strategy, which the Company will strive to achieve during the implementation of the updated Strategy.

Thank you for your attention

