

Financial Report



Consolidated Quarterly Report of Apator Group for 4 Quarters 2023

Toruń, February 29, 2024

| | | | |
|---|---|---------------------|--------------------|
| Name of entity: | Apator Group | | |
| Period covered by the financial statements: | 1/01/2023–31/12/2023 | Reporting currency: | Polish zloty (PLN) |
| Rounding level: | all amounts are expressed in thousands of Polish zloty (unless otherwise indicated) | | |

Selected financial data, including key items of the summary financial statement (also converted into EUR)

| SPECIFICATION | in thous. PLN | | in thous. EUR | |
|---|--------------------|------------------|--------------------|------------------|
| | 4 quarters of 2023 | 2022 | 4 quarters of 2023 | 2022 |
| Revenue from sales of products, goods and materials | 1,137,503 | 1,081,792 | 251,193 | 230,743 |
| Profit on operating activities | 52,828 | 31,340 | 11,666 | 6,685 |
| EBITDA | 108,945 | 87,067 | 24,058 | 18,571 |
| adjusted EBITDA* | 117,203 | 101,683 | 25,882 | 21,689 |
| Gross profit | 40,228 | 15,915 | 8,883 | 3,395 |
| Net profit | 18,313 | 7,205 | 4,044 | 1,537 |
| Adjusted net profit** | 36,415 | 21,821 | 8,041 | 4,654 |
| Net profit (loss) attributable to shareholders of the Group's parent company | 17,854 | 6,616 | 3,943 | 1,411 |
| Net profit (loss) attributable to non-controlling interests | 459 | 589 | 101 | 126 |
| Weighted average number of shares | 29,047,073 | 29,070,559 | 29,047,073 | 29,070,559 |
| Net profit (loss) per ordinary share [PLN/share] | 0.61 | 0.23 | 0.14 | 0.05 |
| Cash flows from operating activities | 109,751 | 52,153 | 24,236 | 11,124 |
| Cash flows from investment activities | (27,059) | (47,066) | (5,975) | (10,039) |
| Cash flows from financial activities | (88,733) | (12,939) | (19,595) | (2,760) |
| Total cash flows | (6,041) | (7,852) | (1,334) | (1,675) |
| Consolidated statement | 31/12/2023 | Year 2022 | 31/12/2023 | Year 2022 |
| Total assets | 975,166 | 1,042,047 | 224,279 | 222,190 |
| Fixed assets | 488,949 | 527,979 | 112,454 | 112,578 |
| Current assets | 486,217 | 514,068 | 111,825 | 109,612 |
| Equity with non-controlling interests | 548,686 | 539,148 | 126,193 | 114,959 |
| Non-controlling interests | 2,151 | 1,801 | 495 | 384 |
| Share capital | 3,265 | 3,265 | 751 | 696 |
| Long-term liabilities and provisions | 75,963 | 45,174 | 17,471 | 9,632 |
| Short-term liabilities and provisions | 350,517 | 457,725 | 80,616 | 97,598 |
| Weighted average number of shares | 29,047,073 | 29,070,559 | 29,047,073 | 29,070,559 |
| Net book value per common share [PLN/share] | 18.89 | 18.55 | 4.34 | 3.95 |

*) EBITDA and net profit for 2022 adjusted for the write-down of development work and goodwill of the UK company GWi (Gas segment), EBITDA for Q1–Q4 2023. adjusted for the write-down of intangible assets, net profit Q1–Q4 2023 additionally adjusted for the write-down of an asset caused by a tax loss related to GWi (Gas segment).

The above financial data for the 12 months of 2023 and 2022 and as of December 31, 2022, have been translated into EUR according to the following principles:

- the individual items of the statement of comprehensive income and the statement of cash flows — at an exchange rate representing the arithmetic mean of the average EUR exchange rates set by the National Bank of Poland on the last day of each month of the reporting period: from January 1 to December 31, 2023 — EUR/PLN 4.5284 and from January 1 to December 31, 2022 — EUR/PLN 4.6883;
- individual items of the statement of financial position — according to the average EUR exchange rate set by the National Bank of Poland as at December 31, 2023 – 4.3480, as at December 31, 2022 – 4.6899.

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|---|---|---------------------|--------------------|
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1. Consolidated financial statements

The consolidated and separate financial statements for the fourth quarter of 2023 have been prepared in accordance with the International Accounting Standards (IAS / IFRS) and related interpretations promulgated in the form of regulations of the European Commission and the Ordinance of the Minister of Finance of 29 March 2018 on current and periodic information provided by issuers of securities and the conditions for recognizing as equivalent the information required by the laws of a non-member state (Dz. U. /Journal of Laws/ of 2018, item 757).

The interim financial statements (consolidated and separate for parent company) for the fourth quarter ended December 31, 2023, have been prepared in accordance with IAS 34 (Interim Financial Reporting). The interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual report as of December 31, 2022.

1.1. Consolidated statement of financial position

| SPECIFICATION | as at | |
|--|----------------|------------------|
| | 31/12/2023 | 31/12/2022 |
| Fixed assets | 488,949 | 527,979 |
| Intangible assets | 96,607 | 105,831 |
| Goodwill | 120,672 | 122,275 |
| Tangible fixed assets | 199,068 | 212,844 |
| Right to use assets | 47,989 | 46,690 |
| Investment properties | 2,234 | 2,282 |
| Other long-term financial assets | - | 1,352 |
| - <i>in other entities</i> | - | 1,352 |
| Long-term receivables | 4,598 | 6,437 |
| - <i>from other entities</i> | 4,598 | 6,437 |
| Long-term accruals and prepayments | 16 | 55 |
| Deferred tax assets | 17,765 | 30,213 |
| Current assets | 486,217 | 514,068 |
| Inventories | 246,380 | 251,617 |
| Trade receivables | 186,982 | 189,804 |
| - <i>from other entities</i> | 186,982 | 189,804 |
| Receivables from corporate income tax | 6,492 | 5,741 |
| Receivables from other taxes, customs duties, and social insurance | 7,711 | 12,309 |
| Other short-term receivables | 4,228 | 6,642 |
| - <i>from other entities</i> | 4,228 | 6,642 |
| Other short-term financial assets | 4,971 | 273 |
| - <i>in other entities</i> | 4,971 | 273 |
| Cash and cash equivalents | 22,939 | 28,980 |
| Short-term accruals and prepayments | 6,514 | 5,839 |
| Fixed assets classified as held for sale | | 12,863 |
| TOTAL ASSETS | 975,166 | 1,042,047 |

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| SPECIFICATION | as at | |
|--|----------------|------------------|
| | 31/12/2023 | 31/12/2022 |
| Equity | 548,686 | 539,148 |
| Equity attributable to the shareholders of the parent company | 546,535 | 537,347 |
| Share capital | 3,265 | 3,265 |
| Own shares | (3,522) | (3,522) |
| Other capitals | 600,182 | 562,967 |
| Capital from the revaluation of a defined benefit plan | 894 | 1,147 |
| Capital from valuation of hedging transactions and foreign exchange differences on consolidation | 8,699 | 2,705 |
| Undistributed financial result | (62,983) | (29,215) |
| - undistributed result from previous years | (75,028) | (35,831) |
| - result for the current period | 17,854 | 6,616 |
| - write-downs from current year result | (5,809) | - |
| Non-controlling interests | 2,151 | 1,801 |
| Liabilities | 426,480 | 502,899 |
| Long-term liabilities and provisions | 75,963 | 45,174 |
| Long-term credits and loans | 29,545 | 3,119 |
| - from other entities | 29,545 | 3,119 |
| Other long-term liabilities | 4,122 | 52 |
| - toward other entities | 4,122 | 52 |
| Long-term liabilities from the right to use leased assets (IFRS 16) | 32,326 | 33,299 |
| Provision for deferred income tax | 3,451 | 2,939 |
| Long-term liabilities due to employee benefits | 5,315 | 4,474 |
| Other long-term provisions | 1,204 | 1,291 |
| Short-term liabilities and provisions | 350,517 | 457,725 |
| Short-term credits and loans | 162,512 | 237,350 |
| - from other entities | 162,512 | 237,350 |
| Trade liabilities | 89,969 | 121,894 |
| - toward related entities | 351 | 1,006 |
| - toward other entities | 89,618 | 120,888 |
| Liabilities due to corporate income tax | 3,445 | 1,976 |
| Liabilities due to other taxes, customs duties, and social insurance | 16,878 | 17,107 |
| Other short-term liabilities | 32,194 | 41,978 |
| - toward other entities | 32,194 | 41,978 |
| Short-term liabilities from the right to use leased assets (IFRS 16) | 9,148 | 9,556 |
| Short-term liabilities due to employee benefits | 21,048 | 15,382 |
| Other short-term provisions | 15,323 | 12,482 |
| TOTAL LIABILITIES | 975,166 | 1,042,047 |

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Information on changes in contingent liabilities or contingent assets that have occurred since the end of the last fiscal year (off-balance sheet items) of the Apator Group:

| SPECIFICATION | as at | |
|---|----------------|-----------------|
| | 31/12/2023 | 31/12/2022 |
| Contingent receivables | 1,190 | 1,225, |
| Contingent receivables from other entities | 1,190 | 1,225 |
| Contingent liabilities | 66,099 | 65,718 |
| Contingent liabilities concerning related entities | 20,126 | 21,856 |
| - including from granting guarantees and sureties to related entities | 20,126 | 21,856 |
| Contingent liabilities to other entities | 45,974 | 43,862 |
| - including from granting guarantees and sureties | 45,974 | 43,862 |
| Other off-balance sheet items | 455,972 | 367,300, |
| Mortgage | 48,780 | 58,700 |
| Collective contractual mortgage | 182,783 | 23,250 |
| Security on assets | 224,410 | 285,350 |
| Total off-balance sheet items | 523,262 | 434,243 |

In addition to contingent liabilities arising from guarantees issued by insurance and banking institutions, the Apator Group has the following collateral established for the repayment of liabilities:

- Multi-product agreement with ING Bank Śląski S.A (Group limit of PLN 250 million):
 - contractual mortgage on the real estate of Apator S.A. in Ostaszewo up to PLN 40 million (included in the table above),
 - registered pledge on inventories owned by Apator S.A., Apator Telemetria Sp. z o.o., Apator Powogaz S.A., FAP Pafal S.A. with a book value of not less than PLN 148.8 million (included in the table above),
 - pledge on tangible fixed assets owned by Apator S.A., Apator Powogaz S.A., Apator Metrix S.A., and Apator Telemetria Sp. z o.o. with a contractual value of PLN 30 million (included in the table above),
 - Power of Attorney to dispose of funds in bank accounts,
 - Blank promissory notes together with promissory note declarations submitted by 6 borrowers' companies (joint and several liability of Group's companies),
 - Assignment of rights under an all-risk property insurance policy.

- Multi-purpose limit credit agreement with Powszechna Kasa Oszczędności Bank Polski S.A. (PKO BP S.A.) of May 26, 2023, for the total amount of PLN 80 million (in addition to Apator S.A., the parties to the agreement are: Apator Powogaz S.A., Apator Metrix S.A. and GWI):
 - contractual mortgage on real estate owned by Apator Powogaz S.A. and Apator Metrix S.A. up to the amount of PLN 182.8 million,
 - statement of submission to execution under Article 777 of the Code of Civil Procedure of the companies Apator S.A, Apator Powogaz S.A, and Apator Metrix S.A, to the amount of PLN 80 million,
 - registered pledge over fixed assets of Apator S.A. and Apator Powogaz S.A. with a total value of PLN 12.4 million,
 - Power of Attorney to dispose of funds in bank accounts,
 - Assignment of rights under an all-risk property insurance policy.

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Until December 31, 2023, the working capital credit was drawn by Apator Powogaz in the amount of PLN 10 million and GWI in the amount of GBP 3.94 million, i.e., PLN 19.7 million according to the average exchange rate of the ING BŚ bank as at December 29, 2023

Other collateral for credits and loans:

Apator S.A.

- ✓ credit agreement with Bank Handlowy S.A. (Long-term credit for the purchase of shares in Apator Telemetria Sp. z o.o. in the amount of 13 million PLN, converted into EUR). The credit was repaid on December 15, 2023. The collateral release procedure is in progress:
 - registered pledge on acquired shares in the amount of PLN 12.1 million (included in the table above),
 - registered pledge on fixed assets with a total value of PLN 2.8 million (included in the table above),
 - assignment of rights under an all-risk property insurance policy,
 - declaration of submission to enforcement pursuant to Art. 777 of the Code of Civil Procedure up to PLN 15.6 million remains in force.

Apator Metrix Group

- ✓ Agreement on credit on current account concluded by George Wilson Industrial Ltd. (GWi) with Citibank N.A.: The credit was refinanced with a line in PKO BP. The collateral release procedure is in progress:
 - Pledge on inventories with the value of PLN 18.2 million being the property of Apator Metrix S.A.,
 - guarantee granted by Apator Metrix S.A. in the amount of GBP 4 million, i.e., PLN 21.4 million, until October 31, 2023,
 - in force remains the statement on submission to execution under Art. 777 of the Code of Civil Procedure, at a value of GBP 4.8 million, i.e., PLN 24 million according to the average exchange rate of the ING BŚ bank as at December 29, 2023.

Apator Powogaz Group

- ✓ Investment credit agreement of Apator Powogaz S.A. for the construction of the manufacturing plant, concluded with PKO BP:
 - joint contractual mortgage on real estate owned by Apator Powogaz S.A. in Żerniki in the amount of PLN 182.8 million. The mortgage also secures a multi-purpose agreement with PKO,
 - blank promissory note and promissory note declaration,
 - assignment of rights under the insurance policy on the mortgaged property.
- ✓ Agreement on credit on the current account of Apator Powogaz S.A. concluded with mBank S.A. - agreement expired on 29/09/2023:
 - blank promissory note with a promissory note declaration — the procedure for returning the promissory note is pending.
- ✓ Credit agreement for financing suppliers of Apator Telemetria Sp. z o.o. concluded with mBank S.A.:
 - blank promissory note and promissory note declaration.
- ✓ Agreement on credit on the current account of Apator Metra concluded with Raiffeisenbank a.s.:
 - mortgage in the amount of CZ 50 million

| | | | |
|---|---|---------------------|--------------------|
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- assignment of rights under the insurance agreement established on the property of Apator Metra
- During the reporting period, the Group's companies fulfilled their obligations under their credit agreements.

1.2. Consolidated statement of comprehensive income

| SPECIFICATION | for the period | | | |
|---|------------------|------------------|------------------|------------------|
| | 1/10/2023 | 1/10/2022 | 1/01/2023 | 1/01/2022 |
| | 31/12/2023 | 31/12/2022 | 31/12/2023 | 31/12/2022 |
| Revenue from sales and services | 284,739 | 306,792 | 1,137,503 | 1,081,792 |
| - to related entities | | 3,783 | - | 3,783 |
| - to other entities | 284,739 | 303,009 | 1,137,503 | 1,078,009 |
| Cost of goods and services sold | (221,005) | (242,891) | (876,429) | (857,531) |
| - to related entities | - | (2,528) | - | (2,528) |
| - to other entities | (221,005) | (240,363) | (876,429) | (855,003) |
| Gross profit from sales | 63,734 | 63,901 | 261,074 | 224,261 |
| Sales costs | (12,314) | (12,315) | (44,821) | (42,422) |
| General administrative costs | (38,167) | (35,262) | (153,303) | (136,749) |
| Profit on sales | 13,253 | 16,324 | 62,950 | 45,090 |
| Other operating costs: | (8,294) | (3,414) | (10,122) | (14,194) |
| Revenue | 425 | 2,335 | 2,979 | 4,924 |
| Costs | (8,719) | (5,749) | (13,101) | (19,118) |
| - including the result due to (impairment)/ reversal of receivables | 784 | (2,419) | (466) | (8) |
| Share in profit of entities consolidated using the equity method | - | - | - | 444 |
| Profit on operating activities | 4,959 | 12,910 | 52,828 | 31,340 |
| Financial income (costs): | (1,003) | 1,578 | (12,600) | (15,425) |
| Revenue | 3,459 | 3,320 | 8,090 | 5,268 |
| Costs | (4,462) | (1,742) | (20,690) | (20,693) |
| - including the result due to (impairment)/ reversal of receivables | 4 | - | 31 | (3) |
| Profit before tax | 3,956 | 14,488 | 40,228 | 15,915 |
| Current income tax | (2,362) | (3,011) | (7,986) | (9,019) |
| Deferred income tax | (4,580) | (966) | (13,929) | 309 |
| Net profit (loss) | (2,986) | 10,511 | 18,313 | 7,205 |

| SPECIFICATION | for the period | | | |
|---|----------------|---------------|---------------|---------------|
| | 1/10/2023 | 1/10/2022 | 1/01/2023 | 1/01/2022 |
| | 31/12/2023 | 31/12/2022 | 31/12/2023 | 31/12/2022 |
| Other comprehensive income | | | | |
| Other net comprehensive income | 441 | 6,786 | 5,741 | 4,767 |
| Items that may be reclassified to profit or loss in the future | | | | |
| Foreign exchange differences on translation of foreign operations | 1,055 | (128) | 2,839 | 2,402 |
| Result on hedge accounting with tax effect | (361) | 5,681 | 3,155 | 1,132 |
| Actuarial gains and losses with tax effect | (253) | 1,233 | (253) | 1,233 |
| Total comprehensive income | (2,545) | 17,297 | 24,054 | 11,972 |
| Net profit (loss), of which attributable to: | (2,986) | 9,254 | 18,313 | 7,205 |
| shareholders of the parent company | (3,026) | 9,099 | 17,854 | 6,616 |
| non-controlling interests | 40 | 155 | 459 | 589 |

| | | | |
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| | | | | |
|--|----------------|---------------|---------------|---------------|
| Total comprehensive income, of which attributable to: | (2,546) | 16,040 | 24,053 | 11,972 |
| shareholders of the parent company | (2,586) | 15,885 | 23,594 | 11,383 |
| non-controlling interests | 40 | 155 | 459 | 589 |

| | | | |
|---|---|---------------------|--------------------|
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1.3. Consolidated statement of changes in equity

| SPECIFICATION | CAPITAL ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT COMPANY | | | | | | | Non-controlling interests | TOTAL EQUITY |
|--|--|----------------|----------------|--|--|--------------------------------|-----------------|---------------------------|-----------------|
| | Share capital | Own shares | Other capitals | Capital from the revaluation of a defined benefit plan | Capital from valuation of hedging transactions and foreign exchange differences on consolidation | Undistributed financial result | TOTAL | | |
| Balance as at 1/01/2023 | 3,265 | (3,522) | 562,967 | 1,147 | 2,705 | (29,215) | 537,347 | 1,801 | 539,148 |
| Changes in equity from 1/01/2023 to 31/12/2023 | | | | | | | | | |
| Revaluation losses: | - | - | - | (327) | - | - | (327) | - | (327) |
| Cash flow hedging instruments, including: | - | - | - | - | 3,895 | - | 3,895 | - | 3,895 |
| - gains taken into account in the measurement of the reporting value of hedged items | - | - | - | - | 3,895 | - | 3,895 | - | 3,895 |
| Net foreign exchange differences on translation of financial statements into presentation currency | - | - | - | - | 2,839 | - | 2,839 | - | 2,839 |
| Taxes related to items presented in or transferred from capital | - | - | - | 74 | (740) | - | (666) | - | (666) |
| Net profit for the period from 1/01/2023 to 31/12/2023 | - | - | - | - | - | 17,854 | 17,854 | 459 | 18,313 |
| Comprehensive income recognized in the period from 1/01/2023 to 31/12/2023 | - | - | - | (253) | 5,994 | 17,854 | 23,595 | 459 | 24,054 |
| Dividends | - | - | - | - | - | (8,714) | (8,714) | (109) | (8,823) |
| Advance dividends paid | - | - | - | - | - | (5,809) | (5,809) | - | (5,809) |
| Decrease in reserve capital | - | - | (10,000) | - | - | - | (10,000) | - | (10,000) |
| Increase in supplementary capital | - | - | 10,000 | - | - | - | 10,000 | - | 10,000 |
| Distribution of result to supplementary capital | - | - | 37,215 | - | - | (37,215) | - | - | - |
| Other changes in capital | - | - | - | - | - | 116 | 116 | - | 116 |

| | | | |
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| | | | | | | | | | |
|---------------------------------|--------------|----------------|----------------|------------|--------------|-----------------|----------------|--------------|----------------|
| Balance as at 31/12/2023 | 3,265 | (3,522) | 600,182 | 894 | 8,699 | (62,983) | 546,535 | 2,151 | 548,686 |
|---------------------------------|--------------|----------------|----------------|------------|--------------|-----------------|----------------|--------------|----------------|

