Company Report | **Industry** | **Poland** | **20 November 2025**

Apator

Efficiency improvements overshadowed by risks

Apator continues to improve its operational efficiency, which is reflected in improved financial results. While these changes are moving in the right direction, the positives have recently been overshadowed by the risk of a potential fine in connection with the antitrust proceeding being conducted by the UOKiK:

- In early October 2025, the UOKiK initiated the proceeding against Apator Metrix S.A., for which the group may face a fine of up to 10% of revenue from the previous year before the fine is imposed. As of now, it is hard to estimate how long the proceeding will last and its ultimate result.
- After the first half of 2025, it became clear that the Company would not be able to repeat its record-high revenues from 2024 this year, but the expansion of margins gives cause for optimism. In the first three quarters of 2025, the Company managed to improve its gross profit margin by 1.2 p.p. to 27.2% and its EBITDA margin by 1.2 p.p. to 13.6%. We also expect profitability to improve y/y in 4Q'2025, with this trend continuing in the following years.
- We expect the Company to generate decent cash flows with a high single-digit FCF yield in the coming years, which should translate into a decline in the net debt to EBITDA ratio in the coming years, assuming no M&A's. A further improvement in the Company's cash position creates room for dividend increases.
- In early September, the Company announced plans to develop a new version of the FPV drone together with partners, with the intention of jointly participating in future military tenders. Although this may be a potential growth factor in the future, we are not currently including it in our base-case scenario due to the relatively early stage of the project and a lot of unknowns.

Apator, Key figures

PLN mn	2023	2024	2025e	2026e	2027e	2028e
Revenues	1,137	1,228	1,180	1,215	1,234	1,256
EBITDA	97	142	172	158	163	168
EBIT	40	85	102	88	93	97
Net income	8	73	84	65	68	72
EPS	0.28	2.52	2.89	2.25	2.35	2.47
FCF	72	94	39	58	65	72
DPS	0.50	0.60	0.60	1.00	1.08	1.13
DY	2.0%	2.4%	2.3%	3.9%	4.3%	4.5%
P/E	90.5	10.1	8.8	11.3	10.8	10.3
FCF yield	9.7%	12.8%	5.4%	7.8%	8.8%	9.7%
EV/EBITDA	9.9	6.1	5.0	5.3	5.0	4.6
Net Debt	218	138	130	107	78	46
Net Debt/EBITDA	2.3	1.0	0.8	0.7	0.5	0.3

Source: Apator, Pekao Equity Research.

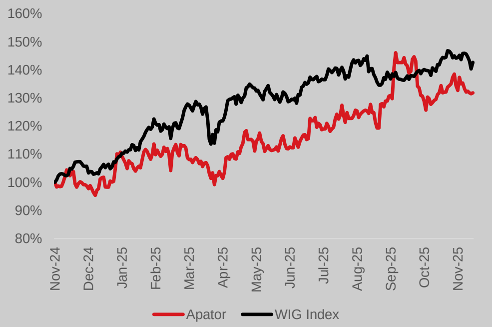
Buy (Reiterated)

Target price — **PLN 27.60**

Upside to TP — **22.4%**
Price on 19 November 2025 — PLN 22.55

ESG rating — **B**
Final ESG score — **1.05**

Relative share price performance vs. WIG Index



UPCOMING EVENTS
4Q'2025 results

STOCK DATA

Reuters/Bloomberg	APTP.WA/APT:PW
Free float (%)	66.5
Market capitalization (PLNmn)	736
No. of shares in issue (mn)	32.6

Shareholders: PTE Allianz Polska S.A. 13.92%, Apator Mining 11.03%, Mariusz Lewicki 7.19%

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Recent developments

Antitrust proceeding initiated by the UOKiK

In early October 2025, the Company informed that the antitrust authority (UOKiK) initiated the proceeding against Apator Metrix S.A. in connection with the suspicion of concluding an unlawful agreement, i.e. (1) dividing the market for bellows gas meters and (2) agreeing on the terms of offers submitted in tenders for the supply of bellows gas meters organized by Polska Spółka Gazownictwa Sp. z o.o. The proceedings concern public tenders organized between 2014 and 2021. Accordingly, the President of the UOKiK may impose a fine of no more than 10% of the turnover achieved in the financial year preceding the year in which the fine is imposed. However, when calculating turnover, the turnover achieved by the entrepreneur or entrepreneurs exercising decisive influence on the entrepreneur is also taken into account.

We believe that a possible fine should be imposed no earlier than in 2026, if at all. The authority may take into consideration the total revenue of the whole capital group when imposing a fine. In the first three quarters of 2025, the group's consolidated revenue amounted to PLN 866mn (-6.6% y/y). This year, we believe that revenue should not exceed PLN 1.2bn, so if a possible fine is imposed in 2026, its maximum amount should not exceed PLN 120mn, i.e. ca. PLN 3.7/share (ca. 16% of the current market cap).

However, it is worth mentioning that the Company operates across three different segments, which may also influence the decision of the UOKiK. Apator Metrix is a part of the Gas segment along with Apator GmbH (Germany). In 2024, the Gas segment generated revenue of PLN 274mn, while Apator Metrix generated PLN 268mn of revenue in 2024, according to data from KRS. In the first three quarters of 2025, the Gas segment generated revenue of PLN 158mn (-25.8% y/y). Assuming this year's revenue of the Gas segment amounting to PLN 224mn and a fine imposed in 2026, the maximum amount of a possible fine should not exceed PLN 22mn, i.e. up to PLN 0.7/share (ca. 3% of the current market cap). As of now, it is hard to estimate how long the proceeding will last and its ultimate result.

Real estate sold for PLN 17.6mn net, a lack of advance dividend for 2025

In late October 2025, the Company informed that it has entered into an agreement to sell two lands located in Toruń with a total area of 2.0902 ha for the total price of PLN 17.6mn net. The Company estimated the impact on the net result of approx. PLN 12mn, which will be reflected in 4Q'2025 results.

By the way, the Company informed that its goal is to maintain an attractive dividend policy, so the management's recommendation regarding the dividend for 2025 should be made public no later than 2Q'2026. That suggests that the Company should not pay an advanced dividend before the year-end, which was the case in recent years.

3Q'2025 financial results

Recently, the Company released its 3Q'2025 results with revenue of PLN 296, which was in line with our and market estimates. GP margin was slightly below our estimates, due to a weaker Gas segment. On the other hand, SG&A costs were 4% below our estimate, which was positive. EBITDA beat our and market expectations by 12% and 4%, respectively. We underestimated EE and W&H segments, where EBITDA margins exceeded 16%. The below P&L lines were also better than our expectations. Net profit was better by 46% and 21% than our estimate and consensus, respectively, partly due to R&D tax relief of PLN 2.1mn in the Gas segment. Operating cash flow was better y/y, but lower than our estimate. The Company ended 3Q'2025 with a higher net debt compared to 2Q'2025, but a lower level than one year ago.

