

Financial report



Consolidated quarterly report of Apator Group for 3 quarters 2023

Toruń, 15 November 2023

Name of the certifying	Apator Group		
Period covered by the financial statements:	01.01.2023 – 30.09.2023	Reporting currency:	Polish zloty (PLN)
Rounding level:	all amounts are expressed in thousands of PLN (unless stated otherwise)		

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

SPECIFICATION	in thousands PLN		in thousands EUR	
	III quarters 2023	III quarters 2022	III quarters 2023	III quarters 2022
Revenues from sales of products, goods and materials	852 764	776 426	186 303	165 619
Profit (loss) from operating activities	47 869	19 749	10 458	4 213
EBITDA	90 380	61 632	19 745	13 147
EBITDA excluding one-off events*	90 380	72 330	19 745	15 429
Gross profit (loss)	36 272	2 684	7 924	573
NET PROFIT (LOSS)	21 299	-2 049	4 654	-437
Net profit excluding one-off events*	28 205	8 649	6 162	1 845
Net profit (loss) attributable to shareholders of the Group's parent company	20 880	-2 483	4 562	-530
Net profit (loss) attributable to non-controlling interests	419	434	92	93
Weighted average number of shares	29 047 073	29 078 474	29 047 073	29 078 474
Net profit (loss) per ordinary share [PLN/share]	0.72	-0.09	0.16	-0.02
Cash flows from operating activities	23 618	-4 388	5 160	-936
Cash flows from investing activities	(16 934)	(39 145)	(3 700)	(8 350)
Cash flows from financial activity	(14 171)	26 421	(3 096)	5 636
Total cash flows	(7 487)	(17 112)	(1 636)	(3 650)
Consolidated statement	30.09.2023	2022	30.09.2023	2022
Total assets	1 059 389	1 042 047	228 534	222,190
Fixed assets	506 869	527 979	109 343	112 578
Current assets	552 520	514 068	119 191	109 612
Equity with non-controlling interests	557 048	539 148	120 167	114 959
Non-controlling interests	2 111	1 801	455	384
Share capital	3 265	3 265	704	696
Long-term liabilities and provisions	77 464	45 174	16 711	9 632
Short-term liabilities and provisions	424 877	457 725	91 655	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]	19.18	18.55	4.14	3.95

*) EBITDA and net income for Q1-Q3 2022. cleared of write-down of UK GWi development work, Q1-Q3 net profit 2023. adjusted for tax asset write-down related to GWi.

The above financial data for the 9 months of 2023 and 2022 and as of 31 December 2022 have been translated into EUR according to the following principles:

- the individual items of the statement of comprehensive income and the statement of cash flows - at an exchange rate representing the arithmetic mean of the average EUR exchange rates set by the National Bank of Poland on the last day of each month of the reporting period: from 1 January to 30 September 2023 - EUR/PLN 4.5773 and from 1 January to 30 September 2022 - EUR/PLN 4.6880;
- individual items of the statement of financial position - according to the average EUR exchange rate set by the National Bank of Poland as of 30 September 2023 - 4.6356, as of 31 December 2022 - 4.6899.

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Table of contents

Selected financial data, including key items of the summary financial statement (also converted into EUR) ...2

2.	General information	14
3.	Summary of financial results	16
4.	Information on factors that will affect the future results of the Apator Group	24
5.	List of most significant events	28
6.	Additional information	31
7.	Summary	38
8.	Information on the principles adopted in the preparation of the report, in particular, information on changes in the applied accounting principles (policies)	39
9.	Appendix: Separate Report of Apator S.A.	44

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1. Consolidated financial statements

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

The interim financial statements (consolidated and parent company) for the third quarter ended 30 September 2023 have been prepared in accordance with IAS 34 (Interim Financial Reporting). The interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual report as of 31 December 2022.

