

PS-2023



Condensed
consolidated semi-
annual financial
statement

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1. General information

1.1. Information about the group

Apator Capital Group consists of the parent company Apator S.A. and its direct and indirect subsidiaries and jointly controlled entities.

1.1.1. Information about the parent company

The parent company Apator Spółka Akcyjna with its seat 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 parent company operates in the territory of Poland pursuant to the provisions of the Commercial Companies Code. The parent company's manufacturing operations are conducted in the following locations: Ostaszewo 57C 87-148 Łysomice, Toruń ul. Polna 148, Łódź ul. Wołowa 2c.

1.1.2. Core activity of the parent company and the capital group

According to the articles of association of the parent company, the core activity consists of the production and service activity in the field of electricity distribution and control equipment, as well as the sale of measurement equipment and systems. The shares of Apator S.A. are listed on the main market – in the "electromechanical industry" sector according to Warsaw Stock Exchange's classification.

Entities within the capital group are generally focused on activities related to the production and sale of measuring instruments and devices, control and measurement, distribution and control equipment, SCADA class IT systems and telemechanical devices cooperating with them, protections and other network devices for distributed systems, providing the possibility of remote control and supervision of the power network in the full range of voltages and devices reading and transmitting data.

1.1.3. Composition of the capital group

In the first half of 2023, Apator Capital Group consisted of Apator S.A. and the following subsidiaries:

Apator Mining Sp. z o.o. (Katowice) – a subsidiary of Apator S.A.

FAP Pafal S.A. (Świdnica) – a subsidiary of Apator S.A.

Apator Metrix S.A. (Tczew) – a subsidiary of Apator S.A.

Apator GmbH (Berlin, Germany) – a subsidiary of Apator S.A.

Apator Rector Sp. z o.o. (Zielona Góra) – a subsidiary of Apator S.A.

Apator Powogaz S.A. (Poznań) – a subsidiary of Apator S.A.

Apator Telemetria Sp. z o.o. (Słupsk) – a subsidiary of Apator Powogaz S.A. (71.89% of shares); Apator S.A. holds 20.8% of shares in Apator Telemetria Sp. z o.o.

Apator Metra s.r.o. (Šumperk, Czech Republic) – a subsidiary of Apator Powogaz S.A.

APATOR MIITORS ApS. (Aarhus, Denmark) – a subsidiary of Apator Powogaz S.A.

George Wilson Industries Ltd. (Coventry, Great Britain) – a subsidiary of Apator Metrix S.A.

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Entities within the capital group subject to full consolidation

Company	Headquarters	Core business activity	Competent court/ registering authority	Share in capital	Method of consolidation	Comments
APATOR MINING Sp. z o.o.	Katowice	Wholesale of mining, construction, and civil engineering machinery	The Regional Court in Katowice, 8th Commercial Division of the National Court Register; KRS (National Court Register) number 0000047770	100.00%	Full	Subsidiary
APATOR METRIX S.A.	Tczew	Manufacture of measuring, control, navigation, and other instruments and devices	The Regional Court in Gdańsk, 9th Commercial Division of the National Court Register; KRS (National Court Register) number 0000046259	100.00%	Full	Subsidiary
FAP PAFAL S.A.	Świdnica	Manufacture of measuring and control equipment, electrical and electronic equipment, trading activities, maintenance services	The Regional Court for Wrocław – Fabryczna in Wrocław, 9th Commercial Division of the National Court Register; KRS (National Court Register) number 0000057162	100.00%	Full	Subsidiary
APATOR RECTOR Sp. z o.o.	Zielona Góra	Information technology, publishing activities, printing and reproduction of recorded media	The Regional Court in Zielona Góra, 8th Commercial Division of the National Court Register; KRS (National Court Register) number 0000297413	100.00%	Full	Subsidiary
APATOR POWOGAZ S.A.	Poznań	Manufacture of measuring, control, research, and navigation instruments and devices, manufacture of other general-purpose machinery	The Regional Court Poznań – Nowe Miasto and Wilda in Poznań, 8th Commercial Division of the National Court Register; KRS (National Court Register) number 0000028129	100.00%	Full	Subsidiary
APATOR GmbH	Berlin	Sale of prepayment systems for electricity and gas meters	HRB 123670B Charlottenburg	100.00%	Full	Subsidiary
APATOR TELEMETRIA Sp. z o.o.	Słupsk	Manufacture of data reading and transmission devices, manufacture of system IT applications	The Regional Court Gdańsk – Północ in Gdańsk, 8th Commercial Division of the National Court Register; KRS (National Court Register) number 0000290726	92.69%	Full	Subsidiary Direct and indirect share
APATOR METRA S.R.O.	Sumperk Czech Republic	Manufacture of cost allocator systems, thermometers, and thermostats	Krajský soud v Ostravě, 268 34 073	100.00%	Full	Indirect subsidiary Indirect share
GEORGE WILSON INDUSTRIES Ltd	Coventry United Kingdom	Manufacture and sale of domestic and industrial gas meters; smart metering in gas metering	Companies House, 02873275	100.00%	Full	Indirect subsidiary Indirect share
APATOR MIITORS ApS.	Aarhus Denmark	Design and development of ultrasonic technologies in the area of water and heat metering	The Central Business Register, 32763286	100.00%	Full	Indirect subsidiary Indirect share

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1.1.4. 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

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2. Information about the basis for the preparation of the consolidated financial statements, the reporting currency, and the applied rounding level

2.1. The basis for the preparation of the condensed semi-annual consolidated financial statement

The presented condensed semi-annual consolidated financial statement of Apator Group as of the day and for the period ending on 30th June 2023 was prepared in accordance with International Accounting Standard IAS 34 "Interim Financial Reporting" adopted by the European Union. The statement does not contain all the information required to be disclosed in the full financial statement and should be read together with the consolidated statement of Apator Group prepared on the day and for the financial year ending on 31st December 2022.

The condensed semi-annual consolidated financial statement of Apator Group covers the first half of 2023 and contains comparative data:

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

2.2. Accounting principles

The condensed consolidated semi-annual 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 condensed consolidated semi-annual 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 CONSOLIDATED SEMI-ANNUAL FINANCIAL STATEMENTS

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

Standards that became effective on January 1, 2023 but do not have a material impact in the preparation of the Group's condensed half-year consolidated 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 GROUP

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

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

2.4. Reporting and functional currency and the rounding level applied

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

The functional currencies of the foreign subsidiaries are respectively:

- Apator GmbH – EUR,
- Apator Metra – CZK,
- George Wilson Industries Ltd. – GBP,
- Miitors ApS. – DKK.