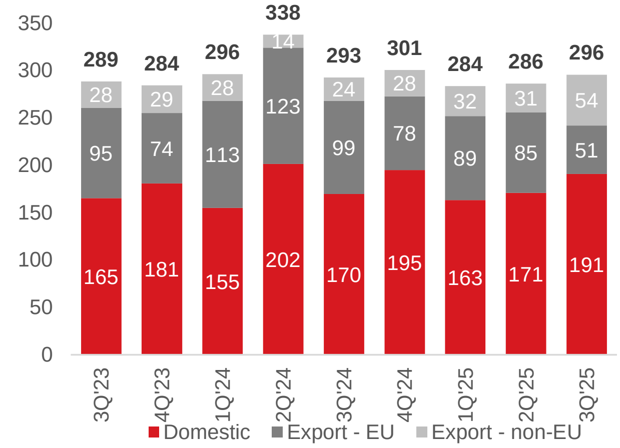
Apator: 3Q'2025 results review

PLN mn	3Q'2024	4Q'2024	1Q'2025	2Q'2025	3Q'2025	Y/Y	Q/Q	Pekao	vs. Pekao	consensus	vs. consensus
Revenues	**292.6**	**300.7**	**283.7**	**286.4**	**295.8**	***1%***	***3%***	**295.5**	***0%***	**295.3**	***0%***
EE	134.3	153.0	124.6	137.7	148.2	*10%*	*8%*	144.5	*3%*		*n/a*
GAZ	65.7	60.5	58.4	45.4	54.5	*-17%*	*20%*	52.9	*3%*		*n/a*
W&H	92.6	87.3	100.7	103.3	93.1	*1%*	*-10%*	98.1	*-5%*		*n/a*
COGS	-215.7	-227.1	-208.1	-204.9	-217.3	*1%*	*6%*	-216.2	*1%*		*n/a*
Gross profit	**76.9**	**73.6**	**75.6**	**81.5**	**78.5**	***2%***	***-4%***	**79.3**	***-1%***		***n/a***
EE	36.3	39.8	32.2	37.5	39.7	*9%*	*6%*	38.6	*3%*		*n/a*
GAZ	10.9	11.3	11.1	8.4	8.3	*-24%*	*-1%*	9.7	*-14%*		*n/a*
W&H	29.7	22.5	32.3	35.6	30.5	*3%*	*-14%*	31.0	*-1%*		*n/a*
SG&A	-48.4	-55.7	-56.1	-57.6	-55.1	*14%*	*-4%*	-57.6	*-4%*		*n/a*
EBITDA	**38.2**	**27.7**	**35.0**	**40.2**	**42.4**	***11%***	***6%***	**38.0**	***12%***	**40.8**	***4%***
EE	20.9	20.4	14.9	18.9	24.2	*16%*	*28%*	22.9	*6%*		*n/a*
GAZ	2.0	1.1	5.2	3.6	3.5	*70%*	*-4%*	3.6	*-2%*		*n/a*
W&H	15.9	5.9	15.6	18.5	15.6	*-2%*	*-16%*	12.4	*25%*		*n/a*
Others	-0.7	0.3	-0.8	-0.9	-0.8	*23%*	*-7%*	-0.8	*-1%*		*n/a*
EBIT	24.1	12.0	17.9	23.3	24.9	*3%*	*7%*	21.2	*17%*	24.2	*3%*
EBT	21.7	11.1	16.2	23.0	22.0	*1%*	*-5%*	19.4	*13%*		*n/a*
Net profit	**17.4**	**17.3**	**12.0**	**17.8**	**23.3**	***34%***	***31%***	**15.9**	***46%***	**19.2**	***21%***
Margins											
Gross profit margin	***26.3%***	***24.5%***	***26.6%***	***28.5%***	***26.6%***			***26.8%***			
incl. EE	*27.1%*	*26.0%*	*25.9%*	*27.2%*	*26.8%*			*26.7%*			
incl. GAZ	*16.7%*	*18.7%*	*18.9%*	*18.5%*	*15.3%*			*18.3%*			
incl. W&H	*32.0%*	*25.8%*	*32.1%*	*34.5%*	*32.8%*			*31.6%*			
EBITDA margin	***13.1%***	***9.2%***	***12.3%***	***14.0%***	***14.3%***			***12.9%***		***13.8%***	
incl. EE	*15.6%*	*13.3%*	*12.0%*	*13.7%*	*16.3%*			*15.8%*			
incl. GAZ	*3.1%*	*1.8%*	*8.9%*	*8.0%*	*6.4%*			*6.7%*			
incl. W&H	*17.2%*	*6.7%*	*15.5%*	*17.9%*	*16.7%*			*12.6%*			
EBIT margin	*8.2%*	*4.0%*	*6.3%*	*8.1%*	*8.4%*			*7.2%*		*8.2%*	
Net profit margin	*5.9%*	*5.8%*	*4.2%*	*6.2%*	*7.9%*			*5.4%*		*6.5%*	
Operating CF	**18.2**	**45.7**	**42.0**	**21.9**	**24.9**	***37%***	***14%***	**42.1**	***-41%***		***n/a***
Investing CF	-12.1	-19.3	-16.8	-20.2	-27.1	*124%*	*34%*	-24.3	*12%*		*n/a*
Financing CF	-8.9	-28.1	-18.7	8.4	-10.0	*12%*	*n/a*	-19.1	*-48%*		*n/a*
Net debt	**150.5**	**138.0**	**115.7**	**117.3**	**142.6**	***-5%***	***22%***	**118.8**	***20%***		***n/a***
ND/EBITDA (LTM)	*1.24*	*0.97*	*0.80*	*0.83*	*0.98*			*0.84*			

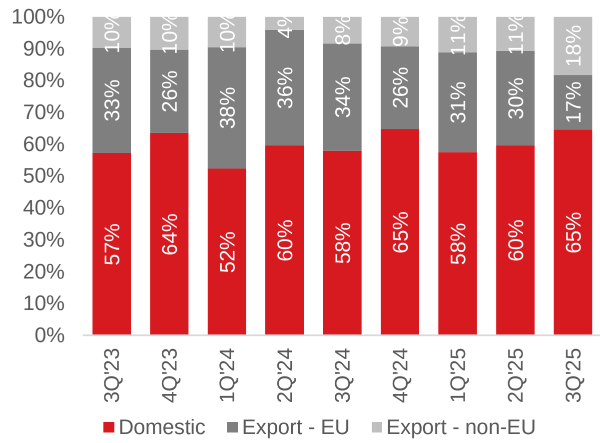
Source: Apator, Pekao Equity Research.