| SPECIFICATION | CAPITAL ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT COMPANY | | | | | | | Non-controlling interests | TOTAL EQUITY |
|--|--|----------------|----------------|--|--|--------------------------------|----------------|---------------------------|----------------|
| | Share capital | Own shares | Other capitals | Capital from the revaluation of a defined benefit plan | Capital from valuation of hedging transactions and foreign exchange differences on consolidation | Undistributed financial result | TOTAL | | |
| Balance as at 1/01/2022 | 3,278 | (3,972) | 553,460 | (86) | 1,684 | (7,019) | 547,345 | 3,930 | 551,275 |
| Changes in equity in the period from 1/01/2022 to 31/12/2022 | | | | | | | | | |
| Revaluation gains | - | - | - | 1,520 | - | - | 1,520 | - | 1,520 |
| Cash flow hedging instruments, including: | - | - | - | - | 1,398 | - | 1,398 | - | 1,398 |
| - gains taken into account in the measurement of the reporting value of hedged items | - | - | - | - | 1,398 | - | 1,398 | - | 1,398 |
| Net foreign exchange differences on translation of financial statements into presentation currency | - | - | - | - | 2,402 | - | 2,402 | - | 2,402 |
| Taxes related to items presented in or transferred from capital | - | - | - | (287) | (266) | - | (553) | - | (553) |
| Net profit for the period from 1/01/2022 to 31/12/2022 | - | - | - | - | - | 6,616 | 6,616 | 589 | 7,205 |
| Comprehensive income recognized in the period from 1/01/2022 to 31/12/2022 | - | - | - | 1,233 | 3,534 | 6,616 | 11,383 | 589 | 11,972 |
| Dividends | - | - | - | - | - | (14,553) | (14,553) | (220) | (14,773) |
| Purchase of own shares | - | (1,950) | - | - | - | - | (1,950) | - | (1,950) |
| Redemption of own shares | (13) | 2,400 | (2,387) | - | - | - | - | - | - |
| Distribution of result to supplementary capital | - | - | 44,762 | - | - | (44,762) | - | - | - |
| Loss coverage from supplementary capital | - | - | (34,014) | - | - | 34,014 | - | - | - |
| Other changes in capital | - | - | 1,146 | - | - | (15) | 1,131 | - | 1,131 |
| Result on sale of shares in an associate | - | - | - | - | - | (2,580) | (2,580) | - | (2,580) |

| | | | |
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| | | | | | | | | | |
|--|--------------|----------------|----------------|--------------|--------------|-----------------|----------------|--------------|----------------|
| Purchase of own shares by a subsidiary | - | - | - | - | - | (3,429) | (3,429) | (2,498) | (5,927) |
| Balance as at 31/12/2022 | 3,265 | (3,522) | 562,967 | 1,147 | 5,218 | (31,728) | 537,347 | 1,801 | 539,148 |

| | | | |
|---|---|---------------------|--------------------|
| Name of entity: | Apator Group | | |
| Period covered by the financial statements: | 1/01/2023–31/12/2023 | Reporting currency: | Polish zloty (PLN) |
| Rounding level: | all amounts are expressed in thousands of Polish zloty (unless otherwise indicated) | | |

1.4. Consolidated cash flow statement

| SPECIFICATION | per period | |
|---|-----------------|-----------------|
| | 1/01/2023 | 1/01/2022 |
| | 31/12/2023 | 31/12/2022 |
| Cash flows from operating activities | | |
| Profit before tax | 40,228 | 15,915 |
| Adjustments | 84,957 | 82,331 |
| Amortization of intangible assets | 16,778 | 14,530 |
| Write-downs on goodwill | - | 3,918 |
| Amortization of tangible fixed assets | 39,339 | 41,197 |
| Write-downs on tangible fixed assets and intangible assets | 977 | 1,246 |
| Profit on sale of tangible fixed assets and intangible assets | (1,999) | (2,881) |
| Profit on sale of financial assets available for sale | - | (65) |
| Profits on fair value measurement of investment properties | (57) | (325) |
| Profits due to change in fair value of derivatives | (920) | (3,493) |
| Interest costs | 15,58 | 14,690 |
| Shares in (profits) losses of associates | - | (444) |
| Revenue from interest | (336) | (178) |
| Other adjustments | 15,586 | 14,136 |
| Cash from operating activities before changes in working capital | 125,185 | 98,246 |
| Change in inventories | 5,237 | (12,682) |
| Change in the state of a depreciated contractual asset | - | 1,625 |
| Change in receivables | 10,521 | (49,607) |
| Change in liabilities | (31,580) | 38,617 |
| Change in provisions | 9,290 | (1,423) |
| Change in cash with restricted use | - | 556 |
| Change in prepayments and accruals | (457) | 666 |
| Cash generated in the course of operating activities | 118,196 | 75,998 |
| Tax return | 7,277 | 1,427 |
| Income tax paid | (15,722) | (25,272) |
| Net cash from operating activities | 109,751 | 52,153 |
| Cash flows from investment activities | | |
| Expenditure on the acquisition of intangible assets | (19,274) | (24,101) |
| Expenditure on the acquisition of fixed tangible assets | (18,809) | (38,911) |
| Proceeds from the sale of tangible fixed assets | 12,196 | 25,806 |
| Proceeds from sale of subsidiaries | - | 379 |
| Investments in subsidiaries | - | (10,860) |
| Interest received | - | 3 |
| Other proceeds (expenses) | (1,172) | 618 |
| Net cash used from investment activities | (27,059) | (47,066) |
| Cash flows from financial activities | | |
| Purchase of own shares | - | (1,950) |
| Proceeds from credits and loans | 24,706 | 90,033 |
| Repayment of credits and loans | (71,482) | (60,488) |
| Interest | (14,170) | (13,877) |
| Dividends paid | (14,612) | (14,730) |
| Repayment of liabilities arising from financial leases | (11,651) | (10,912) |
| Other expenditure | (1,524) | (1,015) |
| Net cash flows from financial activities | (88,733) | (12,939) |
| Net increase (decrease) in cash and cash equivalents | (6,041) | (7,852) |
| Opening balance of cash and cash equivalents | 28,980 | 36,832 |
| Closing balance of cash and cash equivalents | 22,939 | 28,980 |

| | | | |
|---|---|---------------------|--------------------|
| Name of entity: | Apator Group | | |
| Period covered by the financial statements: | 1/01/2023–31/12/2023 | Reporting currency: | Polish zloty (PLN) |
| Rounding level: | all amounts are expressed in thousands of Polish zloty (unless otherwise indicated) | | |

1.5. Consolidated statement by operating segment

The activities of Apator Group are concentrated in three main segments:

- Electricity
- Gas
- Water and Heat

Activities outside these segments were presented as “unallocated.”

| SPECIFICATION | Electricity | Gas | Water and Heat | Unallocated | Total |
|--|----------------|-----------------|----------------|----------------|----------------|
| Financial results of operating segments for the period from 1/01/2023 to 31/12/2023 | | | | | |
| Revenue from sales | 515,086 | 242,797 | 379,620 | - | 1,137,503 |
| Cost of goods sold | 401,267 | 208,899 | 266,263 | - | 876,429 |
| Gross profit from sales | 113,819 | 33,898 | 113,357 | - | 261,074 |
| Sales costs | 18,868 | 6,816 | 18,865 | 272 | 44,821 |
| General administrative costs | 61,428 | 31,276 | 55,804 | 4,795 | 153,303 |
| Profit on sales | 33,523 | (4,194) | 38,688 | (5,067) | 62,950 |
| Other operating revenue (costs) | 708 | (8,203) | (2,627) | - | (10,122) |
| Profit on operating activities | 34,231 | (12,397) | 36,061 | (5,067) | 52,828 |
| Other financial revenue (costs) | (2,562) | (4,144) | (5,894) | - | (12,600) |
| GROSS PROFIT | 31,669 | (16,541) | 30,167 | (5,067) | 40,228 |
| Amortization and depreciation | 26,533 | 12,268 | 17,316 | - | 56,117 |
| EBITDA | 60,764 | (129) | 53,377 | (5,067) | 108,945 |
| Financial results of operating segments for the period from 1/01/2022 to 31/12/2022 | | | | | |
| Revenue from sales | 439,511 | 281,342 | 360,939 | - | 1,081,792 |
| Cost of goods sold | 369,839 | 235,520 | 252,172 | - | 857,531 |
| Gross profit from sales | 69,672 | 45,822 | 108,767 | - | 224,261 |
| Sales costs | 14,785 | 8,808 | 18,521 | 308 | 42,422 |
| General administrative costs | 51,254 | 28,025 | 53,317 | 4,153 | 136,749 |
| Profit on sales | 3,633 | 8,989 | 36,929 | (4,461) | 45,090 |
| Other operating revenue (costs) | 2,656 | (14,432) | (2,418) | - | (14,194) |
| Share of profit of associated companies | - | - | 444 | - | 444 |
| Profit on operating activities | 6,289 | (5,443) | 34,955 | (4,461) | 31,340 |
| Other financial revenue (costs) | (7,209) | (3,781) | (4,436) | - | (15,425) |
| GROSS PROFIT | (920) | (9,224) | 30,519 | (4,461) | 15,915 |
| Amortization and depreciation | 27,804 | 14,169 | 13,754 | - | 55,727 |
| EBITDA | 34,093 | 8,726 | 48,709 | (4,461) | 87,067 |

| | | | |
|---|---|---------------------|--------------------|
| Name of entity: | Apator Group | | |
| Period covered by the financial statements: | 1/01/2023–31/12/2023 | Reporting currency: | Polish zloty (PLN) |
| Rounding level: | all amounts are expressed in thousands of Polish zloty (unless otherwise indicated) | | |

1.6. Geographical sales structure

The sales of the Apator Group by the following geographies are presented below:

- Country – covering sales within the country
- European Union + UK – sales made in the European Union and the United Kingdom
- Export – sales made in other countries

| SPECIFICATION | Country | Export | EU | TOTAL |
|---|----------------|----------------|----------------|------------------|
| Sales revenue of geographical segments for the period from 1/01/2023 to 31/12/2023 | | | | |
| Total revenue | 640,702 | 112,356 | 384,445 | 1,137,503 |
| External sales | 640,702 | 112,356 | 384,445 | 1,137,503 |
| Sales to related entities | - | - | - | - |
| Sales revenue of geographical segments for the period from 1/01/2022 to 31/12/2022 | | | | |
| Total revenue | 571,450 | 110,438 | 399,904 | 1,081,792 |
| External sales | 571,450 | 106,655 | 399,904 | 1,078,009 |
| Sales to related entities | - | 3,783 | - | 3,783 |

1.7. Costs by type

| SPECIFICATION | for the period | |
|---|--------------------------------------|---------------------------------|
| | from 1/01/2023 to 31/12/2023 | from 1/01/2022 to 31/12/2022 |
| | Amortization and depreciation | 56,117 |
| Consumption of materials and energy | 524,480 | 542,970 |
| External services | 131,096 | 118,474 |
| Employee benefits | 253,745 | 240,150 |
| Other costs | 38,363 | 31,813 |
| Manufacturing costs of products for entity's own purposes | (3,962) | (5,029) |
| Change in the status of finished goods, work in progress and prepayments and accruals | 12,026 | (21,206) |
| Cost of goods and materials sold | 62,688 | 73,803 |
| Total costs | 1,074,553 | 1,036,702 |

| | | | |
|---|---|---------------------|--------------------|
| Name of entity: | Apator Group | | |
| Period covered by the financial statements: | 1/01/2023–31/12/2023 | Reporting currency: | Polish zloty (PLN) |
| Rounding level: | all amounts are expressed in thousands of Polish zloty (unless otherwise indicated) | | |

2. General information

This quarterly report should be read in conjunction with the Apator Group's 2022 Annual Report, available at the following link: <https://www.apator.com.pl/relacje-inwestorskie/dane-finansowe-i-raporty-okresowe>.

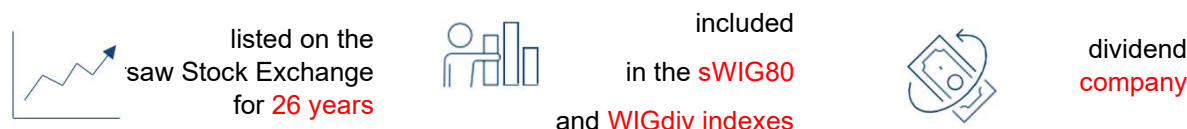
2.1. Organization of the Apator Group

The Apator Group is an international group of manufacturers and distributors of measuring devices and systems, as well as suppliers of innovative solutions for the automation of the power, water and gas networks.



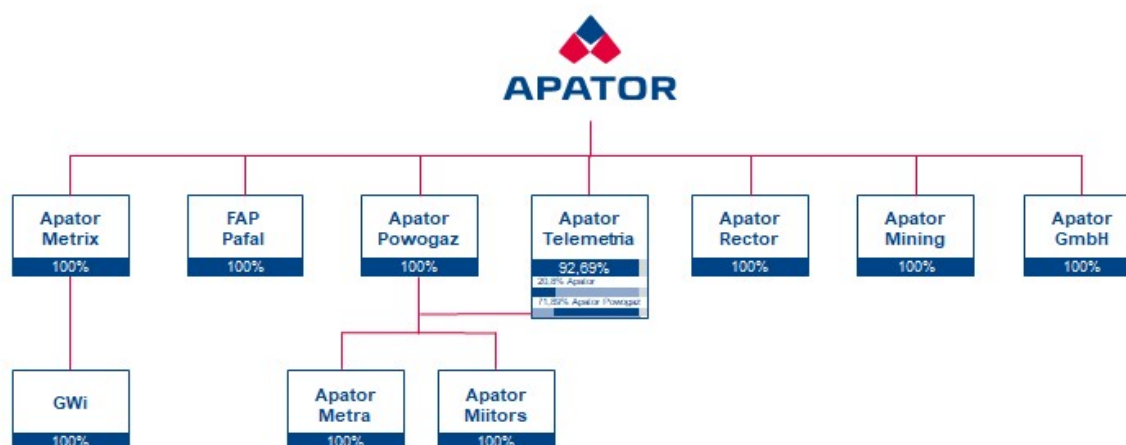
The companies of the Apator Group are part of the electromechanical sector and focus their activity on manufacturing and sales of measuring equipment (electricity meters, gas meters, water meters and heat meters), control and measurement instruments, distribution and control equipment, IT systems of SCADA class and their supporting telemechanics devices, security and other network devices for distributed systems ensuring the possibility of remote control and supervision of the power grid in the full voltage range, as well as data reading and transmission devices. The Apator Group also implements solutions supporting energy transformation and the development of renewable energy (e.g., automation equipment, RES supervision systems, energy storage facilities).

The parent entity of the Apator Group of Companies is Apator S.A. with its headquarters in Toruń.



2.2. Composition of the Apator Group and its business segments

The structure of the Group as at December 31, 2023, and on the date of submission of this report was as follows:



| | | | |
|---|---|---------------------|--------------------|
| Name of entity: | Apator Group | | |
| Period covered by the financial statements: | 1/01/2023–31/12/2023 | Reporting currency: | Polish zloty (PLN) |
| Rounding level: | all amounts are expressed in thousands of Polish zloty (unless otherwise indicated) | | |

The operation of the Apator Group is organized into three segments:

| Business segments | electricity | gas | water&heat |
|--|--|---|---|
| Business Business | <ul style="list-style-type: none"> electricity metering switchgear automation ICT | | |
| Companies forming the Segment | <ul style="list-style-type: none"> Apator S.A. (Toruń) Apator Rector (Zielona Góra) FAP Pafal (Świdnica) Apator GmbH (Germany) | <ul style="list-style-type: none"> Apator Metrix (Tczew) GWi (the UK) Apator GmbH (Germany) | <ul style="list-style-type: none"> Apator Powogaz (Jarjyszki) Apator Powogaz (Jarjyszki) Apator Metra (Czech Republic) Apator Miitors (Denmark) |
| Solutions | <ul style="list-style-type: none"> Electronic energy meters (household, residential, industrial, prosumer), including smart class solutions (with remote reading function) Energy distribution devices Control and supervision systems Measurement data management systems Solutions for RES (automation, RES management systems, energy storage)  <p>OTUS 3 meter Control and supervision systems SmartARS pro disconnecter</p> | <ul style="list-style-type: none"> Bellows gas meters (household, industrial), including smart class solutions (with remote reading function) Remote reading services, a system enabling stopping and resuming gas supply via the GSM network  <p>iSMART 2 gas meter hybridSMART</p> | <ul style="list-style-type: none"> Mechanical water meters (residential, household, industrial) - including smart class solutions (with remote reading function) Ultrasonic water meters Heat meter and heat cost allocators Remote reading and utility billing services, systems supporting network infrastructure management  <p>ULTRIMIS W water meter JS Smart + E-ITN allocator</p> |
| Main customers | <ul style="list-style-type: none"> distribution system operators (DSO) electricity grid wholesalers, electric assembly and wiring installation companies construction, industry and railway companies photovoltaic and wind farms, energy clusters and cooperatives, other RES sector entities | <ul style="list-style-type: none"> gas companies/gas distributors and suppliers | <ul style="list-style-type: none"> water, sewerage and heating companies housing cooperatives construction industry |
| Main markets | Poland, Germany, Brazil, Romania, Hungary, Israel | Poland, Belgium, United Kingdom, Turkey, Germany | Poland, Czech Republic, Greece, Romania, Spain, Serbia, Germany |
| Sales in Q1-Q4 2023 | PLN 515.1 million | PLN 242.8 million | PLN 379.6 million |
| Share of exports in segment revenue in Q1-Q4 2023 | 18.9% | 70.6% | 60.1% |

| | | | |
|---|---|---------------------|--------------------|
| Name of entity: | Apator Group | | |
| Period covered by the financial statements: | 1/01/2023–31/12/2023 | Reporting currency: | Polish zloty (PLN) |
| Rounding level: | all amounts are expressed in thousands of Polish zloty (unless otherwise indicated) | | |

3. Summary of financial results

This section identifies significant achievements or failures with a list of the most important events concerning the Issuer and its Group, as well as factors and events, including those of an unusual nature, that have a significant impact on the financial statements. This quarterly report should be read in conjunction with Apator Group's 2022 Annual Report, available at the following link: <https://www.apator.com.pl/relacje-inwestorskie/dane-finansowe-i-raporty-okresowe>.

