



Report of the Management Board on the activities of Apator S.A. and the Apator Group in H1 of 2023.

Toruń, 29 August 2023.

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

SPECIFICATION	in thousands PLN		in thousands EUR	
	current period	preceding period	current period	preceding period
Consolidated statement	H1 of 2023	H1 of 2022	H1 of 2023	H1 of 2022
Revenue from sales and services	564,071	495,200	122,279	106,662
Profit on operating activities	31,055	15,188	6,732	3,271
EBITDA	58,998	43,492	12,790	9,368
Gross profit	24,698	5,306	5,354	1,143
Net profit	12,904	1,312	2,797	283
Net profit attributable to shareholders of the Group's parent company	12,424	992	2,693	214
Net profit attributable to non-controlling interests	480	320	104	69
Weighted average number of shares	29,047,073	29,094,435	29,047,073	29,094,435
Net earnings per common share [PLN/share]	0.43	0.03	0.09	0.01
Cash flows from operating activities	18,811	(26,312)	4,078	(5,667)
Cash flows from investing activities	(17,764)	(27,535)	(3,851)	(5,931)
Cash flows from financial activity	(11,411)	32,913	(2,474)	7,089
Total cash flows	(10,364)	(20,934)	(2,247)	(4,509)
Consolidated statement	30.06.2023	31.12.2022	30.06.2023	31.12.2022
Total assets	1,049,326	1,042,047	235,788	222,190
Fixed assets	510,639	527,979	114,743	112,578
Current assets	538,687	514,068	121,045	109,612
Equity with non-controlling interests	545,864	539,148	122,658	114,959
Share capital	3,265	3,265	734	696
Long-term liabilities and provisions	79,729	45,174	17,915	9,632
Short-term liabilities and provisions	423,733	457,725	95,214	97,598
Weighted average number of shares	29,047,073	29,070,559	29,047,073	29,070,559
Net book value per common share [PLN/share]	18.79	18.55	4.22	3.95

The above financial data for the 6 months of 2023 and 2022 have been translated into EUR according to the following rules:

- individual items of the statement of comprehensive income - at an exchange rate constituting the arithmetic mean of the average EUR exchange rates set by the National Bank of Poland on the last day of each month of the reporting period: from January 1 to June 30, 2023 - EUR/PLN 4.6130 and from January 1 to June 30, 2022 - EUR/PLN 4.6427;
- individual items of the statement of cash flows - at an exchange rate constituting the arithmetic mean of the average EUR exchange rates set by the National Bank of Poland on the last day of each month of the reporting period: from January 1 to June 30, 2023 - EUR/PLN 4.6130 and from January 1 to June 30, 2022 - EUR/PLN 4.6427;
- individual items of the statement of financial position - according to the average EUR exchange rate set by the National Bank of Poland as at June 30, 2023 - 4.4503, as at December 31, 2022 - 4.6899.

Entity name:	Apator Group		
Period covered by the financial statement:	01.01.2023 – 30.06.2023	Reporting currency:	Polish zloty (PLN)
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
1. General information

This report of the Management Board for the first half of 2023 should be read together with the annual statement of activities of the Apator Group in 2022, available at the following link: <https://www.apator.com.pl/relacje-inwestorskie/dane-finansowe-i-raporty-okresowe>.

1.1. Organization of the Apator Group

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

 **11** national and international companies

 **9** production facilities



2.4 thousand employees



7 R&D offices

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

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



listed on the Warsaw Stock Exchange for **26 years**



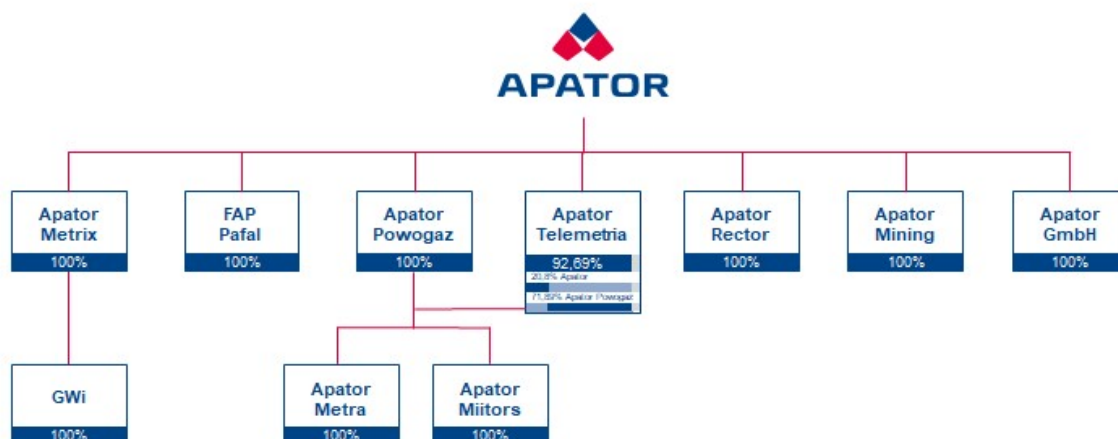
included in the **sWIG80** index and **WIGdiv**



dividend company

1.2. Composition of the Apator Group and its business segments

Group structure as at June 30, 2023. and as at the date of publication of the report, is as follows:



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

<div> <div>Business segments</div> <div>  <div>electricity</div> </div> <div> <div>gas</div> <div>  <div>water&heat</div> </div> </div> </div>			
Business Business	 electricity metering  switchgear  automation  ICT		
Companies forming the Segment	<ul style="list-style-type: none"> Apator S.A. (Toruń) Apator Rector (Zielona Góra) FAP Pafal (Świdnica) Apator GmbH (Germany) 	<ul style="list-style-type: none"> Apator Metrix (Tczew) GWi (the UK) Apator GmbH (Germany) 	<ul style="list-style-type: none"> Apator Powogaz (Jaryszki) Apator Powogaz (Jaryszki) Apator Metra (Czech Republic) Apator Miitors (Denmark)
Solutions	<ul style="list-style-type: none"> Electronic energy meters (household, residential, industrial, prosumer), including smart class solutions (with remote reading function) Energy distribution devices Control and supervision systems Measurement data management systems Solutions for RES (automation, RES management systems, energy storage) <div>  OTUS 3 meter  Control and supervision system  SmartARS pro disconnector </div>	<ul style="list-style-type: none"> Bellows gas meters (household, industrial), including smart class solutions (with remote reading function) Remote reading services, a system enabling stopping and resuming gas supply via the GSM network <div>  iSMART 2 gas meter  hybridSMART </div>	<ul style="list-style-type: none"> Mechanical water meters (residential, household, industrial) - including smart class solutions (with remote reading function) Ultrasonic water meters Heat meter and heat cost allocators Remote reading and utility billing services, systems supporting network infrastructure management <div>  ULTRIMIS W water meter  JS Smart + E-ITN allocator </div>
Main customers	<ul style="list-style-type: none"> distribution system operators (DSO) electricity grid wholesalers, electric assembly and wiring installation companies construction, industry and railway companies photovoltaic and wind farms, energy clusters and cooperatives, other RES sector entities 	<ul style="list-style-type: none"> gas companies/gas distributors and suppliers 	<ul style="list-style-type: none"> water, sewerage and heating companies housing cooperatives construction industry
Main markets	Poland, Germany, Romania, Brazil, Israel, South Africa	Poland, Great Britain, Belgium, Turkey, Germany	Poland, Czechia, Spain, Romania, France, Germany
Volume of sales in H1 2023	PLN 233,0 million	PLN 133,2 million	PLN 197,9 million
Share of exports in segment revenues in H1 2023	25,6%	72.0%	57.7%

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2. Summary of financial results

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

2.1. Results achieved in the first half of 2023.

Apator Group in the first half of 2023. in 2022:

Specification	H1 2023.	H1 2022.	Change	Growth rate
Sales revenue, including:	564,071	495,200	68,871	113.9%
country	294,481	251,904	42,577	116.9%
export	269,590	243,296	26,294	110.8%
Cost of goods sold	432,098	389,709	42,389	110.9%
Gross sales profit	131,973	105,491	26,482	125.1%
Sales costs	22,265	19,688	2,577	113.1%
General administrative costs	76,295	70,102	6,193	108.8%
Sales profit	33,413	15,701	17,712	212.8%
Profit (loss) on other operating activity	- 2,358	- 513	- 1,845	459.6%
Share in profit of entities consolidated using the equity method	-	-	-	-
Profit on operating activities	31,055	15,188	15,867	204.5%
EBITDA	58,998	43,492	15,506	135.7%
Profit (loss) on financial activity	- 6,357	- 9,882	3,525	64.3%
Profit before tax	24,698	5,306	19,392	465.5%
Current income tax	- 3,923	- 4,554	631	86.1%
Deferred income tax	- 7,871	560	- 8,431	-
Net profit	12,904	1,312	11,592	983.5%
Adjusted net profit*	19,810	1,312	18,498	1,509.9%
Profitability ratios:				
Gross profit margin on sales	23.4%	21.3%		
Profit margin on sales	5.9%	3.2%		
EBITDA profit margin	10.5%	8.8%		
Net profit margin	2.3%	0.3%		
Adjusted net profit margin*	3.5%	0.3%		

*) Net income for H1 2023. adjusted for tax asset write-down related to the British company GWi.

