

P-2023



Condensed semi-annual separate financial statement

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1. General information

1.1. Information about the entity

The Company Apator Spółka Akcyjna with the office in Toruń (ul. Gdańska 4a lok C4) was created by employees of a liquidated state enterprise operating under the name of Pomorskie Zakłady Aparatury Elektrycznej Apator in Toruń. Its registration in the District Court in Toruń, 5th Commercial Division, took place on 14 January 1993 under the number RHB 1364. On 24 October 2001, an entry was made in the Register of Entrepreneurs of the District Court in Toruń, 7th Commercial Division of the National Court Register, under number 0000056456. The Company operates in the territory of Poland under the provisions of the Commercial Companies Code. Production activity is conducted in the following locations: Ostaszewo 57C 87-148 Łysomice, Toruń ul. Polna 148, Łódź ul. Wołowa 2c.

1.2. Core business activity of the entity:

In accordance with the Company's Statute, the core business activity is production and service activity in the field of electricity distribution and control apparatus and the sale of measurement apparatus and systems. The shares of Apator S.A. are listed on the main market of the Warsaw Stock Exchange, sector according to WSE classification – electromechanical industry.

1.3. Members of the Management Board and the Supervisory Board

Management Board

Maciej Wyczęsany – President of the Management Board (since 1 March 2023)
Arkadiusz Chmielewski – President of the Management Board (until 28 February 2023)
Tomasz Łątka – Member of the Management Board

Supervisory Board

Janusz Niedźwiecki – Chairman of the Supervisory Board
Mariusz Lewicki – Deputy Chairman of the Supervisory Board
Janusz Marzygliński – Member of the Supervisory Board
Danuta Guzowska – Member of the Supervisory Board
Marcin Murawski – Member of the Supervisory Board
Kazimierz Piotrowski – Member of the Supervisory Board
Tadeusz Sosgórnik – Member of the Supervisory Board

2. Information about the basis for the preparation of the condensed semi-annual separate financial statements, the reporting currency, and the level of rounding applied

2.1. Basis for the preparation of the condensed semi-annual separate financial statements

The presented condensed semi-annual separate financial statement of Apator S.A. as at and for the period ending on 30 June 2023 was prepared in accordance with International Accounting Standard 34. The figures for the comparative period and for the first quarter of 2023 have been restated due to the correction of an error as set out in Note 8.

The condensed semi-annual separate financial statement of Apator S.A. covers the first half of 2023 and contains comparative data:

- Separate financial statements - situation as of 31 December 2022;
- Condensed semi-annual separate statement of profit or loss and other comprehensive income – for the 3-month period from 1 April to 30 June 2022, and for the 6-month period ended 30 June 2022;
- Condensed semi-annual separate statement of cash flows - for the 6-month period ended 30 June 2022;
- Condensed semi-annual separate statement of changes in equity - for the period from January 1 to 30 June 2022.

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2.2. Accounting principles

The condensed semi-annual separate financial statements have been prepared in accordance with the historical cost principle (concept), except for the measurement of certain fixed assets (investment property) and financial instruments (derivatives), which are measured at fair value. The accounting principles adopted in the preparation of the consolidated semi-annual separate financial statements are consistent with those adopted in the preparation of the annual financial statements for the financial year ended 31 December 2022.

2.3. Applied International Financial Accounting Standards

CHANGES IN THE INTERNATIONAL FINANCIAL ACCOUNTING STANDARDS AND THEIR IMPACT ON THE CONDENSED SEMI-ANNUAL SEPARATE FINANCIAL STATEMENTS

While preparing the condensed semi-annual separate financial statements for the period from 1 January 2023 to 30 June 2023 the same principles and methods of calculation in terms of International Financial Accounting Standards were applied as in the last separate financial statements for the year ended 31 December 2022.

Standards that became effective on 1 January 2023 but do not have a material impact on the preparation of the Group's condensed semi-annual separate financial statements are:

- IFRS 17 "Insurance Contracts" and amendments to IFRS 17,
- Amendments to IFRS 17 "Insurance Contracts" (applies to interim requirements related to the application of IFRS 17 "Insurance Contracts" and IFRS "Financial Instruments" for the first time),
- Amendments to IAS 1 "Presentation of Financial Statements" and the IFRS Board's guidance on accounting policy disclosures in practice,
- Amendments to IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors",
- Amendments to IAS 12 "Income Taxes" (clarifying how to account for deferred tax on transactions such as leases and decommissioning liabilities),
- Amendments to IAS 12 "Income Taxes": global minimum income tax (Pillar Two).

STANDARDS PUBLISHED BY THE INTERNATIONAL ACCOUNTING STANDARDS COMMITTEE, WHICH ARE NOT YET IN FORCE AND HAVE NOT BEEN ALREADY APPLIED BY THE COMPANY

The Company has not opted to apply in this statement standards, interpretations or amendments that have been published but have not yet come into effect.

The following new Standards, amendments to Standards and Interpretations have not been adopted by the EU or are not yet in force for periods ending 30 June 2023 and have not been applied in the financial statements:

- Amendment to IFRS 16 "Leases",
- Amendments to IAS 1 "Presentation of financial statements",
- Amendments to IAS 7 "Statement of cash flows" and IFRS 7 "Financial Instruments: Disclosures" – disclosure of information about supplier finance arrangements,
- IFRS 14 "Regulatory accruals",
- Amendments to IFRS 10 and IAS 28 concerning the sale or contribution of assets between an investor and its associates or joint venture.

The Company assesses that the introduction of the above standards will not have a material impact on the Company.

2.4. Reporting and functional currency and the rounding level applied

The reporting currency of these condensed semi-annual separate financial statements is Polish zloty (PLN), and all the amounts are expressed in PLN thousand (unless otherwise stated).

The functional currency of the Company is also the Polish zloty.

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2.5. Duration of the activity of the entity

The duration of the activity of Apator S.A. is unlimited.

The condensed semi-annual separate financial statements have been prepared on the assumption that the Company will continue as a going concern in the foreseeable future, i.e. within a period not shorter than 12 months from the end of the reporting period.

2.6. Approval of the financial statements

These condensed semi-annual separate financial statements were approved for publication by the Company's Management Board on 29 August 2023.

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Rounding level:	all amounts are expressed in thousands of PLN (unless stated otherwise)			

3. Condensed semi-annual separate financial statements of Apator S.A.

3.1. Condensed semi-annual separate statement of financial position

SPECIFICATION	NOTE	as of	
		30.06.2023	31.12.2022
Fixed assets		338,019	346,008
Intangible assets	7.1	21,997	24,539
Goodwill	7.1	34,506	34,506
Tangible fixed assets	7.2	84,529	88,483
Right to use assets	7.4	10,009	10,771
Investment properties		1,177	1,177
Other long-term financial assets		170,957	170,957
- <i>in affiliated entities</i>	7.5	170,957	170,957
Deferred tax assets	7.13	14,844	15,575
Current assets		221,892	188,257
Inventories	7.6	126,795	96,732
Trade receivables	7.7	73,534	69,981
- <i>from related entities</i>		13,053	6,880
- <i>from other entities</i>		60,481	63,101
Receivables from corporate income tax		424	1,344
Receivables from other taxes, customs duties, and social insurance	7.7	1,963	1,040
Other short-term receivables	7.7	1,824	1,223
- <i>from related entities</i>		421	37
- <i>from other entities</i>		1,403	1,186
Other short-term financial assets	7.17	291	17
- <i>in other entities</i>		291	17
Cash and cash equivalents		617	1,903
Short-term accruals and prepayments		3,727	3,154
Fixed assets classified as held for sale	7.3	12,717	12,863
TOTAL ASSETS		559,911	534,265