3.1. Results obtained in four quarters of 2023.

In 2023, Apator Group achieved the following financial results:

| Specification | Q1-Q4 2023 | 2022 | Change | Growth rate |
|--|------------------|------------------|---------------|---------------|
| Sales revenue, including: | 1,137,503 | 1,081,792 | 55,711 | 105.1% |
| country | 640,702 | 571,450 | 69,252 | 112.1% |
| export | 496,801 | 510,342 | -13,541 | 97.3% |
| Cost of goods sold | 876,429 | 857,531 | 18,898 | 102.2% |
| Gross profit from sales | 261,074 | 224,261 | 36,813 | 116.4% |
| Sales costs | 44,821 | 42,422 | 2,399 | 105.7% |
| General administrative costs | 153,303 | 136,749 | 16,554 | 112.1% |
| Profit on sales | 62,950 | 45,090 | 17,860 | 139.6% |
| Result on other operating activities | -10,122 | -14,194 | 4,072 | 71.3% |
| Share in profit of entities consolidated using the equity method | - | 444 | -444 | - |
| Profit on operating activities | 52,828 | 31,340 | 21,488 | 168.6% |
| EBITDA | 108,945 | 87,067 | 21,878 | 125.1% |
| <i>EBITDA adjusted by the impact of one-off events*</i> | <i>117,203</i> | <i>101,683</i> | <i>15,519</i> | <i>115.3%</i> |
| Result on financial activities | -12,600 | -15,425 | 2,825 | 81.7% |
| Profit before tax | 40,228 | 15,915 | 24,313 | 252.8% |
| Current income tax | -7,986 | -9,019 | 1,033 | 88.5% |
| Deferred income tax | -13,929 | 309 | -14,238 | - |
| Net profit | 18,313 | 7,205 | 11,108 | 254.2% |
| <i>Net profit adjusted by the impact of one-off events *</i> | <i>36,415</i> | <i>21,821</i> | <i>14,594</i> | <i>166.9%</i> |
| Profitability ratios: | | | | |
| Gross profit margin on sales | 23.0% | 20.7% | | |
| Profit margin on sales | 5.5% | 4.2% | | |
| EBITDA profit margin* | 10.3% | 9.4% | | |
| Net profit margin* | 3.2% | 2.0% | | |

**) EBITDA and net profit for 2022 adjusted for the write-down of development work and goodwill of the UK company GWi, EBITDA for Q1–Q4 2023. adjusted for the write-down of intangible assets, net profit Q1–Q4 2023 additionally adjusted for the write-down of an asset caused by a tax loss related to GWi.*

The main factors influencing financial results in 2023 include:

- very strong performance of the Electricity segment in a favorable macroeconomic environment. Strong y-o-y growth in turnover with a steady improvement in profitability at all levels;
- better y-o-y performance in Water and Heat — continuing sales growth trend over the good year 2022 and traditionally the highest margin ratios in the Apator Group;
- clear slowdown and more difficult situation in the Gas segment in an unfavorable environment and high uncertainty regarding the future of the sector;
- consistent work on integration and geographical diversification of the offer of the Apator Group in all segments (among others, by searching for new sales directions) and improvement of cost-effectiveness (process and material optimization);
- effective management of working capital resulting in reduction of net working capital and inventory levels y-o-y and, as a result, optimization of costs of financing the inventories while maintaining continuity of production and securing the future supplies;

| | | | |
|---|---|---------------------|--------------------|
| Name of entity: | Apator Group | | |
| Period covered by the financial statements: | 1/01/2023–31/12/2023 | Reporting currency: | Polish zloty (PLN) |
| Rounding level: | all amounts are expressed in thousands of Polish zloty (unless otherwise indicated) | | |

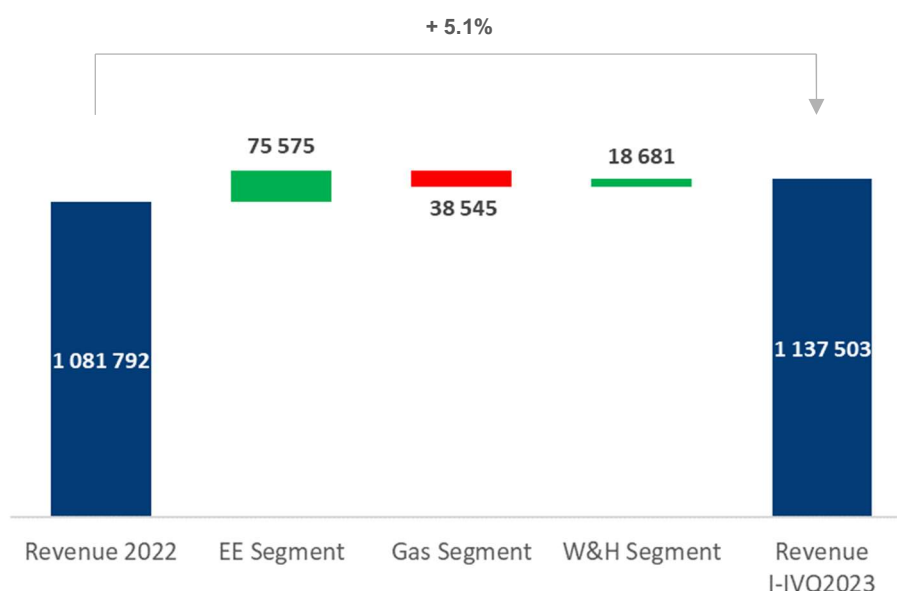
- consistent work on cost efficiency in all areas of the Group's operations in response to persistently high inflation (among others, strong upward pressure on the cost of services, including subcontracting and cooperation, and wage increases);
- write-downs on intangible assets (PLN -8.3 million in other operating costs), a write-down of a capitalized tax loss and a valuation to fair value (tax provision), increasing deferred tax by PLN 9.8 million relating to the UK company GWi (part of the Gas segment), charged to the Group's consolidated net result for 2023 for a total amount of PLN 18.1 million;
- a significant improvement in the Group's result on financial activities due to the favorable situation on foreign exchange markets (resulting in a significantly better y-o-y result on foreign exchange transactions and exchange differences).

Revenue from sales

In 2023, the Apator Group generated revenue higher y-o-y by 5.1%, and the total turnover reached PLN 1,137.5 million, thus exceeding the level of PLN 1 billion once again. Sales increased in the Electricity and Water and Heat segments, with lower y-o-y turnover recorded by the Gas segment. Taking into account the directions of the conducted sales, mainly due to dynamic changes in Electricity, also in the scale of the entire Apator Group, a clear advantage of domestic sales was marked. Turnover in Poland increased by 12.1% y-o-y, while export remained at a level similar to 2022. Consequently, the share of domestic sales in total turnover increased y-o-y by 3.5 p.p. reaching in 2023 56.3% of the Group's revenue.

| Specification | Q1-Q4 2023 (thous. of PLN) | 2022 (thous. of PLN) | Change y-o-y (thous. of PLN) | Growth rate (%) |
|---|-------------------------------|-------------------------|---------------------------------|--------------------|
| Electricity (EE) segment | 515,086 | 439,511 | 75,575 | 117.2% |
| <i>country</i> | 417,691 | 341,875 | 75,816 | 122.2% |
| <i>export</i> | 97,395 | 97,636 | -241 | 99.8% |
| <i>Share of exports in segment revenue</i> | 18.9% | 22.2% | | |
| <i>share of exports of the EE segment in total sales revenue</i> | 8.6% | 9.0% | | |
| Gas segment | 242,797 | 281,342 | -38,545 | 86.3% |
| <i>country</i> | 71,500 | 87,951 | -16,451 | 81.3% |
| <i>export</i> | 171,297 | 193,391 | -22,094 | 88.6% |
| <i>Share of exports in segment revenue</i> | 70.6% | 68.7% | | |
| <i>share of exports of the Gas segment in total sales revenue</i> | 15.1% | 17.9% | | |
| Water & Heat (W&H) segment | 379,620 | 360,939 | 18,681 | 105.2% |
| <i>country</i> | 151,511 | 141,623 | 9,888 | 107.0% |
| <i>export</i> | 228,109 | 219,316 | 8,793 | 104.0% |
| <i>Share of exports in segment revenue</i> | 60.1% | 60.8% | | |
| <i>share of exports of the W&H segment in total sales revenue</i> | 20.1% | 20.3% | | |
| Total sales revenue | 1,137,503 | 1,081,792 | 55,711 | 105.1% |
| <i>country</i> | 640,702 | 571,450 | 69,252 | 112.1% |
| <i>export</i> | 496,801 | 510,342 | -13,541 | 97.3% |
| <i>share of total exports in total revenue</i> | 43.7% | 47.2% | | |

| | | | |
|---|---|---------------------|--------------------|
| Name of entity: | Apator Group | | |
| Period covered by the financial statements: | 1/01/2023–31/12/2023 | Reporting currency: | Polish zloty (PLN) |
| Rounding level: | all amounts are expressed in thousands of Polish zloty (unless otherwise indicated) | | |

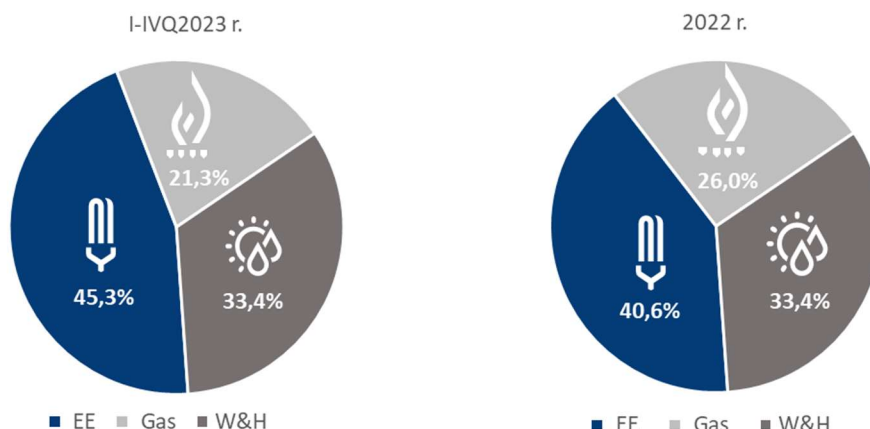


The sales of individual segments were as follows:

- Electricity (EE) segment — despite a slowdown in turnover growth (especially in exports) in the fourth quarter, strong y-o-y sales growth was sustained thanks to improvements in all business lines. With domestic sales growth of over 22%, segment exports were maintained at 2022 levels:
 - domestic sales of meters (the largest business line accounting for nearly 60% of EE segment revenue) higher by more than 30% y-o-y (including more than 43% in the fourth quarter) with simultaneous higher (2% y-o-y) exports,
 - good sales performance in the Switchgear line (the second-largest business line, more than 23% of segment revenue) was continued thanks to higher domestic turnover (+6.4%) fully compensating for the slight reduction in export sales,
 - substantial (+16.9% y-o-y) growth in sales in the Automation line (which accounts for just over 10% of EE segment revenue) and more than 15% higher y-o-y sales of solutions in the ICT line;
- Gas segment — lower y-o-y sales mainly related to lower deliveries of gas meters under signed agreements (including shifts in the delivery schedule in the Belgian market contract) and limited new domestic and export orders. Segment sales throughout 2023 were determined by structural changes in the gas market and high uncertainty about the future of the sector resulting in a temporary halt in investments in the gas network and reduced purchases (including a reduction in the number of ongoing gas meter replacements at residential customers). Lower turnover in some of the existing major markets (the UK — due to the ending rollout, Hungary, the Netherlands) determined the segment's export decline (down 11.4% y-o-y). Nevertheless, the segment is consistently working to rebuild and develop sales in other markets, resulting in higher sales in Belgium (despite delays in a new contract) and in new markets, both in the East (Turkey, Kazakhstan, Ukraine) and in the EU (Lithuania, Austria, Spain), among others;
- Water and Heat — consistently maintained a trend of turnover growth after the very good year 2022, with domestic sales growth of +7.0% and segment exports higher by 4.0% y-o-y. Despite a deceleration in foreign turnover in the fourth quarter of 2023 (due to the high base effect of Q4 2022 resulting from large deliveries of water meters to Ethiopia carried out at that time) and the negative impact of exchange rate changes (strengthening of the PLN against the euro), higher y-o-y turnover was recorded in EU countries (Greece, Romania, Germany), sales in Ukraine were consistently rebuilt and large increases were generated in more distant markets (Turkey, United Arab Emirates, Iraq).

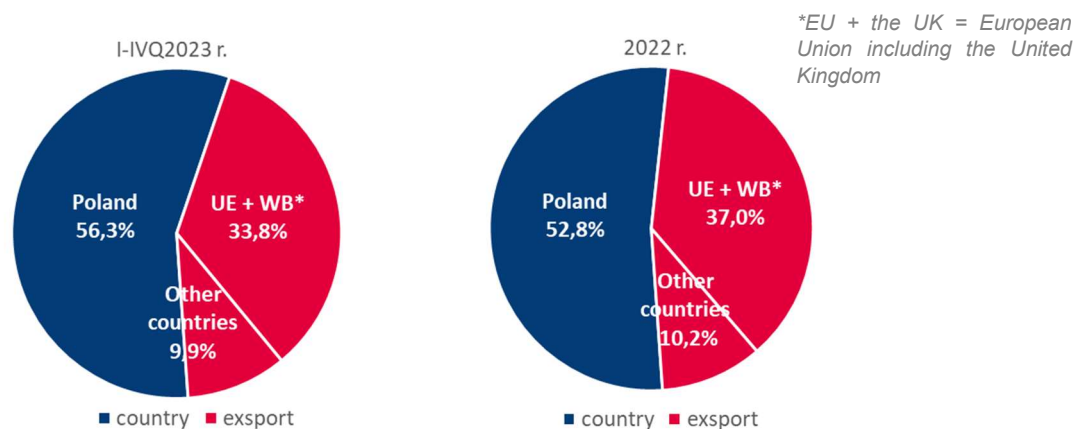
| | | | |
|---|---|---------------------|--------------------|
| Name of entity: | Apator Group | | |
| Period covered by the financial statements: | 1/01/2023–31/12/2023 | Reporting currency: | Polish zloty (PLN) |
| Rounding level: | all amounts are expressed in thousands of Polish zloty (unless otherwise indicated) | | |

In view of the above, in the sales structure of the Apator Group, the Electricity segment increased its share, and the share of Water and Heat remained at its 2022 level. As a consequence, in 2023 both sectors jointly provided nearly 80% of the Group's total turnover.



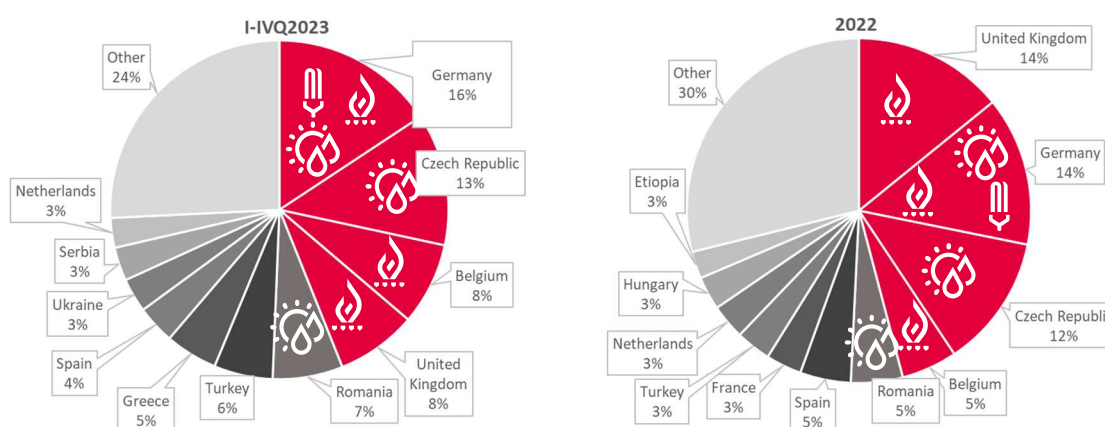
Geographical sales structure

Although the domestic sales of the Apator Group developed throughout 2023 at a rate of more than 12% y-o-y, while turnover abroad remained at a level similar to the situation a year ago, the geographic structure of the Group's sales remains balanced, with revenue generated in Poland and in export accounting for a comparable share of sales (share fluctuations do not exceed a few percent). This ensures stable diversification of operations and greater predictability of future sales results regardless of changes in the situation in the respective sales markets.



| | | | |
|---|---|---------------------|--------------------|
| Name of entity: | Apator Group | | |
| Period covered by the financial statements: | 1/01/2023–31/12/2023 | Reporting currency: | Polish zloty (PLN) |
| Rounding level: | all amounts are expressed in thousands of Polish zloty (unless otherwise indicated) | | |

The main sales market for the Apator Group is Poland. The European Union (with a dominant share of the German, Czech, Belgian, Romanian, Greek, Spanish, and Dutch markets) and the United Kingdom remain the Group's second-largest sales destination. In the Group's sales structure in 2023 (compared to 2022), the German market has moved into first place among export destinations, thus taking over the previous position of the UK. The increase in the share of sales to Germany (by 2 p.p. y-o-y, to 16% in 2023) was the result of simultaneous growth in Electricity and rapidly increasing turnover in Water and Heat. The Greek and Belgian markets also strengthened their positions to a comparable extent (increases of 2–3 p.p., up to 5% in 2023 for Greece and up to 8% for Belgium) and Turkey (increase of 2.3 p.p. to 6%). While in the case of the first-mentioned market, this was the result of higher turnover in the Water and Heat segment, in the remaining two, higher revenue was generated mainly by the Gas segment actively seeking to compensate for lower sales in the UK market. At the same time, despite the ongoing war in Ukraine, the Group (mainly the Water and Heat and Gas segments) is rebuilding sales in this market, hence the renewed presence of Ukraine among important export destinations.



| Foreign sales - countries with a share of more than 5% in exports | Share in export in Q1-Q4 2023 | Sold products |
|---|-------------------------------|--|
| Germany | 16% | electricity meters, gas meters, and water meters |
| Czech Republic | 13% | mainly water meters and cost allocators |
| Belgium | 8% | gas meters |
| United Kingdom | 8% | gas meters |
| Romania | 7% | water meters, electricity meters and gas meters |
| Turkey | 6% | mainly measuring units for gas meters |
| Greece | 5% | mainly water meters |

Seasonality of sales

The phenomenon of seasonality in the activity of the Apator Group is not particularly significant, the more so that due to the effects of the pandemic and now also the war in Ukraine, the turnover structure for 2020–2023 should not be considered representative of the phenomenon of seasonality, where factors of an unusual nature (disturbances in supply chains, high inflation) have a substantial impact.

| Revenue reported in years | Q1 | Q2 | Q3 | Q4 |
|---------------------------|---------|---------|---------|---------|
| 2021 | 224,498 | 237,418 | 240,136 | 238,031 |
| 2022 | 237,063 | 256,711 | 281,226 | 306,792 |
| 2023 | 288,506 | 275,565 | 288,693 | 284,739 |

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Operating costs by function and nature

| Specification | Q1-Q4 2023 (thous. of PLN) | 2022 (thous. of PLN) | Change y-o- y (thous. of PLN) | Growth rate (%) |
|--|----------------------------------|----------------------------|--|--------------------|
| Costs by function | | | | |
| Cost of goods sold (COGS) | 876,429 | 857,531 | 18,898 | 102.2% |
| Selling, general and administrative expenses (SG&A) | 198,124 | 179,171 | 18,953 | 110.6% |
| Total | 1,074,553 | 1,036,702 | 37,851 | 103.7% |
| Costs by nature | | | | |
| Amortization and depreciation | 56,117 | 55,727 | 390 | 100.7% |
| Consumption of materials and energy | 524,480 | 542,970 | -18,490 | 96.6% |
| External services | 131,096 | 118,474 | 12,622 | 110.7% |
| Employee benefits | 253,745 | 240,150 | 13,595 | 105.7% |
| Other | 38,363 | 31,813 | 6,550 | 120.6% |
| Change in finished goods, work in progress and accruals | 8,064 | -26,235 | 34,299 | - |
| Cost of goods and materials sold | 62,688 | 73,803 | - 11,115 | 84.9% |
| Total | 1,074,553, | 1,036,702 | 37,851 | 103.7% |

The increase in costs is related to the increase in the scale of revenue and is due to macroeconomic reasons. However, the growth rate of costs recorded in 2023 was consistently maintained at a lower level in relation to the growth rate of revenue, which determined the improvement in profitability. The effect of higher margins (particularly evident in the Electricity segment) was related to the systematic work carried out in all segments to improve operational efficiency (including material efficiency) and cost control, as well as the earlier renegotiation of product sales prices under concluded contracts and changes in applicable price lists, taking into account the effect of inflation.

Despite the declines in purchase prices of certain items in the materials market, fluctuations in the cost of energy, noticeable since the first quarter of 2023, the fluctuations of costs of fuel and raw materials continue to be strongly felt (among others of plastics and steel), as is the difficult access to some of the components used in production. In addition, in some markets, including Poland, high levels of inflation persist, resulting in higher prices for services (among others of subcontracting and transportation), and higher minimum wage levels translate into a significant increase in wage costs. The cost level is regularly examined and is optimized by improving the efficiency of operations. The share of SG&A costs in revenue was 17.4% in 2023, compared to 16.6% in 2022.