As of the reporting date, the assets and liabilities of these foreign subsidiaries and their statements of comprehensive income are converted into the Group's reporting currency at the average exchange rate of the leading bank, namely ING, prevailing on that day. Foreign exchange differences arising from such conversions are directly recognised in equity as a separate component. The functional currency of the remaining companies is the Polish zloty (PLN).

2.5. Duration of the group's activity

The duration of the activity of the parent company Apator S.A. and the entities covered by consolidation is indefinite.

The condensed consolidated semi-annual 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

The condensed consolidated semi-annual financial statement was approved and signed by the Management Board of the parent company on 29 August 2022.

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3. Consolidated semi-annual financial statement of Apator capital group

3.1. Condensed consolidated semi-annual statement of financial position

SPECIFICATION	NOTE	as of	
		30.06.2023	31.12.2022
Fixed assets		510,639	527,979
Intangible assets	7.3	103,825	105,831
Goodwill	7.4	121,180	122,275
Tangible fixed assets	7.5	204,353	212,844
Right to use assets	7.6	52,427	46,690
Investment properties		2,243	2,282
Other long-term financial assets	7.13	-	1,352
- in other entities		-	1,352
Long-term receivables	7.10	5,521	6,437
- from other entities		5,521	6,437
Long-term accruals and prepayments		60	55
Deferred tax assets	7.15	21,030	30,213
Current assets		538,687	514,068
Inventories	7.8	286,618	251,617
Trade receivables	7.9	180,117	189,804
- from other entities		180,117	189,804
Receivables from corporate income tax	7.9	10,391	5,741
Receivables from other taxes, customs duties, and social insurance	7.9	9,007	12,309
Other short-term receivables	7.9	6,342	6,642
- from other entities		6,342	6,642
Other short-term financial assets		7,172	273
- in other entities		7,172	273
Cash and cash equivalents		18,616	28,980
Short-term accruals and prepayments		7,707	5,839
Fixed assets classified as held for sale	7.7	12,717	12,863
TOTAL ASSETS		1,049,326	1,042,047

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SPECIFICATION	NOTE	as of	
		30.06.2023	31.12.2022
Equity		545,864	539,148
Equity attributable to the shareholders of the parent company		543,692	537,347
Share capital	7.10	3,265	3,265
Own shares		(3,522)	(3,522)
Other capitals	7.11	600,183	562,967
Capital from the revaluation of a defined benefit plan		1,147	1,147
Capital from valuation of hedging transactions and foreign exchange differences on consolidation		5,220	2,705
Undistributed financial result		(62,601)	(29,215)
- undistributed result from previous years		(75,025)	(35,831)
- result for the current period		12,424	6,616
Non-controlling interests		2,172	1,801
Liabilities		503,462	502,899
Long-term liabilities and provisions		79,729	45,174
Long-term credits and loans	7.12	32,957	3,119
- from other entities		32,957	3,119
Other long-term liabilities		832	52
- towards other entities		832	52
Long-term liabilities from the right to use assets		37,453	33,299
Provision for deferred income tax	7.15	2,722	2,939
Long-term liabilities due to employee benefits	7.14	4,474	4,474
Other long-term provisions	7.14	1,291	1,291
Short-term liabilities and provisions		423,733	457,725
Short-term credits and loans	7.12	209,278	237,350
- from other entities		209,278	237,350
Trade liabilities		108,228	121,894
- towards related entities		313	1,006
- towards other entities		107,915	120,888
Liabilities due to corporate income tax		1,778	1,976
Liabilities due to other taxes, customs duties, and social insurance		14,520	17,107
Other short-term liabilities		47,917	41,978
- towards other entities		47,917	41,978
Short-term liabilities from the right to use assets		8,579	9,556
Short-term liabilities due to employee benefits	7.14	19,654	15,382
Other short-term provisions	7.14	13,779	12,482
TOTAL LIABILITIES		1,049,326	1,042,047

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

SPECIFICATION	for the period			
	from 01.04.2023	from 01.04.2022	from 01.01.2023	from 01.01.2022
	until 30.06.2023 data not subject to review	until 30.06.2022 data not subject to review	until 30.06.2023	until 30.06.2022
Revenue from sales and services	275,565	258,137	564,071	495,200
- to other entities	275,565	258,137	564,071	495,200
Cost of goods sold	(213,728)	(199,313)	(432,098)	(389,709)
- to other entities	(213,728)	(199,313)	(432,098)	(389,709)
Gross profit (loss) from sales	61,837	58,824	131,973	105,491
Sales costs	(10,782)	(10,622)	(22,265)	(19,688)
General administrative costs	(37,009)	(35,745)	(76,295)	(70,102)
Sales profit	14,046	12,457	33,413	15,701
Result on other operating activity, including:	(667)	584	(2,358)	(513)
Revenues	848	988	1,111	1,855
Costs	(1,515)	(404)	(3,469)	(2,368)
- including the result due to (impairment)/ reversal of receivables	(911)	640	(1,194)	(1,736)
Share in profit of entities consolidated using the equity method	-	(93)	-	-
Profit on operating activities	13,379	12,948	31,055	15,188
Result on financial activity, including:	(1,967)	(6,257)	(6,357)	(9,882)
Revenues	2,086	1,923	3,379	2,816
Costs	(4,053)	(8,180)	(9,736)	(12,698)
Profit before tax	11,412	6,691	24,698	5,306
Current income tax	700	(737)	(3,923)	(4,554)
Deferred income tax	(8,008)	(797)	(7,871)	560
Net profit	4,104	5,157	12,904	1,312

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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 data not subject to review	until 30.06.2022 data not subject to review	until 30.06.2023	until 30.06.2022
Other comprehensive income / (expenses)				
Other net comprehensive income / (expenses)	(178)	(411)	2,515	(1,847)
Items that may be reclassified to profit or loss in the future:				
Foreign exchange differences on translation of foreign operations	(3,303)	(259)	(1,917)	(393)
Result on hedge accounting with tax effect	3,125	(152)	4,432	(1,454)
Total comprehensive income	3,926	4,746	15,419	(535)
Net profit, of which attributable to:	4,104	5,157	12,904	1,312
the company's shareholders	3,878	4,985	12,424	992
non-controlling shareholders	226	172	480	320
Total comprehensive income, of which attributable to:	3,926	4,746	15,419	(535)
the company's shareholders	3,700	4,574	14,939	(855)
non-controlling shareholders	226	172	480	320
Net profit per ordinary share:				
- basic	0.13	0.17	0.43	0.03
- diluted	0.13	0.17	0.43	0.03
Weighted average number of shares	29,047,073	29,094,435	29,047,073	29,094,435