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SPECIFICATION	NOTE	as of	
		30.06.2023	31.12.2022
Equity		366,622	362,987
Share capital	7.8	3,265	3,265
Other capitals	7.9	350,271	334,472
Capital from the revaluation of a defined benefit plan		(165)	(165)
Capital from valuation of hedging transactions and foreign exchange differences on consolidation		70	(178)
Undistributed financial result		13,181	25,593
- result for the current period		13,181	25,593
Liabilities		193,289	171,278
Long-term liabilities and provisions		11,336	14,156
Long-term credits and loans	7.10	987	3,119
- from other entities		987	3,119
Long-term liabilities from the right to use assets		7,246	7,934
Long-term liabilities due to employee benefits	7.12	3,103	3,103
Short-term liabilities and provisions		181,953	157,122
Short-term credits and loans	7.10	75,212	75,354
- from other entities		75,212	75,354
Trade liabilities		57,527	48,292
- towards related entities		1,882	1,934
- towards other entities		55,645	46,358
Liabilities due to other taxes, customs duties, and social insurance		5,473	7,330
Other short-term liabilities	7.11	24,191	9,717
- towards related entities		4,973	-
- towards other entities		19,218	9,717
Short-term liabilities from the right to use assets		2,203	2,366
Short-term liabilities due to employee benefits	7.12	8,251	5,113
Other short-term provisions	7.12	9,096	8,950
TOTAL LIABILITIES		559,911	534,265

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3.2. Condensed semi-annual separate statement of profit or loss and other comprehensive income

SPECIFICATION	NOTE	for the period			
		from 01.04.2023	from 01.04.2022	from 01.01.2023	from 01.01.2022
		until 30.06.2023 unaudited	until 30.06.2022 unaudited restated	until 30.06.2023	until 30.06.2022 restated
Revenue from sales and services		109,161	96,140	223,074	171,207
- to related parties		17,327	12,894	39,237	28,842
- to other entities		91,834	83,246	183,837	142,365
Cost of goods sold		(85,404)	(75,961)	(175,580)	(146,283)
- to related parties		(14,589)	(10,587)	(33,586)	(24,734)
- to other entities		(70,815)	(65,374)	(141,994)	(121,549)
Gross sales profit		23,757	20,179	47,494	24,924
Sales costs		(3,617)	(3,684)	(7,976)	(6,286)
General administrative costs		(14,693)	(13,463)	(29,547)	(26,726)
Profit (loss) from sales		5,447	3,032	9,971	(8,088)
Other operating revenues (costs), including:		174	78	(317)	649
Revenues		396	238	472	1,156
Costs		(222)	(160)	(789)	(507)
- including the result due to (impairment)/ reversal of receivables		91	20	(188)	(115)
Profit (loss) from operating activities		5,621	3,110	9,654	(7,439)
Financial revenues (costs), including:	7.15	1,516	13,118	5,949	26,423
Revenues		2,802	16,028	8,516	31,608
Costs		(1,286)	(2,910)	(2,567)	(5,185)
- including the result due to (impairment)/ reversal of interest receivables		27	21	28	(3)
Profit before tax		7,137	16,228	15,603	18,984
Current income tax	7.13	(135)	(397)	(1,749)	(1,167)
Deferred income tax	7.13	(1,305)	27	(673)	1,848
Net profit on continuing operations		5,697	15,858	13,181	19,665

The figures for the comparative periods have been restated as indicated in Note 8.

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SPECIFICATION	for the period			
	from 01.04.2023	from 01.04.2022	from 01.01.2023	from 01.01.2022
	until 30.06.2023 unaudited	until 30.06.2022 unaudited restated	until 30.06.2023	until 30.06.2022 restated
<i>Other comprehensive income / (expenses)</i>				
Other net comprehensive income / (expenses)	194	(229)	248	(287)
Items that may be reclassified to profit or loss in the future:				
Result on hedge accounting with tax effect	194	(229)	248	(287)
Total comprehensive income	5,891	15,629	13,429	19,378
Net profit, of which attributable to:	5,697	15,858	13,181	19,665
the company's shareholders	5,697	15,858	13,181	19,665
Total comprehensive income, of which attributable to:	5,891	15,629	13,429	19,378
the company's shareholders	5,891	15,629	13,429	19,378
Net profit per ordinary share:				
from continuing operations				
- basic	0.17	0.49	0.40	0.60
- diluted	0.17	0.49	0.40	0.60
Weighted average number of shares	32,647,073	32,694,435	32,647,073	32,694,435

The figures for the comparative periods have been restated as indicated in Note 8.

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3.3. Condensed semi-annual separate statement of changes in equity

SPECIFICATION	Share capital	Other capitals	Capital from the revaluation of a defined benefit plan	Capital from valuation of hedging transactions	Undistributed financial result	TOTAL EQUITY
Balance as at 01.01.2023	3,265	334,472	(165)	(178)	25,593	362,987
Changes in equity during the period from 01.01.2023 to 30.06.2023						
Comprehensive income:						
Net profit for the period from 01.01.2023 to 30.06.2023	-	-	-	-	13,181	13,181
Distribution of result to supplementary capital	-	15,799	-	-	(15,799)	-
Other comprehensive income:						
Items that may be reclassified to profit or loss in the future:						
Result on hedge accounting with tax effect	-	-	-	248	-	248
Total other comprehensive income	-	-	-	248	-	248
Comprehensive income recognised in the period from 01.01.2023 to 30.06.2023	-	15,799	-	248	(2,618)	13,429
Transactions with owners recognised directly in equity:						
Dividends	-	-	-	-	(9,794)	(9,794)
Balance as at 30.06.2023	3,265	350,271	(165)	70	13,181	366,622

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SPECIFICATION	Share capital	Unregistered reduction in share capital	Own shares	Other capitals	Capital from the revaluation of a defined benefit plan	Capital from valuation of hedging transactions	Undistributed financial result	TOTAL EQUITY
Balance as at 01.01.2022	3,278	-	(450)	342,759	(862)	77	18,436	363,238
<i>Changes in equity during the period from 01.01.2022 to 30.06.2022</i>								
Comprehensive income:								
Net profit for the period from 01.01.2022 to 30.06.2022 – restated data	-	-	-	-	-	-	19,665	19,665
Distribution of result to supplementary capital	-	-	-	2,083	-	-	(2,083)	-
Other comprehensive income:								
<i>Items that may be reclassified to profit or loss in the future:</i>								
Result on hedge accounting with tax effect	-	-	-	-	-	(287)	-	(287)
Total other comprehensive income	-	-	-	-	-	(287)	-	(287)
Comprehensive income recognised in the period from 01.01.2022 to 30.06.2022 – restated data	-	-	-	2,083	-	(287)	17,582	19,378
Transactions with owners recognised directly in equity:								
Dividends	-	-	-	-	-	-	(16,353)	(16,353)
Purchase of own shares	-	-	(1,950)	-	-	-	-	(1,950)
Redemption of own shares	-	(13)	13	-	-	-	-	-
Merger of units	-	-	-	(9,129)	-	-	-	(9,129)
Balance as of 30.06.2022 – restated data	3,278	(13)	(2,387)	335,713	(862)	(210)	19,665	355,184

The figures for the comparative periods have been restated as indicated in Note 8.

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3.4. Condensed semi-annual separate statement of cash flows

SPECIFICATION	NOTE	for the period	
		from 01.01.2023	from 01.01.2022
		until 30.06.2023	until 30.06.2022 restated
Cash flows from operating activities			
Profit before tax		15,603	18,984
Adjustments:		8,636	(14,757)
Depreciation of intangible assets		4,257	4,118
Depreciation of tangible fixed assets		8,248	8,834
Profit on sale of tangible fixed assets and intangible assets		(62)	(218)
(Profits) losses due to change in fair value of derivatives		(65)	7
Interest costs		2,325	3,124
Dividend income		(5,942)	(30,838)
Other adjustments	7.16	(125)	216
Cash from operating activities before changes in working capital		24,239	4,227
Change in inventories	7.16	(30,063)	(3,469)
Change in receivables	7.16	(4,818)	(12,476)
Change in liabilities	7.16	12,247	3,039
Change in provisions	7.16	3,284	1,096
Change in prepayments and accruals	7.16	(573)	(827)
Cash generated in the course of operating activities		4,316	(8,410)
Tax return		-	718
Income tax paid		(829)	(2,486)
Net cash from operating activities		3,487	(10,178)
Cash flows from investment activities			
Expenditure on the acquisition of intangible assets		(1,842)	(2,072)
Expenditure on the acquisition of tangible fixed assets and lease assets	7.16	(2,573)	(4,410)
Proceeds from the sale of tangible fixed assets		178	352
Investments in subsidiaries		-	(5,109)
Cash acquired in the merger with Apator Elkomtech S.A.		-	176
Dividends received		5,630	25,208
Other proceeds (expenses)		(630)	696
Net cash used from investing activities		763	14,841
Cash flows from financing activities			
Purchase of own shares		-	(1,950)
Proceeds from credits and loans		70	27,996
Repayment of credits and loans		(2,055)	(18,000)
Interest paid		(2,187)	(2,992)
Dividends paid		-	(9,823)
Repayment of lease liabilities		(1,169)	(1,387)
Other expenses		(195)	(448)
Net cash from financial operations		(5,536)	(6,604)
Net increase (decrease) in cash and cash equivalents		(1,286)	(1,941)
Opening balance of cash and cash equivalents		1,903	2,407
Closing balance of cash and cash equivalents		617	466

The figures for the comparative periods have been restated as indicated in Note 8.