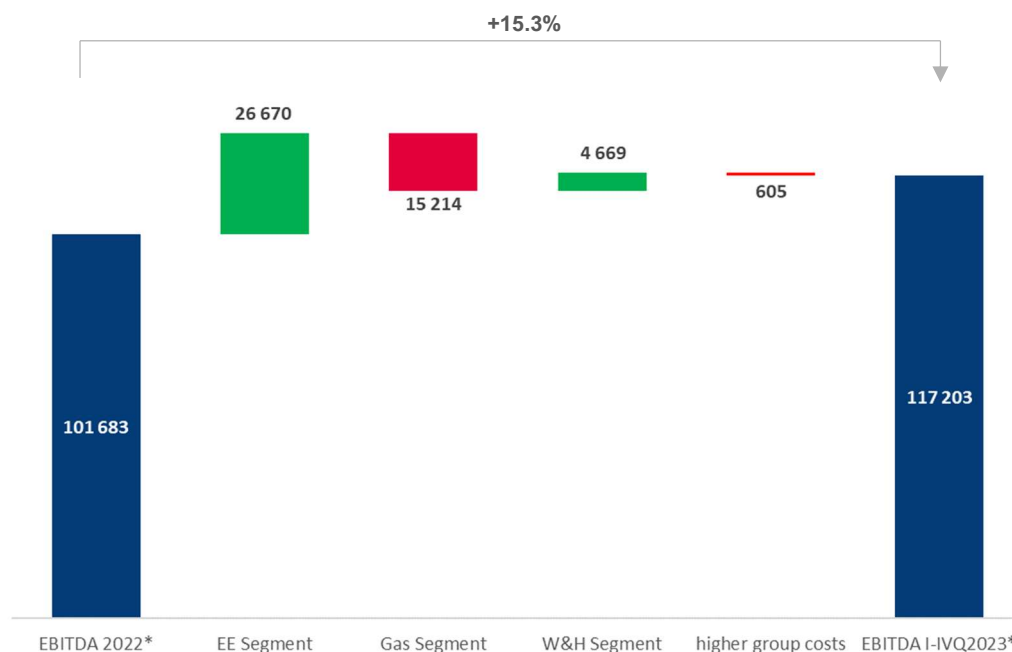
EBITDA

The high level of consolidated EBITDA of the Apator Group in 2023 (at the level of PLN 117.2 million, after taking into account the adjustment for the one-off event in the Gas segment) was influenced by the consistent improvement of results in the Electricity and Water and Heat segments effectively compensating for the weaker results in the Gas segment. EBITDA in Electricity improved by nearly 80% y-o-y (reaching PLN 60.8 million in 2023), as a result of the simultaneous strong growth in turnover and consistently improved profitability (steadily increasing EBITDA margin in successive quarters of 2023, from 8.8% in the first quarter to 13.3% in the fourth quarter of 2023) The reported increase in profitability in EE (by more than 6 p.p. y-o-y for the gross margin and by more than 5.5 p.p. for the margin on sales) was possible primarily due to the optimization of the TMC cost in connection with the favorable macroeconomic situation, including lower raw material prices and the strengthening of the PLN. The Water and Heat segment's EBITDA increased by almost 10% y-o-y (from PLN 48.7 million to PLN 53.4 million), which was mainly related to higher sales with slightly improved profitability. Lower EBITDA was recorded by the Gas segment, which is related — with lower turnover y-o-y — also to a

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reduction in profitability, mainly due to a less favorable product mix and the unfavorable effect of operating leverage. Despite the weaker results of the Gas segment, the higher y-o-y margin on sales and consistent control of SG&A costs across the Apator Group determined the decisive improvement in EBITDA and the y-o-y increase in EBITDA margin.

The negative result on other operating activities was determined primarily by write-downs on the carrying value of fixed assets (intangible assets, including the trademark and customer relations, an impact of PLN -8.3 million) related to the UK company GWi belonging to the Gas segment. A negative result on other operating activities also occurred in the Water and Heat segment, mainly due to discontinued investments and the revaluation of intangible assets. In Electricity, other operating revenue was higher than costs (hence the positive balance) as a result of a gain on the sale of a property in Łódź (impact of +1.3 million).



In 2022, EBITDA, adjusted for the write-down of development work and goodwill of the UK company GWi, EBITDA for Q1–Q4 2023 adjusted for the write-down of intangible assets related to GWi.

Net result

The consolidated net result stood at PLN 18.3 million (profit adjusted for the impact of one-off events amounted to PLN 36.4 million) and was influenced, in addition to the aforementioned factors, primarily by the loss on financial activities (PLN 12.6 million in 2023), which consisted of:

- credit debt service costs (PLN 13.7 million), which were comparable y-o-y and related — at lower borrowing levels — to rising interest rates;
- an increase (by PLN 1.2 million y-o-y to PLN 3.7 million) in other interest costs;

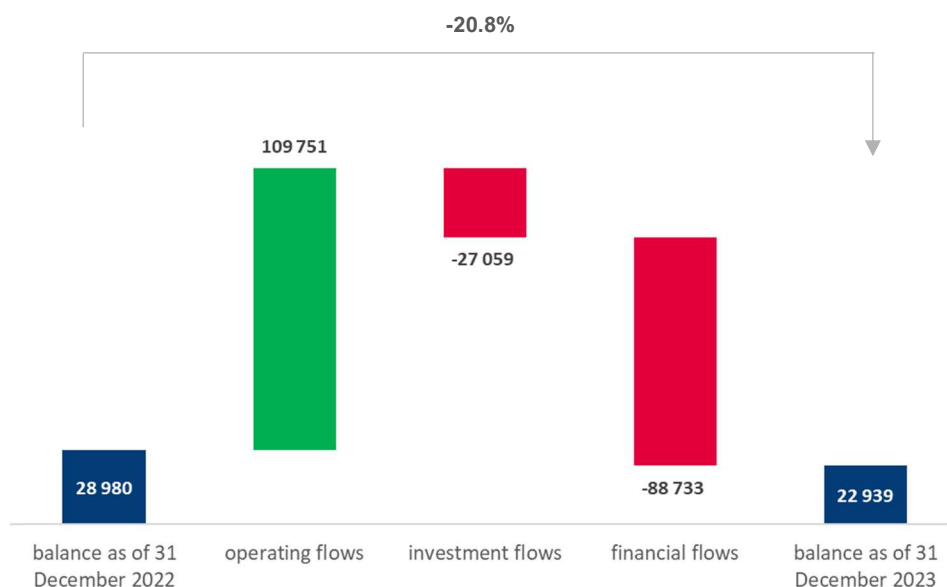
At the same time, there was a gain on foreign exchange transactions: PLN 6.9 million (including PLN 3.0 million in Q4 2023), i.e., by PLN 2.6 million higher than in 2022 and foreign exchange losses similar to those of 2022 (PLN 1.6 million vs. PLN 1.7 million) determining — with higher interest — a significant (by PLN 2.8 million) y-o-y improvement in the result on financial activity of the Apator Group.

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3.2. Assessment of the financial position

The cash balance at December 31, 2023, was down by PLN 6.0 million from the end of 2022 and amounted to PLN 22.9 million. Cash levels were affected by the following factors:

- high positive cash flows from operations related to improved EBITDA-to-cash conversion ratio as a result of consistent working capital optimization in an environment of growing sales, including:
 - a reduction in inventory levels (by 5.2 million y-o-y) while maintaining provision for increased production and planned deliveries,
 - slightly lower y-o-y level of receivables,
- negative cash flows from investment activities mainly as a result of capital expenditure on fixed assets and intangible assets (including expenditure on new machinery and equipment, R&D work);
- negative cash flow balance related to repayment of credit debt (balance of credit liabilities including interest costs paid — PLN 60.9 million), repayment of liabilities arising from financial leases (PLN -11.7 million), and payment of dividends and advance dividends (PLN -14.6 million).



| Other key indicators | Q1-Q4 2023 | 2022 | Formula |
|-------------------------|------------|---------|--|
| Current ratio | 1.39 | 1.12 | current assets / short-term liabilities |
| Quick ratio | 0.68 | 0.57 | (current assets — inventories) / short-term liabilities |
| Return on asset (ROA)* | 3.61% | 2.14% | net profit for the last 12 months / average total assets, calculated as an average of the opening and closing balances |
| Return on equity (ROE)* | 6.69% | 4.00% | net profit for the last 12 months / average equity calculated as the average of the opening and closing balances |
| Net debt (PLN thousand) | 169,118 | 211,489 | credits and loans — cash and cash equivalents — granted loans |
| Net debt / LTM EBITDA* | 1.44 | 2.08 | (credits and loans — cash and cash equivalents — granted loans) / EBITDA profit level for the last 12 months |

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| Other key indicators | Q1-Q4 2023 | 2022 | Formula |
|--------------------------------|------------|---------|---|
| CAPEX (PLN thousand) | 46,225 | 72,273 | tangible and intangible investment expenditure |
| Working capital (PLN thousand) | 275,273 | 264,713 | (current assets — cash) — (short-term liabilities — short-term credits and loans) |

**) LTM EBITDA and net income adjusted for write-downs of development work and goodwill (related to GWi) of 2022 and write-downs of intangible assets, tax loss and fair value measurement (tax provision) related to GWi for Q1-Q4 2023.*

The level of net working capital (NWC) was 10.6 million higher at the end of 2023 compared to the end of 2022. With inventories and receivables lower y-o-y (by PLN 5.2 million and PLN 2.8 million, respectively) and lower (by PLN 6.0 million) cash at the end of the period, this is primarily due to a significant (by PLN 31.9 million) reduction in trade liabilities. The relatively small y-o-y increase in working capital (and lower y-o-y inventories) against a backdrop of significantly higher turnover is the result of systematic and consistent work on its optimization. Throughout 2023, the Group's individual companies took measures to reduce the cost of maintaining higher storage levels and the debt that finances them, while maintaining security and continuity of production and supply.

As anticipated and previously announced, the higher (compared to the end of 2022) inventory levels experienced in the first three quarters of 2023, primarily in the Electricity and Gas segments (due to stocking with commodities in preparation for deliveries in large contracts and subsequent postponements of their delivery schedules), were significantly reduced by the end of 2023. The total inventory in the Apator Group was 36.7 million PLN lower at the end of 2023 compared to the end of September last year, which allowed a sharp reduction (by 62.3 million PLN) in the use of working capital credits and related financing costs.

In 2023, incurred CAPEX incurred were mainly related to research and development expenditures carried out throughout the Group (work continued, for example, on the development of the Ultrimis family of water meters — new applications, measurement ranges, and accuracy classes, new types of ee meters, the development of new or implementation of the next generation of software solutions, e.g. the remote reading system for water and heat meters, and a number of other solutions to support management and improve energy efficiency for customers).

Thanks to the optimization of working capital and the associated reduction in the scale of borrowing, Apator Group's net financial debt at the end of 2023 was lower compared to the end of 2022 by as much as PLN 42.4 million, and lower compared to the end of the third quarter of 2023 by as much as PLN 65.0 million. As a result of the simultaneous reduction in debt and improvement in EBITDA, the net debt to EBITDA LTM ratio (adjusted) at the end of 2023 was significantly lower than in the earlier periods and amounted to 1.44x (compared to 2.08x at the end of 2022 and 1.96x at the end of Q3 2023).

4. Information on factors that will affect the future results of the Apator Group

4.1. Risk factors, hazards and the impact of the pandemic on the activities of the Apator Group

All significant risk factors and threats in the Apator Group are identified, analyzed and controlled on an ongoing basis. Risk management is implemented based on the model of three lines of defense and uniform principles and methodology developed based on the international standard ISO 31000. At the individual Group companies, risk management is an integral part of their management systems and continues to be supervised by the parent company.

The risk management policy adopted by the Group includes risk controls broken down into:

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- financial management risk,
- strategic risk related to the development and value creation of the Apator Group,
- operational risk, including day-to-day performance, legal compliance, occupational health and safety, information security, and environmental protection.

A detailed description of risk factors that may have an impact on the activity of the Apator Group is presented in the Report of the Management Board on the Activities of the Apator Group for 2022 in Chapter 8 under the link: <https://www.apator.com.pl/relacje-inwestorskie/dane-finansowe-i-raporty-okresowe>.

In the opinion of the Management Board, the risks identified in the aforementioned document remain valid. Nevertheless, the Management Board notes that the factors that will affect results in the coming quarters are the global and local effects of the overlapping crises that have occurred in recent years.

At the same time, the Management Board notes that risk factors arising from legal, political, and economic conditions (both local and global), which are beyond the reach and control of the Company/Group, may actually result in underperformance.

the Management Board of Apator S.A. monitors the political and economic situation on a current basis, analyses its impact on the activity of the Company and the Capital Group and checks the possibilities of protection against risks, and takes adequate actions.

Key risk factors that could negatively affect performance in the coming quarters remain:

- the continuing difficult situation in the Gas segment due to structural changes in the market for this fuel. High uncertainty in the sector resulting in temporary halting of investments in the gas network and reduced procurement in some markets.
This results in a significant deterioration of the segment's performance both in terms of revenue, and profitability levels. To counter this, further restructuring of the segment is underway, to consistently improve cost efficiency. Consequently, the need for further write-downs cannot be ruled out.
The future of the Gas segment is the subject of strategic activities in the Apator Group, which is actively seeking alternative markets for its existing product lines and working on modifying its offerings to suit new customer groups. It should be borne in mind that the effects of these measures are expected over a longer period of time;
- the unstable situation in the energy commodity markets affecting the change of customers.
The Apator Group continuously monitors the situation in all markets and seeks new sales opportunities and chances to introduce products related to energy transformation;
- lack of stability in the components market (limitations in the availability of selected materials - mainly components from integrated circuit groups, persistently long delivery times, price fluctuations).
To limit its exposure to supply risks, the Apator Group introduces substitutes and alternative materials (while maintaining the required level of product quality), actively seeks other sources of purchase, and conducts optimal inventory management adapted to the current situation. The cooperation and integration of activities in this area between Group entities enables the Group to benefit from synergies and reduces exposure to operational risk; In 2023, Apator S.A. additionally introduced the possibility of hedging copper prices;
- Extended delivery times and risk of cargo loss due to transportation disruptions in the Red Sea; continued volatility related to inflation, fluctuating price levels for metals, electronics, and high costs of energy, fuel, transportation services, and labor.
In order to mitigate the negative effects of price increases, the Apator Group implements a number of measures to improve efficiency, such as optimization/automation of production, changes in the product mix aimed at improving profitability and dynamic pricing policies. At the same time, Apator Group companies are constantly analyzing the possibility of introducing new sources of supply and opportunities to shorten supply chains;

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- volatile financial markets, high interest rates, and high exchange rate volatility.
The companies of the Group — by reducing their exposure to financial risks — take care of securing currency positions, effective involvement of working capital, and minimization of debt servicing costs.

Impact of the situation in the East

As of the date of this report, the Apator Group continues to identify risks arising from the war in Ukraine; however, their level depends on the further development of the situation and its impact on exchange rates, prices of raw materials, and other areas of operations.

Since the outbreak of war in February 2022, the Group has completely ceased sales in the Russian and Belarusian markets. Sales to Ukraine accounted for about 1.4% of Apator Group's total sales in Q1-Q4 2023.

As regards receivables from contractors from the endangered markets, at the end of 2023, the share of receivables from the Ukrainian market in the total value of receivables of the Apator Group was about 0.7%. The Group had no trade receivables from the Russian and Belarusian markets. Therefore, as at the date of publication of this report, the situation in the East has no significant impact on the Group's operations.

Detailed values of receivables as at 31/12/2023 are presented in the table below.

| Level of receivables as at 31/12/2023 | Apator S.A. | Apator Group |
|---|---------------|----------------|
| Receivables from contractors | - | 1,327 |
| Ukraine | - | 1,327 |
| Total trade receivables as at 31/12/2023 | 63,970 | 186,982 |
| Share in Company's trade receivables | 0.0% | - |
| Share in trade receivables of the Apator Group | - | 0.7% |

4.2. Prospects

A detailed description of the prospects and development factors for individual segments, which will determine the operations and results of the Apator Group, is presented in Chapters 3 and 4 of the Report of the Management Board on the activities of the Apator Group for 2022. In the opinion of the Management Board, the prospects indicated in the aforementioned document remain valid. Link to document: <https://www.apator.com.pl/relacje-inwestorskie/dane-finansowe-i-raporty-okresowe>.

The Apator Group operates in sectors of the economy that have recently been undergoing dynamic regulatory and technological transformation, which creates new opportunities and development possibilities for the Group. Among the important favorable trends, the following should be noted:

- the focus of EU policy on supporting and shifting European economies towards climate neutrality (The European Green Deal, Blue Deal, Fit for 55, and REPowerEU) is redirecting funding toward environmentally sustainable technologies and innovations, increasing demand for green energy, pressure to conserve natural resources and increasing environmental awareness of societies;
- positive effects resulting from the unlocking of funding under the National Recovery and Resilience Plan, which envisages the allocation of a significant portion of funds for green transition (among other things, for further development of RES, modernization and expansion of electricity grids, energy efficiency, green transformation of cities and municipalities, etc.). The first part of the funds, in the form of an advance of about PLN 5 billion, was unlocked in Q4 2023. Subsequent tranches will be released sequentially in 2024, so the procedures for allocating these funds to beneficiaries can be expected to accelerate significantly;
- the digitization of all sectors of the economy, including the energy sector, related, among others, to the collection and processing of huge amounts of data, as well as the need for high-quality digital security and automation of processes;

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- the gradual decentralization of the energy sector and the growing participation of new market participants: RES power generators and prosumers, which necessitates the need to ensure system balancing with a dynamically increasing share of distributed generation on the part of DNOs, and generates demand for new products and services for RES energy management on the part of business and individual customers;
- the acceleration of regulatory efforts to foster the return of supply chains to Europe, which has been supported by regulations at the EU level (the European Chips Act, the EU's NetZero Industry Act — NZIA, and the European Critical Raw Materials Act — CRMA).

At the same time, the Apator Group is subject to global trends and environmental conditions, which continue to be influenced by, among other things, the negative effects of the war in Ukraine and the armed conflict in the Middle East. They involve impediments to business, which include:

- the global weakening of economic growth and the difficult-to-estimate possible scale of economic recession in the Group's operating markets;
- Volatility of the market for production components in terms of availability, prices, and delivery dates (as of the last quarter of 2023, under the additional influence of the unfavorable situation in the Red Sea). However, it is worth noting that, regardless of the attacks in the Red Sea, during 2023, there has been a partial normalization and stabilization of the situation in the components market, a trend of supply chains turning back to Europe can be noted — the anticipated better availability of electronic components in the medium term;
- unstable prices of energy carriers (coal, gas, district heating, etc.);
- volatile financial markets, high interest rates, and exchange rate volatility.

The situation in each segment is further influenced by:

Electricity Segment:

- favorable amendments to regulations on energy transition and RES in Poland (key changes: direct line, virtual prosumer, *cable pooling*, *dynamic tariffs*);
- financial program launched ("My Electricity 5.0") providing impetus for further development of RES (both by energy companies and the private sector, including expected development of company-owned and industrial RES installations), support for self-consumption, management and ee storage; the expected positive impact of unlocked NRP funds on the growth of infrastructure investments, including green transformation of energy, industry, and regions (programs for local government units);
- the scale of private investment in the RES sector is beginning to exceed current and planned investments in the commercial power industry;
- still relatively high prices of electricity for enterprises, local governments, and households causing increased interest in and demand for solutions for precise measurement and management of utility consumption, modern systems, applications, and services developed within Apator Group (e.g., GISMO system for street lighting management, OMNITORUS system for utility consumption management, DS (*demand service*), power guard);
- rollout of meters in Poland — rapid rate of commoditization of meters, high competition due to low barriers to entry, and lack of verification of suppliers for digital security, among others. Apator Group expects revenue and volume growth of smart meters in the product mix, and in the long term assumes keeping the market share;
- the necessity of modernization and expansion of transmission and distribution networks, among others due to the demand for new capacities resulting from the dynamic growth of unstable renewable sources in the Polish power system, accelerated development of public charging infrastructure for electric cars, and planned new investments of RES — in these areas the switchgear supplied by Apator and solutions for telemechanics, control and protection of the power network are applicable;

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- growing demand from distribution companies (in the fields of power, water, and gas) as well as local government units for network asset recording services and construction of digital network models in GIS-class systems;
- demand for new functionalities and applications in the area of network asset management, natural development of systems related to changes in DSO business models;
- persistent non-market regulations in the energy market (extension of the energy price freeze, regulated prices in G tariffs, no dynamic tariffs);
- a slowdown in new investment and purchasing decisions in the energy sector by the end of 2023 related to the expected replacement of executives at state-owned companies. This factor is likely to also influence DNO investment decisions in the first half of 2024.

Gas Segment:

- the prospects of the Gas segment are highly correlated with the regulatory environment and demand for natural gas. Strategic policy decisions on energy security and the direction of the energy transition will determine the industry's activities in 2024 and beyond;
- expected further reduction in EU gas consumption due to dynamically changing commodity prices on European exchanges. A gradual switch of the economy and consumers to other fuels (*fuel switching*) is evident in EU countries;
- halting investments in the gas network and, consequently, new gas connections;
- the resulting high uncertainty in the sector, implying a temporary halt in orders.

Water & Heat segment

- good prospects resulting from rising utility costs, the trend toward water conservation as a result of shortages of this resource, as well as regulatory pressures (replacements of traditional water and heat meters with remote-reading meters being implemented throughout Europe). In the domestic market, increased demand for smart class solutions due to the introduced amendment to the Energy Efficiency Act imposing on owners or management of multi-unit buildings the obligation to install, by January 1, 2027, heat meters, water meters, and heat allocators with remote reading. In addition, interest is expected to increase in remote reading systems, water and heat billing services, technical solutions for water quality monitoring or leak detection (particularly strong demand for complex solutions among water and sewage companies);
- successively increasing demand for electronic (as opposed to mechanical) flow/water consumption measurement technologies that guarantee the highest classes of measurement accuracy. Increased customer interest, particularly in ultrasonic water meters that eliminate water losses;
- noticeable weaker financial condition of local governments and housing cooperatives in the last months of 2023 as a result of high inflation, especially in energy utilities, affecting reduced demand for new metering solutions. The industry expects the distribution of funds under the NRP provided for, among other things, investment and support for sustainable water and wastewater management in rural areas (approximately PLN 4 billion), as well as programs for the construction of housing for low- and moderate-income households with energy efficiency (PLN 3.4 billion). It can also be expected that high housing sales in late 2023 associated with, among other things, the "2% Safe Mortgage" program will translate into increased sales of metering equipment in the following months of 2024.