The main factors affecting financial performance in the first half of 2023 include:

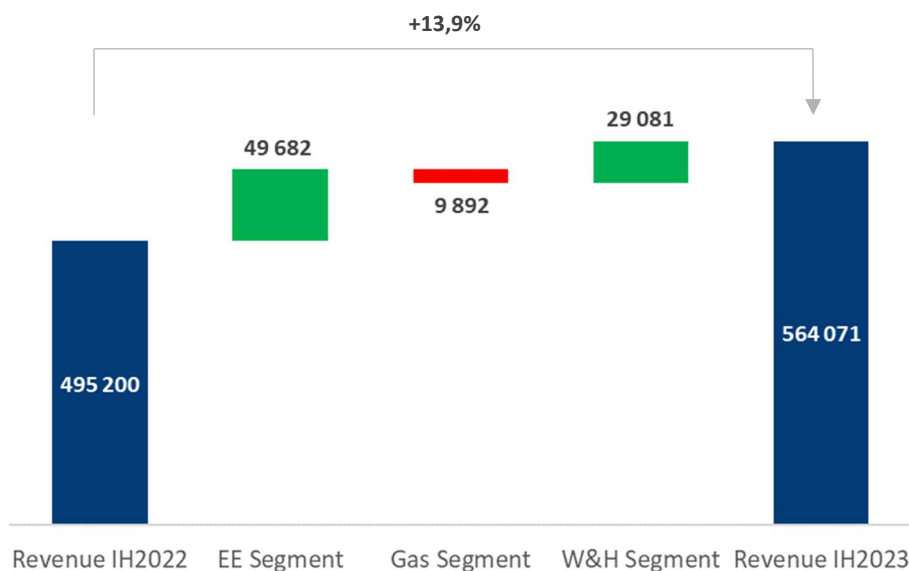
- consistently maintained strong performance of the Electricity and Water and Heat segments, with a particularly favorable situation in Electricity, recording a significant increase in turnover and higher y/y profitability ratios at all levels. The Gas segment saw a visible slowdown due to the change in EU gas policy. Continued activities aimed at further diversifying and increasing the operational and financial security of the Group's operations;
- continuation of the existing adaptation-based purchasing policy and inventory management adapted to current conditions (and production/sales plans) related to the still complex macroeconomic situation, which makes forecasting difficult, including persistent fluctuations in access to components, long delivery times and unstable price levels of key production factors (selected raw materials and supplies, transportation and energy);
- consistent work on operational efficiency and cost control in all areas of the Group's operations in response to persistently high inflation (among others: increasing pressure to increase the cost of services, including of subcontracting and cooperation, and wage increases);
- a write-down (PLN -6.9 million) revaluing the activated tax loss related to the British company GWi (part of the Gas segment) charged entirely to income tax, and thus to the Group's consolidated net result for the first half of 2023;
- favorable situation on the foreign exchange markets and the resulting significant improvement in the CG's result on financing activities (including a significantly better y/y result on foreign exchange differences and foreign exchange transactions fully offsetting higher debt costs).

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Sales revenue

In the first half of 2023, The Apator Group generated revenues higher year-on-year by 13.9% (PLN 564.1 million) mainly due to very good results in the Electricity as well as Water and Heat segments, with lower year-on-year turnover in the Gas segment. Taking into account the directions of sales, the situation in each segment developed differently. In Electricity, the dynamics of domestic sales exceeded that of exports, in Water and Heat the dynamics of changes in domestic and foreign turnover were comparable, and the decline in sales of the Gas segment occurred mainly in Poland. As a result, the Group's domestic sales developed more rapidly than its foreign sales, and as a result, its share of the Group's total turnover again (as after the first quarter of this year) exceeded 50%.

Specification	H1 2023. (PLN thousand)	H1 2022. (PLN thousand)	Change y-o-y (PLN thousand)	Growth rate (%)
Electricity (EE) segment	233,022	183,340	49,682	127.1%
country	173,437	134,578	38,860	128.9%
export	59,585	48,762	10,822	122.2%
share of exports of the EE segment in total sales revenue	10.6%	9.8%		
Gas segment	133,173	143,065	- 9,892	93.1%
country	37,321	45,713	- 8,392	81.6%
export	95,852	97,352	- 1,500	98.5%
share of exports of the Gas segment in total sales revenue	17.0%	19.7%		
Water & Heat (W&H) segment	197,876	168,795	29,081	117.2%
country	83,723	71,613	12,109	116.9%
export	114,153	97,182	16,972	117.5%
share of exports of the W&H segment in total sales revenue	20.2%	19.6%		
Total sales revenue	564,071	495,200	68,871	113.9%
country	294,481	251,904	42,577	116.9%
export	269,590	243,296	26,294	110.8%
share of total exports in total revenue	47.8%	49.1%		



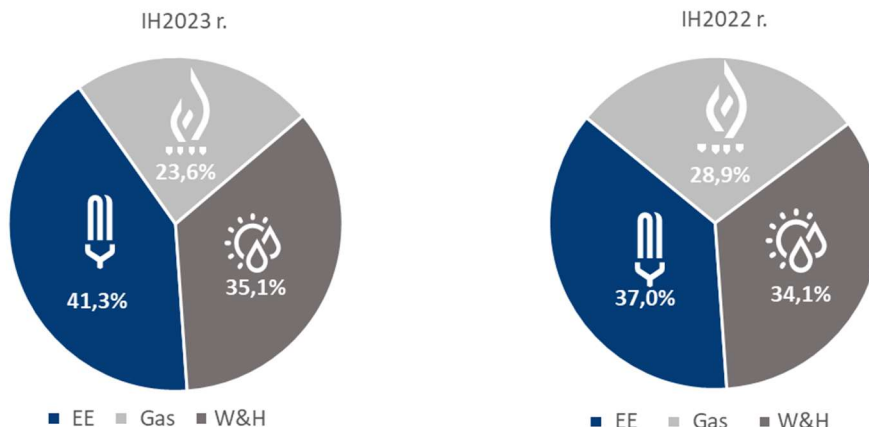
The sales of individual segments were as follows:

- Electric Energy (EE) segment - clear y/y sales growth due to improvements in all business lines. With nearly 30% domestic sales growth, the segment's exports were also significantly higher (+22.2% y/y):

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- domestic meter sales (the segment's largest business line) higher by 28.9% y/y due to increased deliveries of smart meters to most domestic DNOs, export dynamics close to domestic turnover dynamics (+28.6% y/y) mainly as a result of increased deliveries in the German market,
- very good sales performance in the Switchgear line (the segment's second largest business line), especially in the domestic market (+30.7% y/y, mainly due to the 2022 introduction of changes in sales prices) while exports grew significantly (+15.5% y/y),
- significant (+31.9% y-o-y) growth in sales in the Automation line (which accounts for just over 10% of EE segment revenues) as a result of the persistence since the beginning of 2023, increased compared to 2022, demand for equipment for the operation and supervision of power grids and substations, as well as protection automation,
- higher sales of ICT solutions by nearly 20% y/y as a result of continued increased interest on the part of DNOs in IT technologies for handling business processes, but also reaching out to new groups of customers (energy clusters, municipalities) with dedicated solutions;
- Gas segment - lower y/y sales in Poland mainly related to the reduction and deferral of orders for further batches of gas meters under the 2022 contracts (as a result of the focus on minimizing inventories at network operators and fewer ongoing gas meter replacements at residential customers). Despite lower turnover in some of the existing major markets (the UK - due to the ending rollout, Germany, Hungary), the segment's exports were comparable y/y thanks to rebuilding sales in the Netherlands, consistently higher turnover in Belgium and good performance in new markets (Turkey, Austria, Lithuania, Spain);
- Water and Heat - consistently maintained trend of turnover growth after the very good year 2022. High and comparable growth rates in exports (+17.5%) and domestic sales (+16.9%). Higher turnover in Poland was possible due to intensified promotional activities and improved product availability with continued favorable demand situation. Despite the negative impact of exchange rate changes (strengthening of the zloty against the euro), the segment's exports are higher y/y thanks to higher sales in EU countries and in more distant markets (Serbia, Iraq, South Korea) effectively compensating for the lack of sales to Russia (where, in the first half of 2022, sales of more than 5.6 million were generated until supplies were halted after the outbreak of war).

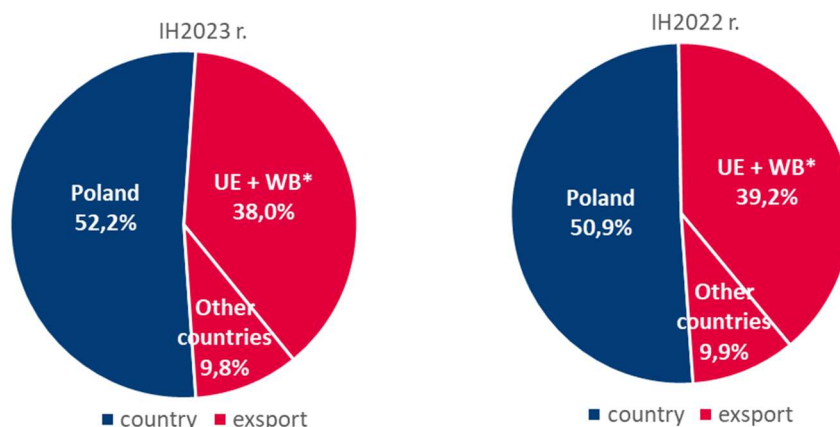
In view of the above, in the sales structure of the Apator Group, the Electricity as well as Water and Heat segments increased their shares, jointly generating, in the first half of 2023, more than three-quarters of the Group's total turnover.



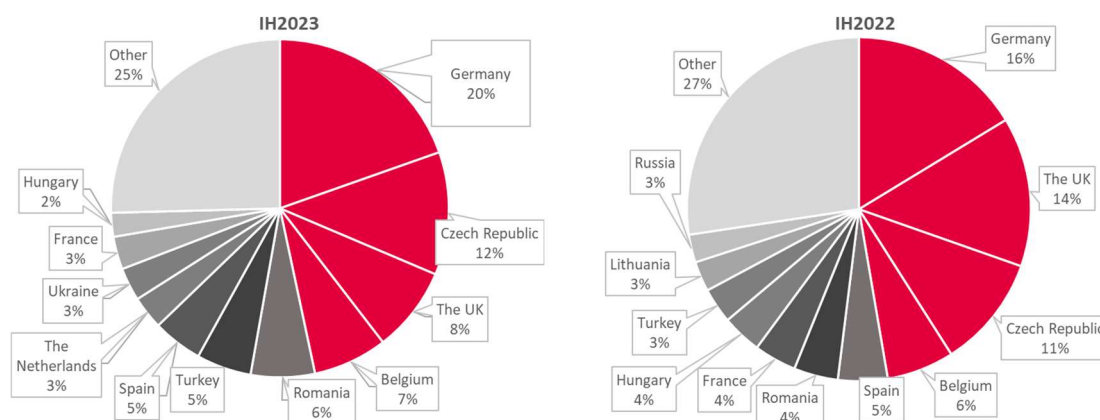
Geographical sales structure

Although Apator Group's domestic sales developed in the first half of 2023 (as in the first quarter of this year) faster than the turnover abroad, the Group consistently maintained a geographic sales structure in which revenues generated in Poland and exports account for a comparable share of sales. This ensures stable diversification of operations and greater predictability of future sales results regardless of changes in the situation in the respective sales markets.

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The main sales market for the Apator Group is Poland. The European Union (with a dominant share of the German, Czech, Belgian, Romanian, Spanish and Dutch markets) and Great Britain remain the Group's second largest sales market. The share of export turnover in the German market increased (by 4 p.p. y/y, to 20% in H1 2023) as a result of higher sales in Electricity (electricity meters and switchgear) and growing sales of Water and Heat segment solutions. The decline in the UK market share (down by 6 percentage points y/y, to 8% in H1 2023) is due to lower sales in Gas (completion of roll-out for smart gas meters). The Gas segment is consistently rebuilding turnover in the Dutch market and increasing sales in the Belgian market. At the same time, despite the ongoing war in Ukraine, the Apator Group (mainly the Water and Heat as well as Gas segments) is rebuilding sales in this market, hence the renewed presence of Ukraine among the key export destinations of the Apator Group.