1.1. Consolidated statement of financial position

SPECIFICATION	as of	
	30.09.2023	31.12.2022
Fixed assets	506 869	527 979
Intangible assets	103 886	105,831
Goodwill	121 966	122,275
Tangible fixed assets	202 867	212,844
Right to use assets	50 577	46,690
Investment properties	2 260	2 282
Other long-term financial assets	-	1 352
- in other entities	-	1 352
Long-term receivables	5 122	6 437
- from other entities	5 122	6 437
Long-term accruals and prepayments	41	55
Deferred tax assets	20 150	30 213
Current assets	552 520	514 068
Inventories	283 044	251 617
Trade receivables	216 678	189 804
- from other entities	216 678	189 804
Receivables from corporate income tax	5 812	5 741
Receivables from other taxes, customs duties, and social insurance	7 669	12 309
Other short-term receivables	5 448	6 642
- from other entities	5 448	6 642
Other short-term financial assets	5 077	273
- in other entities	5 077	273
Cash and cash equivalents	21 493	28 980
Short-term accruals and prepayments	7 299	5 839
Fixed assets classified as held for sale	-	12 863
TOTAL ASSETS	1 059 389	1 042 047

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SPECIFICATION	as of	
	30.09.2023	31.12.2022
Equity	557 048	539 148
Equity attributable to the shareholders of the parent company	554 937	537 347
Share capital	3 265	3 265
Own shares	(3 522)	(3 522)
Other capitals	600 182	562 967
Capital from the revaluation of a defined benefit plan	1 147	1 147
Capital from valuation of hedging transactions and foreign exchange differences on consolidation	8 005	2 705
Undistributed financial result	(54 140)	(29 215)
- undistributed result from previous years	(75 020)	(35 831)
- result for the current period	20 880	6 616
Non-controlling interests	2 111	1 801
Liabilities	502 341	502 899
Long-term liabilities and provisions	77 464	45 174
Long-term credits and loans	30 879	3 119
- from other entities	30 879	3 119
Other long-term liabilities	1 924	52
- towards other entities	1 924	52
Long-term liabilities from the right to use leased assets (IFRS 16)	35 987	33 299
Provision for deferred income tax	2 909	2 939
Long-term liabilities due to employee benefits	4 474	4 474
Other long-term provisions	1 291	1 291
Short-term liabilities and provisions	424 877	457 725
Short-term credits and loans	224 773	237 350
- from other entities	224 773	237 350
Trade liabilities	101 846	121 894
- towards related entities	314	1 006
- towards other entities	101 532	120 888
Liabilities due to corporate income tax	2 873	1 976
Liabilities due to other taxes, customs duties, and social insurance	21 899	17 107
Other short-term liabilities	33 038	41 978
- towards other entities	33 038	41 978
Short-term liabilities from the right to use leased assets (IFRS 16)	8 298	9 556
Short-term liabilities due to employee benefits	17 777	15 382
Other short-term provisions	14 373	12 482
TOTAL LIABILITIES	1 059 389	1 042 047

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

SPECIFICATION	as of	
	30.09.2023	31.12.2022
Contingent receivables	1 190	1 225
Contingent receivables from other entities	1 190	1 225
Contingent liabilities	62 752	65 718
Contingent liabilities concerning related entities	21 546	21 856
- including from granting guarantees and sureties to related entities	21 546	21 856
Contingent liabilities to other entities	41 206	43 862
- including from granting guarantees and sureties	41 206	43 862
Other off-balance sheet items	448 271	367 300
Mortgage	40,000	58 700
Collective contractual mortgage	182 783	23 250
Security on assets	225 489	285 350
Total off-balance sheet items	512 214	434 243