5. List of most significant events

5.1. List of events in 2023

1. On January 10, 2023, the Management Board of Apator S.A. informed of the receipt of a notification, in accordance with which Powszechne Towarzystwo Emerytalne Allianz Polska S.A., managing Allianz

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- Polska Otwarty Fundusz Emerytalny "Allianz OFE" and Allianz Polska Dobrowolny Fundusz Emerytalny "Allianz DFE," as a result of the merger with Aviva Powszechne Towarzystwo Emerytalne Aviva Santander Spółka Akcyjna, managing Drugi Allianz Polska Otwarty Fundusz Emerytalny "Drugi Allianz OFE," obtained over 5% share in the total number of votes during the Shareholders Meeting of the Company. As a result of the merger, the total balance in the accounts of Allianz OFE, Allianz DFE and Drugi Allianz OFE increased to 4,545,864 shares, representing 13.92% of the Company's share capital, which gives the right to exercise 4,545,864 votes from shares representing 8.32% of the total number of votes at the Company's GM.
2. On January 31, 2023, the Supervisory Board of Apator S.A. received the resignation of Arkadiusz Chmielewski from the function of the President of the Management Board of Apator S.A. The resignation was submitted with effect as of February 28, 2023. At the same time, the Supervisory Board of the Company appointed Maciej Wyczesany as the President of the Management Board of Apator S.A. as of March 1, 2023. In connection with the above, from March 1, 2023, the Management Board of Apator S.A. was as follows: Maciej Wyczesany — President of the Management Board, Tomasz Łątka — Member of the Management Board.
 3. On January 31, 2023, at a shareholder's request, 1,100 series A registered shares of the nominal value of PLN 0.10 each, with 1:4 voting preference at the General Meeting, were converted into ordinary bearer shares. As a result of the conversion of registered shares of series A, the preference of 1,100 shares subject to conversion expired, the amount of the Company's share capital did not change and amounts to PLN 3,264,707.30, while the total number of votes at the Company's General Meeting changed, which after conversion amounts to 54,641,246 votes. The assimilation and listing of the aforementioned shares took place on February 28, 2023.
 4. On February 3, 2023, the Management Board of Apator S.A. announced the conclusion of two implementing agreements for the procedure for "Supply of static remote reading meters with PLC communication module in OSGP standard together with installation, storage and cleanup services in the Smart City Wrocław area at TAURON Dystrybucja S.A. Wrocław Branch," i.e.: the agreement between GRIFFIN GROUP SA ENERGY Sp. k., and Apator S.A. for supply of static 1-phase and 3-phase remote reading meters with PLC communication module in OSGP standard, and the agreement between the Consortium consisting of FAP Pafal S.A. (an Apator Group company) and Energo-Moc Wzorcownia Sp. z o.o. and GRIFFIN GROUP SA ENERGY Sp. k., for the installation and storage of electricity meters being the subject of the above-mentioned proceedings. The total value of the agreement for the companies of the Apator Group will be approximately PLN 60 million, 60 million zlotys, with a possible increase to ca. 66 million zlotys if TD exercises its option right. Implementing agreements are in place from Q1 2023 to Q3 2025. By the end of 2023, deliveries of meters of the total value of nearly PLN 26.0 million were made, and FAP Pafal S.A. performed services worth more than PLN 10.6 million.
 5. On May 16, 2023, the Management Board of Apator S.A. reported receipt of a notice from Powszechne Towarzystwo Emerytalne Allianz Polska S.A., company managing Allianz Polska Otwarty Fundusz Emerytalny ("Allianz OFE") that on May 12, 2023, as a result of liquidation of Drugi Allianz Polska Otwarty Fundusz Emerytalny ("Drugi Allianz OFE") through the transfer of its assets to Allianz OFE, the Issuer's share in the total number of votes in the accounts of Allianz OFE, was above 5%. Prior to the liquidation of Second Allianz OFE, the total balance in the accounts of Allianz OFE and Second Allianz OFE amounted to 4,539,876 shares in the Company, which represented a total shareholding of 13.91% in the Company's share capital and gave the right to exercise 4,539,876 votes representing 8.31% of the total number of votes at the Company's General Meeting. After liquidation of Drugi Allianz OFE, 4,539,876 shares, representing 13.91% of the Company's share capital, were credited to Allianz OFE's account, which gives the right to exercise 4,539,876 votes from shares representing 8.31% of the total number of votes at the Company's General Meeting.
 6. On May 26, 2023, the Multi-Purpose Agreement was signed by and among PKO BP S.A. and the following companies of the Apator Group: Apator S.A., Apator Powogaz S.A., Apator Metrix S.A., the subject of which is granting a multi-purpose credit limit in the total amount of PLN 80 million, intended

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for current financing of the companies' activities. The credit limit can be used in the form of revolving loans, bank guarantees and letters of credit. The credit matures on May 26, 2025. The interest rate on the credit line is based on WIBOR/EURIBOR 1M, SOFR O/N, SONIA O/N, plus the bank's margin. The collaterals of the agreement are as follows:

- contractual joint mortgage on real estates of Apator Powogaz S.A. and Apator Metrix S.A.,
 - registered pledges on tangible assets of Apator S.A. and Apator Powogaz S.A.,
 - assignment of rights under the insurance policy for the above collateral,
 - an execution statement, in each of the companies, pursuant to Art. 777 § 1(5) of the Code of Civil Procedure Act of November 17, 1964. (Journal of Laws of 2021, item 1805, as amended).
7. On June 5, 2023, the Management Board of Apator S.A. informed that the Company's offer had been selected as the most favorable in the tender published by PGE Dystrybucja S.A. for the supply of 1-phase and 3-phase remote reading meters for end-users connected to the low-voltage network for part 2. The value of the bid, under the basic contract, is ca. PLN 113,5 million. In addition, the terms of the tender provide for an option right to increase the contract by ca. PLN 46,3 million. As a result, the total value of the bid may amount to approx. PLN 160 million. Deliveries will be made within 21 months from the date of the conclusion of the agreement. Signing of the agreement between Apator S.A. and PGE Dystrybucja S.A. took place on July 17 of this year. The first deliveries of meters have been made since August. By the end of 2023, the value of deliveries had reached nearly PLN 58.0 million.
 8. On June 28, 2023, the Ordinary General Meeting of Apator S.A. was held which, among others, passed a resolution on the level of dividend from profit for 2022 in the amount of PLN 0.30 per share (more in item 6.7.5).
 9. On July 13, 2023, the District Court in Toruń, VII Economic Division of the National Court Register registered changes in the Articles of Association of Apator S.A. Amendments to the Articles of Association were made pursuant to Resolution No. 20/VI/2023 of the Ordinary General Meeting of Apator S.A. of June 28, 2023, and concern:
 - updating the number of series A registered shares and series A, B, and C bearer shares in connection with the conversion and assimilation of 1,100 series A registered shares into bearer shares,
 - the need to adapt the provisions of the Articles of Association to the applicable provisions of law (the CCC) and internal procedures. As a result of the changes, the company's share capital has not changed and amounts to PLN 3,264,707.30 and is divided into 7,331,391 registered shares of series A and 25,315,682 bearer shares of series A, B and C of the nominal value of PLN 0.10 (ten grosz) each. The total number of votes at the GSM resulting from all issued shares is 54,641,246.
 10. On August 25, 2023, the Management Board of Apator S.A. decided to reduce the activated tax loss in the Gas segment in the consolidated balance sheet of the Apator Group, relating to the indirect subsidiary George Wilson Industries Ltd, with its registered office in Great Britain, in accordance with the provisions of IAS 36 "Impairment of Assets". The write-down is related to changes in the macroeconomic environment, including mainly the impact of the war in Ukraine on the development of the gas metering sector, lower margins, current and planned volumes of products sold, as well as uncertainty as to the possibility of using the tax loss asset in question in the foreseeable future. The write-down, relating entirely to the Gas segment, charged income tax and thus the consolidated net result of the Apator Group, by £1.34 million, i.e. PLN 6.9 million according to the average exchange rate as at the balance sheet date, i.e. June 30, 2023. This amount was included in the Group's consolidated statements for the first half of 2023
 11. On September 7, 2023, the offer of Apator S.A. was selected as the most favorable in Part No. 1 in the proceedings announced by Energa - Operator S.A. for "Successive supply of remote reading meters with replacement communication modems." Signing of the agreement between Apator S.A. and Energa - Operator S.A. occurred on September July 25 last year. The total value of the agreement is PLN 160.4 million. Deliveries will be made within 36 months from the date of the conclusion of the agreement. In 2023, Apator delivered the verification tranche of the meters. The actual meter deliveries started in 2023.

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12. On September 27, 2023, the Supervisory Board of Apator S.A. received the resignation of Mr. Tomasz Łątka from his position as a Member of the Executive Board of Apator S.A. The resignation was submitted with effect as of September 27, 2023. In connection with the above, from September 28, 2023, to November 22, 2023, the Management Board of Apator S.A. acted in a single-person composition: Maciej Wyczesany — President of the Management Board.
13. On November 22, 2023, the Supervisory Board of Apator S.A. appointed Mr. Łukasz Zaworski to the Management Board of Apator S.A. for the current joint term, ending on the day of the Ordinary General Shareholders Meeting of the Company in 2025. In connection with the above, from November 22, 2023, the Management Board of Apator S.A. acted in a two-person composition: Maciej Wyczesany — President of the Management Board, Łukasz Zaworski — Member of the Management Board.
14. On November 22, 2023, the Management Board of Apator S.A. announced its decision to make an advance payment on the expected dividend from its 2023 profit amounting to PLN 0.20 gross per share. The right to advance payment was granted to the shareholders holding shares of Apator S.A. on December 15, 2023. The advance payment was made on December 21 last year.
15. On December 19, 2023, the Supervisory Board of Apator S.A. appointed Mr. Robert Kowalski to the Management Board of Apator S.A. In connection with the above, from December 19, 2023, the Management Board of Apator S.A. has acted in a three-person composition: Maciej Wyczesany — President of the Management Board, Łukasz Zaworski — Member of the Management Board, Robert Kowalski — Member of the Management Board.
16. On December 19, 2023, after the assessment of the main premises proving the possibility of the loss of the balance value of fixed assets in the Apator Group, the Management Board of Apator S.A. decided to make a write-down of intangible assets (trademark, relations with clients) and to reduce the capitalized tax loss. The write-downs are related to the indirect subsidiary George Wilson Industries Ltd based in the UK. They stem from a revision of strategic plans and an update of the financial projections made for GWi, which continues to be adversely affected by the macro-economic environment, with implications for lower margins and current and planned product sales volumes. The amount of write-downs was included in Apator Group's consolidated statements for the fourth quarter of 2023.

In the period under review, there were no factors and events other than those mentioned above, including those of an unusual nature, which would have a significant impact on the results of the Apator Group.

5.2. List of events after the balance sheet date

1. On January 31, 2024, at a shareholder's request, 4,876 series A registered shares of the nominal value of PLN 0.10 each, with 1:4 voting preference at the General Meeting, were converted into ordinary bearer shares. As a result of the conversion of series A registered shares, the preference of 4,876 shares subject to conversion expired, the amount of the Company's share capital did not change and was PLN 3,264,707.30, while the total number of votes at the Company's Shareholders Meeting changed and amounted to 54,626,618 votes after the conversion. The planned date for the assimilation and listing of the aforementioned shares was set for February 29, 2024.
2. On February 14, 2024, the Management Board of Apator S.A. announced that it had received an order from Incobex sp. z o.o. for the installation and delivery of balancing systems for a total amount of PLN 20.6 million with delivery dates by the end of November 2024. The final recipient of the balancing systems is Energa - Operator SA under a non-public procedure: "Supply of integrated balancing systems."
3. On February 21, 2024, Apator S.A. was served with the order for payment issued on February 2, 2024 by the District Court in Poznań, which the Court awarded from Apator S.A. to Enea Operator Sp. z o.o. based in Poznań the amount of 1.8 million PLN with statutory interest and litigation costs. Apator S.A. intends to file an objection to the order for payment, in which it will request that the claim be dismissed in its entirety. The awarded amount relates to the contractual penalty for untimely

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performance of a service by Apator S.A., the value of which was much lower than the value of the awarded amount (it is about 13% of this amount). Apator S.A. voluntarily paid to Enea Operator Sp. z o.o. part of the claimed contractual penalty, which it considered undisputed, which was not included in the statement of claim. Moreover, importantly, the service was performed by Apator S.A. and received by Enea Operator Sp. z o.o. without any comments. What is more, Enea Operator Sp. z o.o. did not suffer any damage from its untimely performance.

4. On February 27, 2024, the Management Board of Apator S.A. announced that it had received an order from ZUP Emitemer sp. z o.o. for the installation and delivery of balancing systems for a total amount of PLN 31 million with delivery dates by the end of November 2024.

6. Additional information

6.1. Credits, loans, guarantees

The state of credits and loans of the Apator Group:

| Specification | as at | | Change |
|--------------------------------|----------------|----------------|----------------|
| | 31/12/2023 | 31/12/2022 | |
| Long-term credits and loans* | 29,545 | 3,119 | 26,426 |
| Short-term credits and loans | 162,512 | 237,350 | -74,838 |
| Total credits and loans | 192,056 | 240,469 | -48,413 |

**) In 2023, part of the credit of Apator Powogaz S.A. was reclassified from short-term to long-term, hence the increase in the value of debt in this category.*

6.1.1. Credits

As at December 31, 2023, the state of material credit agreements is as follows:

1. Apator Group

- a) Multi-product agreement of June 22, 2016.

On June 30, 2022, by and between ING Bank Śląski S.A. and companies of Apator Group: Apator S.A., Apator Powogaz S.A., Apator Metrix S.A., FAP Pafal S.A., Apator Rector Sp. z o.o., Apator Telemetria Sp. z o.o. an annex to the above-mentioned agreement was concluded, pursuant to which the revolving credit limit for current financing of companies was increased from PLN 180 million to PLN 250 million. The credit repayment date is June 30, 2025. The credit limit can be used in the form of working capital credits, bank guarantees, letters of credit and discount transactions for the redemption of receivables by the Bank in the form of supplier financing. The interest rate on the limit is based on the WIBOR/EURIBOR 1M rate increased by the bank margin.

The collateral of the Agreement is as follows:

- registered pledges on the companies' inventory of a total value of PLN 148.8 million,
- registered pledges on the companies' fixed assets with a total net value of PLN 30.0 million,
- mortgage on the real estate of Apator S.A. up to the value of PLN 40 million,
- assignment of rights under the insurance policy for the above collateral,
- blank promissory note and promissory note declarations issued by the borrowers.

The obligations under the granted limit are jointly borne by the companies, up to a maximum amount of PLN 250 million.

As at December 31, 2023, the use of limits by the Apator Group under the concluded multi-product contract was:

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- from used credit limits — PLN 127.1 million,
- from guarantees and letters of credit issued — PLN 14.5 million,
- from supplier financing — PLN 3.3 million.

b) Multi-purpose agreement dated May 26, 2023

On May 26, 2023, by and among Powszechna Kasa Oszczędności Bank Polski S.A. and companies of Apator Group: Apator S.A., Apator Powogaz S.A. and Apator Metrix S.A. a multi-purpose credit limit contract was concluded for the total amount of PLN 80 million. The contract was concluded for a period of two years, i.e. until May 26, 2025. On November 23, Annex 1 to the Agreement was concluded, under which another Borrower was added — GWi, a company based in the UK. The amount of the credit limit has not changed. The limit can be used in the form of working capital credits, bank guarantees and letters of credit. The interest rate on the limit is based on WIBOR/EURIBOR 1M, SOFR/SONIA ON plus the bank's margin.

As at December 31, 2023, the collaterals of the agreement are as follows:

- registered pledges on the companies' tangible assets of the total value of PLN 12.4 million,
- a joint mortgage on the Żerniki and Tczew properties up to PLN 182.8 million,
- assignment of rights under the insurance policy for the above collateral,
- statement of submission to execution under Art. 777 of the Civil Code, each company up to the amount of PLN 80 million.

As at December 31, 2023, the use of limits by Apator Group companies under the concluded agreement was:

- from used credit limits — PLN 29.7 million,
- from guarantees and letters of credit issued — PLN 13.4 million,

2. Apator S.A.:

- a) on August 13, 2021, concluded with Bank Handlowy S.A. a long-term (acquisition) credit contract for the amount of PLN 13 million. The credit facility was intended to finance the purchase of shares from minority shareholders of Apator Telemetria Sp. z o.o. The interest rate on the credit was determined based on a variable interest rate equal to the WIBOR rate for 3-month deposits increased by the bank margin. The credit was repaid on December 15, 2023. The collateral release procedure is in progress. Only the statement on submission to execution under Art. 777 of the Civil Code, up to PLN 15.6 million with a time limit until August 31, 2026, remains in force.
- b) on October 22, 2021, Apator S.A. entered into a non-recourse factoring agreement with ING Commercial Finance Polska S.A. with a limit of up to PLN 10 million to finance current operations. On August 23, 2022, Annex 1 was concluded between the parties, based on which the available limit was reduced to PLN 5 million. The contract was terminated on October 23, 2023. The blank promissory note that secured the agreement was returned.

3. **GWi Ltd.** has an overdraft facility taken out on September 8, 2017, at CITI London bank for the amount of GBP 4 million. The overdraft facility was taken out to repay a credit from BI Group PLC and Apator Metrix S.A., which was related to the early redemption of the remaining 50% of GWi's shares by Apator Metrix S.A. in 2017. On December 27, 2023, the overdraft facility was refinanced by PKO BP bank. The agreement with CITI London expired on December 29, 2023. The procedure for releasing the bank guarantee, which was a guarantee for the repayment of the contract by Apator Metrix S.A., is in progress. As of December 31, 2023, GWi's debt under the credit from PKO BP amounted to PLN 19.7 million (the quoted amount was included in the value of the limits used by Apator Group companies in the multi-purpose agreement of May 26, 2023, in point 1b above).

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4. Apator Powogaz S.A.:

- a) on December 4, 2020, concluded with PKO Bank Polski S.A. with its registered office in Warsaw, an investment credit agreement in the amount of PLN 39.1 million with the possibility of increasing it to PLN 41 million. On May 6, 2022, an annex was concluded, which increased the financing amount by PLN 0.9 million. The credit was used to finance the acquisition of land and the construction of a production plant in Jarzyski near Poznań, on the basis of an agreement with the General Contractor. The interest rate is determined as follows:
- up to PLN 39.1 million — fixed interest rate of 1.3% p.a. increased by the Bank margin.
 - above PLN 39.1 million and up to PLN 41.9 million — interest rate based on a variable interest rate of WIBOR 1M increased by the Bank margin.

As at December 31, 2023, credit collateral includes:

- blank promissory note and promissory note declaration,
- joint mortgage on the real estate in Jarzyski with a multi-purpose agreement for the total amount of PLN 182.8 million,
- assignment of rights under the insurance policy on the mortgaged property.

The credit repayment period is determined to be from July 31, 2022, to December 4, 2030. As at December 31, 2023, the debt under the above credit amounted to PLN 35.0 million.

- b) on June 5, 2023, Apator Powogaz S.A. concluded, with PKO Faktoring S.A., a factoring agreement with a financing limit of up to PLN 15 million, effective until June 4, 2024. The interest rate was determined based on the WIBOR/EURIBOR 1M rate plus margin. The agreement is secured by a power of attorney to the bank account and a blank promissory note with a promissory note agreement. As at December 31, 2023, the value of the used limit was PLN 6.7 million.
- c) has entered into a factoring agreement with ING Commercial Finance Polska S.A. with a limit of up to PLN 4.5 million to finance current operations. On September 22, 2022, an annex to the above agreement was signed extending the method of financing to both with and without assuming the solvency risk of customers. The interest rate on the financing was set at a variable rate, depending on use, equal to WIBOR 1M or EURIBOR 1M plus the Bank's margin. The agreement is secured by a blank promissory note. As at December 31, 2023, the company has not used funding.