The Company's revenue over last nine quarters

Revenue by area (PLN mn)



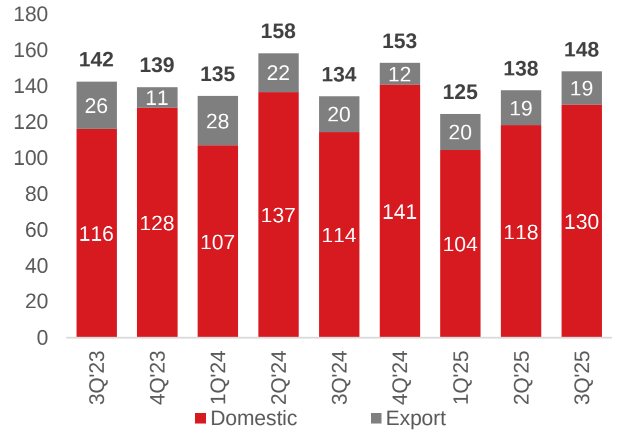
Geographical structure of revenue (%)



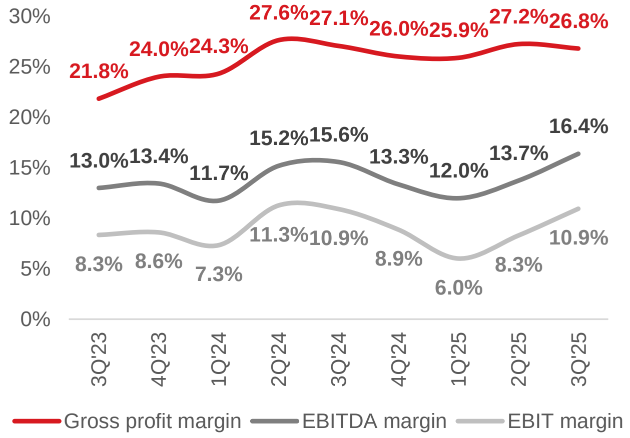
Source: Apator, Pekao Equity Research.

The Electricity segment over last nine quarters

Revenue (PLN mn)



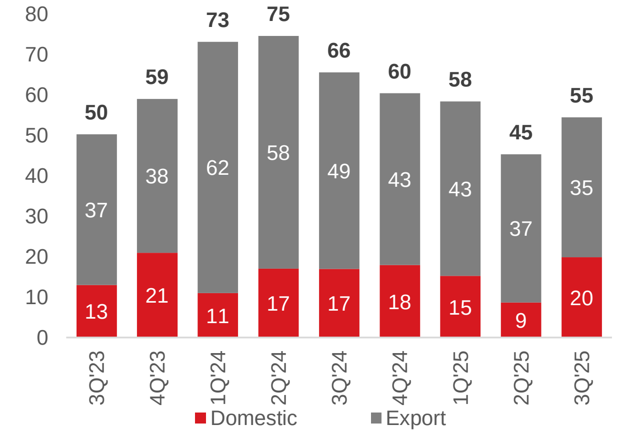
Profitability



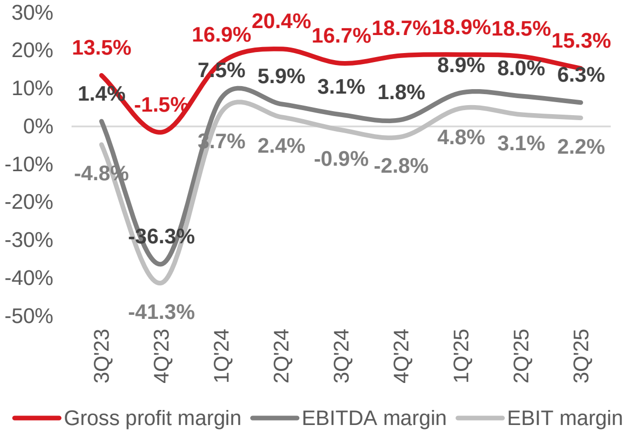
Source: Apator, Pekao Equity Research.

The Gas segment over last nine quarters

Revenue (PLN mn)



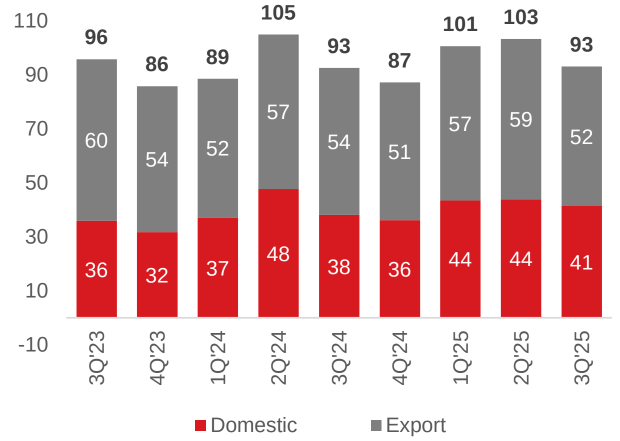
Profitability



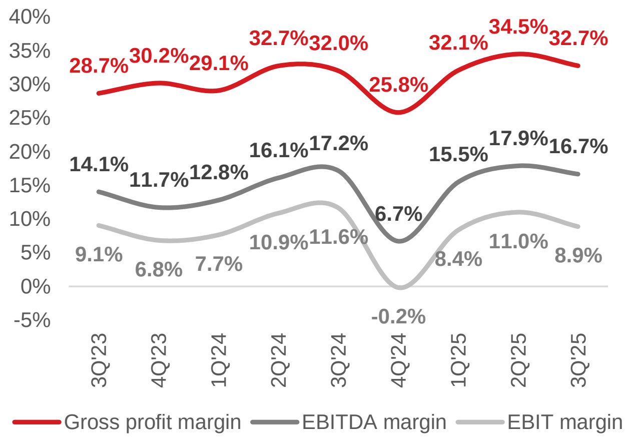
Source: Apator, Pekao Equity Research.

The Water and Heat segment over last nine quarters

Revenue (PLN mn)



Profitability



Source: Apator, Pekao Equity Research.

Update of forecasts

We expect the Electricity and Water and Heat segments to be the drivers of the Company's growth in the coming years, while we are more cautious about the Gas segment:

- **The Electricity segment** – The domestic market is key, accounting for over 80% of revenue. Based on Poland's Energy Policy until 2040, a requirement was introduced to install electricity meters with remote reading functionality in at least 80% of households by the end of 2028, with intermediate targets of 35% by the end of 2025 and 65% by the end of 2027. By July 4, 2031, all end users should be equipped with meters with remote reading capability. A share of meters with remote reading functionality increased from 29.12% at the end of 2023 to 38.26% at the end of 2024, i.e. by more than 9 percentage points (1.8 million meters). The coming years will be crucial for achieving this goal, as it will be necessary to install over 8 million meters within 4 years (2025-2028), which is the main growth factor for this segment. The German market should also be an important market, with targets of 20% by the end of 2025, 50% by the end of 2028 and 95% by the end of 2030.
- **The Gas segment** – We view this segment with a greater caution due to the fact that the development of this market is more dependent on geopolitical decisions. The market is characterized by large public tenders and contracts concluded for several years, as well as fairly strong competition. Outside Europe, the competition is even fiercer. The hydrogen market could be an opportunity, but due to the lack of its economic viability, we do not expect hydrogen to play a significant role in the economy. In the short term, a positive impact on results should have the contract with PSG (eGazomierz) worth PLN 134mn, which should be completed by 3Q'2026. On the other hand, the contract for gas meters to Belgium worth EUR 65mn is nearing completion. In the long term, we expect the Gas segment to become less and less important for the Company's results.
- **Water and Heat segment** – The segment is affected to some extent by the economic situation in the housing construction industry, which creates new demand for meters. In Poland, water meters must be legalized or replaced every 5 years. Current regulations require owners or managers of multi-unit buildings to install hot water meters and heat meters with remote reading functionality by January 1, 2027. This segment should be quite stable, but it also has a growth potential.