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

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	Non-controlling interests	TOTAL EQUITY
Balance as at 01.01.2023	3,265	(3,522)	562,967	1,147	2,705	(29,215)	537,347	1,801	539,148
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	-	-	-	-	-	12,424	12,424	480	12,904
Distribution of result to supplementary capital	-	-	37,216	-	-	(37,216)	-	-	-
Other comprehensive income:									
Items that may be reclassified to profit or loss in the future:									
Result on hedge accounting with tax effect	-	-	-	-	4,432	-	4,432	-	4,432
Net foreign exchange differences on the translation of financial statements into presentation currency	-	-	-	-	(1,917)	-	(1,917)	-	(1,917)
Items that will not be reclassified to profit or loss in the future:									
Total other comprehensive income	-	-	-	-	2,515	-	2,515	-	2,515
Comprehensive income recognised in the period from 01.01.2023 to 30.06.2023	-	-	37,216	-	2,515	(24,792)	14,939	480	15,419
Transactions with owners recognised directly in equity:									
Dividends	-	-	-	-	-	(8,714)	(8,714)	(109)	(8,823)
Other changes in capital	-	-	-	-	-	120	120	-	120
Balance as at 30.06.2023	3,265	(3,522)	600,183	1,147	5,220	(62,601)	543,692	2,172	545,864

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SPECIFICATION	Share capital	Unrecognised reduction in 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	Non-controlling interests	TOTAL EQUITY
Balance as at 01.01.2022	3,278	-	(3,972)	553,460	(86)	1,684	(7,019)	547,345	3,930	551,275
Changes in equity during the period from 01.01.2022 to 30.06.2022										
Comprehensive income:										
Net profit for the period from 01.01.2022 to 30.06.2022	-	-	-	-	-	-	992	992	320	1,312
Distribution of result to supplementary capital	-	-	-	48,294	-	-	(48,294)	-	-	-
Loss coverage from supplementary capital	-	-	-	(37,546)	-	-	37,546	-	-	-
Other comprehensive income:										
Items that may be reclassified to profit or loss in the future:										
Result on hedge accounting with tax effect	-	-	-	-	-	325	-	325	-	325
Net foreign exchange differences on the translation of financial statements into presentation currency	-	-	-	-	-	341	-	341	-	341
Total other comprehensive income	-	-	-	-	-	666	-	666	-	666
Comprehensive income recognised in the period from 01.01.2022 to 30.06.2022	-	-	-	10,748	-	666	(9,756)	1,658	320	1,978
Transactions with owners recognised directly in equity:										
Dividends	-	-	-	-	-	-	(14,553)	(14,553)	(219)	(14,772)
Purchase of own shares	-	-	(1,950)	-	-	-	-	(1,950)	-	(1,950)
Redemption of own shares	-	(13)	13	-	-	-	-	-	-	-
Other changes in capital	-	-	-	-	-	-	(15)	(15)	-	(15)
Purchase of additional shares of a subsidiary	-	-	-	-	-	-	(3,429)	(3,429)	(2,498)	(5,927)
Result on sale of shares in an associate entity	-	-	-	-	-	(2,513)	(1,326)	(3,839)	-	(3,839)
Balance as at 30.06.2022	3,278	(13)	(5,909)	564,208	(86)	(163)	(36,098)	525,217	1,533	526,750

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3.4. Condensed consolidated semi-annual statement of cash flows

SPECIFICATION	NOTE	for the period	
		from 01.01.2023 until 30.06.2023	from 01.01.2022 until 30.06.2022
Cash flows from operating activities			
Profit before tax		24,698	5,306
Adjustments:		35,806	31,165
Depreciation of intangible assets	7.3	8,056	7,448
Depreciation of tangible fixed assets	7.5	19,887	20,856
Profit on sale of tangible fixed assets and intangible assets		(403)	(670)
Profit on sale of financial assets available for sale		-	(65)
(Profits) losses due to change in fair value of derivatives		(1,943)	4
Interest costs		7,592	5,479
Revenue from interest		(142)	(54)
Other adjustments	7.20	2,759	(1,833)
Cash from operating activities before changes in working capital		60,504	36,471
Change in inventories		(35,001)	(31,182)
Change in the state of a depreciated contractual asset		-	813
Change in receivables	7.20	15,038	(45,203)
Change in liabilities	7.20	(16,387)	33,508
Change in provisions	7.20	5,568	(2,377)
Change in cash with restricted use		-	(121)
Change in prepayments and accruals	7.20	(2,056)	(923)
Cash generated in the course of operating activities		27,666	(9,014)
Repayment (underpayment) of tax		-	538
Income tax paid		(8,855)	(17,836)
Net cash from operating activities		18,811	(26,312)
Cash flows from investment activities			
Expenditure on the acquisition of intangible assets		(9,334)	(12,438)
Expenditure on the acquisition of tangible fixed assets and lease assets		(9,527)	(27,571)
Proceeds from the sale of tangible fixed assets		1,745	22,434
Investments in subsidiaries		-	(11,036)
Proceeds from sale of subsidiaries		-	380
Other proceeds (expenses)		(648)	696
Net cash used from investing activities		(17,764)	(27,535)
Cash flows from financing activities			
Purchase of own shares		-	(1,950)
Proceeds from credits and loans		15,363	80,197
Repayment of credits and loans		(13,172)	(24,492)
Interest paid		(6,763)	(5,167)
Dividends paid		-	(8,743)
Repayment of lease liabilities		(6,007)	(6,263)
Other expenses		(832)	(669)
Net cash from financial operations		(11,411)	32,913
Net increase (decrease) in cash and cash equivalents		(10,364)	(20,934)
Opening balance of cash and cash equivalents		28,980	36,832
Closing balance of cash and cash equivalents		18,616	15,898

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4. Basic judgements and basis for uncertainty estimation

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

5. Information on the seasonality of operations

Seasonality is not particularly important in Apator Group. 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 Group

As of 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.

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 the Group.

The Group is continually making efforts to introduce substitutes and alternative materials (while maintaining product quality), actively seeking other sources of purchase, and conducting inventory management that is optimal in the current situation.

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7. Explanatory notes to the condensed consolidated financial statements

7.1. Alternative performance measures

EBITDA is a measure showing the net profit achieved by the Group after eliminating the impact of income tax, financing costs, and depreciation. The Company's management considers it an important additional performance measure; as a result, EBITDA is presented alongside the measures defined by IFRS. EBITDA is not a measure defined by IFRS and is not a standardised measure, so this indicator should not be analysed separately or as a substitute for measures defined by IFRS.

Adjusted EBITDA is EBITDA after eliminating the impact of non-recurring transactions. Its calculation is intended to ensure comparability of EBITDA in subsequent periods.