5. **Spółka Apator Metra s.r.o.** has drawn a credit from Raiffeisenbank a.s. in the amount of CZK 30 million, the purpose of which is to finance current business activities. The agreement is concluded for an indefinite period. The interest rate was determined based on the variable 1D PRIBOR rate plus the bank margin. The credit is secured by a pledge on property in the amount of CZK 50 million (i.e. PLN 8.8 million according to the average exchange rate of the ING BŚ bank as at December 29, 2023, for CZK = PLN 0.1756), together with the assignment of rights under the all-risk property insurance policy. As at December 31, 2023, the use of the credit was CZK 5 million (PLN 0.9 million).

6. **Apator Telemetria Sp. z o.o.** on March 24, 2022, concluded with mBank S.A. an e-credit agreement for supplier financing, with a limit of PLN 7 million. On February 28, 2023, an annex to the agreement was concluded, extending its term to June 20, 2024. The interest rate on the financing was set at a variable rate, depending on use, equal to WIBOR 1M or EURIBOR 1M plus the Bank's margin. The agreement is secured by a blank promissory note. As at December 31, 2023, the company has not used funding.

In 2023, no bank terminated a credit agreement for any company of the Apator Group, and the companies of the Apator Group were duly repaying their liabilities under the concluded credit agreements.

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6.1.2. Loans

In 2023, the companies in the Apator Group did not grant loans to entities outside the Group.

As at December 31, 2023, Apator Powogaz S.A. has a receivable under a consolidated loan in the amount of EUR 1.5 million granted to the subsidiary Apator Miitors ApS. The nominal interest rate on the loan is 2%. On November 20, 2020, Apator Powogaz and Apator Miitors ApS concluded an annex extending the loan repayment period until the end of 2029. As at December 31, 2023, the amount of the outstanding loan (including interest) was EUR 1.1 million (i.e. PLN 4.6 million according to the average exchange rate of the ING BŚ bank as at December 31, 2023, for EUR = PLN 4.3415). The interest for 2023 was repaid in 2023.

6.1.3. Sureties and guarantees

In 2023, the companies in the Apator Group did not grant sureties to entities outside the Group. As of December 31, 2023, the state of granted sureties and guarantees is as follows:

1. Apator S.A.:

- conditional surety for payment under the concluded lease agreement for the purchase of tangible assets by and between Apator Rector Sp. z o.o. and mLeasing Sp. z o.o. in the total amount of PLN 0.2 million with a maximum term until December 14, 2024. The commission for the granted surety is calculated on a quarterly basis based on the rate of 1.2% p.a.

2. Subsidiary Apator Metrix S.A.:

- a guarantee to a subsidiary of George Wilson Industries Ltd. (GWi) up to a maximum amount of GBP 4 million, (i.e. PLN 19.9 million according to the average exchange rate of the ING BŚ bank as at December 29, 2023, for GBP currency = PLN 4.9909) for the period until October 31, 2023. The guarantee secured a credit granted to GWi by Citi Bank for the repayment of, inter alia, loans granted by NIG and Apator Metrix S.A. The guarantee was issued based on the revolving agreement concluded between Apator Metrix S.A. and Citi Handlowy. The guarantee commission was 0.5% p.a. Due to the repayment of the Citi London credit, the procedure for releasing the collateral is underway.

As at December 31, 2023, the Apator Group also had active guarantees issued by insurers and banks.

6.2. Pending proceedings before a court, arbitration body, or public administration body

The current proceedings (including two or more proceedings) concerning the liabilities or receivables of Apator S.A. before a court, an authority competent for arbitration proceedings, or a public administration authority concerning the Issuer and the companies from the Group of Companies are not significant

6.3. Transactions with related entities

Between the companies of the Apator Group, there is cooperation in business areas, in the field of financial activity and in the field of support functions (mainly IT). In 2023, under that cooperation, as in the previous periods, neither Apator S.A., nor any of its subsidiaries entered into transactions with related entities concluded on terms other than arm's length terms.

6.4. Entities subject to consolidation as at December 31, 2023

- parent entity — Apator S.A.,
- direct subsidiaries subject to consolidation using the full method:

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| Segment | Business line | Company | Registered office | Share in capital | Relation with Apator S.A. |
|--------------------|--|-------------------------------|--------------------------|------------------|---|
| Electricity (EE) | Electricity metering | FAP Pafal S.A. | Świdnica | 100% | Subsidiary of Apator S.A. |
| | ICT | Apator Rector Sp. z o. o. | Zielona Góra | 100% | Subsidiary of Apator S.A. |
| | Trading in mining equipment (small-scale activity — not a business line) | Apator Mining Sp. z o. o. | Katowice | 100% | Subsidiary of Apator S.A. |
| Electricity / Gas | Electricity and gas metering | Apator GmbH | Berlin (Germany) | 100% | Subsidiary of Apator S.A. |
| Gas | - | Apator Metrix S.A. | Tczew | 100% | Subsidiary of Apator S.A. |
| | | GWi Ltd. | Coventry (the UK) | 100% | Indirect subsidiary of Apator S.A. through Apator Metrix S.A. Indirect participation through Apator Metrix S.A. |
| Water & Heat (W&H) | - | Apator Powogaz S.A. | Jaryszki | 100% | Subsidiary of Apator S.A. |
| | | Apator Metra s. r. o. | Sumperk (Czech Republic) | 100% | Indirect subsidiary of Apator S.A. through Apator Powogaz S.A. Indirect participation through Apator Powogaz S.A. |
| | | Apator Miitors ApS | Aarhus (Denmark) | 100% | Indirect subsidiary of Apator S.A. through Apator Powogaz S.A. Indirect participation through Apator Powogaz S.A. |
| | | Apator Telemetria Sp. z o. o. | Słupsk | 92.69% | Direct subsidiary of Apator S.A. in 20.8% and indirect subsidiary of Apator Powogaz S.A. in 71.89%. |

6.5. Changes in the organization of Apator Group in 2023

In 2023, and until the date of publication of this report, there were no changes in the structure of the entity, including as a result of business combinations, acquisitions or sales of entities in the Apator Group, long-term investments, demergers and restructurings.

6.6. Composition of management and supervisory bodies of the parent company

Supervisory Board

As at December 31, 2023, and as at the date of publication of this report, the composition of the Supervisory Board of Apator S.A. was as follows:

1. Janusz Niedźwiecki - President of the Supervisory Board (independent within the meaning of the Good Practices of WSE Listed Companies 2021),

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| Period covered by the financial statements: | 1/01/2023–31/12/2023 | Reporting currency: | Polish zloty (PLN) |
| Rounding level: | all amounts are expressed in thousands of Polish zloty (unless otherwise indicated) | | |

2. Mariusz Lewicki - Deputy President of the Supervisory Board,
3. Janusz Marzygliński - Supervisory Board Member,
4. Danuta Guzowska - Supervisory Board Member,
5. Kazimierz Piotrowski - Supervisory Board Member,
6. Marcin Murawski - Member of the Supervisory Board (independent within the meaning of the Good Practices of WSE Listed Companies 2021),
7. Tadeusz Sosgórnik - Supervisory Board Member.

The current 5-year term of the Supervisory Board began on the date of the Ordinary General Meeting approving the 2019 statements i.e. on July 2, 2020, and will last until the date of the Ordinary General Meeting in 2025.

Management Board

From January 1 to February 28, 2023, the composition of the Management Board of Apator S.A. was as follows:

1. Arkadiusz Chmielewski — President of the Management Board, Director for Business Development of the Apator Group,
2. Tomasz Łątka — Member of the Management Board, General Director of Apator S.A.

Due to the resignation from the performance of the function of the President of the Management Board of Apator S.A. submitted by Arkadiusz Chmielewski on January 31, 2023, with effect from February 28, 2023, and the appointment of Maciej Wyczesany to that position, from March 1 to September 27, 2023, the Management Board of Apator S.A. was composed of:

1. Maciej Wyczesany — President of the Management Board,
2. Tomasz Łątka — Member of the Management Board.

After the resignation from the position of the Member of the Management Board of Apator S.A. submitted by Mr. Tomasz Łątka with effect on September 27, from September 28 to November 21, 2023, the Management Board of Apator S.A. acted as a single-member body.

By subsequent decisions of the Supervisory Board of Apator S.A., the composition of the company's Management Board was expanded twice by the appointment of Łukasz Zaworski to it on November 22, and then, on December 19, 2023, Robert Kowalski.

In connection with the above, from November 22 to December 18, 2023, The Management Board acted as a two-member body composed of:

1. Maciej Wyczesany — President of the Management Board,
2. Łukasz Zaworski — Member of the Management Board.

And from December 19 until the end of 2023 (and until the publication of this report) as a three-member body composed of:

1. Maciej Wyczesany — President of the Management Board,
2. Łukasz Zaworski — Member of the Management Board,
3. Robert Kowalski — Member of the Management Board.

The joint three-year term of office of the Management Board ends on the date of the Annual General Shareholders Meeting in 2025.

6.7. Shares, Shareholders

6.7.1. Share capital

As at 31/12/2023, the share capital of Apator S.A. amounted to PLN 3,264,707.30, and was divided into 7,331,391 series A registered shares, and 25,315,682 series A, B, and C bearer shares of the nominal value of PLN 0.10 each. The total number of votes at the General Shareholders Meeting resulting from all the issued shares was 54,641,246.

| | | | |
|---|---|---------------------|--------------------|
| Name of entity: | Apator Group | | |
| Period covered by the financial statements: | 1/01/2023–31/12/2023 | Reporting currency: | Polish zloty (PLN) |
| Rounding level: | all amounts are expressed in thousands of Polish zloty (unless otherwise indicated) | | |

| | Status as at December 31, 2023 | | | |
|---------------------|--------------------------------|-----------------------|-------------------|----------------------|
| | Number of shares | Structure of shares % | Number of votes | Structure of votes % |
| Registered shares | 7,331,391 | 22.5% | 29,325,564 | 53.7% |
| Bearer shares | 25,315,682 | 77.5% | 25,315,682 | 46.3% |
| Total shares | 32,647,073 | 100.0% | 54,641,246 | 100.0% |

Changes in the Statute of Apator S.A. concerning, among other things, updating of the number of registered shares of A series, and bearer shares of A, B, and C series in relation to the conversion, and assimilation of 1,100 registered shares of A series to bearer shares (under the Resolution No. 20/VI/2023 of the Ordinary General Shareholders Meeting of Apator S.A. dated June 28, 2023) were registered by the District Court in Toruń, 7th Commercial Division of the National Court Register on July 13, 2023.

After the reporting period, as a result of the conversion of 4.876 registered shares into ordinary bearer shares on January 31, 2024, that will be assimilated to stock exchange trading, the total number of votes decreased from 54,641,246 to 54,626,618. In view of the above, the basis for the calculation as of the date of publication of the report (February 29, 2024) is the share capital of PLN 3,264,707.30, consisting of 32,647,073 shares with a nominal value of PLN 0.10 each, divided as follows:

| | Status as at February 29, 2024 | | | |
|---------------------|--------------------------------|-----------------------|-------------------|----------------------|
| | Number of shares | Structure of shares % | Number of votes | Structure of votes % |
| Registered shares | 7,326,515 | 22.4% | 29,306,060 | 53.6% |
| Bearer shares | 25,320,558 | 77.6% | 25,320,558 | 46.4% |
| Total shares | 32,647,073 | 100.00% | 54,626,618 | 100.00% |

Each bearer share gives the right to one vote, while registered shares are preference shares in that one share gives the right to four votes at the Company's general meeting. Execution of share repurchase programs

The share buy-back program in 2022/2023

On June 28, 2022, the General Meeting of Apator S.A. adopted Resolution No. 32/VI/2022 on the implementation of another share buy-back program for the purpose of their redemption, and reduction of the share capital, in the amount not exceeding PLN 10 million, from July 7, 2022, to May 31, 2023.

No shares were acquired by the company under the above-mentioned program.

The program was closed with a resolution of the General Meeting of Apator S.A. No. 18/VI/2023 of June 28, 2023. The funds of the liquidated Share Redemption Fund in the amount of PLN 10 million were transferred in full to the Company's supplementary capital.

6.7.2. Ownership status and changes in the structure of significant shareholders

Information on shareholders holding at least 5% of the total number of votes:

| Specification | Status as at November 15, 2023 | | | | Status as at February 29, 2024 | | | | Change in the balance | |
|--|--------------------------------|-----------|------------|-----------|--------------------------------|-----------|------------|-----------|-----------------------|--------|
| | shares | votes | shares (%) | votes (%) | shares | votes | shares (%) | votes (%) | purchase | sales |
| Apator Mining | 3,600,000 | 3,600,000 | 11.03% | 6.59% | 3,600,000 | 3,600,000 | 11.03% | 6.59% | - | - |
| PTE Allianz Polska S.A.* | 4,545,864 | 4,545,864 | 13.92% | 8.32% | 4,545,864 | 4,545,864 | 13.92% | 8.32% | - | - |
| Mariusz Lewicki | 2,314,000 | 5,876,128 | 7.09% | 10.75% | 2,318,000 | 5,880,128 | 7.10% | 10.76% | 4,000 | - |
| Tadeusz Sosgórnik with a closely associated person** | 1,976,060 | 6,386,060 | 6.05% | 11.69% | 1,908,731 | 6,423,731 | 5.85% | 11.76% | - | 67,329 |
| Danuta Guzowska | 1,520,279 | 4,382,921 | 4.66% | 8.02% | 1,520,279 | 4,382,921 | 4.66% | 8.02% | - | - |
| Zbigniew Jaworski | 1,487,302 | 3,786,346 | 4.56% | 6.93% | 1,502,000 | 3,801,044 | 4.60% | 6.96% | 14,698 | - |

| | | | |
|---|---|---------------------|--------------------|
| Name of entity: | Apator Group | | |
| Period covered by the financial statements: | 1/01/2023–31/12/2023 | Reporting currency: | Polish zloty (PLN) |
| Rounding level: | all amounts are expressed in thousands of Polish zloty (unless otherwise indicated) | | |

| Specification | Status as at November 15, 2023 | | | | Status as at February 29, 2024 | | | | Change in the balance | |
|---|--------------------------------|-------------------|---------------|---------------|--------------------------------|-------------------|---------------|---------------|-----------------------|---------------|
| | shares | votes | shares (%) | votes (%) | shares | votes | shares (%) | votes (%) | purchase | sales |
| Kazimierz Piotrowski with a closely associated person | 823,955 | 2,818,277 | 2.52% | 5.16% | 823,955 | 2,818,277 | 2.52% | 5.16% | - | - |
| Summary | 16,267,460 | 31,395,596 | 49.83% | 57.46% | 16,218,829 | 31,437,267 | 49.68% | 57.57% | 18,698 | 67,329 |

*) Shares held by PTE Allianz Polska S.A. determined based on a notification from PTE Allianz Polska S.A. dated January 5, 2023, the balance includes shares credited to the account of Allianz OFE (due to the liquidation of Drugi Allianz OFE and the transfer of its assets to Allianz OFE) and Allianz DFE. In addition, according to information from PTE Allianz Polska S.A. dated May 12, 2023, after the liquidation of Drugi Allianz OFE, 4,539,876 shares, representing 13.91% of the Company's share capital, were credited to Allianz OFE's account, which gives the right to exercise 4,539,876 votes from shares representing 8.31% of the total number of votes at the Company's General Meeting.

**) The shareholding of Tadeusz Sosgórnik is presented together with the shareholding of a person closely associated with him.

6.7.3. Ownership and changes in shareholding by management and supervisory personnel

| Specification | Status as at November 15, 2023* | | | | Status as at February 29, 2024* | | | | Change in the balance | |
|--|---------------------------------|-------------------|---------------|---------------|---------------------------------|-------------------|---------------|---------------|-----------------------|---------------|
| | shares | votes | shares (%) | votes (%) | shares | votes | shares (%) | votes (%) | purchase | Sale/donation |
| Supervisory Board Mariusz Lewicki | 2,314,000 | 5,876,128 | 7.09% | 10.75% | 2,318,000 | 5,880,128 | 7.10% | 10.76% | 4,000 | - |
| Supervisory Board Tadeusz Sosgórnik | 1,624,200 | 6,034,200 | 4.98% | 11.04% | 1,659,200 | 6,174,200 | 5.08% | 11.30% | 35,000 | - |
| Supervisory Board Danuta Guzowska | 1,520,279 | 4,382,921 | 4.66% | 8.02% | 1,520,279 | 4,382,921 | 4.66% | 8.02% | - | - |
| Supervisory Board Janusz Marzygliński | 324,849 | 1,033,431 | 1.00% | 1.89% | 289,849 | 893,431 | 0.89% | 1.64% | - | 35,000 |
| Supervisory Board Kazimierz Piotrowski | 587,147 | 2,107,853 | 1.80% | 3.86% | 587,147 | 2,107,853 | 1.80% | 3.86% | - | - |
| Supervisory Board Janusz Niedźwiecki | 255,810 | 945,117 | 0.78% | 1.73% | 255,810 | 945,117 | 0.78% | 1.73% | - | - |
| Summary | 6,626,285 | 20,379,650 | 20.31% | 37.29% | 6,630,285 | 20,383,650 | 20.31% | 37.31% | 39,000 | 35,000 |

*) The data includes only shares held by management and supervisory personnel, not including shares held by closely related persons.

Members of the Management Board of Apator S.A. do not hold shares in the Company.

6.7.4. Profit dividend for 2022

On June 28, 2023, the Annual General Shareholders Meeting of Apator S.A. decided to pay a dividend of PLN 0.30 gross per share from its 2022 profit. The total amount to be paid as dividends, based on the decision of the General Meeting, is PLN 9,794,121.90 from the profit for 2022.

The dividend was paid on August 10, 2023. The right to dividend was obtained by shareholders holding shares of Apator S.A. on August 1, 2023.

32,647,073 registered shares of series A and bearer shares of series A, B and C were eligible for dividends.

| Profit dividend for 2022 | Number of shares | Dividend per share | Dividend |
|--------------------------|-------------------|--------------------|-------------------------|
| Registered shares | 7,331,391 | PLN 0.30 | PLN 2,199,417.30 |
| Bearer shares | 25,315,682 | PLN 0.30 | PLN 7,594,704.60 |
| Total shares | 32,647,073 | | PLN 9,794,121.90 |

| | | | |
|---|---|---------------------|--------------------|
| Name of entity: | Apator Group | | |
| Period covered by the financial statements: | 1/01/2023–31/12/2023 | Reporting currency: | Polish zloty (PLN) |
| Rounding level: | all amounts are expressed in thousands of Polish zloty (unless otherwise indicated) | | |

6.7.5. Profit dividend for 2023

Advance dividends on 2023 profit in the total amount of PLN 6,529,414.60, or PLN 0.20 gross per share, were paid on December 21, 2023. The right to advance payment was obtained by shareholders holding shares of Apator S.A. on December 15, 2023

| Advance profit dividend for 2023 | Number of shares | Advance profit dividend per 1 share | Advance profit dividend paid on December 21, 2023. |
|----------------------------------|-------------------|-------------------------------------|--|
| Registered shares | 7,331,391 | PLN 0,20 | PLN 1,466,278.20 |
| Bearer shares | 25,315,682 | PLN 0,20 | PLN 5,063,136.40 |
| Total shares | 32,647,073 | | PLN 6,529,414.60 |

Apator S.A. since its IPO in 1997, paid its Shareholders ca. PLN 530 million in dividends and share buyback programs.

7. Summary

the Management Board of Apator S.A. states that the factors and events indicated in the consolidated interim report include all relevant information on significant achievements and failures, as well as information relevant for the assessment of the situation of the Apator Group, including the personnel, property, financial situation, financial result, and changes thereto, and the assessment of the possibility of the Company, and the Group to meet their liabilities.

| | | | |
|---|---|---------------------|--------------------|
| Name of entity: | Apator Group | | |
| Period covered by the financial statements: | 1/01/2023–31/12/2023 | Reporting currency: | Polish zloty (PLN) |
| Rounding level: | all amounts are expressed in thousands of Polish zloty (unless otherwise indicated) | | |

8. Information on the principles adopted in the preparation of the report, in particular, information on changes in the applied accounting principles (policies)

8.1. Accounting Principles

Starting from 2005, in accordance with the obligation imposed by the amendment to the Accounting Act, consolidated financial statements of the Apator Group are prepared in accordance with International Financial Reporting Standards. At the same time, the opportunities provided by the Accounting Act and the general meetings of Apator S.A. were used, and companies in the Apator Group have adopted resolutions that reports of entities in the Group will be prepared according to IFRS/IAS (both separate and consolidated).

The financial statements (separate and consolidated) as of December 31, 2023, have been prepared in accordance with the International Financial Reporting Standards (IFRS/IAS), and related interpretations announced in the form of regulations of the European Commission, in Polish zloty, due to the fact that Polish zloty is the basic currency in which the business operations of Grupa Apator are denominated.

The financial statements of foreign group entities have been translated into the reporting currency based on the principles derived from International Accounting Standard No. 21.