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

- Multi-product agreement with ING Bank Śląski S.A (Group limit of PLN 250 million):
 - contractual mortgage on the real estate of Apator S.A. in Ostaszewo up to PLN 40 million (included in the table above),
 - registered pledge on inventories owned by Apator S.A., Apator Telemetria Sp. z o.o., Apator Powogaz S.A., FAP Pafal S.A. with a book value of not less than PLN 148.8 million (included in the table above),
 - zledge on tangible fixed assets owned by Apator S.A., Apator Powogaz S.A., Apator Metrix S.A. and ApatorTelemetria Sp. z o.o. with a contractual value of PLN 31.1 million (included in the table above),
 - Power of Attorney to dispose of funds in bank accounts,
 - Blank promissory notes together with promissory notes declarations submitted by 6 borrowers' companies (joint and several liability of Group's companies),
 - Assignment of rights under an all-risk property insurance policy.
- Multi-purpose limit credit agreement with Powszechna Kasa Oszczędności Bank Polski S.A. (PKO BP S.A.) of 26 May 2023 for the total amount of PLN 80 million (in addition to Apator S.A. The parties to the agreement are: Apator Powogaz S.A. and Apator Metrix S.A.):
 - contractual mortgage on real estate owned by Apator Powogaz S.A. and Apator Metrix S.A. up to the amount of PLN 182.8 million,
 - statement of submission to execution under Article 777 of the Code of Civil Procedure of each of the three companies up to PLN 80 million,
 - registered pledge over fixed assets of Apator S.A. and Apator Powogaz S.A. with a total value of PLN12.4 million,
 - Power of Attorney to dispose of funds in bank accounts,
 - Assignment of rights under an all-risk property insurance policy.

Until 30 September 2023, the working capital loan has only been drawn down by Apator Powogaz in the amount of PLN 10 million.

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- Other collateral for loans and credits:

Apator S.A.

- ✓ credit agreement with Bank Handlowy S.A. (Long-term credit for purchase of shares in Apator Telemetry Sp. z o.o. in the amount of 13 million PLN, converted into EUR):
 - registered pledge on acquired shares in the amount of PLN 12.1 million (included in the table above),
 - registered pledge on fixed assets with a total value of PLN 2.8 million (included in the table above),
 - Assignment of rights under an all-risk property insurance policy,
 - statement of submission to execution under Article 777 of the Code of Civil Procedure up to PLN 15.6 million.

Apator Metrix Group

- ✓ Agreement on credit on current account concluded by George Wilson Industrial Ltd. (GWi) with Citibank N.A.:
 - Pledge on inventories with the value of PLN 18.2 million being the property of Apator Metrix S.A.,
 - guarantee granted by Apator Metrix S.A. in the amount of GBP 4 million, i.e. PLN 21.4 million, until 31 October 2023,
 - statement of submission to execution under Art. 98 of the Code of Civil Procedure at a value of GBP 4.8 million, i.e. PLN 25.7 million.

Apator Powogaz Group

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

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

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1.2. Consolidated statement of comprehensive income

SPECIFICATION	for the period			
	01.07.2023	01.07.2022	01.01.2023	01.01.2022
	30.09.2023	30.09.2022	30.09.2023	30.09.2022
Revenue from sales and services	288 693	281 226	852 764	776 426
- to other entities	288 693	281 226	852 764	776 426
Cost of goods and services sold	(223 326)	(224 931)	(655 424)	(614 640)
- to other entities	(223 326)	(224 931)	(655 424)	(614 640)
Gross sales profit	65 367	56 295	197 340	161 786
Sales costs	(10 242)	(10 419)	(32 507)	(30 107)
General administrative costs	(38 841)	(31 385)	(115 136)	(101 487)
Sales profit	16 284	14 491	49 697	30 192
Other operating revenues (costs)	530	(9 930)	(1 828)	(10 443)
Revenue	1 443	734	2 554	2 589
Costs	(913)	(10 664)	(4 382)	(13 032)
- including the result due to (impairment)/ reversal of receivables	(56)	4 147	(1 250)	2 411
Profit on operating activities	16 814	4 561	47 869	19 749
(+) Financial costs	(5 240)	(7 183)	(11 597)	(17 065)
Revenue	1 252	502	4 631	3 318
Costs	(6 492)	(7 685)	(16 228)	(20 383)
- including the result due to (impairment)/ reversal of receivables	27	(3)	27	(3)
Profit (loss) before tax	11 574	(2 622)	36 272	2 684
Current income tax	(1 701)	(1 454)	(5 624)	(6 008)
Deferred income tax	(1 478)	715	(9 349)	1 275
NET PROFIT (LOSS)	8 395	(3 361)	21 299	(2 049)