Foreign sales - countries with a share of more than 5% in exports	Share of exports in H1 2023	Sold products
Germany	20%	electricity meters, gas meters and water meters
Czech Republic	12%	mainly water meters and cost allocators
United Kingdom	8%	gas meters
Belgium	7%	gas meters
Romania	6%	water meters, electricity meters and gas meters
Turkey	5%	mainly batteries for gas meters

Seasonality of sales

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

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

Operating costs by function and nature

Specification	H1 2023. (PLN thousand)	H1 2022. (PLN thousand)	Change y-o-y (PLN thousand)	Growth rate (%)
Costs by function				
Cost of goods sold (COGS)	432,098	389,709	42,389	110.9%
Selling, general and administrative expenses (SG&A)	98,560	89,790	8 770	109.8%
Total	530,658	479,499	51,159	110.7%
Costs by nature				
Depreciation	27,943	28,304	- 361	98.7%
Consumption of materials and energy	279,891	264,859	15,032	105.7%
External services	59,369	52,868	6,501	112.3%
Employee benefits	129,294	121,555	7,739	106.4%
Other	17,847	14,648	3,199	121.8%
Change in finished goods, work in progress and accruals	- 17,427	- 34,380	16,953	50.7%
Cost of goods and materials sold	33,741	31,645	2 096	106.6%
Total	530,658	479,499	51,159	110.7%

The increase in costs is related to the increase in the scale of revenues and is due to macroeconomic reasons.

The dynamics, recorded in the first half of 2023, however, the rate of change in costs was lower than the rate of change in revenues, which affected the improvement in profitability. The development of higher margins (especially in the Electricity segment) was the result of both systematic work on improving operational efficiency (including material efficiency) and cost control, as well as the negotiation of product sales prices under concluded contracts, taking into account the effect of inflation.

Despite the declines in purchase prices of certain items in the materials market, fluctuations in the cost of energy, noticeable since the first quarter of 2023, the fluctuations of costs of fuel and raw materials continue to be strongly felt (among others plastics and steel), as is the difficult access to some of the components used in production. In addition, in some markets, including Poland, high levels of inflation persist, resulting in higher prices for services (among others of subcontracting and transportation), and higher minimum wage levels translate into a significant increase in wage costs. The cost level is regularly examined and is optimized by improving the efficiency of operations. The SG&A share of costs as a percentage of revenue was 17.5% in the first half of 2023 v. 18.1% in the same period of 2022.

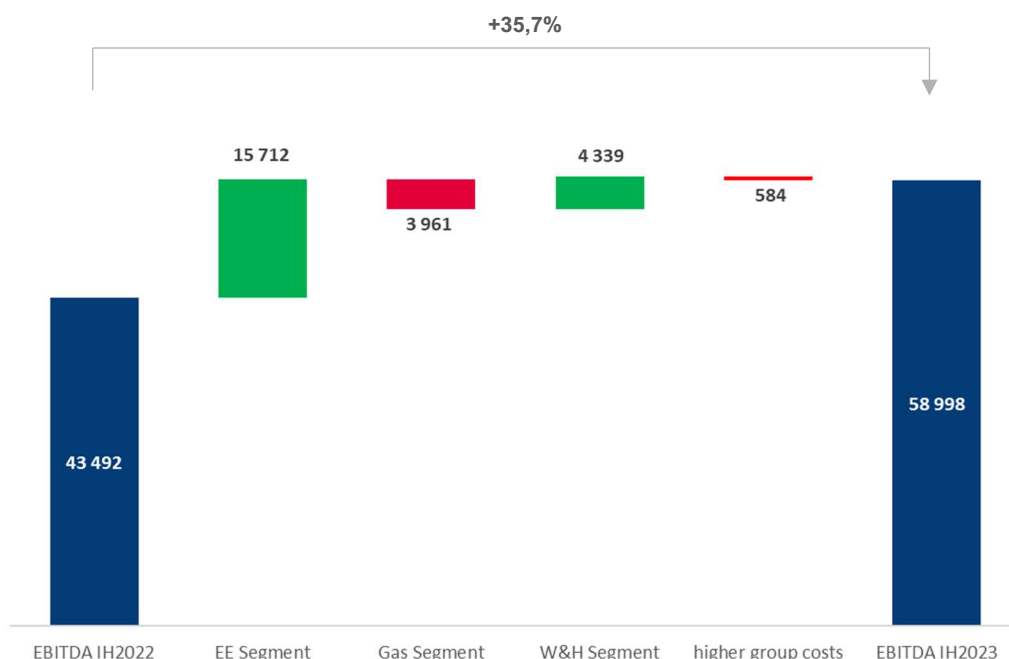
EBITDA

The Group's consolidated EBITDA was influenced by improved results in the Electricity (+PLN 15.7 million y/y) and Water and Heat (+PLN 4.3 million y/y) segments, resulting from higher sales y/y and simultaneous improvement in margins. This is especially true for the Electricity segment, which in the first months of 2022 was hit hardest by the consequences of low turnover and material price inflation, resulting in low EBITDA in the first half of last year (in which higher manufacturing costs were not yet reflected in higher selling prices). In the Water and Heat segment, the y/y EBITDA improvement is primarily due to steadily increasing sales (segment sales in the first half of 2023 was significantly higher not only with respect to the first half of 2022, but also compared to the much better second half of last year). At the same time, the segment is consistently working on operational efficiency and improving its product mix, thanks to which its profitability (traditionally the highest among the Group's segments) is maintained at high levels (almost 30% for gross margin and over 14% for EBITDA margin). The decline in EBITDA in the Gas segment, on the other hand, is related - with lower turnover y/y - also to a reduction in profitability mainly due to a less favorable

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product mix and operating leverage. At the same time, all the three segments recorded higher y/y SG costs of SG&A primarily related to increased transportation costs and wages (following general market trends).

The negative and at the same time lower (by PLN 1.8 million y/y) result on other operating activities was mainly due to write-downs of receivables and provisions for liabilities in the Electricity segment, as well as abandoned investments and revaluation of receivables in the Water and Heat segment.



Net profit/loss

The consolidated net result stood at PLN 12.9 million (profit adjusted for the write-off of tax assets at PLN 19.8 million, respectively) and was influenced, in addition to the aforementioned factors, primarily by the loss on financing activities (PLN -6.4 million, including PLN -2.0 million in the second quarter of this year), which consisted of:

- higher loan debt service costs (PLN 6.6 million, i.e. by PLN 1.5 million higher than in the first half of 2022) related - at lower lending levels - to rising interest rates;
- an increase (by PLN 1.3 million y/y to PLN 2.3 million) in other interest expenses, including costs of managing lease liabilities (by PLN 0.8 million to PLN 1.3 million);
- gain on foreign exchange transactions: PLN 2.9 million (including PLN 1.9 million in Q2 2023), i.e. by PLN 1.8 million higher than in the first half of 2022 and significantly lower y/y foreign exchange losses (PLN 0.3 million for H1 2023 v. 5.6 million PLN in H1 2022) determining - with higher interest - a significant (by 3.5 million PLN) improvement in the income from financial activity of the Apator Group y/y.

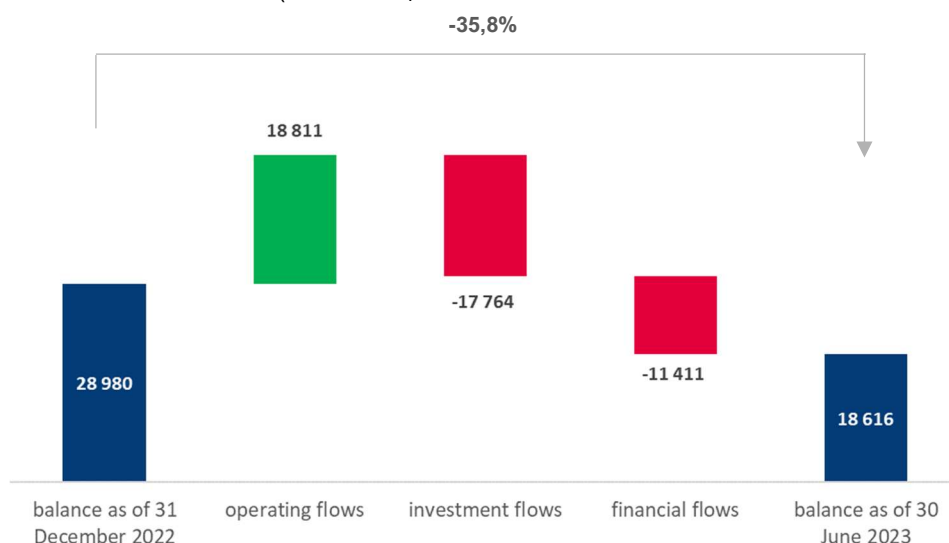
2.2. Assessment of the financial position

Cash balance as at June 30, 2023 was down by PLN 10.4 million from the end of 2022 and amounted to PLN 18.6 million. Cash levels were affected by the following factors:

- positive cash flow from operations, despite the increased commitment of funds to working capital correlated with higher sales (including an increase in inventory levels for increased production and planned deliveries in the coming months under the largest contracts in the Electricity and Gas segments);
- negative flows from investing activities mainly as a result of capital expenditures on tangible assets and intangible assets (a total of PLN 18.9 million, including expenditures on new machinery and equipment, R&D work);

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- negative balance of financial flows related to repayment of liabilities on account of finance lease (-6.0 million) with a slight positive balance of credit debt (+2.2 million).