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4. Basic judgements and basis for uncertainty estimation

The main judgments and estimates of the Management Board of Apator S.A. concerning the application of accounting principles and the main sources of information used to establish the above-mentioned estimates are the same as those adopted in the preparation of the financial statement of Apator S.A. on the day and the financial year ending on 31 December 2022.

5. Information on the seasonality of operations

In Apator S.A., seasonality is not particularly important. The turnover structure in recent years was not representative, due to the pandemic and the armed conflict in Ukraine.

6. Impact of the environment on the financial position of Apator S.A.

As at the date of this report, the Company identifies 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 operation. Since the outbreak of the war, sales in the Russian and Belarusian markets have been halted. Sales on the Ukrainian market are based on advances paid by contractors.

The disruption to supply chains and difficulties in sourcing components for production that arose during the COVID-19 pandemic have not ceased. The tense political and economic situation related to the conflict in Ukraine, and widespread inflation have caused further price increases not only in raw materials but also in energy and transportation. Fluctuations in exchange rates and exchange rates arising from high inflation still affect the results of Apator S.A.

Apator S.A. is continuously working to introduce substitutes and alternative materials (while maintaining product quality), actively seeking other sources of purchases and conducting inventory management that is optimal in the current situation.

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7. Explanatory notes to the condensed semi-annual separate financial statements

7.1. Intangible assets, goodwill

The following tables present the specification of intangible assets as of 30 June 2023.

SPECIFICATION	as of	
	30.06.2023	31.12.2022
Customer relations	3,932	5,757
Patents, licenses, computer software	2,935	3,695
Development costs	14,944	14,863
Other intangible assets	186	224
Total	21,997	24,539

SPECIFICATION	Customer relations	Patents, licenses, and computer software	Development costs	Other intangible assets	TOTAL
Net value as at 01.01.2023	5,757	3,695	14,863	224	24,539
Increase due to acquisition	-	54	-	-	54
Increase on account of own production	-	-	1,661	-	1,661
Decrease due to liquidation	-	(185)	-	-	(185)
Depreciation	(1,825)	(814)	(1,580)	(38)	(4,257)
Decrease in existing depreciation due to liquidation	-	185	-	-	185
Net value as at 30.06.2023	3,932	2,935	14,944	186	21,997
Status as of 30.06.2023					
Gross value	29,809	18,845	39,128	865	88,647
Total depreciation and revaluation write-offs to date	(25,877)	(15,910)	(24,184)	(679)	(66,650)
Net value	3,932	2,935	14,944	186	21,997

7.2. Tangible fixed assets

Among the most significant expenditures on tangible fixed assets during the first half of 2023 were investments in other tangible fixed assets – tools and instruments.

Data on tangible fixed assets are presented in the tables below.

SPECIFICATION	as of	
	30.06.2023	31.12.2022
Land, buildings and structures	34,815	35,235
Machinery and equipment	20,939	22,138
Means of transport	492	502
Other tangible fixed assets	28,283	30,608
Total	84,529	88,483

SPECIFICATION		Land, buildings and structures	Machinery and equipment	Means of transport	Other tangible fixed assets	TOTAL
Net value as at 01.01.2023		35,235	22,138	502	30,608	88,483
	Increase due to expenditures on tangible fixed assets	150	1,739	163	1,100	3,152
	Increase due to reclassification - from right to use leased assets to tangible fixed assets	-	-	138	-	138
	Decrease due to disposal	-	(53)	(126)	-	(179)
	Decrease due to liquidation	-	(14)	-	(74)	(88)
Entity name:		Apator SA				Page 15
Period covered by the financial statement:		01.01.2023 – 30.06.2023		Reporting currency:		Polish zloty (PLN)
Rounding level:		all amounts are expressed in thousands of PLN (unless stated otherwise)				

Depreciation	(566)	(2,928)	(154)	(3,431)	(7,079)
Increase in depreciation due to reclassification - from tangible fixed assets to the right to use assets under lease	-	-	(105)	-	(105)
Decrease in existing depreciation due to disposal	-	45	74	-	119
Decrease in existing depreciation due to liquidation	-	14	-	74	88
Other changes - gross	(4)	(2)	-	6	-
Net value as at 30.06.2023	34,815	20,939	492	28,283	84,529
Status as of 30.06.2023					
Gross value	47,024	80,723	6,803	97,643	232,193
Total accumulated depreciation and impairment losses to date	(12,209)	(59,784)	(6,311)	(69,360)	(147,664)
Net value	34,815	20,939	492	28,283	84,529

7.3. Fixed assets classified as held for sale

On 22 December 2022, a preliminary contract was concluded (Notarial deed Rep. 11531/2022) for the sale of the properties of Apator S.A. located in Łódź for PLN14m, stipulating that the final contract would be concluded not later than on 30 June 2023. An annex changing the date of conclusion of the final contract to 31 July 2023 was signed on 30 June. Another annex, changing the date of the conclusion of the final contract to 4 September 2023, was signed on 31 July.

In view of the above, on 31 December 2022, these properties were reclassified as assets held for sale. Changes in these assets and their value as of 30 June 2023 are provided in the table below.

SPECIFICATION	in the period	
	from 01.01.2023	from 01.01.2022
	until 30.06.2023	until 31.12.2022
Value at the beginning of the period	12,863	-
Increase due to reclassification	-	12,863
Other changes	(146)	-
Value at the end of the period	12,717	12,863

SPECIFICATION	REPORTING VALUE
Land, buildings and structures	12,717
Fixed assets classified as held for sale as at 30.06.2023	12,717

In connection with the conclusion of the preliminary contract, a joint contractual mortgage in the amount of PLN 9 million was established on these properties and a declaration of submission to enforcement up to the amount of PLN 9 million was signed for the return of the deposit.

7.4. Right to use assets

The Company's capitalised leased assets include:

- the right of perpetual usufruct of land,
- lease of office space and a production building,
- computer hardware,
- means of transport.

Entity name:	Apator SA	Page 16
Period covered by the financial statement:	01.01.2023 – 30.06.2023	Reporting currency: Polish zloty (PLN)
Rounding level:	all amounts are expressed in thousands of PLN (unless stated otherwise)	

Data on the right to use leased assets are presented in the tables below.

SPECIFICATION	as of	
	30.06.2023	31.12.2022
Land, buildings and structures	8,595	9,195
Machinery and equipment	1,230	1,267
Means of transport	184	309
Total	10,009	10,771

SPECIFICATION	LAND, BUILDINGS AND STRUCTURES	MACHINERY AND EQUIPMENT	MEANS OF TRANSPORT	TOTAL
Net value as at 01.01.2023	9,195	1,267	309	10,771
Increase due to leasing acceptance	296	58	-	354
Decrease due to disposal			(102)	(102)
Decrease due to reclassification - from the right to use leased assets to tangible fixed assets	-	-	(138)	(138)
Depreciation	(896)	(95)	(32)	(1,023)
Decrease in existing depreciation due to disposal	-	-	42	42
Decrease in existing depreciation due to reclassification - from the right to use leased assets to tangible fixed assets	-	-	105	105
Net value as at 30.06.2023	8,595	1,230	184	10,009
Status as of 30.06.2023				
Gross value	13,155	1,864	253	15,272
Total accumulated depreciation and impairment losses to date	(4,560)	(634)	(69)	(5,263)
Net value	8,595	1,230	184	10,009

Entity name:	Apator SA		Page 17
Period covered by the financial statement:	01.01.2023 – 30.06.2023	Reporting currency:	Polish zloty (PLN)
Rounding level:	all amounts are expressed in thousands of PLN (unless stated otherwise)		

7.5. Other financial assets

Data concerning shares and stocks included by Apator S.A. in other financial assets are presented in the table below.