SPECIFICATION	for the period			
	01.07.2023	01.07.2022	01.01.2023	01.01.2022
	30.09.2023	30.09.2022	30.09.2023	30.09.2022
Other comprehensive income				
Other net comprehensive income	2 785	(172)	5 300	(2 019)
Foreign exchange differences on translation of foreign operations	3 701	2 923	1 784	2 530
Result on hedge accounting with tax effect	(916)	(3 095)	3 516	(4 549)
Total comprehensive income	11 180	(3 533)	26 599	(4 068)
Net profit (loss), of which attributable to:	8 395	(3 361)	21 299	(2 049)
- shareholders of the parent company	8 456	(3 475)	20 880	(2 483)
non-controlling interests	(61)	114	419	434
Total comprehensive income, of which attributable to:	11 180	(3 533)	26 599	(4 068)
- shareholders of the parent company	11 241	(3 647)	26 180	(4 502)
non-controlling interests	(61)	114	419	434

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1.3. Consolidated statement of changes in equity

SPECIFICATION	CAPITAL ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT COMPANY								Non-controlling interests	TOTAL EQUITY
	Share capital	Unregistered reduction in share capital	Own shares	Other capitals	Capital from the revaluation of a defined benefit plan	Capital from valuation of hedging transactions and foreign exchange differences on consolidation	Undistributed financial result	TOTAL		
Balance as at 01.01.2023	3 265	-	(3 522)	562 967	1 147	2 705	(29 215)	537 347	1 801	539 148
Changes in equity during the period from 01.01.2023 to 30.09.2023										
Comprehensive income										
Net profit for the period from 01.01.2023 to 30.09.2023	-	-	-	-	-	-	20 880	20 880	419	21 299
Distribution of result to supplementary capital	-	-	-	-	-	-	(37 217)	(37 217)	-	(37 217)
Other comprehensive income										
Items that may be reclassified to profit or loss in the future:										
Result on hedge accounting with tax effect	-	-	-	-	-	3 516	-	3 516	-	3 516
Net foreign exchange differences on translation of financial statements into presentation currency	-	-	-	-	-	1 784	-	1 784	-	1 784
Comprehensive income recognised in the period from 01.01.2023 to 30.09.2023	-	-	-	-	-	5 300	(16 337)	(11 037)	419	(10 618)
Transactions with owners recognised directly in equity:										
Dividends	-	-	-	-	-	-	(8 714)	(8 714)	(109)	(8 823)
Other changes in capital	-	-	-	-	-	-	126	126	-	126
Total transactions with owners in the period from 01.01.2023 to 30.09.2023	-	-	-	-	-	-	(8 588)	(8 588)	(109)	(8 697)
Balance as at 30.09.2023	3 265	-	(3 522)	562 967	1 147	8 005	(54 140)	517 722	2 111	519 833

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SPECIFICATION	CAPITAL ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT COMPANY								Non-controlling interests	TOTAL EQUITY
	Share capital	Unregistered reduction in share capital	Own shares	Other capitals	Capital from the revaluation of a defined benefit plan	Capital from valuation of hedging transactions and foreign exchange differences on consolidation	Undistributed financial result	TOTAL		
Balance as at 01.01.2022	3 278	-	(3 972)	553 460	(86)	1 684	(7 019)	547 345	3 930	551 275
Changes in equity during the period from 01.01.2022 to 30.09.2022										
Comprehensive income										
Net profit for the period from 01.01.2022 to 30.09.2022	-		-	-	-	-	(2 483)	(2 483)	434	(2 049)
Distribution of result to supplementary capital	-		-	48 293	-	-	(48 293)	-	-	-
Loss coverage from supplementary capital	-		-	(37 546)	-	-	37 546	-	-	-
Result on hedge accounting with tax effect	-		-	-	-	(4 549)	-	(4 549)	-	(4 549)
Net foreign exchange differences on the translation of financial statements into presentation currency	-		-	-	-	2 530	-	2 530	-	2 530
Comprehensive income recognised in the period from 01.01.2022 to 30.09.2022	-	-	-	10 747	-	(2 019)	(13 230)	(4 502)	434	(4 068)
Transactions with owners recognised directly in equity:										
Dividends	-	-	-	-	-	-	(14 553)	(14 553)	-	(14 553)
Purchase of own shares	-	-	(1 950)	-	-	-	-	(1 950)	-	(1 950)
Result on sale of shares in an associate entity	-	-	-	-	-	(2 513)	(1 326)	(3 839)	-	(3 839)
Purchase of additional shares of a subsidiary	-	-	-	-	-	-	(3 429)	(3 429)	(2 498)	(5 927)
Redemption of own shares	-	(13)	13	-	-	-	-	-	-	-
Other changes in capital	-	-	-	-	-	-	(15)	(15)	-	(15)
Total transactions with owners in the period from 01.01.2022 to 30.09.2022	-	(13)	(1 937)	-	-	(2 513)	(19 323)	(23 786)	(2 498)	(26 284)
Balance as at 30.09.2022	3 278	(13)	(5 909)	564 207	(86)	(2 848)	(39 572)	519 057	1 866	520 923