The financial statements have been prepared on the assumption that the Group companies will continue as a going concern for the foreseeable future. As of the date of the statements, there are no circumstances indicating a threat to the Group companies' continued operations.

The financial statements have been prepared under the historical cost convention, except for the valuation of certain fixed assets (investment properties) and financial instruments (derivatives), which are measured at fair value. Detailed accounting principles applied by the Apator Group are presented in the consolidated report RS 2022.

8.2. Consolidation principles

The consolidated financial statements of the capital group include the data of the parent entity Apator S.A. and its subsidiaries.

Related entities apply uniform accounting principles of the parent company and uniform form and scope of separate and consolidated statements, which are the basis for consolidation in the capital group. The consolidated financial statements of the group are prepared as of the reporting date and for the fiscal period specified for the parent company's separate financial statements.

As at the date of acquisition, the assets and liabilities of the acquired entity are measured at their fair value. The excess of the purchase price over the fair value of the identifiable net assets of the entity acquired is recognized as goodwill. If the purchase price is lower than the fair value of the identifiable acquired net assets of the entity, the difference is recognized as profit in the income statement for the period in which the acquisition took place. Non-controlling interests are reported in the appropriate proportion of the fair value of assets and capital. The financial results of entities acquired or sold during the year are recognized in the consolidated statements from the time of acquisition or up to the date of sale, respectively.

In preparing the consolidated statement, the consolidation method was used, which consists in adding up the individual items of the statements, making exclusions and other adjustments. The following are excluded:

- the value, expressed in the purchase price, of shares held by the parent company of subsidiaries;
- mutual receivables and liabilities and other settlements of a similar nature of the consolidated entities;

| | | | |
|---|---|---------------------|--------------------|
| Name of entity: | Apator Group | | |
| Period covered by the financial statements: | 1/01/2023–31/12/2023 | Reporting currency: | Polish zloty (PLN) |
| Rounding level: | all amounts are expressed in thousands of Polish zloty (unless otherwise indicated) | | |

- revenue and costs of business operations between consolidated entities;
- gains or losses arising from business operations between consolidated entities, included in the value of assets subject to consolidation;
- dividends accrued or paid by consolidated entities to other consolidated entities.

8.3. Additional financial information

8.3.1. Weighted average number of shares

Book value per share was calculated by dividing shareholders' equity by the weighted average number of shares, while earnings per share was calculated by dividing net income from continuing operations by the weighted average number of shares.

8.3.2. Weighted average number of shares for the consolidated statement

The weighted average number of shares as at December 31, 2023, is 29,047,073 (at December 31, 2022, it was 29,070,559) and includes shares held by a subsidiary.

8.3.3. Weighted average number of shares for separate statement

The weighted average number of shares as at December 31, 2023, is 32,647,073 (at December 31, 2022, it was 32,670,559).

| | | | |
|---|---|---------------------|--------------------|
| Name of entity: | Apator Group | | |
| Period covered by the financial statements: | 1/01/2023–31/12/2023 | Reporting currency: | Polish zloty (PLN) |
| Rounding level: | all amounts are expressed in thousands of Polish zloty (unless otherwise indicated) | | |

8.4. Other operating activities

| SPECIFICATION | in the period | |
|--|-----------------|-----------------|
| | 1/01/2023 | 1/01/2022 |
| | 31/12/2023 | 31/12/2022 |
| Operating revenue | 2,979 | 4,924 |
| Result on sales of fixed tangible assets | 631 | 976 |
| Revenue received for property, plant and equipment | 1,253 | 1,917 |
| Valuation of investment property | 57 | 325 |
| Compensation received for tangible fixed assets | 214 | 292 |
| Compensations and contractual penalties received | 370 | 917 |
| Donations received | 22 | 80 |
| Reimbursement of costs of court proceedings, representation in proceedings | - | 94 |
| Other revenue | 432 | 323 |
| Operating costs | (13,101) | (19,118) |
| Cost of liquidated tangible fixed assets | (107) | (79) |
| Write-down of goodwill | - | (3,918) |
| Creation of write-downs of tangible fixed assets | (59) | - |
| Creation of write-downs on intangible assets | (9,176) | (11,720) |
| Creation of write-downs on receivables | (466) | (8) |
| Creation of provisions for liabilities | (296) | (82) |
| Fortuitous losses and other damage to assets | (600) | (496) |
| Discontinued investments | (1,191) | (1,280) |
| Donations made | (65) | (66) |
| Penalties, fines, compensation paid | (818) | (526) |
| Court fees, bailiff's fees, representation in court | (6) | (31) |
| Optional contributions | (7) | (7) |
| Other costs | (310) | (905) |
| Result on other operating activities | (10,122) | (14,194) |

| | | | |
|---|---|---------------------|--------------------|
| Name of entity: | Apator Group | | |
| Period covered by the financial statements: | 1/01/2023–31/12/2023 | Reporting currency: | Polish zloty (PLN) |
| Rounding level: | all amounts are expressed in thousands of Polish zloty (unless otherwise indicated) | | |

8.5. Financial activities

| SPECIFICATION | in the period | |
|--|-----------------|-----------------|
| | 1/01/2023 | 1/01/2022 |
| | 31/12/2023 | 31/12/2022 |
| Financial revenue | 8,090 | 5,268 |
| Interest on loan | - | 21 |
| Interest on funds in bank accounts | 209 | 127 |
| Interest on receivables | 169 | 162 |
| Other interest | 5 | 2 |
| Revenue from foreign exchange transactions (including derivatives) | 6,894 | 4,330 |
| Release of write-downs on receivables | 31 | - |
| Reduction in the discount of receivables | 400 | 185 |
| Guarantees provided | 157 | 173 |
| Other revenue | 225 | 268 |
| Financial expenses | (20,690) | (20,693) |
| Interest on credits and loans | (13,690) | (13,510) |
| Interest payable to the budget | (42) | (26) |
| Interest on promissory notes (or bonds) paid | (140) | (149) |
| Interest on liabilities | (34) | (157) |
| Interest on lease liabilities | (2,468) | (1,358) |
| Other interest | (1,380) | (1,119) |
| Negative exchange differences | (1,590) | (1,700) |
| Creation of write-downs on receivables | - | (1,002) |
| Discount of receivables | - | (196) |
| Commissions on credits and loans | (181) | (396) |
| Bank guarantees and commissions (excluding credit commissions) | (605) | (697) |
| Other costs | (560) | (383) |
| Result on financial activities | (12,600) | (15,425) |

| | | | |
|---|---|---------------------|--------------------|
| Name of entity: | Apator Group | | |
| Period covered by the financial statements: | 1/01/2023–31/12/2023 | Reporting currency: | Polish zloty (PLN) |
| Rounding level: | all amounts are expressed in thousands of Polish zloty (unless otherwise indicated) | | |

8.6. Information on adjustments for provisions, deferred tax liabilities and assets as referred to in the Accounting Act, write-downs of assets

Deferred tax assets and provision for income taxes:

| SPECIFICATION | Assets | | Provisions | |
|--|---------------|---------------|---------------|---------------|
| | 31/12/2023 | 31/12/2022 | 31/12/2023 | 31/12/2022 |
| Tangible fixed assets | 1,892 | 1,955 | 9,141 | 9,190 |
| Financial assets | - | - | - | 1,377 |
| Derivatives | 324 | 305 | 1,244 | 310 |
| Inventories | 5,284 | 3,836 | - | - |
| Liabilities under employee benefits | 5,405 | 4,184 | - | - |
| Provisions | 3,883 | 3,880 | - | - |
| Write-downs on receivables | 873 | 651 | - | - |
| Tax loss | 869 | 10,707 | - | - |
| Tax credit to be settled in future periods | 3,772 | 10,517 | - | - |
| Other | 2,811 | 2,536 | 414 | 420 |
| Total | 25,113 | 38,571 | 10,799 | 11,297 |
| Netting of assets and provisions | (7,348) | (8,358) | (7,348) | (8,358) |
| Deferred tax assets/liabilities recognized in the statement of financial position | 17,765 | 30,213 | 3,451 | 2,939 |

Effective tax rate

| SPECIFICATION | for the period | |
|--|----------------|---------------|
| | 1/01/2023 | 1/01/2022 |
| | 31/12/2023 | 31/12/2022 |
| Gross profit: | 40,228 | 15,915 |
| Income tax calculated at the applicable tax rates: | 7,339 | 2,697 |
| Adjustments | 14,576 | 6,013 |
| Tax on tax-exempt income (permanent differences) | (293) | (1,660) |
| Uncreated asset from losses on zone activities | - | 771 |
| Tax on non-tax-deductible expenses (permanent differences) | 2,484 | 2,819 |
| Tax on intra-group transactions (permanent differences) | 2,149 | 3 638 |
| Tax on customer relationships recognized on the acquisition of Apator Elkomtech S.A. (permanent differences) | - | 509 |
| Tax on items not recognized in the financial result of the period | (105) | (63) |
| Adjustment of tax loss from previous years | 11,352 | (642) |
| Other additions to tax | 1,084 | 646 |
| Other tax deductions | (2,095) | (5) |
| Income tax shown in the statement of comprehensive income | 21,915 | 8,710 |
| Effective tax rate | 54.48% | 54.73% |

| | | | |
|---|---|---------------------|--------------------|
| Name of entity: | Apator Group | | |
| Period covered by the financial statements: | 1/01/2023–31/12/2023 | Reporting currency: | Polish zloty (PLN) |
| Rounding level: | all amounts are expressed in thousands of Polish zloty (unless otherwise indicated) | | |

Write-downs on fixed and current assets:

| SPECIFICATION | Opening balance | Change during the period (increase "+", decrease "-") | Net foreign exchange differences on translation of financial statements into presentation currency | Closing balance |
|----------------------------------|-----------------|---|--|-----------------|
| Goodwill of subordinate entities | 4,253 | - | - | 4,253 |
| Other financial assets | 190 | - | - | 190 |
| Inventories | 20,799 | 7,272 | (41) | 28,030 |
| Receivables | 4,808 | 398 | - | 5,206 |
| Total | 30,050 | 7,670 | (41) | 37,679 |

| | | | |
|---|---|---------------------|--------------------|
| Name of entity: | Apator Group | | |
| Period covered by the financial statements: | 1/01/2023–31/12/2023 | Reporting currency: | Polish zloty (PLN) |
| Rounding level: | all amounts are expressed in thousands of Polish zloty (unless otherwise indicated) | | |

Provisions for liabilities:

| SPECIFICATION | EMPLOYEE BENEFITS | | | OTHER PROVISIONS | | TOTAL |
|--|---|---------------|--------------|------------------|--------------|-----------------|
| | RETIREMENT BENEFITS, JUBILEE AWARDS (actuary) | BONUSES | LEAVES | WARRANTIES | OTHER | |
| Value of provisions at the beginning of the period | 5,625 | 8,556 | 5,675 | 11,606 | 2,167 | 33,629 |
| Increase — creation of a provision charged against the current result | - | 15,161 | 1,367 | 3,340 | 4,367 | 24,235 |
| Decrease — write-down of unused amounts as income | 252 | - | - | - | - | 252 |
| Exercise of a provision — cost settlement | (22) | (9,245) | (1,521) | (1,439) | (3,465) | (15,692) |
| Revaluation of a provision recognized in other comprehensive income | 287 | 300 | - | - | - | 587 |
| Net foreign exchange differences on translation of financial statements into presentation currency | - | (30) | (42) | (49) | - | (121) |
| Value of provisions at the end of the period, including | 6,142 | 14,742 | 5,479 | 13,458 | 3,069 | 42,890 |
| - long-term provisions | 5,315 | - | - | 1,204 | - | 6,519 |
| - short-term provisions | 827 | 14,742 | 5,479 | 12,254 | 3,069 | 36,371 |

| | | | |
|---|---|---------------------|--------------------|
| Name of entity: | Apator Group | | |
| Period covered by the financial statements: | 1/01/2023–31/12/2023 | Reporting currency: | Polish zloty (PLN) |
| Rounding level: | all amounts are expressed in thousands of Polish zloty (unless otherwise indicated) | | |

9. Appendix: Separate Statement of Apator S.A.

Selected financial data, including key items of the summary financial statement (also converted into EUR).

| SPECIFICATION | in thous. PLN | | in thous. EUR | |
|---|--------------------|------------------|--------------------|------------------|
| | 4 quarters of 2023 | 2022 | 4 quarters of 2023 | 2022 |
| Revenue from sales of products, goods and materials | 479,177 | 411,884 | 105,816 | 87,854 |
| Profit (loss) on operating activity | 29,985 | 1,603 | 6,622 | 342 |
| EBITDA | 54,619 | 27,082 | 12,061 | 5,777 |
| Gross profit (loss) | 39,258 | 26,013 | 8,669 | 5,548 |
| Net profit (loss) | 32,691 | 25,593 | 7,219 | 5,459 |
| Net profit (loss) attributable to shareholders of the Group's parent company | 32,691 | 25,593 | 7,219 | 5,459 |
| Weighted average number of shares | 32,647,073 | 32,670,559 | 32,647,073 | 32,670,559 |
| Net profit (loss) per ordinary share [PLN/share] | 1.00 | 0.78 | 0.22 | 0.17 |
| Cash flows from operating activities | 46,950 | 41,892 | 10,368 | 8,935 |
| Cash flows from investment activities | 11,021 | 17,724 | 2,434 | 3,780 |
| Cash flows from financial activities | (56,575) | (60,120) | (12,493) | (12,823) |
| Total cash flows | 1,396 | (504) | 309 | (108) |
| Consolidated statement | 31/12/2023 | Year 2022 | 31/12/2023 | Year 2022 |
| Total assets | 510,011 | 534,265 | 117,298 | 113,918 |
| Fixed assets | 328,222 | 346,008 | 75,488 | 73,777 |
| Current assets | 181,789 | 188,257 | 41,810 | 40,141 |
| Equity with non-controlling interests | 379,265 | 362,987 | 87,227 | 77,398 |
| Share capital | 3,265 | 3,265 | 751 | 696 |
| Long-term liabilities and provisions | 9,526 | 14,156 | 2,191 | 3,018 |
| Short-term liabilities and provisions | 121,220 | 157,122 | 27,879 | 33,502 |
| Weighted average number of shares | 32,647,073 | 32,670,559 | 32,647,073 | 32,670,559 |
| Net book value per common share [PLN/share] | 11.62 | 11.11 | 2.67 | 2.37 |

The above financial data for the 12 months of 2023 and 2022 and as of December 31, 2022, have been translated into EUR according to the following principles:

- the individual items of the statement of comprehensive income and the statement of cash flows — at an exchange rate representing the arithmetic mean of the average EUR exchange rates set by the National Bank of Poland on the last day of each month of the reporting period: from January 1 to December 31, 2023 — EUR/PLN 4.5284 and from January 1 to December 31, 2022 — EUR/PLN 4.6883;
- individual items of the statement of financial position — according to the average EUR exchange rate set by the National Bank of Poland as at December 31, 2023 – 4.3480, as at December 31, 2022 – 4.6899.

| | | | |
|---|---|---------------------|--------------------|
| Name of entity: | Apator Group | | |
| Period covered by the financial statements: | 1/01/2023–31/12/2023 | Reporting currency: | Polish zloty (PLN) |
| Rounding level: | all amounts are expressed in thousands of Polish zloty (unless otherwise indicated) | | |

9.1. Statement of financial position of the parent company Apator S.A.

| SPECIFICATION | as at | |
|---|----------------|----------------|
| | 31/12/2023 | 31/12/2022 |
| Fixed assets | 328,222 | 346,008 |
| Intangible assets | 20,519 | 24,539 |
| Goodwill | 34,506 | 34,506 |
| Tangible fixed assets | 80,023 | 88,483 |
| Right to use leased assets | 9,016 | 10,771 |
| Investment properties | 1,180 | 1,177 |
| Other long-term financial assets | 171,007 | 170,957 |
| - in related entities | 171,007 | 170,957 |
| Deferred tax assets | 11,971 | 15,575 |
| Current assets | 181,789 | 188,257 |
| Inventories | 108,409 | 96,732 |
| Trade receivables | 63,970 | 69,981 |
| - from related entities | 1,566 | 6,880 |
| - from other entities | 62,404 | 63,101 |
| Receivables from corporate income tax | - | 1,344 |
| Receivables from other taxes, customs, duties, and social insurance | 878 | 1,040 |
| Other short-term receivables | 1,688 | 1,223 |
| - from related entities | 528 | 37 |
| - from other entities | 1,160 | 1,186 |
| Other short-term financial assets | 5 | 17 |
| - in other entities | 5 | 17 |
| Cash and cash equivalents | 3,299 | 1,903 |
| Short-term accruals and prepayments | 3,540 | 3,154 |
| Fixed assets classified as held for sale | - | 12,863 |
| TOTAL ASSETS | 510,011 | 534,265 |

| | | | |
|---|---|---------------------|--------------------|
| Name of entity: | Apator Group | | |
| Period covered by the financial statements: | 1/01/2023–31/12/2023 | Reporting currency: | Polish zloty (PLN) |
| Rounding level: | all amounts are expressed in thousands of Polish zloty (unless otherwise indicated) | | |

| SPECIFICATION | as at | |
|--|----------------|----------------|
| | 31/12/2023 | 31/12/2022 |
| Equity | 379,265 | 362,987 |
| Equity attributable to the shareholders of the parent company | 379,265 | 362,987 |
| Share capital | 3,265 | 3,265 |
| Other capitals | 350,271 | 334,472 |
| Capital from the revaluation of a defined benefit plan | (164) | (165) |
| Capital from valuation of hedging transactions | (268) | (178) |
| Undistributed financial result | 26,161 | 25,593 |
| - result for the current period | 32,691 | 25,593 |
| - write-downs from current year result | (6,530) | - |
| Liabilities | 130,746 | 171,278 |
| Long-term liabilities and provisions | 9,526 | 14,156 |
| Long-term credits and loans | - | 3,119 |
| - from other entities | - | 3,119 |
| Long-term liabilities from the right to use leased assets | 6,085 | 7,934 |
| Long-term liabilities due to employee benefits | 3,441 | 3,103 |
| Short-term liabilities and provisions | 121,220 | 157,122 |
| Short-term credits and loans | 45,408 | 75,354 |
| - from other entities | 45,408 | 75,354 |
| Trade liabilities | 33,821 | 48,292 |
| - toward related entities | 3,449 | 1,934 |
| - toward other entities | 30,372 | 46,358 |
| Liabilities due to corporate income tax | 1,607 | - |
| Liabilities due to other taxes, customs duties, and social insurance | 7,958 | 7,330 |
| Other short-term liabilities | 9,557 | 9,717 |
| - toward related entities | - | - |
| - toward other entities | 9,557 | 9,717 |
| Short-term liabilities from the right to use leased assets | 1,907 | 2,366 |
| Short-term liabilities due to employee benefits | 11,178 | 5,113 |
| Other short-term provisions | 9,784 | 8,950 |
| TOTAL LIABILITIES | 510,011 | 534,265 |

| | | | |
|---|---|---------------------|--------------------|
| Name of entity: | Apator Group | | |
| Period covered by the financial statements: | 1/01/2023–31/12/2023 | Reporting currency: | Polish zloty (PLN) |
| Rounding level: | all amounts are expressed in thousands of Polish zloty (unless otherwise indicated) | | |

9.2. Information on changes in contingent liabilities or contingent assets that have occurred since the end of the last fiscal year (off-balance sheet items) of the parent company Apator S.A.

| SPECIFICATION | as at | |
|---|----------------|----------------|
| | 31/12/2023 | 31/12/2022 |
| Contingent receivables | 68 | 103 |
| Contingent receivables from other entities | 68 | 103 |
| Contingent liabilities | 36,781 | 39,978 |
| Contingent liabilities concerning related entities | 162 | 666 |
| - including from granting guarantees and sureties to related entities | 162 | 666 |
| Contingent liabilities to other entities | 36,619 | 39,312 |
| - including from granting guarantees and sureties | 36,619 | 39,312 |
| Other off-balance sheet items | 158,494 | 166,238 |
| Ordinary mortgage | 40,000 | 49,000 |
| Security on assets | 118,494 | 117,238 |
| Total off-balance sheet items | 195,343 | 206,319 |

The Company has the following collateral in place in connection with its loan and guarantee obligations:

- Multi-product agreement with ING Bank Śląski S.A. (Group limit of PLN 250 million):
 - contractual mortgage on the real estate of Apator S.A. in Ostaszewo up to PLN 40 million (included in the table above),
 - registered pledge on inventories worth PLN 73.3 million (included in the table above),
 - registered pledge on fixed assets worth PLN 20.6 million (included in the table above),
 - assignment of rights under an all-risk property insurance policy,
 - blank promissory note and promissory note declaration.
- Agreement on a long-term investment credit with CITI Bank Handlowy S.A. — the credit was repaid on December 15, 2023. The collateral release procedure is in progress:
 - registered pledge on acquired shares in the amount of PLN 12.1 million (included in the table above),
 - registered pledge on fixed assets with a total value of PLN 2.8 million (included in the table above),
 - assignment of rights under an all-risk property insurance policy,
 - statement of submission to enforcement up to PLN 15.6 million — remains in force until August 31, 2026.
- Multi-purpose credit limit agreement with Powszechna Kasa Oszczędności Bank Polski S.A. (PKO BP S.A.) of May 26, 2023, for the total amount of PLN 80 million (in addition to Apator S.A., parties to the agreement include two companies that belong to the Group: Apator Powogaz S.A. and Apator Metrix S.A.):
 - statement on submission to enforcement up to the amount of PLN 80 million
 - registered pledge on fixed assets worth PLN 9.6 million,
 - Assignment of rights under an all-risk property insurance policy.