SPECIFICATION	as of	
	30.06.2023	31.12.2022
Shares and interests in subsidiaries	170,957	170,957
Shares in Apator Telemetry Sp. z o.o., (Słupsk)	12,236	12,236
Shares in Apator Metrix S.A. (Tczew)	8,935	8,935
Shares in Apator Mining Sp. z o.o. (Katowice)	4,747	4,747
Shares in Apator Powogaz S.A. (Poznań)	68,647	68,647
Shares in Apator Rector Sp. z o.o. (Zielona Góra)	74,287	74,287
Shares in FAP Pafal S.A. (Świdnica)	515	515
Shares in Apator GmbH (Berlin)	1,590	1,590

SPECIFICATION	Segment	Book value	Equity	% of share * equity	Difference
Shares in Apator Telemetry Sp. z o.o. (Słupsk)	Water and Heat	12,236	34,943	7,268	(4,968)
Shares in Apator Metrix S.A. (Tczew)	Gas	8,935	63,815	63,815	54,880
Shares in Apator Mining Sp. z o.o. (Katowice)	Electricity	4,747	53,262	53,262	48,515
Shares in Apator Powogaz S.A. (Poznań)	Water and Heat	68,647	217,146	217,146	148,499
Shares in Apator Rector (Zielona Góra)	Centre for Network Automation	74,287	3 972	3 972	(70,315)
Shares in FAP Pafal S.A. (Świdnica)	Electricity	515	6,108	6,108	5,593
Shares in Apator GmbH (Berlin)	Electricity, Gas	1,590	1,157	1,157	(433)
Total		170,957	380,403	352,728	181,771

The management assessed the existence of indications of impairment of shares in subsidiaries by analysing market, external and internal factors and verified the validity of the assumptions used in the impairment test conducted as of 31 December 2022. Based on the analysis, the Management assessed that the indications having a significant impact on the result of the impairment test did not arise.

In accordance with IAS 36, goodwill will be tested for impairment as of 31 December 2023.

7.6. Inventories

Information on the reporting value of inventories is presented in the table below.

SPECIFICATION	as of	
	30.06.2023	31.12.2022
Materials	68,252	52,237
Production in progress	37,612	28,160
Finished products	15,268	12,922
Goods	2,427	2,499
Other inventories	3,236	914
Total value of inventories	126,795	96,732

Entity name:	Apator SA		Page 18
Period covered by the financial statement:	01.01.2023 – 30.06.2023	Reporting currency:	Polish zloty (PLN)
Rounding level:	all amounts are expressed in thousands of PLN (unless stated otherwise)		

Inventory write-downs are included below.

SPECIFICATION	in the period	
	from 01.01.2023	from 01.01.2022
	until 30.06.2023	until 31.12.2022
Total inventory write-down		
Value of write-downs at the beginning of the period	15,511	8,982
Change due to merger with Apator Elkomtech S.A.	-	4,214
Increase - creation of a write-down on the current result	2,460	7,253
Decrease - write-down of unused amounts as income	(1,618)	(1,738)
Exercise of a write-down - write-off	(409)	(3,200)
Value of write-downs at the end of the period	15,944	15,511

7.7. Trade receivables and other receivables

Information on the reporting value of receivables is presented in the table below.

SPECIFICATION	as of	
	30.06.2023	31.12.2022
Short-term receivables, including:	77,745	73,588
Trade receivables	73,534	69,981
Gross trade receivables	76,035	72,321
Impairment loss on trade receivables	(2,501)	(2,340)
Receivables from corporate income tax	424	1,344
Receivables from other taxes, customs duties, and social insurance	1,963	1,040
Receivables from other taxes, customs duties, and social insurance	1,963	1,040
Other short-term receivables	1,824	1,223
Receivables from sold tangible fixed assets and intangible assets	6	37
Dividend receivables	312	-
Deposits, bid bonds, sureties	217	241
Prepayments - advances for the purchase of services	538	118
Advances on tangible fixed assets	662	690
Other receivables	90	138
Impairment loss on other short-term receivables	(1)	(1)
Total receivables, including:	77,745	73,588
- from related entities	13,474	6,917
- from other entities	64,271	66,671

Entity name:	Apator SA		Page 19
Period covered by the financial statement:	01.01.2023 – 30.06.2023	Reporting currency:	Polish zloty (PLN)
Rounding level:	all amounts are expressed in thousands of PLN (unless stated otherwise)		

The age structure of trade receivables at the end of the reporting periods is shown in the table below.

SPECIFICATION	30.06.2023		31.12.2022	
	Gross value	Impairment loss on financial assets	Gross value	Impairment loss on financial assets
Not due	69,921	-	64,800	45
Overdue from 0 to 30 days	2,355	-	4,780	16
Overdue from 31 to 180 days	1,635	377	472	10
Overdue from 181 days to one year	10	10	87	87
Overdue over one year	2,114	2,114	2,182	2,182
Total	76,035	2,501	72,321	2,340

The change in impairment loss of total receivables (including trade receivables) is presented below.

SPECIFICATION	as of	
	30.06.2023	31.12.2022
Value of write-downs at the beginning of the period	2,341	884
Change due to merger	-	1,786
Creation of individual write-downs (step 3 of the impairment model)	333	345
Creation/(reversal) of write-downs according to the write-down matrix	-	33
Reversal of individual write-downs	(172)	(467)
Exercise of individual write-downs	-	(240)
Value of write-downs at the end of the period	2,502	2,341
Individual write-down	2,449	2,288
Write-down calculated based on matrix	53	53

7.8. Share capital

The shareholders' structure as of 30 June 2023 is presented in the table below.

Specification	Registered shares	Bearer shares	Total shares	Number of votes	Share in capital	Share in votes
Mariusz Lewicki	1,187,376	1,126,624	2,314,000	5,876,128	7.09%	10.75%
Tadeusz Sosgórnik with a closely associated person	1,470,000	506,060	1,976,060	6,386,060	6.05%	11.69%
Danuta Guzowska	954,214	566,065	1,520,279	4,382,921	4.66%	8.02%
Zbigniew Jaworski	766,348	701,832	1,468,180	3,767,224	4.50%	6.89%
Apator Mining Sp. z o.o.	0	3,600,000	3,600,000	3,600,000	11.03%	6.59%
Kazimierz Piotrowski with a closely associated person	664,774	159,181	823,955	2,818,277	2.52%	5.16%
PTE Allianz Polska	0	4,545,864	4,545,864	4,545,864	13.92%	8.32%
Others	2,288,679	14,110,056	16,398,735	23,264,772	50.23%	42.58%
Total	7,331,391	25,315,682	32,647,073	54,641,246	100.00%	100.00%

Entity name:	Apator SA		Page 20
Period covered by the financial statement:	01.01.2023 – 30.06.2023	Reporting currency:	Polish zloty (PLN)
Rounding level:	all amounts are expressed in thousands of PLN (unless stated otherwise)		

7.9. Other capitals

Information on other capitals is presented in the table.

SPECIFICATION	as of	
	30.06.2023	31.12.2022
Supplementary capital, including:	358,254	332,455
<i>Share premium reserve</i>	15,142	15,142
<i>Other supplementary capital</i>	343,112	317,313
Capital from business combination	(7,983)	(7,983)
Reserve capitals	-	10,000
Total other capitals	350,271	334,472

Detailed changes in other capitals during the first half of 2023 are presented in the table below.