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1.4. Consolidated cash flow statement

SPECIFICATION	per period	
	01.01.2023	01.01.2022
	30.09.2023	30.09.2022
Cash flows from operating activities		
Profit before tax	36 272	2 684
Adjustments	56 401	63 530
Depreciation of intangible assets	12 474	11 034
Depreciation of tangible fixed assets	30 037	30 849
Profit on sale of tangible fixed assets and intangible assets	(1 715)	(845)
Profit on sale of financial assets available for sale	-	(64)
Profits due to change in fair value of derivatives	(992)	(494)
Interest costs	12 153	10 076
Revenue from interest	(233)	(103)
Other adjustments	4 677	13 077
Cash from operating activities before changes in working capital	92 673	66 214
Change in inventories	(31 427)	(33 480)
Change in the state of a depreciated contractual asset	-	1 219
Change in receivables	(19 550)	(40 423)
Change in liabilities	(16 045)	24 844
Change in provisions	4 285	(2 563)
Change in cash with restricted use	-	556
Change in prepayments and accruals	(1 450)	(389)
Cash generated in the course of operating activities	28 486	15 978
Tax return	7 277	1 432
Income tax paid	(12 145)	(21 798)
Net cash from operating activities	23 618	(4 388)
Cash flows from investment activities		
Expenditure on the acquisition of intangible assets	(13 256)	(18 415)
Expenditure on the acquisition of fixed tangible assets	(13 605)	(34 548)
Proceeds from the sale of tangible fixed assets	11 686	23 668
Investments in subsidiaries	50	(10 859)
Proceeds from sale of subsidiaries	-	380
Other proceeds (expenses)	(1 809)	629
Net cash used from investing activities	(16 934)	(39 145)
Cash flows from financing activities		
Purchase of own shares	-	(1 951)
Proceeds from credits and loans	45 627	87 639
Repayment of credits and loans	(30 533)	(26 024)
Interests	(11 023)	(9 091)
Dividends paid	(8 803)	(14 671)
Repayment of financial lease liabilities	(8 257)	(8 658)
Other proceeds (expenses)	(1 182)	(823)
Net cash from financial operations	(14 171)	26 421
Net increase (decrease) in cash and cash equivalents	(7 487)	(17 112)
Opening balance of cash and cash equivalents	28 980	36 832
Closing balance of cash and cash equivalents	21 493	19 720

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1.5. Consolidated statement by operating segment

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

- Electricity
- Gas
- Water and Heat

Activities outside these segments were presented as "unallocated."