Other key indicators	H1 2023.	2022.	H1 2022.	Formula
Current ratio	1.27	1.12	1.13	current assets / short-term liabilities
Quick ratio	0.59	0.57	0.53	(current assets - inventories) / short-term liabilities
Return on assets (ROA)	3.86%	2.14%	1.31%	net profit for the last 12 months / average total assets, calculated as an average of the opening and closing balances
Return on Equity (ROE)	7.43%	4.00%	2.49%	net profit for the last 12 months / average equity calculated as the average of the opening and closing balances
Net debt (PLN thousand)	223,619	211,489	251,526	credits and loans – cash and cash equivalents – granted loans
Net debt / LTM EBITDA*	1.91	2.08	2.67	(credits and loans – cash and cash equivalents – granted loans) / EBITDA profit level for the last 12 months
CAPEX (PLN thousand)	28,359	72,273	42,920	tangible and intangible investment expenditure
Working capital (PLN thousand)	305,616	264,713	268,589	(current assets - cash) - (short-term liabilities - short-term loans and borrowings)

*) LTM EBITDA and net income adjusted for write-downs of development work and goodwill (re. GWi) of 2022 as well as an allowance for a tax asset (re. GWi) from H1 2023

The level of net working capital was, at the end of June 2023, 37.0 million higher compared with the end of the first half of 2022 and also PLN 40.9 million higher than at the end of 2022. This is due to higher inventories (by PLN 35.0 million compared to the end of last year) with a PLN 10.4 million lower level of cash at the end of the period. In the first half of 2023, the levels of trade receivables and trade payables decreased by PLN 9.7 million and PLN 13.7 million, respectively. The higher level of working capital is correlated with higher sales (which is reflected in improving capital turnover ratios), and its maintenance is due to the purchasing policy adopted in the Apator Group. As part of this policy, the Group's individual companies strive on an ongoing basis to balance the desire to ensure the security and continuity of production and the ability to provide the full range of solutions expected by customers with optimizing the cost of maintaining the increased level of net working capital and the debt that finances it.

As expected, the increases in inventories compared to the stocks at the end of last year - occurred primarily in the Electricity and Gas segments, which were replenished in preparation for deliveries in large contracts (including, among

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others, deliveries to PGE Dystrybucja in the Electricity segment, the Belgian market in the Gas segment). Due to shifts in delivery schedules in some contracts, elevated inventories will also be maintained in the next quarter, and a gradual reduction in inventories is expected in the final months of the year. The state and level of inventory turnover are monitored in the Apator Group on an ongoing basis in order to avoid the risk associated with the need to possibly update their value and make write-downs.

The capital expenditures incurred in the first half of 2023 were primarily related to research and development expenditures carried out throughout the Group (among others, work continued on the development of the Ultrimis family of water meters - new applications and accuracy classes, new types of electricity meters, development of new or implementation of the next generation of software solutions, e.g. a system for remote reading of water and heat meters, and a number of other solutions to support management and improve energy efficiency of customers).

Despite financing higher y/y working capital to secure the continuity of production and to finance the construction of the new Apator Powogaz S.A. plant, the net financial debt at the end of June 2023 was lower compared to the end of the first half of 2022 by PLN 27.9 million. Thanks to reduced debt levels and improved EBITDA, LTM net debt/EBITDA ratio (adjusted) at the end of June 2023 was at a secure level, in line with earlier announcements, i.e. 1.91x (v. 2.08x at the end of 2022 and 2.67x at the end of the first half of 2022).

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

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

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

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

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

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

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

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

The composition of the Management Board of Apator S.A. assures that it monitors the political and economic situation on a current basis, analyses its impact on the activity of the Company and the Group of Companies, analyses the possibilities of protection against risks and takes appropriate actions.

Key factors that may affect results in the coming quarters continue to be:

- the continuing very difficult situation in the Gas segment due to structural changes in the market for this fuel. This results in a significant deterioration of the segment's performance both in terms of revenue, and profitability levels. As a result, further restructuring activities are underway in the segment, and further write-downs cannot be ruled out.

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The future of the Gas segment is the subject of strategic activities in the Apator Group, which is actively seeking alternative markets for its existing product lines and working on modifying its offerings to suit new customer groups. It should be borne in mind that the effects of these measures are expected over a longer period of time;

- the unstable situation in the energy commodity markets affecting the changing needs of customers.
The Apator Group continuously monitors the situation in all markets and seeks new sales opportunities and chances to introduce products related to energy transformation;
- widespread inflation, volatile price levels for metals, electronics, and high costs of energy, fuel, transportation services and labor.
The Apator Group, in order to mitigate the negative effects of price increases, implements a number of measures to improve efficiency, such as optimization/automation of production, changes in the product mix aimed at improving profitability or dynamic pricing policies. At the same time, Apator Group companies are constantly analyzing the possibility of introducing new sources and opportunities of shortening supply chains;
- lack of stability in the components market (limitations in the availability of selected materials - mainly components from integrated circuit groups, persistently long delivery times, price fluctuations).
To limit its exposure to supply risks, the Apator Group introduces substitutes and alternative materials (while maintaining the required level of product quality), actively seeks other sources of purchase and conducts optimal inventory management adapted to the current situation. The cooperation and integration of activities in this area between Group entities enables the Group to benefit from synergies and reduces exposure to operational risk;
- volatile financial markets, high interest rates and high exchange rate volatility.
While reducing exposure to financial risks, Group companies take care to hedge currency positions, effectively engage working capital and minimize debt service costs (for more on the hedging instruments used, see Item 7 of the consolidated financial statements for H1 2023).

Impact of the situation in the East

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

Since the outbreak of war in February 2022 the Group has ended sales in the Russian and Belarusian markets and, as a result, in the first half of 2023 there were no revenues from those markets. Sales to Ukraine accounted for ca. 1.5% of Apator Group's total sales.

In terms of receivables from counterparties in markets at risk, as at the end of June 2023 the share of receivables from the Ukrainian market in the total value of receivables of the Apator Group was about 1.2%. The Group has no trade receivables* from the Russian and Belarusian markets. Therefore, as at the date of publication of this report, the situation in the East has no significant impact on the Group's operations.

Detailed values of receivables as at 30.06.2023 are presented in the table below.

Level of receivables as at 30.06.2023	Apator S.A.	Apator Group
Receivables from contractors (Ukraine, Russia, Belarus)	-	2,173
Ukraine	-	2,173
Russia	-	-
Belarus	-	-
Total trade receivables as at 30.06.2023	73,534	180,117
Share in Company's trade receivables	0.0%	-
Share in trade receivables* of the APATOR Group	-	1,2%

**) At the end of December 2022, the receivable of Apator Powogaz S.A. due to dividend from AO Teplovodomer in December 2022 was fully covered by a write-off.*

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3.2. Prospects

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

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

- the focus of EU policy on supporting and shifting European economies towards climate neutrality (the European Green Deal, Fit for 55 and REPowerEU) is redirecting funding toward environmentally sustainable technologies and innovations, increasing demand for green energy, pressure to conserve natural resources and increasing environmental awareness of societies;
- the digitization of all sectors of the economy, including the energy sector, related, among others, to the collection and processing of huge amounts of data, as well as the need for high-quality digital security and automation of processes;
- the gradual decentralization of the energy sector and the growing participation of new market participants: RES power generators and prosumers, which necessitates the need to ensure system balancing with a dynamically increasing share of distributed generation on the part of DNOs, and generates demand for new products and services for RES energy management on the part of business customers.

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

- threats to energy security (restrictions on access to solid fuels and natural gas), a global slowdown in economic growth, and the difficult-to-estimate scale of the possible economic recession in the EU;
- the persistence of long lead times for the delivery of components and production materials and temporary limitations in the availability of certain components (while it is worth noting that there has been a partial normalization and stabilization of the situation in the components market, an apparent trend of supply chains turning back to Europe - the anticipated better availability of electronic components in the medium term);
- high prices of energy carriers (coal, gas, district heating, etc.);
- volatile financial markets, high interest rates and high exchange rate volatility.

The situation in each segment is further influenced by:

Electricity Segment:

- Poland's pending regulatory amendments to the RES Act and the Energy Law - major changes expected in drafts, advanced legislative process (key changes: direct line, virtual prosumer, cable pooling)
- launched financial program ("My Electricity 5.0") to provide impetus for further development of RES (both by energy companies and the private sector, including the expected development of corporate and industrial RES installations), support self-consumption, management and electricity storage;
- the creation of NABE (National Energy Security Agency), and thus the spin-off from groups of state-owned energy companies of assets related to electricity generation in conventional coal units. Once the coal assets are spun off, energy companies will be able to focus on implementing low- and zero-carbon investments (increasing investment in RES, including wind farms and grid-based energy storage);
- the scale of private investment in the RES sector is beginning to exceed current and planned investments in the commercial power industry;
- still relatively high prices of electricity for enterprises, local governments and households causing increased interest in and demand for solutions for precise measurement and management of utility consumption, modern systems, applications and services developed within Apator Group (e.g. GISMO system for street lighting management, OMNITORUS system for utility consumption management, DS (*demand service*), power guard);
- rollout of meters in Poland - rapid rate of commoditization of meters, high competition due to low barriers to entry, lack of verification of suppliers for digital security, among others. Apator Group expects revenue and

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volume growth of smart meters in the product mix, and in the long term assumes keeping the market share at 50%;

- the necessity of modernization and expansion of transmission and distribution networks, among others due to the demand for new capacities resulting from the dynamic growth of unstable renewable sources in the Polish power system and planned new investments of renewable energy sources - in these areas the switchgears supplied by Apator and solutions for telemechanics, control and protection of the power network are applicable;
- growing demand from distribution companies (in the fields of power, water and gas) as well as local government units for network asset recording services and construction of digital network models in GIS-class systems;
- demand for new functionalities and applications in the area of network asset management, natural development of systems related to changes in DSO business models.

Gas Segment:

- the prospects of the Gas segment are highly correlated with the regulatory environment and demand for natural gas. Strategic policy decisions on energy security and the direction of the energy transition will determine the industry's activities in 2023 and beyond;
- expected further reduction in EU gas consumption due to dynamically changing commodity prices on European exchanges. A gradual switch of the economy and consumers to other fuels is evident in EU countries.

Water & Heat segment

- good prospects resulting from rising utility costs, the trend toward water conservation as a result of shortages of this resource, as well as regulatory pressures (replacements of traditional water and heat meters with remote-reading meters being implemented throughout Europe). High demand for smart class solutions due to the introduced amendment to the Energy Efficiency Act imposing on owners or management of multi-unit buildings the obligation to install, by 1 January 2027, heat meters, water meters and heat allocators with remote reading. In addition, there is a noticeable increase in interest in remote reading systems, water and heat consumption billing services, technical solutions for water quality monitoring or leak detection;
- clearly growing demand for electronic (as opposed to mechanical) flow/water consumption measurement technologies that guarantee the highest classes of measurement accuracy. Increased customer interest in ultrasonic water meters in particular.