SPECIFICATION	SHARE PREMIUM RESERVE	OTHER SUPPLEMENTARY CAPITAL	CAPITAL FROM MERGER OF ENTITIES	RESERVE CAPITALS	TOTAL
Status as of 01.01.2023	15,142	317,313	(7,983)	10,000	334,472
Change in the period from 01.01.2023 to 30.06.2023, including	-	25,799	-	(10,000)	15,799
Breakdown of the result	-	15,799	-	-	15,799
Closure of the Share Redemption Fund	-	10,000	-	(10,000)	-
Status as of 30.06.2023	15,142	343,112	(7,983)	-	350,271

In accordance with Resolution No. 17/VI/2023 of the Ordinary General Meeting of Shareholders of Apator S.A. of 28 June 2023, the net profit for the financial year 2022 in the amount of PLN 25,593,156.05 was distributed as follows:

dividends PLN 9,794,121.90
Supplementary capital PLN 15,799,034.15

The dividend in the amount of PLN 0.30 per share was paid on 10 August 2023.

Pursuant to Resolution 18/VI/2023, the Share Repurchase Programme (adopted pursuant to Resolution 32/VI/2022) was closed and the related Share Redemption Fund was liquidated (in the original amount of PLN 10 million). Unused Fund resources were transferred to supplementary capital.

7.10. Credits and loans

Information on credits and loans is presented below.

SPECIFICATION	as of	
	30.06.2023	31.12.2022
Long-term credits and loans	987	3,119
payable over 1 and up to 2 years	987	3,119
Short-term credits and loans	75,212	75,354
Total credits and loans, including	76,199	78,473
- from other entities	76,199	78,473

The following collaterals have been established in connection with the Company's borrowings:

Multi-product agreement with ING Bank Śląski S.A (Group limit of PLN 250 million, increased by annex of 30 June 2022):

- Contractual mortgage on the real estate of Apator S.A. in Ostaszewo of up to PLN 40 million,

Entity name:	Apator SA		Page 21
Period covered by the financial statement:	01.01.2023 – 30.06.2023	Reporting currency:	Polish zloty (PLN)
Rounding level:	all amounts are expressed in thousands of PLN (unless stated otherwise)		

- Registered pledge over inventory of PLN 73.3 million,
- Registered pledge over fixed assets of PLN 20.6 million,
- Assignment of rights under an all-risk property insurance policy,
- Power of Attorney to dispose of funds in bank accounts,
- Blank promissory note and promissory note declaration.

Credit agreement with Bank Handlowy S.A. (long-term credit for purchase of shares in Apator Telemetria Sp. z o.o. in the amount of 13 million PLN, converted into EUR):

- Registered pledge on acquired shares worth PLN 12.1 million,
- Registered pledge on fixed assets worth PLN 2.8 million,
- Statement on submission to enforcement up to the amount of PLN 15.6 million.
- Assignment of rights under an all-risk property insurance policy.

Multi-purpose credit limit agreement with Powszechna Kasa Oszczędności Bank Polski S.A. (PKO BP S.A.) of 26 May 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, namely, Apator Powogaz S.A. and Apator Metrix S.A.):

- Declaration of submission to enforcement up to the amount of PLN 80 million,
- Registered pledge on fixed assets worth PLN 9.6 million,
- Power of Attorney to dispose of funds in bank accounts,
- Assignment of rights under an all-risk property insurance policy.

The working capital facility obtained under the above agreement has not been drawn upon by 30 June 2023.

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

7.11. Other short-term liabilities

The following table presents the specification of other short-term liabilities.

SPECIFICATION	as of	
	30.06.2023	31.12.2022
Other short-term liabilities	24,191	9,717
Dividend liabilities	9,836	42
Payroll liabilities	4,391	4,049
Investment liabilities	414	376
Prepayments - advances received for deliveries	4,766	4,501
Deferred revenue	3,893	-
Derivative liabilities	68	166
Other liabilities	823	583

Entity name:	Apator SA		Page 22
Period covered by the financial statement:	01.01.2023 – 30.06.2023	Reporting currency:	Polish zloty (PLN)
Rounding level:	all amounts are expressed in thousands of PLN (unless stated otherwise)		

7.12. Provisions for liabilities

Information on provisions for liabilities is presented in the table.

SPECIFICATION	PROVISIONS / LIABILITIES			OTHER PROVISIONS		TOTAL
	RETIREMENT BENEFITS, JUBILEE AWARDS	BONUSES	LEAVES	WARRANTIES	OTHER	
Value of provisions as of 01.01.2023	3,947	1,997	2,272	6,783	2,167	17,166
Increase - creation of a provision charged against the current result	-	5,177	918	871	1,630	8,596
Decrease - write-down of unused amounts as income	-	(1,688)	-	(42)	(296)	(2,026)
Use of the provision - settlement of costs	-	(1,176)	(93)	(716)	(1,301)	(3,286)
Value of provisions as of 30.06.2023, including:	3,947	4,310	3,097	6,896	2,200	20,450
- long-term provisions	3,103	-	-	-	-	3,103
- short-term provisions	844	4,310	3,097	6,896	2,200	17,347

7.13. Income tax

The specifics of income tax and deferred tax for the reporting period are presented in the tables.

SPECIFICATION	in the period	
	from 01.01.2023	from 01.01.2022
	until 30.06.2023	until 30.06.2022
Profit and loss account		
Current income tax	1,749	1,167
Current income tax burden	1,749	1,167
Deferred income tax	673	(1,848)
Related to the emergence and reversal of temporary differences	(1,659)	(1,848)
Tax relief granted for doing business in a special economic zone	2,332	-
Tax burden recognised in the statement of comprehensive income	2,422	(681)
Other comprehensive income		
Deferred income tax	58	(67)
Net deferred income tax on cash flow hedges settled during the financial year	58	(67)
Tax benefit (burden) shown in equity	58	(67)

Entity name:	Apator SA		Page 23
Period covered by the financial statement:	01.01.2023 – 30.06.2023	Reporting currency:	Polish zloty (PLN)
Rounding level:	all amounts are expressed in thousands of PLN (unless stated otherwise)		

SPECIFICATION		Assets		Provisions	
		30.06.2023	31.12.2022	30.06.2023	31.12.2022
	Tangible fixed assets	-	-	2,398	2,401
	Investment properties	-	-	14	14
	Financial assets	268	268	-	-
	Derivatives	14	33	55	3
	Inventories	3,030	2,879	-	-
	Liabilities arising from employee benefits	2,211	1,713	-	-
	Provisions	2,141	1,886	-	-
	Write-offs revaluing receivables	473	437	-	-
	Tax credit to be settled in future periods	8,185	10,517	-	-
	Other	1,126	344	137	84
	Total	17,448	18,077	2,604	2,502
	Netting of assets and provisions	(2,604)	(2,502)	-	-
	Deferred tax assets / provisions disclosed in the statement of financial position	14,844	15,575	-	-

On 28 December 2010, the Company received Permit No 69/PSSE to conduct business activities in the Pomeranian Special Economic Zone. At the date of commencement of operations in the PSEZ, deferred tax assets in the amount of PLN 20,357 thousand were recognised due to usable tax credits (the value of this asset as of 30 June 2023 is PLN 8.185 thousand). The final deadline for taking advantage of the tax relief is 31 December 2026.

On 3 June 2020, the Company received Support Decision No. PSSE.DW.11.2020 for a new investment to increase production capacity (expansion of an existing plant). This will enable the company to take advantage of the tax relief granted on the basis of doing business in the Special Economic Zone.

The conditions of the decision are: realisation of a new investment, consisting of an expansion of the plant and incurring eligible costs of at least PLN 30 million (no more than PLN 39 million) by the end of 2025, increasing the current employment by at least 2 employees by 31 December 2025, and maintaining the increased employment until 31 December 2030. The decision was issued for a fixed period of 15 years. By 30 June 2023, expenditures of PLN 2.6 million were incurred for this purpose.