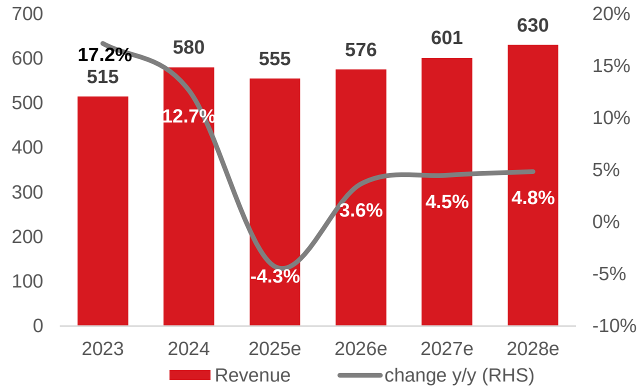
We assume that the second half of the year will be better than the first. Following a decline in revenue in 1H'2025, 3Q'2025 was flattish. However, we expect a modest improvement in the Company's revenue in 4Q'2025, which should result in a full-year revenue of PLN 1.18bn (-3.9% y/y). We assume the CAGR 2025-2030 of +2.2%, with the Electricity segment as the fastest growing (+4.5%). In the mid-term, we expect a decline in revenues in the Gas segment.

We assume that the trend of improving gross profit margin will continue, and that the gross profit margin will approach to 27% in the full-year 2025. In the following years, we assume a gradual improvement resulting from improved profitability in the Electricity and Water and Heat segments, as well as from a more favourable mix, which should lead to a GP margin of ca. 28-29%. We expect a faster growth in the SG&A costs to revenue ratio, which should translate into a net profit from sales margin of around 8-9% in the coming years. According to our forecast, the Company should improve its EBITDA and EBIT margins this year. In the coming years, we expect margins to improve further to above 13% in the case of EBITDA margin and around 8% in the case of EBIT margin. Positive cash flows should translate into a decrease in net debt, assuming no M&A's, which should result in an improvement in the net profit margin.

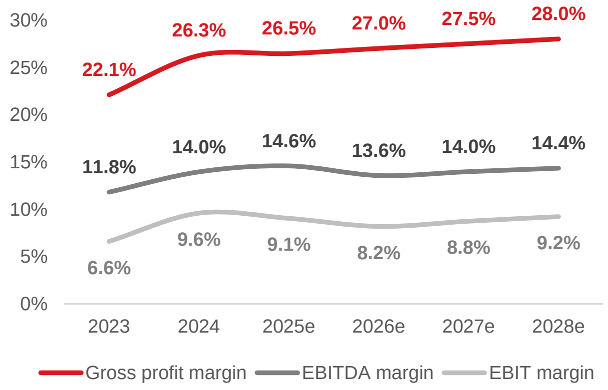
In early September, the Company announced that, together with its partners (FlyFocus and Phoenix Systems), it intends to develop a new version of the FPV (*First Person View*) drone with the intention of jointly participating in future military tenders. Although this may be a potential growth factor in the future, we are not currently including it in our base-case scenario due to the relatively early stage of the project and a lot of unknowns at this stage.

Forecast of revenue and profitability by operating segments

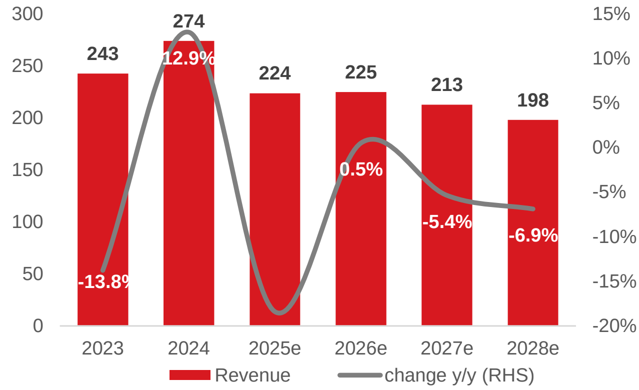
Electricity – revenue (PLN mn)



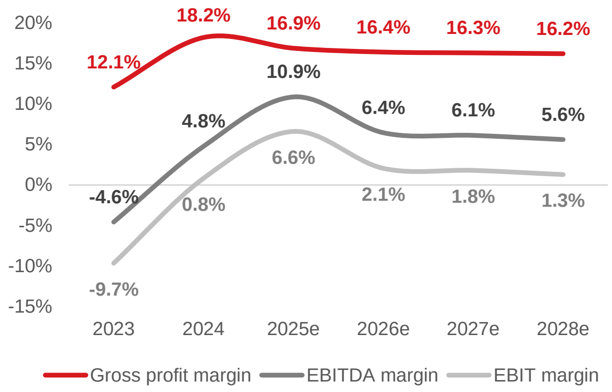
Electricity – profitability



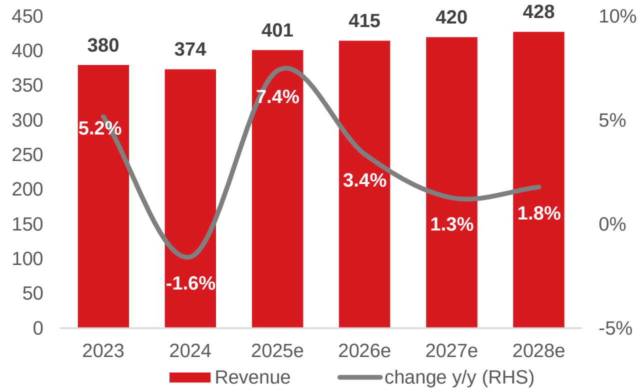
Gas – revenue (PLN mn)



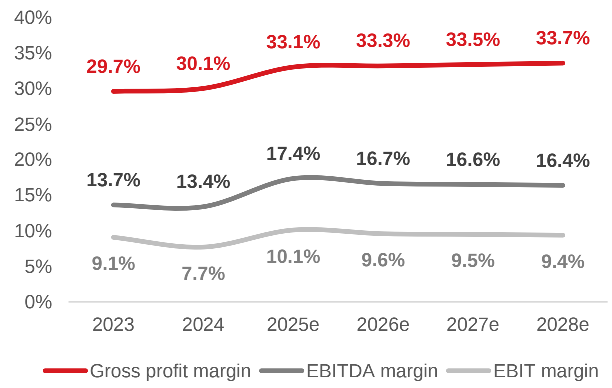
Gas – profitability



Water and Heat – revenue (PLN mn)



Water and Heat – profitability



Source: Apator, Pekao Equity Research.