The calculation of EBITDA and adjusted EBITDA is presented in the table below.

SPECIFICATION	from 01.01.2023	from 01.01.2022
	until 30.06.2023	until 30.06.2022
Net profit for the financial period	12,904	1,312
(+) Income tax	11,794	3,994
Gross profit	24,698	5,306
(+) Financial costs	9,736	12,698
(-) Financial revenues	3,379	2,816
(+) Depreciation	27,943	28,304
EBITDA	58,998	43,492

7.2. Operating segments

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

- ✓ Electricity
- ✓ Gas
- ✓ Water and heat

The Management Board of the parent company analyses the results of each segment at the individual result level, i.e. gross sales result, sales result, operating result, and EBITDA. Activities outside these segments were presented as other.

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SPECIFICATION	CONTINUED OPERATIONS				
	Electricity	Gas	Water and Heat	Other (unallocated)	Total
Financial results of operating segments for the period from 01.01.2023 to 30.06.2023					
Sales revenue	233,022	133,173	197,876	-	564,071
Cost of goods sold	183,592	109,787	138,719	-	432,098
Gross sales profit	49,430	23,386	59,157	-	131,973
Sales costs	9,259	4,010	8,860	136	22,265
General administrative costs	29,946	15,956	27,910	2,483	76,295
Sales profit	10,225	3,420	22,387	(2,619)	33,413
Other operating revenues (costs)	37	(7)	(2,388)	-	(2,358)
Profit on operating activities	10,262	3,413	19,999	(2,619)	31,055
Depreciation	13,427	6,209	8,307	-	27,943
EBITDA	23,689	9,622	28,306	(2,619)	58,998
Other financial revenues (costs)	(80)	(2,896)	(3,381)	-	(6,357)
Gross profit	10,182	517	16,618	(2,619)	24,698
Financial results of operating segments for the period from 01.01.2022 to 30.06.2022					
Sales revenue	183,340	143,065	168,795	-	495,200
Cost of goods sold	155,268	118,511	115,930	-	389,709
Gross sales profit	28,072	24,554	52,865	-	105,491
Sales costs	7,318	4,203	8,015	152	19,688
General administrative costs	27,786	14,976	25,457	1,883	70,102
Sales profit	(7,032)	5,375	19,393	(2,035)	15,701
Other operating revenues (costs)	830	139	(1,482)	-	(513)
Profit on operating activities	(6,202)	5,514	17,911	(2,035)	15,188
Depreciation	14,179	8,069	6,056	-	28,304
EBITDA	25,859	28,128	14,360	(2,035)	43,492
Other financial revenues (costs)	(4,244)	(2,542)	(3,095)	-	(9,882)
Gross profit	(10,446)	2,972	14,816	(2,035)	5,306

7.3. Intangible assets

The main increases in intangible assets during the first half of 2023 were related to expenditures on development work.

Data concerning intangible assets are presented in the tables below.

SPECIFICATION	as of	
	30.06.2023	31.12.2022
Customer relations	3,932	5,757
Patents and licenses, computer software	11,618	12,432
Development costs	87,254	86,596
Other intangible assets	1,021	1,046
Total	103,825	105,831

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SPECIFICATION	Customer relations	Patents, licenses, and computer software	Development costs	Other intangible assets	TOTAL
Net value as at 01.01.2023	5,757	12,432	86,596	1,046	105,831
Expenditure on intangible assets	-	882	5,961	136	6,979
Increase due to reclassification	-	(293)	293	-	-
Decrease due to liquidation	-	(185)	-	-	(185)
Decrease due to reclassification	-	-	-	(65)	(65)
Depreciation	(1,825)	(1,308)	(4,827)	(96)	(8,056)
Decrease in existing depreciation due to liquidation	-	185	-	-	185
Net foreign exchange differences on the translation of financial statements into presentation currency	-	(95)	(769)	-	(864)
Net value as at 30.06.2023	3,932	11,618	87,254	1,021	103,825
Status as of 30.06.2023					
Gross value	29,809	35,103	164,483	15,866	245,261
Total depreciation and revaluation write-offs to date	(25,877)	(23,485)	(77,229)	(14,845)	(141,436)
Net value	3,932	11,618	87,254	1,021	103,825

7.4. Goodwill of subsidiaries

Data on goodwill are presented in the tables below.

NAME OF SUBSIDIARY		as of	
		30.06.2023	31.12.2022
Network Automation Centre	Apator Rector Sp. z o.o.	43,106	43,106
	The Automation and ICT Business Line in Apator S.A.	34,506	34,506
Water and Heat	Apator Powogaz S.A.	17,855	17,855
Water and Heat	Apator Telemetria Sp.z o.o.	5,546	5,546
Water and Heat	Apator Metra s.r.o.	764	792
Water and Heat	Miitors ApS	19,403	20,470
Net goodwill		121,180	122,275

The management assessed the existence of indications of goodwill impairment by analysing market, external and internal factors and verified the validity of the assumptions used in the impairment test performed as of December 31, 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.

7.5. Tangible fixed assets

The most significant expenditures on tangible fixed assets during the first half of 2023 were investments in machinery and equipment.

There were no indications of impairment of tangible fixed assets.

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

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SPECIFICATION	as of	
	30.06.2023	31.12.2022
Land, buildings and structures	95,611	97,119
Machinery and equipment	55,575	58,690
Means of transport	2,329	1,939
Other tangible fixed assets	50,838	55,096
Total	204,353	212,844

SPECIFICATION	Land, buildings and structures	Machinery and equipment	Means of transport	Other tangible fixed assets	TOTAL
Net value as at 01.01.2023	97,119	58,690	1,939	55,096	212,844
Expenditures on tangible fixed assets	6,274	4,460	725	4,603	16,062
Increase due to reclassification - from right to use leased assets to tangible fixed assets	-	156	235	1,145	1,536
Increase due to reclassification - other	-	7,086	-	-	7,086
Decrease due to disposal	(1,768)	(271)	(212)	(46)	(2,297)
Decrease due to liquidation	-	(2,559)	(139)	(1,256)	(3,954)
Decrease due to reclassification - from tangible fixed assets to right to use leased assets	-	(7,073)	-	(2,154)	(9,227)
Decrease due to reclassification - other	(5,657)	(36)	-	(1,550)	(7,243)
Depreciation	(1,801)	(7,235)	(432)	(5,962)	(15,430)
Increase in existing depreciation due to reclassification - from right to use leased assets to tangible fixed assets	-	(129)	(202)	(343)	(674)
Decrease in existing depreciation due to disposal	1,768	185	276	46	2,275
Decrease in existing depreciation due to liquidation	-	2,479	139	1,255	3,873
Net foreign exchange differences on the translation of financial statements into presentation currency	(319)	(177)	-	(2)	(498)
Other changes - depreciation	(5)	(1)	-	6	-
Net value as at 30.06.2023	95,611	55,575	2,329	50,838	204,353
Status as of 30.06.2023					
Gross value	130,494	199,080	13,247	190,908	533,729
Total depreciation and revaluation write-offs to date	(34,883)	(143,505)	(10,918)	(140,070)	(329,376)
Net value	95,611	55,575	2,329	50,838	204,353