Presentation of the effective tax rate:

SPECIFICATION		in the period	
		from 01.01.2023	from 01.01.2022
		until 30.06.2023	until 30.06.2022
	Tax base	15,603	18,984
	Tax rate applied	19.00%	19.00%
	Income tax calculated at the applicable rate	2,965	3,607
	Tax on tax-exempt income (dividends from related entities)	(1,129)	(5,859)
	Uncreated asset from losses on zone activities	-	1,619
	Tax on non-tax-deductible expenses (permanent differences)	588	(47)
	Other tax deductions	(1)	(1)
	Income tax	2,422	(681)
	Effective tax rate	15.52%	-3.59%

7.14. Revenues

The Company recognises the vast majority of revenue from sales at a point in time: either when the customer takes control of the good in question or when the service is finalised, following confirmation that the obligation under the contract/agreement has been fulfilled (upon receipt of an acceptance report).

Entity name:	Apator SA		Page 24
Period covered by the financial statement:	01.01.2023 – 30.06.2023	Reporting currency:	Polish zloty (PLN)
Rounding level:	all amounts are expressed in thousands of PLN (unless stated otherwise)		

The specification of revenue by business line and domestic and foreign sales is presented in the table below.

SPECIFICATION	from 01.01.2023	from 01.01.2022
	until 30.06.2023	until 30.06.2022
Switchgear, including:	76,524	61,418
country	49,567	38,058
export	26,957	23,360
Measuring apparatus, including:	118,585	87,804
country	86,162	65,382
export	32,422	22,422
Automation, including:	27,966	21,985
country	27,966	21,979
export	0	6
Total	223,074	171,207

7.15. Financial revenues and expenses

SPECIFICATION	in the period	
	from 01.01.2023	from 01.01.2022
	until 30.06.2023	until 30.06.2022
Financial revenue	8,516	31,608
Dividends and profit sharing	5,942	30,838
Positive exchange differences	2,156	-
Interest on funds in bank accounts	8	-
Interest on receivables	58	61
Revenues from foreign exchange transactions (including derivatives)	277	670
Release of write-downs of receivables	28	-
Guarantees provided	47	39
Financial expenses	(2,567)	(5,185)
Interest on credits and loans	(1,972)	(2,899)
Interest on lease liabilities	(140)	(112)
Other interest	(116)	(117)
Negative exchange differences	-	(1,604)
Creation of write-downs on receivables	-	(3)
Commissions on credits and loans	(55)	(335)
Bank guarantees and commissions (excluding loan commissions)	(283)	(115)
Other costs	(1)	-
Net financial revenues	5,949	26,423

7.16. Explanations regarding the cash flow statement

Apator S.A. prepares the condensed individual statement on cash flows for the part relating to operating activities using the indirect method, whereby profit is adjusted for the effects of non-cash transactions, changes in inventories, receivables and liabilities, and other items where the cash effects are cash flows from financing or investing activities.

The table below presents explanations of inconsistencies between the changes in the balance of the condensed separate statement of financial position and the changes in the balance of these items disclosed in the statement of cash flows.

Entity name:	Apator SA		Page 25
Period covered by the financial statement:	01.01.2023 – 30.06.2023	Reporting currency:	Polish zloty (PLN)
Rounding level:	all amounts are expressed in thousands of PLN (unless stated otherwise)		

SPECIFICATION	in the period	
	from 01.01.2023	from 01.01.2022
	until 30.06.2023	until 30.06.2022
Change in inventories		
Change in inventories	(30,063)	(24,046)
Inventory as of the date of the merger with Apator Elkomtech S.A.	-	20,577
Change in the balance shown in the cash flow statement	(30,063)	(3,469)
Change in receivables		
Change in trade receivables	(3,553)	(32,270)
Change in corporate tax receivables	920	455
Change in receivables from other taxes, customs duties and social insurances	(923)	(27)
Change in other receivables	(601)	(6,043)
Advances on tangible fixed assets settled with the opening balance	(29)	319
Receivables as of the date of the merger with Apator Elkomtech S.A.	-	19,921
Adjustment for dividend receivables	312	5,624
Adjustment for income tax receivables	(920)	(455)
Adjustment for investment receivables	(24)	1
Other changes		(1)
Change in the balance shown in the cash flow statement	(4,818)	(12,476)
Change in liabilities		
Change in long-term liabilities	-	(127)
Change in long-term liabilities from the right to use leased assets	(688)	757
Change in trade liabilities	9,235	827
Change in liabilities from other taxes, customs duties and social insurances	(1,857)	5,338
Change in other liabilities	14,474	5,306
Change in short-term liabilities from the right to use leased assets	(163)	653
Liabilities as of the date of the merger with Apator Elkomtech S.A.	-	(11,384)
Adjustment for liabilities due to the purchase of shares	-	5,109
Adjustment for dividend liabilities	(9,794)	(6,529)
Adjustment for finance lease liabilities	851	900
Adjustment for derivative liabilities	98	(195)
Adjustment for income tax liabilities	-	1,056
Adjustment for investment liabilities	91	1,328
Other changes		-
Change in the balance shown in the cash flow statement	12,247	3,039
Change in provisions		
Change in long-term provisions for employee benefits	-	1,420
Change in short-term provisions for employee benefits	3,138	1,955
Change in other short-term provisions	146	1,670
Provisions as of the date of the merger with Apator Elkomtech S.A.	-	(3,949)
Change in the balance shown in the cash flow statement	3,284	1,096
Change in prepayments and accruals		
Change in short-term prepayments and accruals	(573)	(974)
Accruals as of the date of the merger with Apator Elkomtech S.A.	-	147
Change in the balance shown in the cash flow statement	(573)	(827)

Entity name:	Apator SA		Page 26
Period covered by the financial statement:	01.01.2023 – 30.06.2023	Reporting currency:	Polish zloty (PLN)
Rounding level:	all amounts are expressed in thousands of PLN (unless stated otherwise)		

SPECIFICATION	in the period	
	from 01.01.2023	from 01.01.2022
	until 30.06.2023	until 30.06.2022
Other adjustments to cash flows from operating activities		
Discontinued investments	-	13
Grant settlement	101	57
Profit on settlement of derivatives	(32)	(696)
Commissions and fees on credits and loans	55	335
(Positive) negative differences on loans and dividends	(249)	507
Total	(125)	216

SPECIFICATION	in the period	
	from 01.01.2023	from 01.01.2022
	until 30.06.2023	until 30.06.2022
Expenditure on the acquisition of fixed tangible assets		
Purchase of tangible fixed assets	(3,253)	(2,654)
Change in inventory for internal projects	(254)	(980)
Lease purchase	318	487
Change in investment liabilities	(74)	(1,263)
Other	690	-
Total	(2,573)	(4,410)

SPECIFICATION	in the period	
	from 01.01.2023	from 01.01.2022
	until 30.06.2023	until 30.06.2022
Cash inflows / outflows from credits		
Balance sheet change in long-term credits	(2,132)	(1,633)
Balance sheet change in short-term credits	(142)	16,712
Accrued interest	2	(19)
Credits and loans as of the date of the merger with Apator Elkomtech S.A.	-	(4,563)
Credit valuation	-	(501)
Other	287	-
Total	(1,985)	9,996

7.17. Hedging instruments

In Apator S.A., foreign exchange derivative contracts are entered into as part of the foreign exchange hedging policy. As a general rule, the Group hedges export receipts in excess of import expenses (EUR) and import outflows in excess of export receipts (USD).

In the first half of 2023, the Group started to hedge copper price risk using a commodity swap. The value of the instrument approximates the balance sheet valuation.

The table below presents details of the hedging relationship in cash flow hedge accounting and the status of hedges as of 30 June 2023.

Type of hedge	Security for volatility of cash flows due to future cash flows in EUR and USD, and purchase of copper.
Hedged item	The hedged item is part of the future highly probable cash flows from sales denominated in EUR and purchases denominated in USD, and purchase of copper.
Hedging instruments	FX forward transactions, in which the Company undertakes to sell EUR and buy USD for PLN, and a commodity swap, are hedging instruments.