4. List of most significant events

4.1. List of events in the first half of 2023

1. On 10 January 2023, The composition of the Management Board of Apator S.A. informed of the receipt of a notification, in accordance with which Powszechne Towarzystwo Emerytalne Allianz Polska S.A., managing Allianz Polska Otwarty Fundusz Emerytalny "Allianz OFE" and Allianz Polska Dobrowolny Fundusz Emerytalny "Allianz DFE", as a result of the merger with Aviva Powszechne Towarzystwo Emerytalne Aviva Santander Spółka Akcyjna, managing Drugi Allianz Polska Otwarty Fundusz Emerytalny "Drugi Allianz OFE", obtained over 5% share in the total number of votes during the Shareholders Meeting of the Company. As a result of the merger, the total balance in the accounts of Allianz OFE, Allianz DFE and Drugi Allianz OFE increased to 4,545,864 shares, representing 13.92% of the Company's share capital, which gives the right to exercise 4,545,864 votes from shares representing 8.32% of the total number of votes at the Company's GM.
2. On 31 January 2023, The Supervisory Board of Apator S.A. received the resignation of Arkadiusz Chmielewski from the function of the President of the Management Board of Apator S.A. The resignation was submitted with effect as of 28 February 2023. At the same time, the Supervisory Board of the Company appointed Maciej Wyczęsany as the President of the Management Board of Apator S.A. as of 1 March 2023. In connection with the above, from 1 March 2023, The composition of the Management Board of Apator S.A. is as follows: Maciej Wyczęsany - President of the Management Board, Tomasz Łątka - Member of the Management Board.
3. On 31 January 2023, at a shareholder's request, 1,100 series A registered shares of the nominal value of PLN 0.10 each, with 1:4 voting preference at the General Meeting, were converted into ordinary bearer shares. As a result of the conversion of registered shares of series A, the preference of 1,100 shares subject to conversion expired, the amount of the Company's share capital did not change and amounts to PLN 3,264,707.30, while

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- the total number of votes at the Company's General Meeting changed, which after conversion amounts to 54,641,246 votes. The assimilation and listing of the aforementioned shares took place on February 28, 2023.
4. On 3 February 2023, The composition of the Management Board of Apator S.A. announced the conclusion of two implementing agreements for the procedure for "Supply of static remote reading meters with PLC communication module in OSGP standard together with installation, storage and cleanup services in the Smart City Wrocław area at TAURON Dystrybucja S.A. Wrocław Branch", i.e.: the agreement between GRIFFIN GROUP SA ENERGY Sp. k. and Apator S.A. for supply of static 1-phase and 3-phase remote reading meters with PLC communication module in OSGP standard, and the agreement between the Consortium consisting of FAP Pafal S.A. (an Apator Group company) and Energo-Moc Wzorcownia Sp. z o.o. and GRIFFIN GROUP SA ENERGY Sp. k. for the installation and storage of electricity meters being the subject of the above-mentioned proceedings. The total value of the agreement for the companies of the Apator Group will be approximately PLN 60 million, 60 million zlotys, with a possible increase to ca. TD its right of option. Implementing agreements are in place from the first quarter of 2023 to Q3 2025. By the end of July this year deliveries of meters of the total value of more than PLN 17.5 million were made.
 5. On May 16, 2023 The composition of the Management Board of Apator S.A. reported receipt of a notice from Powszechne Towarzystwo Emerytalne Allianz Polska S.A., company managing Allianz Polska Otwarty Fundusz Emerytalny ("Allianz OFE") that on May 12, 2023, as a result of liquidation of Drugi Allianz Polska Otwarty Fundusz Emerytalny ("Drugi Allianz OFE") through the transfer of its assets to Allianz OFE, the Issuer's share in the total number of votes in the accounts of Allianz OFE, was above 5%. Prior to the liquidation of Second Allianz OFE, the total balance in the accounts of Allianz OFE and Second Allianz OFE amounted to 4,539,876 shares in the Company, which represented a total shareholding of 13.91% in the Company's share capital and gave the right to exercise 4,539,876 votes representing 8.31% of the total number of votes at the Company's General Meeting. After liquidation of Drugi Allianz OFE, 4,539,876 shares, representing 13.91% of the Company's share capital, were credited to Allianz OFE's account, which gives the right to exercise 4,539,876 votes from shares representing 8.31% of the total number of votes at the Company's General Meeting.
 6. On May 26, 2023 the Multi-Purpose Agreement was signed by and among PKO BP S.A. and the following companies of the Apator Group: Apator S.A., Apator Powogaz S.A., Apator Metrix S.A., the subject of which is granting a multi-purpose credit limit in the total amount of PLN 80 million, intended for current financing of the companies' activities. The credit limit can be used in the form of revolving loans, bank guarantees and letters of credit. The loan matures on May 26, 2025. The interest rate on the credit line is based on WIBOR/EURIBOR 1M, SOFR O/N, SONIA O/N, plus the bank's margin. The collaterals for the contract are:
 - contractual joint mortgage on real estates of Apator Powogaz S.A. and Apator Metrix S.A.,
 - registered pledges on tangible assets of Apator S.A. and Apator Powogaz S.A.,
 - assignment of rights under the insurance policy for the above collateral,
 - an execution statement, in each of the companies, pursuant to Art. 777 § 1(5) of the Code of Civil Procedure Act of November 17, 1964. (Journal of Laws of 2021, item 1805, as amended).
 7. On 5 June 2023 The composition of the Management Board of Apator S.A. informed that the Company's offer had been selected as the most favorable in the tender published by PGE Dystrybucja S.A. for the supply of 1-phase and 3-phase remote reading meters for end-users connected to the low-voltage network for part 2. The value of the bid, under the basic contract, is ca. PLN 113,5 million. In addition, the terms of the tender provide for an option right to increase the contract by ca. PLN 46,3 million. As a result, the total value of the bid may amount to ca. PLN 160 million. Deliveries will be made within 21 months from the date of the conclusion of the agreement. Signing of the agreement between Apator S.A. and PGE Dystrybucja S.A. took place on July 17 of this year. The first deliveries of meters have been made since August.
 8. On 28 June 2023 the Ordinary General Meeting of Apator S.A. was held which, among others, passed a resolution on the level of dividend from profit for 2022 in the amount of PLN 0.30 per share (more in item 6.4.5).

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

4.2. List of events after the balance sheet date

1. On July 13, 2023 the District Court in Toruń, VII Economic Division of the National Court Register registered changes in the Articles of Association of Apator S.A. Amendments to the Articles of Association were made pursuant to Resolution No. 20/VI/2023 of the Ordinary General Meeting of Apator S.A. of 28 June 2023 and concern:

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- updating the number of series A registered shares and series A, B and C bearer shares in connection with the conversion and assimilation of 1,100 series A registered shares into bearer shares,
- the need to adapt the provisions of the Articles of Association to the applicable provisions of law (the CCC) and internal procedures.

As a result of the changes, the company's share capital has not changed and amounts to PLN 3,264,707.30 and is divided into 7,331,391 registered shares of series A and 25,315,682 bearer shares of series A, B and C of the nominal value of PLN 0.10 (ten grosz) each. The total number of votes at the GSM resulting from all issued shares is 54,641,246.

- On 25 August 2023 The composition of the Management Board of Apator S.A. has decided to reduce the activated tax loss in the Gas segment in the consolidated balance sheet of the Apator Group, relating to the indirect subsidiary George Wilson Industries Ltd, with its registered office in Great Britain, in accordance with the provisions of IAS 36 "Impairment of Assets". The write-down is related to changes in the macroeconomic environment, including mainly the impact of the war in Ukraine on the development of the gas metering sector, lower margins, current and planned volumes of products sold, as well as uncertainty as to the possibility of using the tax loss asset in question in the foreseeable future. The write-down, relating entirely to the Gas segment, charged income tax and thus the consolidated net result of the Apator Group, by £1.34 million, i.e. PLN 6.9 million according to the average exchange rate as of the balance sheet date, i.e. 30 June 2023. This amount was included in the Group's consolidated statements for the first half of 2023

5. Additional information

5.1. Credits, loans, guarantees

The state of credits and loans of the Apator Group:

Specification	as of		Shift
	30.06.2023	31 December 2022	
Long-term loans and borrowings*	32,957	3,119	29,838
Short-term credits and loans	209,278	237,350	- 28,072
Total credits and loans	242,235	240,469	1,766

**) In H1 2023 part of the credit of Apator Powogaz S.A. was reclassified from short-term to long-term, hence the increase in the value of debt in this category.*

5.1.1. Loans

As at June 30, 2023, the status of significant loan agreements is as follows:

1. Apator Group

- Multi-product agreement of 22 June 2016.

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

The collateral of the Agreement is as follows:

- registered pledges on the companies' inventory of the total value of PLN 148.8 million,
- registered pledges on the companies' fixed assets with a total net value of PLN 31.1 million,
- mortgage on the real estate of Apator S.A. up to the value of PLN 40 million,
- assignment of rights under the insurance policy for the above collateral,
- blank promissory note and promissory note declarations issued by the borrowers.

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

As at June 30, 2023 the use of limits by the Apator Group under the concluded multi-product contract was:

- from used credit limits - PLN 165.3 million,
 - from guarantees and letters of credit issued - PLN 4.7 million,
 - from supplier financing - PLN 4.8 million.
- b) Multi-purpose agreement dated 26 May 2023

On May 26, 2023 by and among Powszechna Kasa Oszczędności Bank Polski S.A. and companies of Apator Group: Apator S.A., Apator Powogaz S.A. and Apator Metrix S.A. a multi-purpose credit limit contract was concluded for the total amount of PLN 80 million. The contract was concluded for a period of two years, i.e. until 26 May 2025. The credit limit can be used in the form of working capital loans, bank guarantees and letters of credit. The interest rate on the limit is based on WIBOR/EURIBOR 1M, SOFR/SONIA ON plus the bank's margin.

As at June 30, 2023 the collaterals for the contract are:

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

As at June 30, 2023 the companies did not mobilize working capital loans, while the balance of debt on account of bank guarantees issued amounted to PLN 3.9 million.