7.6. Right to use assets

The Group's capitalised leased assets include:

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

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	27,938	30,021
Machinery and equipment	16,744	9,792
Means of transport	1,198	1,271
Other tangible fixed assets	6,547	5,606
Total	52,427	46,690

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SPECIFICATION	Land, buildings and structures	Machinery and equipment	Means of transport	Other tangible fixed assets	TOTAL
Net value as at 01.01.2023	30,021	9,792	1,271	5,606	46,690
Expenditures on asset under lease	318	8,096	283	2,154	10,851
Increase due to reclassification	303	-	-	-	303
Decrease due to disposal	-	-	(290)	-	(290)
Decrease due to liquidation	-	-	(305)	-	(305)
Decrease due to reclassification - from right to use leased assets to tangible fixed assets	-	(156)	(235)	(1,145)	(1,536)
Depreciation	(2,521)	(1,117)	(263)	(411)	(4,312)
Decrease in existing depreciation due to disposal	-	-	535	-	535
Decrease in existing depreciation due to reclassification - from right to use leased assets to tangible fixed assets	-	129	202	343	674
Net foreign exchange differences on the translation of financial statements into presentation currency	(183)	-	-	-	(183)
Net value as at 30.06.2023	27,938	16,744	1,198	6,547	52,427
Status as of 30.06.2023					
Gross value	48,197	22,780	3,021	8,573	82,571
Total accumulated depreciation and impairment losses to date	(20,259)	(6,036)	(1,823)	(2,026)	(30,144)
Net value	27,938	16,744	1,198	6,547	52,427

7.7. 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	23
Increase due to reclassification	-	12,863
Other changes	(146)	(23)
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

7.8. Inventories

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

SPECIFICATION	as of	
	30.06.2023	31.12.2022
Materials	166,097	146,993
Production in progress	66,461	54,680
Finished products	43,812	41,697
Goods	6,189	6,622
Other inventories	4,059	1,625
Total value of inventories	286,618	251,617

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Changes in inventory write-downs are presented 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	20,799	17,971
Increase - creation of a write-down on the current result	5,580	9,305
Decrease - write-down of unused amounts as income	(1,802)	(3,192)
Exercise of a write-down - write-off	(409)	(3,314)
Net foreign exchange differences on the translation of financial statements into presentation currency	(16)	29
Value of write-downs at the end of the period	24,152	20,799

7.9. Trade receivables and other receivables

Data on the age structure and write-downs of trade receivables are presented below.

SPECIFICATION	30.06.2023		31.12.2022	
	Gross value	Impairment loss on financial assets	Gross value	Impairment loss on financial assets
Not due	165,230	-	168,851	(153)
Overdue from 0 to 30 days	11,064	-	16,102	(16)
Overdue from 31 to 180 days	4,201	(378)	4,898	(10)
Overdue from 181 days to one year	999	(999)	514	(382)
Overdue over one year	3,582	(3,582)	3,256	(3,256)
Total	185,076	(4,959)	193,621	(3,817)

As of 30 June 2023, all trade receivables over 180 days were individually written off.

The impairment write-down on receivables not due is immaterial.

Data on total impairment write-downs on receivables (including trade receivables) are presented in the table below.

SPECIFICATION	as of	
	30.06.2023	31.12.2022
Value of write-downs at the beginning of the period	4,808	4,610
Creation of individual write-downs (step 3 of the impairment model)	1,345	4,397
Creation of write-downs according to the write-down matrix	-	33
Reversal of individual write-downs	(203)	(3,429)
Exercise of individual write-downs	-	(803)
Value of write-downs at the end of the period	5,950	4,808
Individual write-down	5,897	4,756
Write-down calculated based on matrix	53	52

SPECIFICATION	in the period	
	from 01.01.2023	from 01.01.2022
	until 30.06.2023	until 31.12.2022
Total write-down of receivables		
Value of write-downs at the beginning of the period	4,808	4,610
Increase - creation of a write-down charged against current result	1,345	4,430
Decrease - write-down of unused amounts as income	(178)	(3,420)
Exercise of a write-down - write-off	(25)	(816)
Net foreign exchange differences on the translation of financial statements into presentation currency	-	4
Value of write-downs at the end of the period	5,950	4,808

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

SPECIFICATION	as of	
	30.06.2023	31.12.2022
Other short-term receivables	6,342	6,642
Receivables from sold tangible fixed assets and intangible assets	1,147	2,112
Dividend receivables	984	953
Deposits, bid bonds, sureties	1,134	1,380
Disputed claims	-	1
Prepayments - advances for the purchase of services	842	583
Advances for tangible fixed assets and intangible assets	1,114	1,470
Other receivables	2,112	1,134
Impairment loss on other short-term receivables	(991)	(991)

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

7.10. 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%

7.11. Other capitals

Information on other capitals is presented in the table.

SPECIFICATION	as of	
	30.06.2023	31.12.2022
Supplementary capital, including:	579,667	532,451
Share premium reserve	15,142	15,142
Other supplementary capital	564,525	517,309
Merger capital	1,146	1,146
Reserve capitals	19,370	29,370
Total other capitals	600,183	562,967

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	RESERVE CAPITALS	TOTAL
Status as of 01.01.2023	15,142	517,309	1,146	29,370	562,967
Change in the period from 01.01.2023 to 30.06.2023, including	-	47,216	-	(10,000)	37,216
Breakdown of the result	-	37,216	-	-	37,216
Closure of the Share Redemption Fund	-	10,000	-	(10,000)	-
Status as of 30.06.2023	15,142	564,525	1,146	19,370	600,183

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

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:

Dividend 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.

7.12. 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	32,957	3,119
payable over 1 and up to 2 years	10,835	3,119
payable over 2 and up to 5 years	22,122	-
Short-term credits and loans	209,278	237,350
Total credits and loans, including	242,235	240,469
- from other entities	242,235	240,469

In connection with the liabilities under the loans, the Group holds the following collateral.

Multi-product agreement with ING Bank Śląski S.A.