Apator – the assumptions of key earning's drivers

PLN mn	2023	2024	2025e	2026e	2027e	2028e	2029e	2030e	2031e
Revenue	**1,137**	**1,228**	**1,180**	**1,215**	**1,234**	**1,256**	**1,282**	**1,313**	**1,343**
EE	515	580	555	576	601	630	661	691	721
GAZ	243	274	224	225	213	198	188	180	173
W&H	380	374	401	415	420	428	434	443	449
change y/y	*5.1%*	*8.0%*	*-3.9%*	*3.0%*	*1.6%*	*1.8%*	*2.1%*	*2.4%*	*2.3%*
COGS	-881	-913	-862	-885	-893	-903	-917	-935	-954
Gross profit	**256**	**315**	**318**	**330**	**341**	**353**	**365**	**378**	**389**
EE	114	153	147	156	166	177	188	199	208
GAZ	29	50	38	37	35	32	30	29	28
W&H	113	112	133	138	141	144	147	150	153
Gross profit margin	**22.5%**	**25.6%**	**26.9%**	**27.2%**	**27.6%**	**28.1%**	**28.5%**	**28.8%**	**29.0%**
EE	22.1%	26.3%	26.5%	27.0%	27.5%	28.0%	28.4%	28.8%	28.9%
GAZ	12.1%	18.2%	16.9%	16.4%	16.3%	16.2%	16.1%	16.0%	16.0%
W&H	29.7%	30.1%	33.1%	33.3%	33.5%	33.7%	33.9%	34.0%	34.0%
Cost of sales	-45	-48	-54	-56	-57	-59	-61	-63	-64
SG&A	-154	-163	-178	-185	-189	-195	-200	-206	-211
EBITDA	**97**	**142**	**172**	**158**	**163**	**168**	**173**	**179**	**184**
EE	61	81	81	78	84	91	97	103	108
GAZ	-11	13	24	14	13	11	10	10	9
W&H	52	50	70	69	70	70	70	71	71
Others	-5	-2	-3	-4	-4	-4	-4	-4	-4
EBITDA margin	**8.5%**	**11.6%**	**14.6%**	**13.0%**	**13.2%**	**13.4%**	**13.5%**	**13.7%**	**13.7%**
EE	11.8%	14.0%	14.6%	13.6%	14.0%	14.4%	14.6%	14.9%	15.0%
GAZ	-4.6%	4.8%	10.9%	6.4%	6.1%	5.6%	5.4%	5.3%	5.2%
W&H	13.7%	13.4%	17.4%	16.7%	16.6%	16.4%	16.2%	16.0%	15.8%
D&A	-56	-57	-69	-70	-70	-71	-71	-72	-72
EBIT	**40**	**85**	**102**	**88**	**93**	**97**	**102**	**108**	**112**
EE	34	56	50	47	53	58	64	69	74
GAZ	-23	2	15	5	4	3	2	2	2
W&H	35	29	41	40	40	40	40	40	40
Others	-5	-2	-3	-4	-4	-4	-4	-4	-4
EBIT margin	**3.5%**	**6.9%**	**8.7%**	**7.3%**	**7.5%**	**7.8%**	**8.0%**	**8.2%**	**8.3%**
EE	6.6%	9.6%	9.1%	8.2%	8.8%	9.2%	9.7%	10.0%	10.2%
GAZ	-9.7%	0.8%	6.6%	2.1%	1.8%	1.29%	1.2%	1.2%	1.2%
W&H	9.1%	7.7%	10.1%	9.6%	9.5%	9.4%	9.3%	9.1%	8.9%
EBT	**28**	**82**	**96**	**81**	**84**	**88**	**94**	**101**	**106**
Net profit	**8**	**73**	**84**	**65**	**68**	**72**	**76**	**82**	**86**
Operating cash flow	108	151	119	131	141	148	151	156	161
CAPEX	-36	-57	-80	-73	-76	-77	-78	-79	-81
Free Cash Flow to the Firm (FCFF)	**72**	**94**	**39**	**58**	**65**	**72**	**73**	**77**	**81**
FCFF per share (PLN)	2.19	2.88	1.21	1.77	2.00	2.19	2.25	2.36	2.48
Net debt	218	138	130	107	78	46	12	-23	-62
Net working capital	283	256	291	299	303	303	305	307	307
CAPEX / Revenue (%)	3.2%	4.7%	6.8%	6.0%	6.2%	6.1%	6.1%	6.0%	6.0%
Net working capital / Revenue (%)	24.9%	20.9%	24.6%	24.6%	24.5%	24.2%	23.8%	23.4%	22.8%

Source: Apator, Pekao Equity Research.

Risk factors

Apator is exposed to a number of internal and external risks related to running a business, the most important of which are:

- **Geopolitical risk**. The tense geopolitical and economic situation in Europe and worldwide is not beneficial to economic growth, which may have a negative impact on the sales volume of existing products and changes in customer needs.
- **Risk of inflation and recession.** Higher prices may adversely affect the Company's profitability. In addition, higher inflation may lead to increased wage expectations among employees.
- **Supply chain risks.** Difficulties in access to electronic components and shortages of certain raw materials may cause their prices to rise, which may have a negative impact on the Company's profitability. Electronic components, plastics, metallurgical products and copper are the most sensitive to economic fluctuations.
- **Risk of competition and price decline.** Increased competitive and price pressure (mainly from Asian suppliers) may cause a decline in the prices of the Company's products.
- **Regulatory risk**. New regulations and changes to existing legal regulations may adversely affect the Company's operations.
- **Exchange rate fluctuations**. The Group sales and purchases in currencies other than its functional currency. The Group takes a cautious approach and uses forward contracts and swaps, but it is not possible to completely eliminate the impact of exchange rate fluctuations.
- **Change in interest rates**. Apator took out loans and borrowings and has finance lease liabilities. An increase in interest rates may result in increased costs of servicing this debt.
- **Counterparty credit risk**. In the event of a deterioration in the liquidity situation of customers, the Company may experience problems with recovering receivables on time.
- **Liquidity risk**. The Group is exposed to liquidity risk, understood as the inability to repay financial liabilities when they fall due.
- **Availability of workers with appropriate qualifications**. Progressive robotization, automation and accelerated technological development mean that programmers, designers and engineers are among the most sought-after groups of employees on the labour market, which contributes to an increase in employees' financial expectations. In order to prevent staff turnover, the Company offers above-market base salaries and attractive bonus and benefit schemes. A reduced availability of suitably qualified employees may put additional pressure on salary increases.
- **Risk of goodwill impairment**. Related to a possible reduction in the cash generation potential of subsidiaries.
- **Risk related to the UOKiK proceeding**. A possible imposition of a fine as a result of the antitrust proceeding being conducted by the UOKiK may have a negative impact on the financial situation and reputation.