The working capital credit has not been drawn upon by December 31, 2023. The limit for guarantees and letters of credit, on the other hand, is being used.
- Full factoring agreement (limit of PLN 5 million), concluded with ING Commercial Finance Polska S.A.:(agreement expired on October 21, 2023):
 - blank promissory note and promissory note declaration have been returned.

During the reporting period, Apator S.A. performed the obligations resulting from the concluded credit agreements.

| | | | |
|---|---|---------------------|--------------------|
| Name of entity: | Apator Group | | |
| Period covered by the financial statements: | 1/01/2023–31/12/2023 | Reporting currency: | Polish zloty (PLN) |
| Rounding level: | all amounts are expressed in thousands of Polish zloty (unless otherwise indicated) | | |

Contingent items and other items not included in the summary separate statement of financial position

Warranties

As at December 31, 2023, Apator S.A. had active guarantees issued by:

TU Hermes S.A.:

- For a performance bond in the amount of PLN 10.725 thousand, until June 22, 2025, at the latest;
- For the removal of defects and faults in the amount of PLN 6.377 thousand until June 8, 2029 at the latest.

ING Bank Śląski S.A.:

- For a performance bond in the amount of PLN 1.117 thousand, until May 30, 2025, at the latest;
- For the removal of defects and faults in the amount of PLN 2.048 thousand until July 17, 2028 at the latest;
- For the performance of payments under lease agreements in the amount of PLN 506 thousand, until November 17, 2028, at the latest;
- For the payment of a bid bond in the amount of PLN 1.860 thousand, until February 14, 2024;

PZU S.A.:

- For the removal of defects and faults in the amount of PLN 404 thousand until January 17, 2028, at the latest.

KUKE S.A.:

- For a performance bond in the amount of PLN 12 thousand until June 15, 2026, at the latest;
- For the removal of defects and faults in the amount of PLN 121 thousand until December 15, 2024, at the latest.

PKO BP S.A.:

- For a performance bond in the amount of PLN 11.819 thousand, until October 24, 2026;
- For the payment of a deposit in the amount of PLN 1.630 thousand, until November 27, 2024, at the latest,

In addition, as of December 31, 2022, Apator S.A. was a party to an intra-group surety:

- surety of a lease agreement for Apator Rector Sp. z o.o. for a total amount of PLN 162 thousand with the term until December 14, 2024.

In addition, as of December 31, 2022, Apator S.A. was the beneficiary of payment guarantee for the amount of PLN 68,1 thousand.

Promissory notes

Apator S.A. submitted also (in addition to the promissory note securing the multi-product agreement with ING Bank Śląski S.A.) 10 pieces of blank promissory notes as the security under the agreement of TU Euler Hermes S.A. for the provision of contractual guarantees under the revolving limit (the limit for the Group is PLN 25 million), 1 promissory note as collateral for the lease agreement concluded with mLeasing Sp. z o.o., and 3 promissory notes as collateral for the guarantee agreement concluded with PZU S.A. and 5 promissory notes as collateral for the guarantee agreement concluded with KUKE S.A.

Declarations of submission to enforcement

In addition to declarations of submission to enforcement related to credit agreements (with total value of PLN 95.6 million), Apator S.A. is a party to declarations of submission to enforcement related to the conclusion of rental agreements (PLN 673.7 thousand).

| | | | |
|---|---|---------------------|--------------------|
| Name of entity: | Apator Group | | |
| Period covered by the financial statements: | 1/01/2023–31/12/2023 | Reporting currency: | Polish zloty (PLN) |
| Rounding level: | all amounts are expressed in thousands of Polish zloty (unless otherwise indicated) | | |

9.3. Statement of comprehensive income of the parent company Apator S.A.

| SPECIFICATION | for the period | | | |
|---|-----------------|------------------|------------------|------------------|
| | 1/10/2023 | 1/10/2022 | 1/01/2023 | 1/01/2022 |
| | 31/12/2023 | 31/12/2022 | 31/12/2023 | 31/12/2022 |
| Continuing operations | | | | |
| Revenue from sales and services | 121,984 | 126,597 | 479,177 | 411,884 |
| - to related entities | 6,311 | 17,077 | 59,846 | 58,934 |
| - to other entities | 115,673 | 109,520 | 419,331 | 352,950 |
| Cost of goods and services sold | (95,437) | (108,862) | (373,723) | (349,735) |
| - to related entities | (6,287) | (14,630) | (51,715) | (49,563) |
| - to other entities | (89,150) | (94,232) | (322,008) | (300,172) |
| Gross profit from sales | 26,547 | 17,735 | 105,454 | 62,149 |
| Sales costs | (4,663) | (3,633) | (16,186) | (12,434) |
| General administrative costs | (14,449) | (11,064) | (59,575) | (48,619) |
| Profit on sales | 7,435 | 3,038 | 29,693 | 1,096 |
| Other operating revenue, including | 34 | 257 | 292 | 507 |
| Revenue | 360 | (87) | 2,004 | 1,601 |
| Costs | (326) | 344 | (1,712) | (1,094) |
| - including the result due to (impairment)/ reversal of receivables | 4 | 18 | (190) | 101 |
| Profit on operating activities | 7,469 | 3,295 | 29,985 | 1,603 |
| Financial revenue, including | 341 | 633 | 9,273 | 24,410 |
| Revenue | 1,685 | 526 | 14,711 | 32,760 |
| Costs | (1,344) | 107 | (5,438) | (8,350) |
| - including the result due to (impairment)/ reversal of receivables | 4 | (9) | 31 | (12) |
| Profit before tax | 7,810 | 3,928 | 39,258 | 26,013 |
| Current income tax | (399) | (171) | (2,943) | (1,258) |
| Deferred income tax | (1,565) | (765) | (3,624) | 838 |
| Net profit | 5,846 | 2,992 | 32,691 | 25,593 |

| SPECIFICATION | for the period | | | |
|---|----------------|--------------|---------------|---------------|
| | 1/10/2023 | 1/10/2022 | 1/01/2023 | 1/01/2022 |
| | 31/12/2023 | 31/12/2022 | 31/12/2023 | 31/12/2022 |
| Other comprehensive income | | | | |
| Other net comprehensive income | (568) | 1 006 | (88) | 442 |
| Items that may be reclassified to profit or loss in the future | | | | |
| Result on hedge accounting with tax effect | (569) | 309 | (89) | (255) |
| Actuarial gains and losses with tax effect | 1 | 697 | 1 | 697 |
| Total comprehensive income | 5,278 | 3,998 | 32,603 | 26,035 |
| Net profit, of which attributable to: | 5,846 | 2,992 | 32,691 | 25,593 |
| shareholders of the parent company | 5,846 | 2,992 | 32,691 | 25,593 |
| Total comprehensive income, of which attributable to: | 5,278 | 3,998 | 32,603 | 26,035 |
| shareholders of the parent company | 5,278 | 3,998 | 32,603 | 26,035 |

| | | | |
|---|---|---------------------|--------------------|
| Name of entity: | Apator Group | | |
| Period covered by the financial statements: | 1/01/2023–31/12/2023 | Reporting currency: | Polish zloty (PLN) |
| Rounding level: | all amounts are expressed in thousands of Polish zloty (unless otherwise indicated) | | |

9.4. Statement of changes in equity of the parent company Apator S.A.

| SPECIFICATION | Share capital | Own shares | Other capitals | Capital from the revaluation of a defined benefit plan | Capital from valuation of hedging transactions and foreign exchange differences on consolidation | Undistributed financial result | TOTAL |
|---|---------------|------------|----------------|--|--|--------------------------------|-----------------|
| Balance as at 1/01/2023 | 3,265 | - | 334,472 | (165) | (178) | 25,593 | 362,987 |
| Changes in equity from 1/01/2023 to 31/12/2023 | | | | | | | |
| Comprehensive income | | | | | | | |
| Net profit for the period from 1/01/2023 to 31/12/2023 | - | - | - | - | - | 32,691 | 32,691 |
| Distribution of result to supplementary capital | - | - | 15,799 | - | - | (15,799) | - |
| Cash flow hedging instruments, including: | - | - | - | - | - | - | - |
| - gains (losses) taken into account in the measurement of the reporting value of hedged items | - | - | - | - | (111) | - | (111) |
| Taxes related to items presented in other comprehensive income | - | - | - | - | 21 | - | 21 |
| Revaluation gains (losses) with tax effect | - | - | - | 1 | - | - | 1 |
| Comprehensive income recognized in the period from 1/01/2023 to 31/12/2023 | - | - | 15,799 | 1 | (90) | 16,892 | 32,602 |
| Dividends | - | - | - | - | - | (9,794) | (9,794) |
| Advance dividends paid | - | - | - | - | - | (6,530) | (6,530) |
| Decrease in reserve capital | - | - | (10,000) | - | - | - | (10,000) |
| Increase in supplementary capital | - | - | 10,000 | - | - | - | 10,000 |
| Balance as at 31/12/2023 | 3,265 | - | 350,271 | (164) | (268) | 26,161 | 379,265 |

| | | | |
|---|---|---------------------|--------------------|
| Name of entity: | Apator Group | | |
| Period covered by the financial statements: | 1/01/2023–31/12/2023 | Reporting currency: | Polish zloty (PLN) |
| Rounding level: | all amounts are expressed in thousands of Polish zloty (unless otherwise indicated) | | |

| SPECIFICATION | Share capital | Own shares | Other capitals | Capital from the revaluation of a defined benefit plan | Capital from valuation of hedging transactions and foreign exchange differences on consolidation | Undistributed financial result | TOTAL |
|--|---------------|--------------|----------------|--|--|--------------------------------|-----------------|
| Balance as at 1/01/2022 | 3,278 | (450) | 342,759 | (862) | 77 | 18,436 | 363,238 |
| Changes in equity in the period from 1/01/2022 to 31/12/2022 | | | | | | | |
| Comprehensive income | | | | | | | |
| Net profit for the period from 1/01/2022 to 31/12/2022 | - | - | - | - | - | 25,593 | 25,593 |
| Distribution of result to supplementary capital | - | - | 2,083 | - | - | (2,083) | - |
| Result on hedge accounting with tax effect | - | - | - | - | (255) | - | (255) |
| Przeszacowanie rezerwy z tytułu programu określonych świadczeń wraz z efektem podatkowym | | | | 697 | | | 697 |
| Comprehensive income recognized in the period from 1/01/2022 to 31/12/2022 | - | - | 2,083 | 697 | (255) | 23,510 | 26,035 |
| Transactions with owners recognized directly in equity: | | | | | | | |
| Dividends | - | - | - | - | - | (16,353) | (16,353) |
| Purchase of own shares | - | (1,950) | - | - | - | - | (1,950) |
| Redemption of own shares | (13) | 2,400 | (2,387) | - | - | - | - |
| Capital from merger of entities | - | - | (7,983) | - | - | - | (7,983) |
| Balance as at 31/12/2022 | 3,265 | - | 334,472 | (165) | (178) | 25,593 | 362,987 |

| | | | |
|---|---|---------------------|--------------------|
| Name of entity: | Apator Group | | |
| Period covered by the financial statements: | 1/01/2023–31/12/2023 | Reporting currency: | Polish zloty (PLN) |
| Rounding level: | all amounts are expressed in thousands of Polish zloty (unless otherwise indicated) | | |

9.5. Cash flow statement of the parent company Apator S.A.

| SPECIFICATION | per period | |
|---|-----------------|-----------------|
| | 1/01/2023 | 1/01/2022 |
| | 31/12/2023 | 31/12/2022 |
| Cash flows from operating activities | | |
| Profit before tax | 39,258 | 26,013 |
| Adjustments | 16,242 | 381 |
| Amortization of intangible assets | 8,555 | 8,131 |
| Amortization of tangible fixed assets | 16,079 | 17,348 |
| Write-downs on tangible fixed assets | 59 | - |
| Profit on sale of tangible fixed assets and intangible assets | (1,501) | (274) |
| Profits on fair value measurement of investment properties | (4) | (165) |
| (Profits) losses due to change in fair value of derivatives | 69 | (414) |
| Interest costs | 4,812 | 6,941 |
| Revenue from dividends | (11,544) | (31,240) |
| Other adjustments | (283) | 54 |
| Cash from operating activities before changes in working capital | 55,500 | 26,394 |
| Change in inventories | (11,677) | 15,656 |
| Change in receivables | 6,349 | (11,710) |
| Change in liabilities | (10,084) | 14,703 |
| Change in provisions | 7,239 | 654 |
| Change in prepayments and accruals | (386) | (686) |
| Cash generated in the course of operating activities | 46,941 | 45,011 |
| Tax return | 1,548 | 787 |
| Income tax paid | (1,539) | (3,906) |
| Net cash from operating activities | 46,950 | 41,892 |
| Cash flows from investment activities | | |
| Expenditure on the acquisition of intangible assets | (4,316) | (3,375) |
| Expenditure on the acquisition of fixed tangible assets | (5,038) | (6,226) |
| Proceeds from the sale of tangible fixed assets | 10,030 | 404 |
| Investments in subsidiaries | (50) | (5,109) |
| Cash acquired in the merger with Apator Elkomtech S.A. | - | 176 |
| Dividends received | 11,544 | 31,235 |
| Other proceeds (expenses) | (1,149) | 619 |
| Net cash used from investment activities | 11,021 | 17,724 |
| Cash flows from financial activities | | |
| Purchase of own shares | - | (1,950) |
| Proceeds from credits and loans | - | 21,159 |
| Repayment of credits and loans | (32,648) | (53,125) |
| Interest | (4,597) | (6,682) |
| Dividends paid | (16,323) | (16,353) |
| Repayment of liabilities arising from financial leases | (2,663) | (2,554) |
| Other expenditure | (344) | (615) |
| Net cash flows from financial activities | (56,575) | (60,120) |
| Net increase (decrease) in cash and cash equivalents | 1,396 | (504) |
| Opening balance of cash and cash equivalents | 1,903 | 2,407 |
| Closing balance of cash and cash equivalents | 3,299 | 1,903 |

| | | | |
|---|---|---------------------|--------------------|
| Name of entity: | Apator Group | | |
| Period covered by the financial statements: | 1/01/2023–31/12/2023 | Reporting currency: | Polish zloty (PLN) |
| Rounding level: | all amounts are expressed in thousands of Polish zloty (unless otherwise indicated) | | |

9.6. Costs by type

| SPECIFICATION | for the period | |
|---|----------------|----------------|
| | from 1/01/2023 | from 1/01/2022 |
| | to 31/12/2023 | to 31/12/2022 |
| Amortization and depreciation | 24,634 | 25,479 |
| Consumption of materials and energy | 238,780 | 229,230 |
| External services | 67,176 | 55,258 |
| Employee benefits | 90,417 | 78,694 |
| Other costs | 11,627 | 10,629 |
| Manufacturing costs of products for entity's own purposes | (3,909) | (3,602) |
| Change in the status of finished goods, work in progress and prepayments and accruals | 4,127 | (8,099) |
| Cost of goods and materials sold | 16,632 | 23,199 |
| Total costs | 449,484 | 410,788 |

9.7. Information on adjustments for provisions, deferred tax liabilities and assets as referred to in the Accounting Act, write-downs of assets

Deferred tax assets and provision for income taxes

| SPECIFICATION | Assets | | Provisions | |
|--|---------------|---------------|--------------|--------------|
| | 31/12/2023 | 31/12/2022 | 31/12/2023 | 31/12/2022 |
| Tangible fixed assets | 11 | - | 1,807 | 2,401 |
| Investment properties | - | - | 15 | 14 |
| Financial assets | 268 | 268 | - | - |
| Derivatives | 63 | 33 | 1 | 3 |
| Inventories | 3,412 | 2,879 | - | - |
| Liabilities under employee benefits | 2,974 | 1,713 | - | - |
| Provisions | 1,831 | 1,886 | - | - |
| Write-downs on receivables | 474 | 437 | - | - |
| Tax loss | 153 | 103 | - | - |
| Tax credit to be settled in future periods | 3,772 | 10,517 | - | - |
| Other | 1,009 | 241 | 173 | 84 |
| Total | 13,967 | 18,077 | 1,996 | 2,502 |
| Netting of assets and provisions | (1,996) | (2,502) | (1,996) | (2,502) |
| Deferred tax assets/liabilities recognized in the statement of financial position | 11,971 | 15,575 | - | - |

| | | | |
|---|---|---------------------|--------------------|
| Name of entity: | Apator Group | | |
| Period covered by the financial statements: | 1/01/2023–31/12/2023 | Reporting currency: | Polish zloty (PLN) |
| Rounding level: | all amounts are expressed in thousands of Polish zloty (unless otherwise indicated) | | |

Effective tax rate

| SPECIFICATION | for the period | |
|--|----------------|----------------|
| | 1/01/2023 | 1/01/2022 |
| | 31/12/2023 | 31/12/2022 |
| Gross profit: | 39,258 | 26,013 |
| Income tax calculated at the applicable tax rates: | 7,459 | 4,942 |
| Adjustments | (892) | (4,522) |
| Tax on tax-exempt income (dividends from related entities) | (2,198) | (5,936) |
| Uncreated asset from losses on zone activities | - | 772 |
| Tax on non-tax-deductible expenses (permanent differences) | 639 | 647 |
| Tax on customer relationships recognized on the acquisition of Apator Elkomtech S.A. (permanent differences) | 637 | - |
| Adjustment of tax loss from previous years | 33 | - |
| Other tax deductions | (3) | (5) |
| Income tax shown in the statement of comprehensive income | 6,567 | 420 |
| Effective tax rate | 16.73% | 1.61% |

Write-downs on fixed and current assets:

| SPECIFICATION | Opening balance | Change during the period (increase "+", decrease "-") | Closing balance |
|------------------------|-----------------|---|-----------------|
| Other financial assets | 1,522 | - | 1,522 |
| Inventories | 15,511 | 2,446 | 17,957 |
| Receivables | 2,341 | 156 | 2,497 |
| Total | 19,374 | 2,602 | 21,976 |

Provisions for liabilities:

| SPECIFICATION | EMPLOYEE BENEFITS | | | OTHER PROVISIONS | | TOTAL |
|---|-------------------------------------|--------------|--------------|------------------|--------------|----------------|
| | RETIREMENT BENEFITS, JUBILEE AWARDS | BONUSES | LEAVES | WARRANTIES | OTHER | |
| Value of provisions at the beginning of the period | 3,947 | 1,997 | 2,272 | 6,783 | 2 167 | 17,166 |
| Increase — creation of a provision charged against current result | - | 11,371 | 344 | 1,313 | 4,367 | 17,395 |
| Decrease — write-down of unused amounts as income | (9) | (2,486) | - | (42) | - | (2,537) |
| Exercise of a provision — cost settlement | - | (2,423) | (393) | (1,339) | (3,465) | (7,620) |
| Revaluation of a provision recognized in other comprehensive income | (1) | - | - | - | - | (1) |
| Value of provisions at the end of the period, including | 3,937 | 8,459 | 2,223 | 6,715 | 3,069 | 24,403 |
| - long-term provisions | 3,441 | - | - | - | - | 3,441 |
| - short-term provisions | 496 | 8,459 | 2,223 | 6,715 | 3,069 | 20,962 |

| | | | |
|---|---|---------------------|--------------------|
| Name of entity: | Apator Group | | |
| Period covered by the financial statements: | 1/01/2023–31/12/2023 | Reporting currency: | Polish zloty (PLN) |
| Rounding level: | all amounts are expressed in thousands of Polish zloty (unless otherwise indicated) | | |

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|---|---|---------------------|--------------------|
| Name of entity: | Apator Group | | |
| Period covered by the financial statements: | 1/01/2023–31/12/2023 | Reporting currency: | Polish zloty (PLN) |
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