- Contractual mortgage on the real estate of Apator S.A. in Ostaszewo of up to PLN 40 million,
- Registered pledge on inventories owned by Apator S.A., Apator Telemetria Sp. z o.o., Apator Powogaz S.A., FAP Pafal S.A., with book value of 148.8 million PLN,
- Pledge on tangible fixed assets owned by Apator S.A., Apator Powogaz S.A., Apator Metrix S.A., Apator Telemetria Sp. z o.o. The contractual value of the pledge is PLN 31 million.
- Power of Attorney to dispose of funds in bank accounts,
- Blank promissory notes together with promissory notes 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 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 (parties to the agreement include: Apator S.A., Apator Powogaz S.A. and Apator Metrix S.A.):

- 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 on submission to execution from three companies up 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.

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

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Other collateral for loans and credits:

- Apator S.A.
 - ✓ credit agreement with Bank Handlowy S.A. (long-term credit for purchase of shares in Apator Telemetry 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.
- Metrix Group
 - ✓ Agreement on credit on current account concluded by George Wilson Industrial Ltd. (GWi) and Citibank N.A.:
 - 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 20.7 million, until 31st October 2023,
 - statement of submission to execution under Art. 777 of the Civil Code for the value of GBP 4.8 million, i.e. PLN 24.8 million.
- Powogaz S.A. Group
 - ✓ Investment credit agreement of Apator Powogaz S.A. for the construction of manufacturing plant, concluded with PKO BP S.A.:
 - Joint contractual mortgage on real estate owned by Apator Powogaz S.A. in Żerniki (registered pledge on 3.6 million bearer shares of Apator S.A. held by Apator Mining Sp. z o.o. was released; the shares constituted collateral for the credit until a mortgage was established) up to the value of PLN182.8 million, which also served as a collateral for the multi-purpose limit in PKO BP S.A.;
 - blank promissory note and promissory note declaration.
 - ✓ Agreement on credit on current account of Apator Powogaz S.A. concluded with mBank S.A.
 - blank promissory note and promissory note declaration.
 - ✓ Agreement on credit on current account of Apator Metra concluded with Raiffeisenbank a.s.
 - mortgage in the amount of CZK 50 million (with assignment of rights from the insurance contract), established on the real estate owned by Apator Metra.
 - ✓ Credit agreement for financing suppliers of Apator Telemetry Sp. z o.o. concluded with mBank S.A.
 - blank promissory note and promissory note declaration.

During the reporting period, the Group's companies fulfilled their obligations under their loan agreements.

7.13. Hedging instruments

In Apator Group, contracts concerning currency derivatives are concluded within the framework of hedging policy against foreign exchange risk. As a general rule, the Group hedges export receipts in excess of import expenses (EUR) and import outflows in excess of export receipts (USD). The nominal value of FX forward instruments as of the reporting date is 15,504 thousand EUR and 2,130 thousand USD. In the first half of 2023, the Group started to hedge copper price risk using a commodity swap. As of the reporting date, the Group has hedged 50 tonnes of this raw material. The value of the instrument approximates the balance sheet valuation.

The Group 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

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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.

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

SPECIFICATION	as of	
	30.06.2023	31.12.2022
Long-term assets	-	1,352
Hedging instruments	-	1,352
Short-term assets	7,172	273
Hedging instruments	7,172	273
Total assets	7,172	1,625
Short-term liabilities	68	1,935
Hedging instruments	68	1,935
Total liabilities	68	1,935

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 that are observable in the marketplace but 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 31.12. 2022	
	Level 1	Level 2	Level 1	Level 2
Derivatives (assets)	-	7,172	-	1,625
Derivatives (liabilities)	-	(68)	-	(1,935)
Total	-	7,104	-	(310)

Transfers between levels did not occur.

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7.14. 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	5,625	8,556	5,675	11,606	2,167	33,629
Increase - creation of a provision charged against the current result	-	9,182	2,606	1,151	2,234	15,173
Decrease - write-down of unused amounts as income	-	(1,922)	-	(42)	-	(1,964)
Use of the provision - settlement of costs	-	(5,158)	(410)	(726)	(1,302)	(7,596)
Net foreign exchange differences on the translation of financial statements into presentation currency	-	(11)	(15)	(18)	-	(44)
Value of provisions as of 30.06.2023, including:	5,625	10,647	7,856	11,971	3,099	39,198
- long-term provisions	4,474	-	-	1,291	-	5,765
- short-term provisions	1,151	10,647	7,856	10,680	3,099	33,433

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7.15. Income tax

The specification of income tax for the reporting period is shown in the table.

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	3,923	4,554
Current income tax burden	3,923	4,679
Adjustments concerning current tax from previous years	-	(125)
Deferred income tax	7,871	(560)
Related to the emergence and reversal of temporary differences	5,540	(560)
Taking advantage of tax relief due on the grounds of operation in a special economic zone	2,331	-
Tax burden recognised in the condensed consolidated statement of comprehensive income	11,794	3,994
Condensed consolidated statement of changes in equity		
Other comprehensive income		
Deferred income tax	1,039	(341)
Net deferred income tax on cash flow hedges settled during the financial year	1,039	(341)
Tax benefit (burden) shown in equity	1,039	(341)

SPECIFICATION	Assets		Provisions	
	30.06.2023	31.12.2022	30.06.2023	31.12.2022
Tangible fixed assets	1,958	1,955	9,051	9,190
Financial assets	-	-	1,319	1,377
Derivatives	(7)	305	1,407	310
Inventories	4,542	3,836	-	-
Liabilities arising from employee benefits	4,953	4,184	-	-
Provisions	3,611	3,880	-	-
Write-offs revaluing receivables	1,025	651	-	-
Tax loss	3,586	10,707		
Tax credit to be settled in future periods	8,185	10,517	-	-
Other	2,600	2,536	368	420
Total	30,453	38,571	12,145	11,297
Netting of assets and provisions	(9,423)	(8,358)	(9,423)	(8,358)
Deferred tax assets / liabilities recognised in the condensed statement of financial position	21,030	30,213	2,722	2,939

On 28 December 2010, Apator S.A. received Permission No. 69/PSSE to run business activity in the area of the Pomeranian Special Economic Zone. As of the date of commencement of operations in the PSSE, 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 June 30, 2023 is PLN 8,185 thousand). The final deadline for taking advantage of the tax relief is 31 December 2026.

On 3 June 2020, Apator S.A. received the decision on support No. PSSE.DW.11.2020 for the performance of new investment to increase the manufacturing capacity (extension of existing facility). 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.

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The management of the parent company has reviewed the recoverability of the tax loss asset in the Gas segment, related to the indirect subsidiary George Wilson Industries Ltd. Following the consideration of the macroeconomic situation, 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, and the uncertainty as to the usability of the asset in question, it was reduced to the bottom line under the heading "tax".