Valuation

Our valuation implies the 12M target price at PLN 27.60 per share, which constitutes a 22.4% upside potential. We base our 12M target price valuation on the DCF and multiples with 100% and 0% weighting, respectively. Our peers valuation is presented for illustrative purposes as it carries 0% weight.

Apator: Valuation summary

Valuation method	Derived price (PLN)	Weighting (%)
12M DCF valuation	27.60	100%
12M Multiples valuation	41.37	0%
12M target price	**27.60**	
Current price	22.55	
Upside/downside (%)	22.4%	

Source: Pekao Equity Research.

Peer valuation

		P/E			EV/EBITDA		
Compay name	**Ticker**	**2025e**	**2026e**	**2027e**	**2025e**	**2026e**	**2027e**
ITRON INC	ITRI US	14.0	16.0	14.2	12.5	11.9	10.4
LANDIS + GYR GROUP AG	LAND SW	neg.	15.4	10.7	10.1	10.3	9.3
BADGER METER INC	BMI US	35.7	31.7	29.8	22.5	20.7	19.4
PHOENIX MECANO AG - REG	PMN SW	12.5	9.1	8.3	6.9	5.7	5.6
XYLEM INC	XYL US	27.7	25.4	23.0	17.7	16.4	15.2
HONEYWELL INTERNATIONAL INC	HON US	18.0	18.1	16.5	14.1	14.1	13.2
WASION HOLDINGS LTD	3393 HK	14.5	11.7	9.7	8.1	6.7	5.7
NITTO KOGYO CORP	6651 JT	13.4	12.4	11.4	7.0	6.5	6.3
		14.5	**15.7**	**12.8**	**11.3**	**11.1**	**9.9**
		8.8	**11.3**	**10.8**	**5.0**	**5.3**	**5.0**
		-40%	*-28%*	*-16%*	*-55%*	*-52%*	*-49%*
		37.30	**31.38**	**26.79**	**55.23**	**50.59**	**46.92**

Source: Pekao Equity Research.

ESG rating

Apator Capital Goods	E	S	G
Score	0.95	1.00	1.15
Sector weight	20%	40%	40%
Final ESG Score		**1.05**	
ESG Rating		**B**	

	score from:	to	Rating	WACC risk premium impact (% of RFR)
ESG Rating	1.5	2	A	-15.0%
	1	1.5	B	-7.5%
	0.5	1	C	0.0%
	0	0.5	D	15.0%

Source: Pekao Equity Research.

DCF valuation

We have developed a 6-year DCF valuation model based on our detailed financial model for the Company's operating activity until 2031. After that, we assume a steady growth phase and apply the Gordon model to calculate the terminal value.

The resulting cash flows constitute the input to our valuation, based on which we calculate the present value of those cash flows. The key assumptions incorporated in our DCF valuation model are as follows:

- Risk-free rate of 5.4% from 2026e to 20231e and 4.0% in the terminal year.
- Equity risk premium of 6.0% from 2026e to 2031e and 5.0% in the terminal year.
- Beta coefficient of 1.0.
- Additional ESG discount to the cost of equity equal to 0.41% (7.5% of risk free rate) based on ESG rating.
- Credit margin of 1.5%.
- Corporate income tax rate of 19%.
- Dynamic weight of equity and debt, in the calculation of weighted cost of capital (WACC) until 2031e.
- Target EBITDA margin of 13.5% and EBIT margin of 7.5% in the residual period, respectively.
- Terminal CAPEX at the level with a consideration of ROIC and an assumed growth rate in the residual period.
- 2.0% growth of free cash flow in the residual period.
- We adjusted the valuation by the value of 3.6 million treasury shares held by Apator Mining sp. z o.o., which were acquired in 2000 and which the Company does not intend to change in its ownership. We also adjusted the valuation by the value of ca. 33 thousand shares, which were bought back in September and October 2025. The value of both adjustments amounts to PLN 82mn (at the current market price)
- We adjusted the valuation by our estimate of a possible fine associated with the antitrust proceeding being conducted by the UOKiK. We note that the result is uncertain, but we estimate the present value of a possible fine at ca. PLN 20mn.

DCF valuation

WACC calculation

	2026e	2027e	2028e	2029e	2030e	2031e	Terminal Year
Risk free rate	5.4%	5.4%	5.4%	5.4%	5.4%	5.4%	4.0%
Equity risk premium	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	5.0%
Beta	1.0	1.0	1.0	1.0	1.0	1.0	1.0
ESG discount/premium	-0.4%	-0.4%	-0.4%	-0.4%	-0.4%	-0.4%	-0.4%
Cost of equity	**11.0%**	**11.0%**	**11.0%**	**11.0%**	**11.0%**	**11.0%**	**8.6%**
Cost of debt	6.9%	6.9%	6.9%	6.9%	6.9%	6.9%	6.9%
After-tax cost of debt	**5.6%**	**5.6%**	**5.6%**	**5.6%**	**5.6%**	**5.6%**	**5.6%**
Equity weight	85%	86%	87%	88%	89%	90%	90%
WACC	**10.2%**	**10.2%**	**10.3%**	**10.4%**	**10.4%**	**10.5%**	**8.3%**

DCF valuation

(PLN mn)	2026e	2027e	2028e	2029e	2030e	2031e	Terminal Year
Revenues	1,215.0	1,234.0	1,256.0	1,282.0	1,313.0	1,343.0	1,369.8
EBIT	88.2	92.9	97.3	102.3	107.7	111.8	102.7
Taxes on EBIT	-16.8	-17.7	-18.5	-19.4	-20.5	-21.2	-19.5
NOPAT	**71.4**	**75.3**	**78.8**	**82.9**	**87.2**	**90.6**	**83.2**
Depreciation and amortisation	70.1	70.2	70.8	70.8	71.7	72.2	73.6
Capital expenditures	-73.5	-76.3	-76.6	-77.6	-78.8	-80.6	-84.1
Change in NWC	-9.0	-3.3	-0.7	-1.8	-1.8	0.2	-6.1
FCFF	**59.1**	**65.9**	**72.3**	**74.3**	**78.4**	**82.3**	**66.6**
Terminal value growth							*2.0%*
Terminal value							1,058.0
Discount factor	*0.90*	*0.81*	*0.74*	*0.67*	*0.61*	*0.55*	*0.55*
Present value of FCFF and TV	**53.0**	**53.7**	**53.4**	**49.7**	**47.5**	**45.2**	**580.1**
Enterprise Value	**882.6**						
Minorities	2.5						
Net debt	130.5						
Non-operating assets	0.4						
Other adjustments	61.9						
Equity Value	**811.9**						
Diluted number of shares (mn)	32.6						
12M target price per share (PLN)	**27.60**						
Share price on November 19, 2025 (PLN)	22.55						
Upside/Downside vs. current price	*22.4%*						