2. Apator S.A.:

- a) had a credit facility with Bank Handlowy S.A. in the amount of PLN 10 million for current financing of the Company's business activity. The agreement expired on 22 March 2023. At the time of publication of this report, the collaterals in the form of registered pledges on tangible assets have been removed.
- b) on 13 August 2021, entered into an agreement with Bank Handlowy S.A. a long-term (acquisition) loan contract for the amount of PLN 13 million. The credit facility was intended to finance the purchase of shares from minority shareholders of Apator Telemetria Sp. z o.o. The interest rate on the credit was determined based on a variable interest rate equal to the WIBOR rate for 3-month deposits increased by the bank margin. The credit repayment is made in equal quarterly instalments, with the final instalment due on 9 August 2024. The credit repayment is collateralized by a registered pledge on fixed assets up to PLN 2.8 million, along with the assignment of rights under the insurance policy for property against all risks, a registered pledge on the acquired shares up to PLN 12.1 million and a statement of submission to enforcement in accordance with Art. 777 of the Civil Code up to PLN 15.6 million. On 29 June 2022, an annex to the contract was concluded, pursuant to which the outstanding portion of the loan was converted to EUR. After currency conversion, the credit facility bears interest on a variable interest rate equal to the EURIBOR rate for 3-month deposits increased by the bank margin. As at June 30, 2023 the amount of €1.1 million of the loan remained to be repaid
- c) on 22 October 2021, entered into a non-recourse factoring contract with ING Commercial Finance Polska S.A. with a limit of up to PLN 10 million to finance current operations. On 23 August 2022 annex No. 1 was concluded between the parties, based on which the available limit was reduced to PLN 5 million. The agreement was valid until 21 October 2022 and was rolled over for another year. The interest rate on the financing was determined based on a variable interest rate equal to the WIBOR 1M rate increased by the bank margin. The agreement is collateralized by a blank promissory note.

3. Apator Metrix S.A. had a long-term (investment) loan for the purchase of GWi shares taken from Bank Millennium S.A. in 2015. The initial credit amounted to PLN 22.1 million. The loan was repaid as scheduled in December 2022. In connection with the full repayment of the loan, all of the established collateral was released.

4. GWi Ltd. has an overdraft facility taken out on September 8, 2017. at CITI London bank for the amount of GBP 4 million. The credit was taken out to repay a credit from BI Group PLC and Apator Metrix S.A., which was related to the early redemption of the remaining 50% of GWi's shares by Apator Metrix S.A. in 2017. The credit repayment term is renewed annually. The collateral for repayment of the loan is a guarantee by Apator Metrix S.A. in the form of a bank guarantee for GBP 4 million (i.e. PLN 20.7 million at the average ING exchange rate as at June 30, 2023 for

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GBP currency = PLN 5.1718). The interest rate on the credit is determined based on the variable SONIA rate increased by the bank margin. As at June 30, 2023 the balance of the credit used was £3.94 million (i.e. PLN 20.4 million at the average ING exchange rate as at June 30, 2023 for GBP currency = PLN 5.1718).

5. Apator Powogaz S.A.:

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

- up to PLN 39.1 million - fixed interest rate of 1.3% p.a. increased by the Bank margin.
- above PLN 39.1 million and up to PLN 41.9 million – interest rate based on a variable interest rate of WIBOR 1M increased by the Bank margin.

As at June 30, 2023 loan collateral includes:

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

The credit repayment period is determined to be from 31 July 2022 to 4 December 2030. As at June 30, 2023 the debt under the above loan amounted to PLN 36.9 million.

- b) has a loan with mBank S.A. for the amount of PLN 10 million intended for current financing of the company's business activities with the repayment period (Annex No. 6) until September 28, 2023. The interest rate on the loan was set at a floating interest rate equal to WIBOR ON plus the Bank's margin. Credit repayment is collateralized by a blank promissory note. As at June 30, 2023 the value of the loan used was PLN 9.2 million
- c) had a factoring contract with Santander Faktoring Sp. z o.o. with a limit of up to PLN 15 million for supplier financing. The contract is for a period from September 19, 2019 to 30 June 2023. The contract has not been renewed.
- d) on 5 June 2023 entered into, with PKO Faktoring S.A., a factoring contract with a financing limit of up to PLN 15 million, effective until June 4, 2024. The interest rate was determined based on the WIBOR/EURIBOR 1M rate plus margin. The agreement is secured by a power of attorney to the bank account and a blank promissory note with a promissory note agreement. As at June 30, 2023 the value of the used limit was PLN 10.8 million.
- e) has a factoring contract with ING Commercial Finance Polska S.A. with a limit of up to PLN 4.5 million to finance current operations. On 22 September 2022, an annex was signed extending the method of financing to both with and without assuming the solvency risk of recipients. The interest rate on the financing was set at a variable rate, depending on use, equal to WIBOR 1M or EURIBOR 1M plus the Bank's margin. The agreement is collateralized by a blank promissory note. As at June 30, 2023 the company did not use recourse financing.

6. **Spółka Apator Metra s.r.o.** has a credit with Raiffeisenbank a.s. in the amount of CZK 30 million, the purpose of which is to finance current business activities. The agreement is concluded for an indefinite period. The interest rate was determined based on the variable 1D PRIBOR rate plus the bank margin. The credit is secured by a pledge on property in the amount of CZK 50 million (i.e. PLN 9.4 million at the average ING exchange rate as at June 30, 2023 for the currency CZK = PLN 0.1871), together with the assignment of rights under the all-risk property insurance policy. As at June 30, 2023 credit utilization amounted to CZK 21.2 million (PLN 4 million).

7. **On 24 March 2022, Apator Telemetria Sp. z o.o.** on 24 March 2022 concluded with mBank S.A. an e-credit agreement for supplier financing, with a limit of PLN 7 million. On February 28, 2023 an annex to the agreement was concluded, extending its term to June 20, 2024. The interest rate on the financing was set at a variable rate,

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depending on use, equal to WIBOR 1M or EURIBOR 1M plus the Bank's margin. The agreement is collateralized by a blank promissory note. As at June 30, 2023 the value of the financing used was PLN 1.5 million.

In the first half of 2023, no bank terminated a credit contract for any company of the Apator Group, and the companies of the Apator Group repaid their liabilities under the concluded credit contracts.

5.1.2. Loans

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

The status of granted and received loans of the Apator Group companies as at June 30, 2023 is as follows:

- Apator Powogaz S.A. has a receivable under a consolidated loan in the amount of EUR 1.5 million granted to the subsidiary Apator Miitors ApS. The nominal interest rate on the loan is 2%. On 20 November 2020, Apator Powogaz and Apator Miitors ApS concluded an annex extending the loan repayment period until the end of 2029. As at June 30, 2023 the amount of the outstanding loan (including interest) was €1.4 million. The interest for 2022 was settled in February 2023.
- On 12 December 2022, Apator Powogaz S.A. concluded with FAP Pafal S.A. a loan agreement for the amount of PLN 2 million with a repayment deadline of 23 December 2022. On 22 December 2022, the parties concluded an annex to the agreement, based on which the amount of the loan was increased to PLN 5 million and the repayment deadline of the entire amount was moved to 15 January 2023. The loan was repaid in 2 tranches on 12 and 13 January 2023.

5.1.3. Sureties and guarantees

In the first half of 2023, the companies in the Apator Group did not grant sureties to entities outside the Group.

Balance of sureties and warranties issued as at June 30, 2023 is as follows:

1. Apator S.A.:

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

2. Subsidiary Apator Metrix S.A.:

- guarantee for subsidiary George Wilson Industries Ltd. (GWi) to a maximum amount of GBP 4 million, PLN 20.7 million at the average ING exchange rate as at June 30, 2023 for GBP currency = PLN 5.1718) for the period until October 31, 2023. The guarantee secures a loan granted to GWi by Citi Bank for the repayment of, inter alia, loans granted by NIG and Apator Metrix S.A. The guarantee was issued based on the revolving agreement concluded between Apator Metrix S.A. and Citi Handlowy. The guarantee commission is 0.5% p.a.

As at June 30, 2023 the Apator Group also had active guarantees issued by insurers and banks, described in Note 7.22 of the consolidated financial statements for H1 2023.

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

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

5.3. Transactions with related entities

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

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5.4. Consolidated entities as at June 30, 2023

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

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

5.5. Changes in the organization of the Apator Group

During the first half of 2023 there were no changes in the structure of the business entity, including as a result of business combinations, acquisitions or sales of Issuer Group entities, long-term investments, divisions or restructurings.












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6. Parent company - Apator S.A.

Pursuant to § 62 section 6 of the Regulation of the Minister of Finance on current and periodic information, the Company has prepared the report of the Management Board on the activities of the parent company Apator S.A. and the Capital Group and their statements, respectively, in the form of a single document. The other required elements of the report on the Company's activities not included in chapter 6 are the same as this report of the Management Board on the activities of the Apator Group.

6.1. The activities of Apator S.A.

Within the business model, the activity of Apator S.A. is included in the Electricity segment and is divided into three business lines: electricity metering, switchgear and automation*.

Business unit			
 electricity			
Business division	 electricity metering	 switchgear	 automation  ICT
Solutions	<p>Electricity meters:</p> <ul style="list-style-type: none"> smart, including RES meters municipal prepayment industrial <p>Reading systems</p>   <p>SmartESOX pro meter for RES</p> <p>Otus 3 smart meter</p>	<p>Energy distribution devices:</p> <ul style="list-style-type: none"> disconnectors, including for RES solution fuse bases connectors <p>Switchgear monitoring systems</p>   <p>Compass switch disconnector</p> <p>ARS vertical fuse switch disconnector</p>	<p>Smart devices and automated protection systems:</p> <ul style="list-style-type: none"> Smart controllers WN/SN/nn SN security WN security station automation short-circuit current flow indicators <p>Telemechanics</p> <p>Automation in industry</p> <p>SCADA software</p> <p>Digital RES monitoring system</p>   <p>MST 2</p> <p>BELplus OZE OZEMST 2</p>
Main customers	distribution system operators (DSO)	Electricity grid wholesalers, electric assembly and wiring installation companies	Energy plants, construction, industry, photovoltaic and wind farms, energy clusters and cooperatives, other RES sector entities
Main markets	Poland, Germany, Lithuania	Poland, Brazil, Germany, Romania, Israel, Lithuania	Poland
Scale of sales in H1 2023	PLN 118,6 million	PLN 76,5 million	PLN 28.0 million
Line share in total sales	53.2%	34.3%	12.5%
Share of exports in line revenue	27.3%	35,2%	0.0%

*) As a result of the acquisition of a part of the assets of Atręba S.A. at the end of 2020, Apator S.A. (still Apator Elkomtech S.A. at that time) extended its software offer by solutions in the area of advanced IT systems: in the gas industry. In view of the above, part of the revenue related to the activity for the Gas sector is classified in the Gas segment. Due to the insignificant share of that revenue in the total sales of Apator S.A., it is not presented as a separate category in the above table.