The effective tax rate is presented in the table.

SPECIFICATION	in the period	
	from 01.01.2023	from 01.01.2022
	until 30.06.2023	until 30.06.2022
Tax base	24,698	5,306
Income tax calculated at the applicable rate	4,554	1,149
Adjustments:	7,240	2,845
Tax on tax-exempt income (permanent differences)	(257)	(1,047)
Uncreated asset from losses on zone activities	-	1,619
Tax on non-tax-deductible expenses (permanent differences)	738	1,572
Tax on intra-group transactions (permanent differences)	1,289	663
Tax on customer relationships recognised on the acquisition of Apator Elkomtech S.A. (permanent differences)	255	-
Tax on items not recognised in the financial result of the period	(205)	(27)
Update of tax asset	6,906	-
Adjustment of tax loss from previous years	-	(20)
Other additions to tax	536	258
Other tax deductions	(2,022)	(173)
Income tax	11,794	3,994
Effective tax rate	47.75%	75.27%

7.16. Revenues

During the first half of 2023, the vast majority of the revenue from the sale of goods was recognised at a point in time, either when the recipient took control of the good or when the service was finalised. Revenue is recognised to the extent that it is probable that the economic benefits associated with the transaction will flow to the Group and when the amount of revenue can be reliably measured.

Service revenue relating to short-term orders is recognised at a point in time when the service is finalised, upon confirmation of the performance of the contractual liability (upon receipt of the acceptance report).

Revenue from long-term agreements is recognised over time, when control of the goods or services is transferred to the customer, at the transaction price. Revenue is recognised to reflect the transfer of promised goods or services to the customer in an amount that reflects the remuneration to which the Group expects to be entitled in exchange for those goods or services.

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Geographical information

Apator Group distinguished the following three areas of activity:

- Country – covering sales within the country
- European Union + UK – sales made in the European Union and the United Kingdom
- Exports – sales in other countries (except for Great Britain)

SPECIFICATION	CONTINUED OPERATIONS			
	Country	Export	EU	Total
Sales revenues in geographical segments since 01.01.2023 to 30.06.2023				
Total revenue	294,481	55,058	214,532	564,071
External sales	294,481	55,058	214,532	564,071
Sales revenue in geographical segments since 01.01.2022 to 30.06.2022				
Total revenue	251,904	49,016	194,280	495,200
External sales	251,904	49,016	194,280	495,200

7.17. Other operating revenues and expenses

SPECIFICATION	in the period	
	from 01.01.2023	from 01.01.2022
	until 30.06.2023	until 30.06.2022
Other operating revenue	1,111	1,855
Result on sales of fixed tangible assets	451	657
Compensations received for property, plant and equipment	-	80
Release of write-downs on inventory	28	-
Reimbursement of costs (trade fairs and conferences)	-	10
Compensation received for tangible fixed assets	108	148
Compensations and contractual penalties received	221	788
Donations received	16	10
Reimbursement of costs of court proceedings, representation in proceedings	13	45
Other revenues	274	117
Other operating expenses	(3,469)	(2,368)
Cost of liquidated tangible fixed assets	(81)	(35)
Creation of write-downs on receivables	(1,194)	(1,736)
Creation of provisions for liabilities	(517)	-
Random losses and other damage to assets	(104)	(340)
Discontinued investments	(1,164)	-
Donations made	(35)	(43)
Penalties, fines, compensation paid	(167)	(89)
Court fees, bailiff's fees, representation in court	(26)	(26)
Optional contributions	(7)	(7)
Other costs	(174)	(92)
Other net operating revenues (costs)	(2,358)	(513)

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7.18. Financial revenues and expenses

Financial revenue and costs are presented in the table below.

SPECIFICATION	in the period	
	from 01.01.2023	from 01.01.2022
	until 30.06.2023	until 30.06.2022
Financial revenue	3,379	2,816
Dividends and profit sharing	-	990
Interest received	221	89
Revenues from the sale of shares and stocks	-	380
Revenues from foreign exchange transactions (including derivatives)	2,900	1,098
Release of write-downs of receivables	27	-
Reduction in the discount of receivables	205	176
Guarantees provided	-	35
Other revenues	26	48
Financial expenses	(9,736)	(12,698)
Interest on credits and loans	(6,610)	(5,092)
Interest on lease liabilities	(1,341)	(494)
Other interest	(949)	(527)
Sale of shares and stocks according to purchase price	-	(315)
Negative exchange differences	(277)	(5,609)
Commissions on credits and loans	(81)	(367)
Bank guarantees and commissions (excluding loan commissions)	(314)	(118)
Other costs	(164)	(176)
Net financial revenues (expenses)	(6,357)	(9,882)

7.19. Earnings per share

Earnings per share were calculated by dividing net income attributable to shareholders of Apator S.A. by the number of shares being in possession of entities from outside Apator Group. The calculation of earnings per share is set out in the consolidated statement of profit or loss and other comprehensive income in point 3.2.

7.20. Notes to the condensed consolidated semi-annual statement of cash flows

The Apator Group prepares the cash flow statement in 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 an explanation of inconsistencies between the changes in the consolidated statement of financial position and the changes in these items disclosed in the consolidated statement of cash flows.

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SPECIFICATION	in the period	
	from 01.01.2023	from 01.01.2022
	until 30.06.2023	until 30.06.2022
Change in receivables		
Change in long-term receivables	915	(711)
Change in trade receivables	9,687	(41,603)
Change in corporate tax receivables	(4,650)	(747)
Change in receivables from other taxes, customs duties and social insurances	3,302	(2,123)
Change in other receivables	300	17,693
Change in advances for tangible fixed assets	526	724
Adjustment for dividend receivables	1,471	990
Adjustment for income tax receivables	4,650	747
Adjustment for investment receivables	(1,296)	(20,270)
Other changes	133	97
Change in the balance shown in the cash flow statement	15,038	(45,203)
Change in liabilities		
Change in long-term liabilities	780	(974)
Change in long-term liabilities from the right to use leased assets	4,154	11,944
Change in trade liabilities	(13,666)	11,511
Change in contractual liabilities	-	(489)
Change in corporate tax liabilities	(197)	(11,181)
Change in liabilities from other taxes, customs duties and social insurances	(2,587)	7,039
Change in other liabilities	5,938	14,835
Change in short-term liabilities from the right to use leased assets	(976)	(598)
Adjustment for liabilities due to the purchase of shares	-	5,109
Adjustment for dividend liabilities	(10,273)	(5,987)
Adjustment for lease liabilities	(3,177)	(11,346)
Adjustment for derivative liabilities	1,867	(1,788)
Adjustment for income tax liabilities	197	11,181
Adjustment for investment liabilities	1,295	3,267
Other changes	258	985
Change in the balance shown in the cash flow statement	(16,387)	33,508
Change in provisions		
Change in other long-term provisions	-	(263)
Change in short-term provisions for employee benefits	4,272	(2,163)
Change in other short-term provisions	1,297	(87)
Other changes	(1)	136
Change in the balance shown in the cash flow statement	5,568	(2,377)
Change in prepayments and accruals		
Change in long-term prepayments	(4)	(367)
Change in short-term prepayments	(1,868)	(760)
Change in accruals	(184)	204
Change in the balance shown in the cash flow statement	(2,056)	(923)