	2026e	2027e	2028e	2029e	2030e	2031e	Terminal Year
Revenues growth	3%	2%	2%	2%	2%	2%	2.0%
EBIT margin	7.3%	7.5%	7.8%	8.0%	8.2%	8.3%	7.5%
Effective tax rate	19.0%	19.0%	19.0%	19.0%	19.0%	19.0%	19.0%
Capex/revenues	6.0%	6.2%	6.1%	6.1%	6.0%	6.0%	
Capex/depreciation and amortization	104.8%	108.7%	108.2%	109.6%	109.9%	111.7%	

Sensitivity of 12M target price per share to Terminal value growth & WACC

Terminal value growth/WACC change	0.5%	1.0%	1.5%	2.0%	2.5%	3.0%	3.5%
-2.0%	36.56	37.73	39.14	40.89	43.09	45.96	49.86
-1.0%	30.78	31.40	**32.13**	**33.00**	**34.05**	35.34	36.97
0.0%	26.49	26.81	**27.18**	**27.60**	**28.10**	28.69	29.41
1.0%	23.17	23.32	**23.48**	**23.67**	**23.88**	24.13	24.42
2.0%	20.53	20.58	20.62	20.67	20.73	20.80	20.88

Sensitivity of 12M target price per share to key drivers' of company earnings

Change in the market share/target EBITDA margin/	-30.0%	-20.0%	-10.0%	0.0%	10.0%	20.0%	30.0%
15.5%	28.93	29.41	29.89	30.37	30.85	31.33	31.82
14.5%	27.63	28.08	**28.53**	**28.99**	**29.44**	29.89	30.34
13.5%	26.34	26.76	**27.18**	**27.60**	**28.02**	28.44	28.87
12.5%	25.05	25.44	**25.83**	**26.22**	**26.61**	27.00	27.39
11.5%	23.75	24.11	24.47	24.83	25.19	25.56	25.92

Source: Pekao Equity Research.

Key financial data

P&L (PLN mn)	2023	2024	2025e	2026e	2027e	2028e
Revenues	**1,137**	**1,228**	**1,180**	**1,215**	**1,234**	**1,256**
Gross Profit	**256**	**315**	**318**	**330**	**341**	**353**
SG&A	-199	-211	-232	-241	-246	-254
EBITDA	**97**	**142**	**172**	**158**	**163**	**168**
EBIT	**40**	**85**	**102**	**88**	**93**	**97**
Financial Income/Cost	-13	-8	-7	-8	-9	-9
Pretax Profit	**28**	**82**	**96**	**81**	**84**	**88**
Income Tax	-19	-9	-11	-15	-16	-17
Net Profit	**8**	**73**	**84**	**65**	**68**	**72**
EPS (PLN)	**0.28**	**2.52**	**2.89**	**2.25**	**2.35**	**2.47**

Balance Sheet (PLN mn)	2023	2024	2025e	2026e	2027e	2028e
Total Current Assets	**483**	**467**	**549**	**586**	**611**	**646**
Cash and Equivalents	23	18	35	59	88	122
Other Current Assets	460	450	514	527	523	524
Total Fixed Assets	**493**	**498**	**520**	**526**	**530**	**536**
Tangible Assets	197	215	240	248	257	266
Other Fixed Assets	296	283	280	278	274	270
Total Assets	**975**	**965**	**1,069**	**1,112**	**1,142**	**1,181**
Stockholders` Equity	**537**	**590**	**654**	**690**	**727**	**766**
Noncontrolling interest	**2**	**2**	**2**	**3**	**3**	**3**
Long Term Liabilities	**80**	**63**	**165**	**166**	**166**	**167**
Long -Term Debt	67	54	154	154	155	155
Other Long - Term liabilities	13	10	11	12	11	11
Short Term Liabilities	**356**	**310**	**247**	**253**	**246**	**246**
Short -Term Debt	174	102	11	12	12	12
Other Current Liabilities	182	207	236	242	234	234
Total Equity & Liabilities	**975**	**965**	**1,069**	**1,112**	**1,142**	**1,181**
Net debt	218	138	130	107	78	46

Cash Flow (PLN mn)	2023	2024	2025e	2026e	2027e	2028e
Net Profit	8	73	84	65	68	72
Depreciation and Amortisation	56	57	69	70	70	71
Other (incl. WC)	43	21	-34	-4	3	6
Operating Cash Flows	**108**	**151**	**119**	**131**	**141**	**148**
Capital Expenditures	-36	-57	-80	-73	-76	-77
Other	11	-1	0	4	3	3
Cash Flows from Investing Activities	**-25**	**-59**	**-80**	**-70**	**-73**	**-74**
Dividends paid	-15	-17	-17	-29	-31	-33
Other	-74	-80	-5	-8	-8	-8
Cash Flows from Financing Activities	**-89**	**-98**	**-23**	**-37**	**-39**	**-41**
Others/FX effect	0	0	0	0	0	0
Change in Cash	-6	-5	17	25	29	34
Cash at the end of period	**23**	**18**	**35**	**59**	**88**	**122**
DPS (PLN)	0.50	0.60	0.60	1.00	1.08	1.13
Y/Y growth ratios						
Revenues	5%	8%	-4%	3%	2%	2%
EBITDA	11%	48%	21%	-8%	3%	3%
EBIT	28%	112%	20%	-14%	5%	5%
Net profit	23%	798%	15%	-22%	5%	5%
EPS	23%	798%	15%	-22%	5%	5%
Margins						
EBITDA	**8.5%**	**11.6%**	**14.6%**	**13.0%**	**13.2%**	**13.4%**
EBIT Margin	3.5%	6.9%	8.7%	7.3%	7.5%	7.8%
Net Margin	0.7%	6.0%	7.1%	5.4%	5.5%	5.7%
ROE	**1.5%**	**13.0%**	**13.5%**	**9.7%**	**9.6%**	**9.6%**
Balance Sheet Ratios						
BVPS (PLN)	16.45	18.08	20.03	21.14	22.27	23.46
Net debt/EBITDA	2.3	1.0	0.8	0.7	0.5	0.3
Bank Debt/Equity	44.8%	26.4%	25.2%	24.0%	22.9%	21.9%

Source: Pekao Equity Research.