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6.2. Financial results

In the first half of 2023, Apator S.A. achieved the following financial results:

Specification	H1 2023. (PLN thousand)	H1 2022. (PLN thousand)	Change y-o-y (PLN thousand)	Growth rate (%)
Sales revenue, including:	223,074	171,207	51,867	130.3%
country	163,695	125,419	38,276	130.5%
export	59,379	45,788	13,591	129.7%
Cost of goods sold	175,580	146,283	29,297	120.0%
Gross sales profit	47,494	24,924	22,570	190.6%
Sales costs	7,976	6,286	1,690	126.9%
General administrative costs	29,547	26,726	2,821	110.6%
Sales profit	9,971	- 8,088	18,059	-
Profit (loss) on other operating activity	- 317	649	- 966	-
Profit on operating activities	9,654	- 7,439	17,093	-
EBITDA	22,159	5 513	16,646	401.9%
Profit (loss) on financial activity	5,949	26,423	- 20,474	22.5%
Profit before tax	15,603	18,984	- 3,381	82.2%
Current income tax	- 1,749	- 1,167	- 582	149.9%
Deferred income tax	- 673	1,848	- 2,521	-
Net profit	13,181	19,665	- 6,484	67.0%
Profitability ratios:				
Gross profit margin on sales	21.3%	14.6%		
Profit margin on sales	4.5%	- 4.7%		
EBITDA margin	9.9%	3.2%		
Net profit margin	5.9%	11.5%		

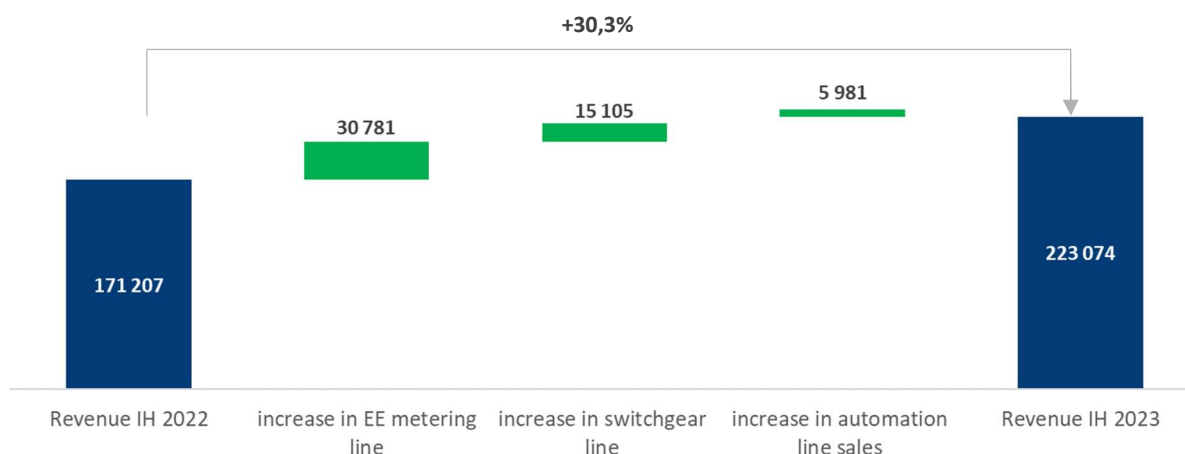
Key factors influencing the results of Apator S.A. are the same as for the Apator Group, particularly for the Electricity segment, and are presented in item 2 of the report.

Sales revenue

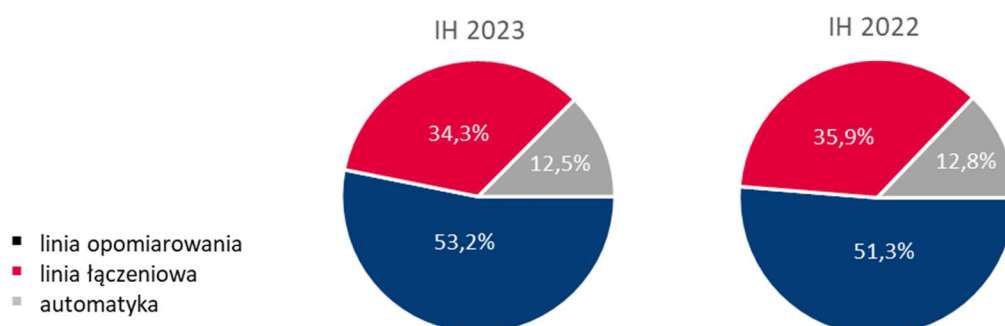
Apator S.A. sales after the first half of 2023 reached nearly PLN 223.1 million, up 30.3% compared to the first half of 2022. That increase was due to:

- the definite improvement from last year's low sales performance in the electricity metering line, both in Poland (+31.8% y/y, due to increased smart meter deliveries and higher selling prices) and in exports (+44.6% y/y as a result of increased deliveries mainly in the German market);
- very good sales performance of switchgears in the Polish market (+30.2% y/y) and abroad (+15.4% y/y) resulting from the continued recovery in demand and last year's price increases;
- higher sales in the automation line (+27.2% y/y) as a result of the sustained sales from the beginning of 2023 increased demand for equipment for the operation and supervision of networks, substations and protection automation.

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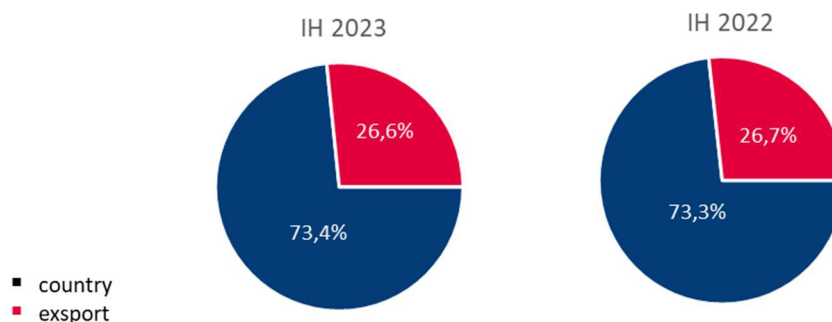
Due to the above changes, the share of the metering line in Apator S.A.'s total revenues increased in the first half of 2023 by 1.9 p.p. y/y mainly at the expense of switchgear, while the importance of the automation line remained at a comparable y/y level.



As a result of comparable dynamics of turnover in Poland (+30.5% y/y) and abroad (+29.7% y/y), the shares of domestic and export sales in total turnover of Apator S.A. remained at levels similar to the first half of 2022. This is a consequence of the changes in revenue recorded in the main business lines, including:

- metering line, in which the dynamics of exports far exceeded the very high dynamics of domestic sales. As a result of systematic work on new types of electricity meters dedicated to the German market, the metering line of Apator S.A. once again recorded a strong year-on-year sales increase (+12.4 million, i.e. +65.4% y/y),
- switchgear, where, with exports growing at +15.4% y/y, domestic turnover growth exceeded 30% y/y, both of which were the result of relatively strong demand and higher selling prices. The line's main export destinations remained the Romanian, Brazilian, Israeli, German, Lithuanian and Hungarian markets, while strong sales were also recorded in previously less important countries, including South Africa, Czechia and Estonia, among others.

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Operating costs by function and nature

Specification	H1 2023. (PLN thousand)	H1 2022. (PLN thousand)	Change y-o-y (PLN thousand)	Growth rate (%)
Costs by function				
Cost of goods sold (COGS)	175,580	146,283	29,297	120.0%
Selling, general and administrative expenses (SG&A)	37,523	33,012	4,511	113.7%
Total	213,103	179,295	33,808	118.9%
Costs by nature				
Depreciation	12,505	12,952	- 447	96.5%
Consumption of materials and energy	120,979	100,158	20,821	120.8%
External services	32,040	24,038	8,002	133.3%
Employee benefits	44,766	39,076	5 690	114.6%
Other	3,586	2,240	1,346	160.1%
Change in finished goods, work in progress and accruals	- 8,514	- 10,694	2,180	79.6%
Cost of goods and materials sold	7,741	11,525	- 3,784	67.2%
Total	213,103	179,295	33,808	118.9%

Although the Company's operating costs (as well as those of the Apator Group) were higher y/y, the results of Apator S.A., even more strongly than for the Group as a whole, demonstrate a significant improvement due to the decisive advantage of turnover dynamics over the rate of change in costs, which is related to increased selling prices, higher demand and higher operating efficiency.

In the structure of costs by type, the largest items are costs of materials, third-party services and salaries (the percentage shares in H1 2023 were at the level of 57%, 15% and 21% of total costs, respectively). Material and energy consumption costs in the first half of 2023 were significantly higher than a year ago, which was partly related to an increase in the volume of turnover, but was also the result of higher prices. Price increases on a slightly smaller scale than a year ago were related to production materials, but the costs of energy, fuel and services (including subcontracting, temporary workers and transportation) continued to rise significantly due to high inflation in Poland, as well as wage costs (minimum wage increase).

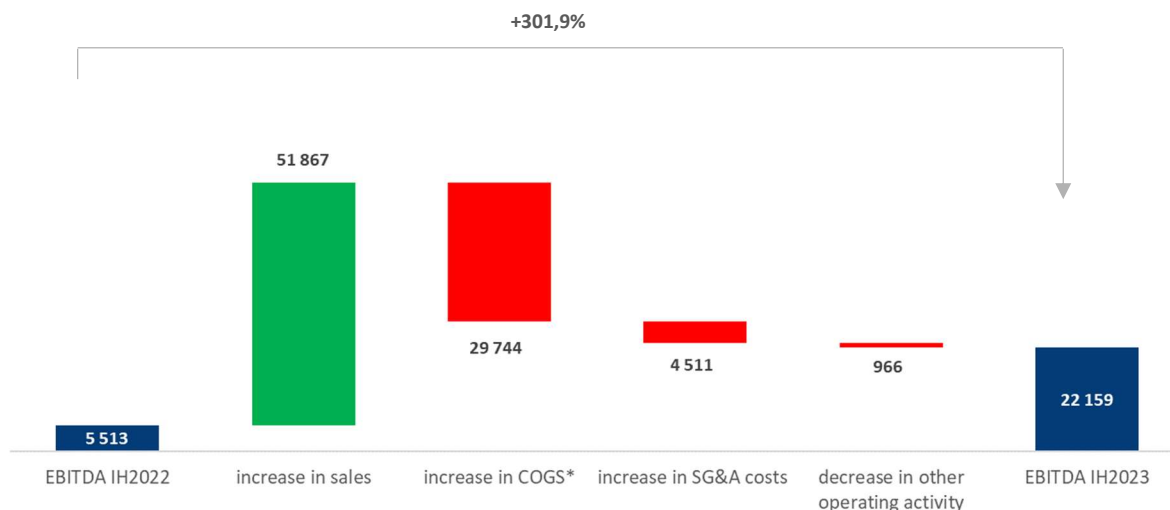
EBITDA

The factors described above, the increase in sales in relation to the costs incurred resulted in improved margins and, consequently, improved results at all levels of operations (from the level of gross profit on sales to operating profit and EBITDA).