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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		
Liquidation of tangible fixed assets and intangible assets	81	35
Discontinued investments	1,164	13
Grant settlement	101	57
Profit on settlement of derivatives	(32)	(696)
Commissions and fees on credits and loans	81	362
Exchange rate differences on consolidation	1,298	(2,025)
Exchange rate differences on credits and dividend	(249)	507
Other	315	(86)
Total	2,759	(1,833)

SPECIFICATION	in the period	
	from 01.01.2023	from 01.01.2022
	until 30.06.2023	until 30.06.2022
Other proceeds (expenses) from investing activities		
Proceeds and expenses related to forward contracts and options	32	696
Advances on tangible fixed assets intended for sale	(662)	-
Other	(18)	-
Total	(648)	696
Other proceeds (expenses) from financing activities		
Lease interest	(752)	(281)
Commissions and fees on credits and loans	(81)	(361)
Other	1	(27)
Total	(832)	(669)

SPECIFICATION	in the period	
	from 01.01.2023	from 01.01.2022
	until 30.06.2023	until 30.06.2022
Proceeds from the sale of tangible fixed assets		
Sales revenue of fixed assets	478	2,164
Change in net receivables from sale of fixed assets	1,296	20,270
Other	(29)	-
Total	1,745	22,434

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	(26,659)	(39,189)
Change in inventory due to own work (internal projects)	(254)	(980)
Exclusion from leasing	10,852	15,800
Change in net investment liabilities	(570)	(3,202)
Other	7,104	-
Total	(9,527)	(27,571)

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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 intangible assets		
Purchase of intangible assets	(5,963)	(2,334)
Change in development work under construction	(1,016)	(10,038)
Change in net investment liabilities	(726)	(66)
Other	(1,629)	-
Total	(9,334)	(12,438)

7.21. Information about related entities

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

SPECIFICATION	for the period	
	from 01.01.2023	from 01.01.2022
	until 30.06.2023	until 30.06.2022
Short-term employee benefits	8,960	8,222
Post-employment benefits	260	-
Termination benefits	135	60
Total	9,355	8,282

Data on transactions with related entities and information on unsettled balances are presented in the table.

SPECIFICATION	OTHER RELATED ENTITIES
Transactions in the period from 01.01.2023 to 30.06.2023 and as of 30.06.2023	
Purchase of goods and services	1,457
Trade liabilities	313

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

Guarantees

As of 30 June 2023 the Apator Group of Companies had active guarantees issued by:

- TU Euler 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 5.843 thousand until 8 June 2029 at the latest,
 - ✓ From the performance of contract payments in the amount of PLN 54 thousand until 15 April 2024.
- TU InterRisk S.A.:
 - ✓ For a performance bond in the amount of PLN 30 thousand, until 31 December 2023 at the latest,
 - ✓ For the removal of defects and faults in the amount of PLN 136 thousand, until 30 April 2028 at the latest.
- ING Bank Śląski S.A.:
 - ✓ For a performance bond in the amount of PLN 1.867 thousand, until 31 March 2026 at the latest,
 - ✓ For the removal of defects and faults in the amount of PLN 2.333 thousand, until 30 June 2026 at the latest,
 - ✓ From the performance of contract payments in the amount of PLN 397 thousand, until 27 April 2026,

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- ✓ For the payment of a deposit in the amount of PLN 18 thousand, until 28 February 2024 at the latest,
- ✓ For a letter of credit in the amount of PLN 128 thousand, until 14 September 2023.

4. 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 2 November 2025 at the latest.

5. KUKI 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.

6. 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, the Group companies were parties to the following guarantees and sureties:

1. Apator S.A.:

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

2. Subsidiary Apator Metrix S.A.:

- ✓ guarantee for the subsidiary George Wilson Industrial Ltd. (GWi) in the amount of GBP 4 million, i.e. PLN 20.7 million, until 31 October 2023, serving as security for the payment of liabilities by GWi under a loan to Citibank N.A.

Additionally, at 30 June 2022 Apator S.A. was the beneficiary of payment guarantee for the amount of PLN 68 thousand

Promissory notes

In connection with the Agreement on the general limit of contract guarantees in TU Euler Hermes S.A. (Group limit PLN 25 million), the bill of exchange collateral was established:

- ✓ Apator S.A. submitted 10 blank promissory notes together with the promissory note declarations,
- ✓ Apator Rector Sp. z o.o. submitted 3 blank promissory notes with promissory note declarations,
- ✓ Apator Powogaz S.A. submitted 3 blank promissory notes with promissory note declarations,
- ✓ Apator Metrix S.A. submitted 3 blank promissory notes with promissory note declarations,
- ✓ Apator Telemetria Sp. z o.o. submitted 3 blank promissory notes with promissory note declarations,

In addition to the notes issued in connection with the Credit Agreements and the General Limit Agreement, as of 30 June 2023, the Group companies were the issuers of 62 blank promissory notes related to the concluded lease agreements, insurance guarantee agreements, and contracts with contractors (due performance of contract).

Other

As the security for the performance of the concluded contracts (apart from loan contracts, note 7.12), on 30th June 2023, the companies of Apator Group made the statements on voluntary submission to enforcement to the total amount of PLN 56.4 million. The declarations submitted correspond to the amount of the companies' maximum liability plus bank charges.

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

7.23. Employment structure

Employment in the Apator Group 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	2,393	2,334
Blue-collar workers	1,431	1,386
White-collar workers	962	948
FTEs at the end of the period	2,391	2,356
Blue-collar workers	1,407	1,408
White-collar workers	984	948

7.24. Amount of remuneration for the entity authorised to audit the financial statements

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.

SPECIFICATION	Value	
	2023	2022
Survey/review of interim reports	100	100

In addition to the above remuneration, Apator S.A. is obliged to cover documented costs of stay of the auditing team outside the seat of the Auditors (travelling, accommodation).

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8. 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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9. 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

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