Entity name:	Apator SA	Page 27
Period covered by the financial statement:	01.01.2023 – 30.06.2023	Reporting currency: Polish zloty (PLN)
Rounding level:	all amounts are expressed in thousands of PLN (unless stated otherwise)	

Risk to be hedged	The Company hedges the variability of cash flows due to currency risk, and the risk of change in copper price.
Financial statements recognition method	The portion of the change in the fair value measurement of hedging instruments, corresponding to the effective hedge, is recognised in the capital from the valuation of hedging transactions (statement of changes in capital). The ineffective portion of the change in the fair value measurement of hedging instruments is recognised in financial revenues or expenses.
Period in which cash flows are expected to occur	The hedged item is expected to generate cash flows in the period up to 15 March 2024.
Nominal value	704 thousand EUR 2.130 thousand USD 50 tonnes CU

The following table shows the fair value of the hedging instruments at the reporting date.

SPECIFICATION	as of	
	30.06.2023	31.12.2022
Short-term assets	291	17
Hedging instruments	291	17
Total assets	291	17
Long-term liabilities	-	-
Hedging instruments	-	-
Short-term liabilities	68	166
Hedging instruments	68	166
Total liabilities	68	166

The table below presents an analysis of financial instruments measured at fair value, grouped according to a three-level hierarchy, where:

- Level 1 - fair value is based on stock exchange prices (unadjusted);
- Level 2 - fair value is determined based on values observable in the market, but which are not direct market quotations;
- Level 3 - fair value is determined on the basis of various valuation techniques not based on any observable market data.

SPECIFICATION	as at 30.06.2023			as at 31 Decemeber 2022		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Derivatives (assets)	-	291	-	-	17	-
Derivatives (liabilities)	-	(68)	-	-	(166)	-
Total	-	223	-	-	(149)	-

Transfers between levels did not occur.

The Company measures FX forward derivatives at fair value with the use of financial instrument valuation models, using publicly available exchange rates and volatility curves for currencies. The fair value of these instruments is determined based on future flows from concluded transactions calculated based on the difference between the forward price and the transaction price. Forward exchange rates are not modelled as a separate risk factor, but are derived from the spot rate for the foreign currency against the PLN.

7.18. Information about related entities

Information on benefits for managerial staff is presented in the table.

SPECIFICATION				for the period
				from 01.01.2023 until 30.06.2023
	Short-term employee benefits			3,326
Entity name:		Apator SA		Page 28
Period covered by the financial statement:		01.01.2023 – 30.06.2023	Reporting currency:	Polish zloty (PLN)
Rounding level:		all amounts are expressed in thousands of PLN (unless stated otherwise)		

	Post-employment benefits	260
	Termination benefits	135
Total		3,721

Transactions with related entities were carried out at arm's length.

Data on transactions with related parties in the period from 1 January 2023 to 30 June 2023 and information on unsettled balances as of 30 June 2023 are presented in the table below.

Entity name:	Apator SA			Page 29
Period covered by the financial statement:	01.01.2023 – 30.06.2023	Reporting currency:	Polish zloty (PLN)	
Rounding level:	all amounts are expressed in thousands of PLN (unless stated otherwise)			

SPECIFICATION	APATOR GmbH	Apator Metrix S.A.	Apator Mining Sp. z o.o.	Apator Powogaz S.A.	Apator Telemetria Sp. z o.o.	APATOR RECTOR Sp. z o.o.	FAP Pafal S.A.	TOTAL
Sales of products and services	33,258	1,956	9	3,176	61	538	102	39,100
Sales of goods and materials	55	45	-	-	1	2	34	137
Cost relating to sales transactions of products and services	31,760	432	-	933	28	219	94	33,466
Cost relating to sales transactions of goods and materials	42	43	-	-	-	1	34	120
Trade receivables	11,392	117	-	1,479	4	41	20	13,053
Investment receivables	-	-	-	-	-	6	-	6
Advances for the purchase of services	-	103	-	-	-	-	-	103
Other receivables	-	-	-	-	312	-	-	312
Financial revenue from dividend	127	-	503	-	312	-	5,000	5,942
Purchase of products, services, goods and materials	160	67	-	-	175	1,244	1,890	3,536
Purchase of fixed assets and intangible assets	-	102	-	-	-	-	-	102
Trade liabilities	-	23	-	-	10	1,393	456	1,882
Other liabilities	-	1,548	1,089	2,084	25	237	-	4,973

Entity name:	Apator SA		Page 30
Period covered by the financial statement:	01.01.2023 – 30.06.2023	Reporting currency:	Polish zloty (PLN)
Rounding level:	all amounts are expressed in thousands of PLN (unless stated otherwise)		

7.19. Contingent items and other items not included in the condensed semi-annual separate statement of financial position

Guarantees

As of 30 June 2023, Apator S.A. had active guarantees issued by:

TU Hermes S.A.:

- For a performance bond in the amount of PLN 14.211 thousand, until 22 June 2025 at the latest,
- For the removal of defects and faults in the amount of PLN 5.715 thousand until 8 June 2029 at the latest,

ING Bank Śląski S.A.:

- For a performance bond in the amount of PLN 685 thousand until 18 November 2024 at the latest,
- For the removal of defects and faults in the amount of PLN 2.022 thousand until 30 June 2026 at the latest,
- For the performance of payments under lease agreements in the amount of PLN 102 thousand, until 27 April 2026 at the latest;
- For the payment of a bid bond in the amount of PLN 8 thousand, until 19 July 2023;
- For a letter of credit in the amount of PLN 128 thousand, until 14 September 2023.

PZU S.A.:

- For a performance bond in the amount of PLN 490 thousand, until 31 July 2023 at the latest,
- For the removal of defects and faults in the amount of PLN 257 thousand until 15 January 2027 at the latest.

KUKE S.A.:

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

PKO BP S.A.:

- For a performance bond in the amount of PLN 3.929 thousand, until 8 April 2025.

Moreover, as of 30 June 2023, Apator S.A. was a party to an intra-group surety:

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

Additionally, at 30 June 2022 Apator S.A. was the beneficiary of payment guarantee for the amount of PLN 68 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 contract 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., 1 promissory note to secure a factoring agreement concluded with ING Commercial Finance Polska, 3 promissory notes to secure a contractual 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 a preliminary contract of sale of real estate (worth PLN 9 million) and related to the conclusion of a lease agreement (worth PLN 50 thousand).

Entity name:	Apator SA		Page 31
Period covered by the financial statement:	01.01.2023 – 30.06.2023	Reporting currency:	Polish zloty (PLN)
Rounding level:	all amounts are expressed in thousands of PLN (unless stated otherwise)		

7.20. Employment structure

Employment at Apator S.A. is presented in the table.

SPECIFICATION	period	
	from 01.01.2023	from 01.01.2022
	until 30.06.2023	until 31.12.2022
Average employment in FTEs for the period	878	838
Blue-collar workers	529	491
White-collar workers	349	347
FTEs at the end of the period	893	876
Blue-collar workers	544	523
White-collar workers	349	353

In addition to workers employed at Apator S.A. under an employment contract, the Company also uses the services of a temporary employment agency. On average, in the first half of 2023, 90 people were employed on a temporary basis.

7.21. Remuneration of the entity authorized to conduct the audit

On 24 July 2021, Apator S.A. signed an agreement with PricewaterhouseCoopers Polska Spółka z ograniczoną odpowiedzialnością Audyt sp. k. for the audit of the condensed semi-annual separate financial statements, review of the condensed semi-annual consolidated financial statements, and audit of the annual separate and consolidated financial statements for 2021-2023.

The expert auditor's remuneration is presented in the table below.

SPECIFICATION	Value	
	2023	2022
Audit/review of condensed semi-annual financial statements	100	100

In addition to the above remuneration, Apator S.A. covers also documented costs of the audit team's stay outside the Auditor's seat (travel, accommodation).