Summary of key financial data

PLN mn	2023	2024	2025e	2026e	2027e	2028e	2029e	2030e	2031e
EPS, GAAP	0.28	2.52	2.89	2.25	2.35	2.47	2.63	2.81	2.95
Revenue	1,137	1,228	1,180	1,215	1,234	1,256	1,282	1,313	1,343
Gross Margin %	22.5%	25.6%	26.9%	27.2%	27.6%	28.1%	28.5%	28.8%	29.0%
EBIT	40	85	102	88	93	97	102	108	112
EBITDA	97	142	172	158	163	168	173	179	184
Net Income, GAAP	8	73	84	65	68	72	76	82	86
Net Debt	218	138	130	107	78	46	12	-23	-62
BPS	16.45	18.08	20.03	21.14	22.27	23.46	24.72	26.08	27.50
DPS	0.50	0.60	0.60	1.00	1.08	1.13	1.21	1.29	1.35
Return on Equity %	1.5%	13.0%	13.5%	9.7%	9.6%	9.6%	9.7%	9.8%	9.8%
Return on Assets %	0.8%	7.5%	8.2%	6.0%	6.1%	6.2%	6.3%	6.5%	6.6%
Depreciation	40	41	49	49	49	50	50	50	51
Amortization	17	16	21	21	21	21	21	22	22
Free Cash Flow	72	94	39	58	65	72	73	77	81
CAPEX	36	57	80	73	76	77	78	79	81

Source: Pekao Equity Research.

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Damian Szparaga	Expert, Analyst	Apator	n.a.	n.a.	n.a.	n.a.

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The analyzed company and BM and/or any legal person part of the same group may have concluded an agreement relating to the provision of services of investment firms set out in Sections A and B of Annex I to Directive 2014/65/EU of the European Parliament and of the Council in the previous 12 months, in return for which BM and/or such legal person part of the same group received a consideration or promise of consideration or intends to do so. Due to the fact that BM and/or any legal person part of the same group are entitled to conclude, subject to applicable law, an agreement on services relating to the provision of services of investment firms set out in Sections A and B of Annex I to Directive 2014/65/EU of the European Parliament and of the Council with the analyzed company at any future point in time and may receive a consideration or promise of consideration, it should be assumed for the purposes of this information that BM and/or any legal person part of the same group will in fact conclude such agreements and will in fact receive such consideration or promise of consideration.

To prevent or remedy conflicts of interest, BM and/or other legal person part of the same group have established the organizational arrangements required from a legal and supervisory aspect, adherence to which is monitored by its compliance department. Conflicts of interest arising are managed by legal and physical and non-physical barriers designed to restrict the flow of information between one area/department of BM and/or other related legal persons with them. In particular, Investment Banking units, including corporate finance, capital market activities, financial advisory and other capital raising activities, are segregated by physical and non-physical boundaries from sales units, as well as the research department. Disclosure of known and potential conflicts of interest and other material interests is made in the research. Analysts are supervised and managed on a day-to-day basis by line managers who do not have responsibility for investment banking activities, including corporate finance activities, or other activities involving offering of securities.

METHODS USED TO FORMULATE OUR RECOMMENDATIONS:

Our company valuations are based on two valuation methods selected from among the following: discount model, multiples-based model or asset-based valuation method.

Discount models are characterized by simultaneous and comprehensive consideration of key determinants of intrinsic value, e.g. operating cash flow, capex, cost of capital (WACC). They are theoretically appealing and provide a direct computation of intrinsic value. However, discount model valuations are highly sensitive to changes in assumptions, particularly the risk free rate and terminal growth rate. Moreover, projections cannot be stated with certainty; unforeseen future events can cause income or earnings projections to be invalid.

Multiples-based models are based on the analysis of the valuation multipliers of a given company in relation to other similar companies in the industry. Among strengths of multiplier models we can highlight their simplicity, as they are easy to compute as well as to understand. Moreover, only the key statistics for investors are chosen for valuation. On the other hand, multiples are based on historic data or near-term forecasts. Valuations based on multiples will therefore fail to capture differences in projected performance over the longer term. Finally, it may be problematic to select a suitable peer group.

Asset-based models can be used even if a company has a brief record of earnings or its future existence is uncertain. However, it may be challenging to determine market value of some assets, particularly intangibles. Additionally, asset-based models do not take into account future changes in financial results, nor do they include non-balance sheet items, such as know-how.

Valuation models are dependent on macroeconomic factors, such as interest rates, exchange rates, raw materials, and on assumptions about the economy. Furthermore, market sentiment affects the valuation of companies. The valuation is also based on expectations that might change rapidly and without notice, depending on developments specific to individual industries. Our recommendations and target prices derived from the models might therefore change accordingly.

The investment ratings generally relate to a 12-month horizon. They are, however, also subject to market conditions and can only represent a snapshot. The ratings may in fact be achieved more quickly or slowly than expected, or need to be revised upward or downward. In the tables and charts throughout this report, we designate the years with an “E” to denote that the figures presented are forecasts and estimates.

ESG Rating: Companies are assigned one of four ESG ratings varying from A (the best) to D (the worst) based on the score derived from the questionnaire in three areas (Environmental, Social and Governance). Each of them has specific weight in the final ESG score depending on the sector. Additionally, ESG Rating is incorporated into valuation model impacting the risk premium in WACC calculation.

Definition of ratings used in our publications:

We currently use a three-tier recommendation system for the stocks in our formal coverage: Buy, Hold, or Sell (see definitions below):
A **Buy** is applied when the expected total return over the next twelve months is higher than 15%.
A **Hold** is applied when the expected total return over the next twelve months is within the range of 0% to 15%.
A **Sell** is applied when the stock's expected total return over the next twelve months is negative.

We employ three further categorizations for stocks in our coverage:
Restricted: A rating and/or financial forecasts and/or target price is not disclosed owing to compliance or other regulatory considerations such as blackout period or conflict of interest.

Coverage in transition: Due to changes in the research team, the disclosure of a stock's rating and/or target price and/or financial information are temporarily suspended. The stock remains in the research universe and disclosures of relevant information will be resumed in due course.
Under review: A rating and/or financial forecasts and/or target price is at the moment under revision of an analyst and the previous rating and/or financial forecasts and/or target price should not be relied on.
Not rated: We do not issue company-specific recommendations and we do not plan to issue them in the foreseeable future.

EXPLANATION OF THE PROFESSIONAL TERMINOLOGY USED IN THE REPORT:

P/E – „Price/Earnings" is the ratio of the financial instrument price to the net financial result for the issuer of the financial instrument.
P/B – „Price/Book Value" is the ratio of the price of the financial instrument to the issuer's equity capital.
EPS – „Earnings per Share", i.e. net profit per share.
BVPS – „Book Value per Share".
FWD – „Forward" - stands for the ratio (eg. P/E) calculated on the basis of the expected results.
DPS – „Dividend per Share".
DY – "Dividend Yield", a ratio calculated as dividends per share divided by the current share price.
EBIT – „Earnings Before Interest and Taxes".
EBITDA - „Enterprise Value / Earnings Before Interest, Taxes, Depreciation and Amortization".
EV/EBITDA – "Enterprise Value / Earnings Before Interest, Taxes, Depreciation and Amortization" is the company's market capitalization (price x number of shares) increased by the value of net financial debt and the value of minority shareholders divided by the operating result increased by the value of the company's asset depreciation.
AGM – Annual General Meeting