The result on other operating activities was considerably lower than in the first half of 2022, which was mainly determined by more than three times lower y/y amounts of damages received (PLN 0.2 million in H1 2023 v. 0.7 million in H1 2022), higher allowances for accounts receivable and provisions for liabilities.

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Adjusted for the above factors, there was a 6.7 p.p. y/y increase in EBITDA margin to 9.9%.



* Cost of goods sold (COGS) less amortization

The strong improvement in the Company's performance experienced in the first half of 2023 confirms the effectiveness of the projects implemented since 2021. activities in the area of contract renegotiation, changes in pricing for partners and distributors, and work on improving operational efficiency. Although the first positive effects of these measures were already visible from the second quarter of 2022, comparing the results of the first half of this year with the first half of 2022, there is a low base effect. What is more important in this situation is the improved performance, developed in H1 2023, compared to the second (definitely better) half of last year. Therefore, even with lower turnover, all financial results from gross profit on sales to net profit and EBITDA are higher y/y both in absolute terms and in the levels of margins earned.

Net profit/loss

Due to higher sales and operating profit, net income after H1 2023 amounted to 13.2 million v. 19.7 million in H1 2022, driven by a significantly lower (by PLN 20.5 million) result on financing activities (including lower dividends from subsidiaries by PLN 24.9 million).

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

Supervisory Board

As at June 30, 2023 and as at the date of publication of this report, the composition of the Supervisory Board of Apator S.A. was as follows:

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

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

Management Board

As at June 30, 2023 (and as at the moment of publication of this report), the composition of the Management Board of Apator S.A. is as follows:

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1. Maciej Wyczęsany - President of the Management Board,
2. Tomasz Łątka – Member of the Management Board.

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

6.4. Shares, Shareholders

6.4.1. Share capital

As at 30.06.2023, as well as on the date of publication of this report, the share capital of Apator S.A. amounted to PLN 3,264,707.30 and was divided into 7,331,391 series A registered shares and 25,315,682 series A, B and C bearer shares of the nominal value of PLN 0.10 each. The total number of votes at the GM resulting from all the issued shares is 54,641,246.

As at 30 June 2023				
	Number of shares	Structure of shares %	Number of votes	Structure of votes %
Registered shares	7,331,391	22.5%	29,325,564	53.7%
Bearer shares	25,315,682	77.5%	25,315,682	46.3%
Total shares	32,647,073	100.0%	54,641,246	100.0%

6.4.2. Execution of share repurchase programs

The share buy-back program in 2022/2023

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

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

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

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

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

Specification	As at May 18, 2023.				As at August 30, 2023.				Change in the balance	
	shares	votes	shares (%)	votes (%)	shares	votes	shares (%)	votes (%)	purchase	sales
APATOR MINING	3,600,000	3,600,000	11.03%	6.59%	3,600,000	3,600,000	11.03%	6.59%	-	-
PTE Allianz Polska S.A.*	4,545,864	4,545,864	13.92%	8.32%	4,545,864	4,545,864	13.92%	8.32%	-	-
Mariusz Lewicki	2,314,000	5,876,128	7.09%	10.75%	2,314,000	5,876,128	7.09%	10.75%	-	-
Tadeusz Sosgórnik with a close friend or relative**	1,976,060	6,386,060	6.05%	11.69%	1,976,060	6,386,060	6.05%	11.69%	-	-
Danuta Guzowska	1,520,279	4,382,921	4.66%	8.02%	1,520,279	4,382,921	4.66%	8.02%	-	-
Zbigniew Jaworski	1,466,348	3,765,392	4.49%	6.89%	1,468,180	3,767,224	4.50%	6.89%	1,832	-
Kazimierz Piotrowski with a closely associated person	823,955	2,818,277	2.52%	5.16%	823,955	2,818,277	2.52%	5.16%	-	-
Summary	16,246,506	31,374,642	49.76%	57.42%	16,248,338	31,376,474	49.77%	57.42%	1,832	-

*) Shares held by PTE Allianz Polska S.A. as at 18 May 2023 and 30 August 2023 determined based on a notification from PTE Allianz Polska S.A. dated 5 January 2023. The balance includes shares credited to the account of Allianz OFE (due to the liquidation of Drugi Allianz OFE and the transfer of its assets to Allianz OFE) and Allianz DFE. In addition, according to information from PTE Allianz Polska S.A. dated May 12 of this year after liquidation of Drugi Allianz OFE, 4,539,876 shares, representing 13.91% of the Company's share capital, were credited to Allianz OFE's account, which gives the right to exercise 4,539,876 votes from shares representing 8.31% of the total number of votes at the Company's General Meeting.

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****) The shareholding of Tadeusz Sosgórnik is presented together with the shareholding of his close friend or relative. The total shareholding of Tadeusz Sosgórnik is effective as of 2 July 2020, i.e. from the day of becoming the member of the Supervisory Board of Apator SA.**

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

Specification	As at may 18, 2023*				As at August 30, 2023*				Change in the balance	
	shares	votes	shares (%)	votes (%)	shares	votes	shares (%)	votes (%)	purchase	Sale/ donation
SB Mariusz Lewicki	2 314 000	5 876 128	7,09%	10,75%	2 314 000	5 876 128	7,09%	10,75%	-	-
SB Tadeusz Sosgórnik	1 624 200	6 034 200	4,98%	11,04%	1 624 200	6 034 200	4,98%	11,04%	-	-
SB Danuta Guzowska	1 520 279	4 382 921	4,66%	8,02%	1 520 279	4 382 921	4,66%	8,02%	-	-
SB Janusz Marzygliński	404 849	1 353 431	1,24%	2,48%	324 849	1 033 431	1,00%	1,89%	-	80 000
SB Kazimierz Piotrowski	587 147	2 107 853	1,80%	3,86%	587 147	2 107 853	1,80%	3,86%	-	-
SB Janusz Niedźwiecki	255 810	945 117	0,78%	1,73%	255 810	945 117	0,78%	1,73%	-	-
Total	6 706 285	20 699 650	20,55%	37,88%	6 626 285	20 379 650	20,31%	37,29%	-	80 000

*) The data includes only shares held by management and supervisory personnel, not including shares held by close friends and relatives.

6.4.5. Dividend from 2022 profit

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

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

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

Dividend from profit for 2022	Number of shares	Dividend per share	dividends
Registered shares	7,331,391	PLN 0,30	PLN 2,199,417.30
Bearer shares	25,315,682	PLN 0,30	PLN 7,594,704.60
Total shares	32,647,073		PLN 9,794,121.90

Apator S.A. since its IPO in 1997 paid its Shareholders ca. PLN 525 million in dividends and share buyback programs.

7. Principles of preparation of condensed separate and consolidated semi-annual financial statements and statement of the Management Board

7.1. Principles of preparation of condensed separate and consolidated semi-annual financial statements

The principles of preparation of condensed semi-annual separate financial statements are described in section 2 of the condensed semi-annual separate financial statements of the Apator Group for the period from January 1 to June 30, 2023.

The principles of preparation of consolidated semi-annual separate financial statements are described in section 2 of the condensed semi-annual consolidated financial statements of the Apator Group for the period from January 1 to June 30, 2023.

7.2. Statement of the Management Board of Apator S.A. regarding the preparation of the financial statements and the report of the Management Board

The composition of the Management Board of Apator S.A. declares that, to the best knowledge of the Management Board, the condensed semi-annual separate and condensed semi-annual consolidated financial statements for the first half of 2023 of the Apator Groups have been prepared in accordance with International Accounting Standard IAS 34

Entity name:	Apator Group		
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)		

“Interim Financial Reporting”. Both Apator S.A. and Apator Group apply the provisions of the Accounting Act and the subordinate legislation issued based on it, in the scope not regulated by IAS/IFRS.

Condensed semi-annual individual and condensed semi-annual consolidated financial statements reflect, in a true, reliable and clear manner, the property and financial situation of Apator S.A., Apator Group and their financial result. Detailed principles for the preparation of these statements are included in the notes to the condensed semi-annual separate and condensed semi-annual consolidated financial statements.

Report of the Management Board on activity of Apator S.A. and the Apator Group includes the true picture of development, achievements and condition of the Company and the Group, including the description of basic risks and threats.

8. Information on the statutory auditor and the statement of the Management Board of Apator S.A. on selection of the statutory auditor

Both the audit of the condensed semi-annual separate financial statements and the review of the condensed semi-annual consolidated financial statements were conducted by the entity authorized to audit financial statements - PricewaterhouseCoopers Polska Spółka z ograniczoną odpowiedzialnością Audyt Sp. k. with its registered office in Warsaw

The composition of the Management Board of Apator S.A. declares that the entity authorized to audit financial statements, PricewaterhouseCoopers Polska Spółka z ograniczoną odpowiedzialnością Audyt Sp. k., which audited the condensed semi-annual separate financial statements and reviewed the condensed semiannual consolidated financial statements, was selected in accordance with the law. The entity auditing the statements was chosen by the Supervisory Board of Apator S.A. on March 26, 2021 in accordance with § 15 of the Articles of Association of Apator S.A. i.e. in a manner that ensures their independence in carrying out the tasks assigned to them. The selection of the entity authorized to audit financial statements was carried out in accordance with applicable regulations and professional standards. The Supervisory Board of Apator S.A. has selected PricewaterhouseCoopers Polska Spółka z ograniczoną odpowiedzialnością Audyt Sp. k. to review and audit the separate and consolidated financial statements for 2021-2023.

In 2023, PricewaterhouseCoopers Polska Spółka z ograniczoną odpowiedzialnością Audyt Sp. k. provided the attestation service to verify the completeness and compliance with applicable requirements of the information contained in the remuneration report for the year ended December 31, 2022. and performed work on assessing the correctness of tagging the consolidated financial statements of the Apator Group for 2022 in XBRL format, in accordance with the European Single Electronic Format (ESEF) introduced by ESMA .

PricewaterhouseCoopers Polska Spółka z ograniczoną odpowiedzialnością Audyt Sp. k. - entered in the register of entities authorized to audit financial statements under number 144, as well as members of its Management Board and chartered auditors performing auditing activities for Apator S.A. and its affiliates, meet the conditions of impartiality and independence set forth in Art. 69 of the Act on Statutory Auditors, audit companies and public supervision of 11 May 2017. on statutory auditors, audit companies and public supervision.

9. Summary

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

Entity name:	Apator Group		
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)		

Signatures

29 August 2023

Maciej Wyczęsany

President of the Management Board, General Director of Apator S.A.

29 August 2023

Tomasz Łątka

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

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Entity name:	Apator Group		
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)		