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Period covered by the financial statement:	01.01.2023 – 30.06.2023	Reporting currency:	Polish zloty (PLN)
Rounding level:	all amounts are expressed in thousands of PLN (unless stated otherwise)		

8. Adjustment of comparative data

In the course of the work related to the preparation of the condensed semi-annual financial statements for the first half of 2023 and during the auditing procedure of the financial statements by the statutory auditor, the Company identified irregularities in the manner of recognition of revenues from licence fees for the use of the "Apator" trademark paid by other entities in the Group. In previous mid-year financial statements, the Company recognised revenue on a one-off basis for the full year, when sales invoices were issued in the first quarter of the financial year, based on the estimated amount of turnover for the current financial year, which was the basis for this charge. Following an analysis of licence agreements and the requirements of IFRS 15, it was concluded that revenue should be recognised throughout the period to which it relates, i.e. on a monthly basis from 1 January to 31 December. According to IFRS 15 section B63, revenue should be recognised when the sales that provide the basis for the licence fee for the use of the trademark are generated. The change has the effect of transferring the portion of revenue corresponding to 6 months of 2022 from the period's profit or loss to other liabilities (as deferred revenue). Consequently, the Company has decided to restate the published financial data for Q1 and Q2 2022 and Q1 2023.

The impact of the above adjustment on the financial statements of Apator S.A. was presented in the tables below.

Condensed semi-annual separate statement of profit or loss and other comprehensive income for the period from 1 January to 30 June 2022:

Report item	Value before adjustment	Adjustment	Value after adjustment
Continued operations			
Revenue from sales and services	174,631	(3,424)	171,207
- to related parties	32,266	(3,424)	28,842
Gross profit (loss) from sales	28,348	(3,424)	24,924
Profit (loss) from sales	(4,664)	(3,424)	(8,088)
Profit (loss) from operating activities	(4,015)	(3,424)	(7,439)
Profit (loss) before tax	22,408	(3,424)	18,984
Deferred income tax	1,197	651	1,848
Net profit (loss) from continuing operations	22,438	(2,773)	19,665
Other comprehensive income			
Total comprehensive income	22,151	(2,773)	19,378
Net profit (loss), of which attributable to:	22,438	(2,773)	19,665
the company's shareholders	22,438	(2,773)	19,665
Total comprehensive income, of which attributable to:	22,151	(2,773)	19,378
the company's shareholders	22,151	(2,773)	19,378
Net profit (loss) per share from continued operations			
- basic	0.69	(0.09)	0.60
- diluted	0.69	(0.09)	0.60

Condensed semi-annual separate statement of cash flows - for the period from 1 January until 30 June 2022:

Report item	Value before adjustment	Adjustment	Value after adjustment
Cash flows from operating activities			
Profit before tax (continuing operations)	22,408	(3,424)	18,984
Cash from operating activities before changes in working capital	7,651	(3,424)	4,227
Change in liabilities	-385	3,424	3,039

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Period covered by the financial statement:	01.01.2023 – 30.06.2023	Reporting currency:	Polish zloty (PLN)
Rounding level:	all amounts are expressed in thousands of PLN (unless stated otherwise)		

Condensed semi-annual separate statement of profit or loss and other comprehensive income for the period from 1 January to 31 March 2022:

Report item	Value before adjustment	Adjustment	Value after adjustment
Continued operations			
Revenue from sales and services	80,203	(5,136)	75,067
- to related parties	21 084	(5,136)	15,948
Gross profit (loss) from sales	9,881	(5,136)	4,745
Profit (loss) from sales	(5,984)	(5,136)	(11,120)
Profit (loss) from operating activities	(5,413)	(5,136)	(10,549)
Profit (loss) before tax	7,892	(5,136)	2,756
Deferred income tax	844	977	1,821
Net profit (loss) from continuing operations	7,966	(4,159)	3,807
Other comprehensive income			
Total comprehensive income	7,908	(4,159)	3,749
Net profit (loss), of which attributable to:	7,966	(4,159)	3,807
the company's shareholders	7,966	(4,159)	3,807
Total comprehensive income, of which attributable to:	7,908	(4,159)	3,749
the company's shareholders	7,908	(4,159)	3,749
Net profit (loss) per share from continued operations			
- basic	0.24	(0.12)	0.12
- diluted	0.24	(0.12)	0.12

Condensed semi-annual separate statement of profit or loss and other comprehensive income for the period from 1 April to 30 June 2022:

Report item	Value before adjustment	Adjustment	Value after adjustment
Continued operations			
Revenue from sales and services	94,428	1,712	96,140
- to related parties	11,182	1,712	12,894
Gross profit (loss) from sales	18,467	1,712	20,179
Profit (loss) from sales	1,320	1,712	3,032
Profit (loss) from operating activities	1,398	1,712	3,110
Profit (loss) before tax	14,516	1,712	16,228
Deferred income tax	353	(326)	27
Net profit (loss) from continuing operations	14,472	1,386	15,858
Other comprehensive income			
Total comprehensive income	14,243	1,386	15,629
Net profit (loss), of which attributable to:	14,472	1,386	15,858
the company's shareholders	14,472	1,386	15,858
Total comprehensive income, of which attributable to:	14,243	1,386	15,629
the company's shareholders	14,243	1,386	15,629
Net profit (loss) per share from continued operations			
- basic	0.44	0.05	0.49
- diluted	0.44	0.05	0.49

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Period covered by the financial statement:	01.01.2023 – 30.06.2023	Reporting currency:	Polish zloty (PLN)
Rounding level:	all amounts are expressed in thousands of PLN (unless stated otherwise)		

Condensed semi-annual separate statement of profit or loss and other comprehensive income for the period from 1 January to 31 March 2023:

Report item	Value before adjustment	Adjustment	Value after adjustment
Continued operations			
Revenue from sales and services	119,753	(5,840)	113,913
- to related parties	27,750	(5,840)	21,910
Gross profit (loss) from sales	29,577	(5,840)	23,737
Profit (loss) from sales	10,364	(5,840)	4,524
Profit (loss) from operating activities	9,873	(5,840)	4,033
Profit (loss) before tax	14,306	(5,840)	8,466
Deferred income tax	(478)	1,110	632
Net profit (loss) from continuing operations	12,214	(4,730)	7,484
Other comprehensive income			
Total comprehensive income	12,268	(4,730)	7,538
Net profit (loss), of which attributable to:	12,214	(4,730)	7,484
the company's shareholders	12,214	(4,730)	7,484
Total comprehensive income, of which attributable to:	12,268	(4,730)	7,538
the company's shareholders	12,268	(4,730)	7,538
Net profit (loss) per share from continued operations			
- basic	0.37	(0.14)	0.23
- diluted	0.37	(0.14)	0.23

The above changes have no impact on the statement of financial position as of 31 December 2022 and 1 January 2022.

Entity name:	Apator SA		Page 35
Period covered by the financial statement:	01.01.2023 – 30.06.2023	Reporting currency:	Polish zloty (PLN)
Rounding level:	all amounts are expressed in thousands of PLN (unless stated otherwise)		

9. Events after the balance sheet date

Due to the conclusion of a preliminary contract on 22 December 2022 (Notarial deed Rep. 11531/2022) for the sale of the properties of Apator S.A. located in Łódź, in particular, with conditions precedent specified in it, an annex changing the date of conclusion of the final contract to 4 September 2023 was signed on 31 July.

In accordance with Resolution No. 17/VI/2023 of the Ordinary General Meeting of Shareholders of Apator S.A. of 28 June 2023, on 10 August 2023, the Company paid a dividend to shareholders from its 2022 profit in the total amount of PLN 9,794,121.90.

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Period covered by the financial statement:	01.01.2023 – 30.06.2023	Reporting currency:	Polish zloty (PLN)	
Rounding level:	all amounts are expressed in thousands of PLN (unless stated otherwise)			

10. Signatures

Management Board

2023-08-29

Maciej Wyczęsany

President of the Management Board, General Director of Apator

Tomasz Łątka

Member of the Management Board, Director of Business Development of Automation and ICT Solutions

The person responsible for maintaining the accounting records

2023-08-29

Małgorzata Mazurek

Financial Director

Entity name:	Apator SA			Page 37
Period covered by the financial statement:	01.01.2023 – 30.06.2023	Reporting currency:	Polish zloty (PLN)	
Rounding level:	all amounts are expressed in thousands of PLN (unless stated otherwise)			