SPECIFICATION	Electricity	Gas	Water and Heat	Unallocated	Total
Financial results of operating segments for the period from 01.01.2023 to 30.09.2023					
Sales revenue	375 515	183 496	293 753	-	852 764
Cost of goods sold	294 983	153 333	207 108	-	655 424
Gross sales profit	80 532	30 163	86 645	-	197 340
Sales costs	13 548	5 459	13 296	204	32 507
General administrative costs	45 514	(23 709)	42 185	3 728	115 136
Sales profit	21 470	995	31 164	(3 932)	49 697
Other operating revenues (costs)	661	(2)	(2 487)	-	(1 828)
Profit on operating activities	22 131	993	28 677	(3 932)	47 869
Other financial revenues (costs)	(2 735)	(2 963)	(5 899)	-	(11 597)
Gross profit	19 396	(1 970)	22 778	(3 932)	36 272
Depreciation	20 069	9 325	13 117	-	42 511
EBITDA	42 200	10 318	41 794	(3 932)	90 380
Financial results of operating segments for the period from 01.01.2022 to 30.09.2022					
Sales revenue	303 226	215 151	258 049	-	776 426
Cost of goods sold	254 731	179 281	180 628	-	614 640
Gross sales profit	48 495	35 870	77 421	-	161 786
Sales costs	10 334	6 566	12 980	227	30 107
General administrative costs	38 705	21 649	38 141	2 992	101 487
Sales profit	(544)	7 655	26 300	(3 219)	30 192
Other operating revenues (costs)	501	(10 719)	(225)	-	(10 443)
Profit on operating activities	(43)	(3 064)	26 075	(3 219)	19 749
Other financial revenues (costs)	(7 387)	(3 443)	(6 235)	(0)	(17 065)
Gross profit	(7 430)	(6 507)	19 840	(3 219)	2 684
Depreciation	21 034	11 312	9 537	-	41 883
EBITDA	20 991	8 248	35 612	(3 219)	61 632

1.6. Geographical sales structure

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

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

Name of the certifying	Apator Group		
Period covered by the financial statements:	01.01.2023 – 30.09.2023	Reporting currency:	Polish zloty (PLN)
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SPECIFICATION	Country	Export	EU	TOTAL
Sales revenues in geographical segments since 01.01.2023 to 30.09.2023				
Total revenue	459 757	83 048	309 959	852 764
External sales	459 757	83 048	309 959	852 764
Sales revenue in geographical segments since 01.01.2022 to 30.09.2022				
Total revenue	407 780	78 054	290 592	776 426
External sales	407 780	78 054	290 592	776 426

1.7. Costs by type

SPECIFICATION	for the period	
	from 01.01.2023	from 01.01.2022
	until 30.09.2023	until 30.09.2022
Depreciation	42 511	41 883
Consumption of materials and energy	414 527	404 340
External services	93 226	84 273
Employee benefits	194 520	178 824
Other costs	27 496	24 216
Manufacturing costs of products for entity's own purposes	(2 438)	(2 714)
Change in the status of finished goods, work in progress and prepayments and accruals	(15 797)	(34 159)
Cost of goods and materials sold	49 022	49 571
Total costs	803 067	746 234

Name of the certifying	Apator Group		
Period covered by the financial statements:	01.01.2023 – 30.09.2023	Reporting currency:	Polish zloty (PLN)
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2. General information

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

2.1. Organization of the Apator Group

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



11 national
and
international
companies



9 production
facilities



2,400
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**



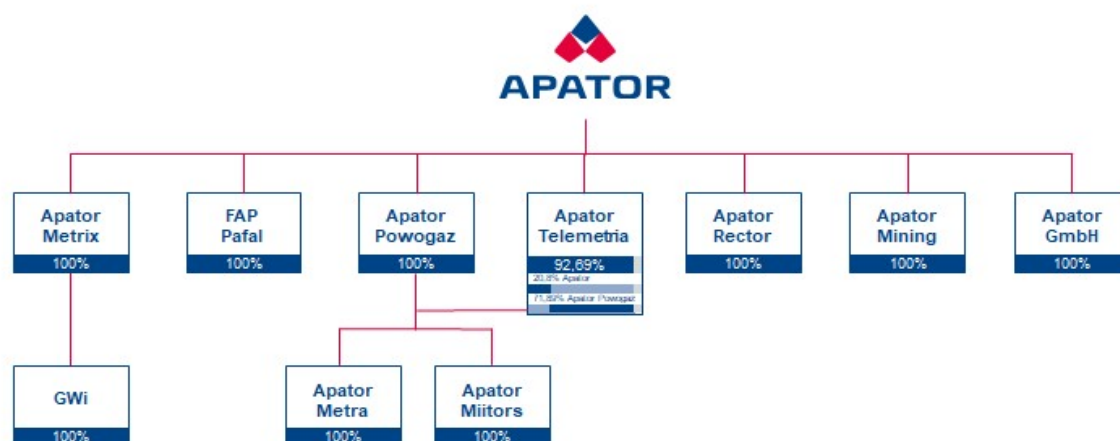
included
in the **sWIG80** index
and **WIGdiv**



dividend
company














2.2. Composition of the Apator Group and its business segments

The Group's structure at 30 September 2023 was as follows:



Name of the certifying	Apator Group		
Period covered by the financial statements:	01.01.2023 – 30.09.2023	Reporting currency:	Polish zloty (PLN)
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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>  <div>water&heat</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 systems  SmartARS pro disconnecter </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, South Africa, Israel	Poland, Great Britain, Belgium, Turkey, Germany	Poland, Czech Republic, Romania, Spain, Greece, France
Volume of sales in Q1-Q3 2023	PLN 375,5 million	PLN 183,5 million	PLN 293,8 million
Share of exports in segment revenues in Q1-Q3 2023	22.9%	72.6%	59.2%

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3. Summary of financial results

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

3.1. Results achieved in the three quarters of 2023.

Apator Group in January-September 2023 achieved the following financial results:

Specification	Q1-Q3 2023	Q1-Q3 2022	Change	Growth rate
Sales revenue, including:	852 764	776 426	76 338	109.8%
country	459 757	407 780	51 977	112.7%
export	393 007	368 646	24 361	106.6%
Cost of goods sold	655 424	614 640	40 784	106.6%
Gross sales profit	197 340	161 786	35 554	122.0%
Sales costs	32 507	30 107	2 400	108.0%
General administrative costs	115 136	101 487	13 649	113.4%
Sales profit	49 697	30 192	19 505	164.6%
Profit (loss) on other operating activity	-1 828	-10 443	8 615	17.5%
Share in profit of entities consolidated using the equity method	-	-	-	-
Profit on operating activities	47 869	19 749	28 120	242.4%
EBITDA	90 380	61 632	28 748	146.6%
<i>EBITDA adjusted by the impact of one-off events*</i>	<i>90 380</i>	<i>72 330</i>	<i>18 050</i>	<i>125.0%</i>
Profit (loss) on financial activity	-11 597	-17 065	5 468	68.0%
Profit before tax	36 272	2 684	33 588	1 351.4%
Current income tax	-5 624	-6 008	384	93.6%
Deferred income tax	-9 349	1 275	-10 624	-
Net profit	21 299	- 2 049	23 348	-
<i>Net profit adjusted by the impact of one-off events*</i>	<i>28 205</i>	<i>8 649</i>	<i>19 556</i>	<i>326.1%</i>
Profitability ratios:				
Gross profit margin on sales	23.1%	20.8%		
Profit margin on sales	5.8%	3.9%		
EBITDA profit margin*	10.6%	9.3%		
Net profit margin*	3.3%	1.1%		

*) EBITDA and net income for Q1-Q3 2022. cleared of write-down of UK GWi development work, Q1-Q3 net profit 2023. adjusted for tax asset write-down related to GWi.

Among the main factors affecting financial performance in the first three quarters of 2023. include:

- favorable situation, and consequently very good results in the Electricity and Water and Heat segments. In Electricity, a large increase in turnover at the same time as significantly better y/y profitability ratios at all levels. In Water and Heat, consistently high turnover (maintained sales growth trend in relation to good 2022) and traditionally the highest margin ratios in the Apator Group. In the Gas segment, a marked slowdown due to dynamic unfavourable changes in the market situation (changes in EU gas policy, temporary suspension of orders in the Polish market due to the current political situation). The company has been communicating the expected slowdown in this segment and the reasons for it for several quarters;
- consistent work on the geographical and product diversification of the Group's offering in all segments (dedicated products for new markets) and on improving cost efficiency (e.g. through process and material optimisation);
- inventory management adapted to current conditions (and production and sales plans) related to the still complex macroeconomic situation, which makes forecasting difficult. Systematic measures to eliminate

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the risk of stock shortages (e.g. by expanding dual sourcing, consolidating and verifying suppliers) and improving the efficiency of warehouse management;

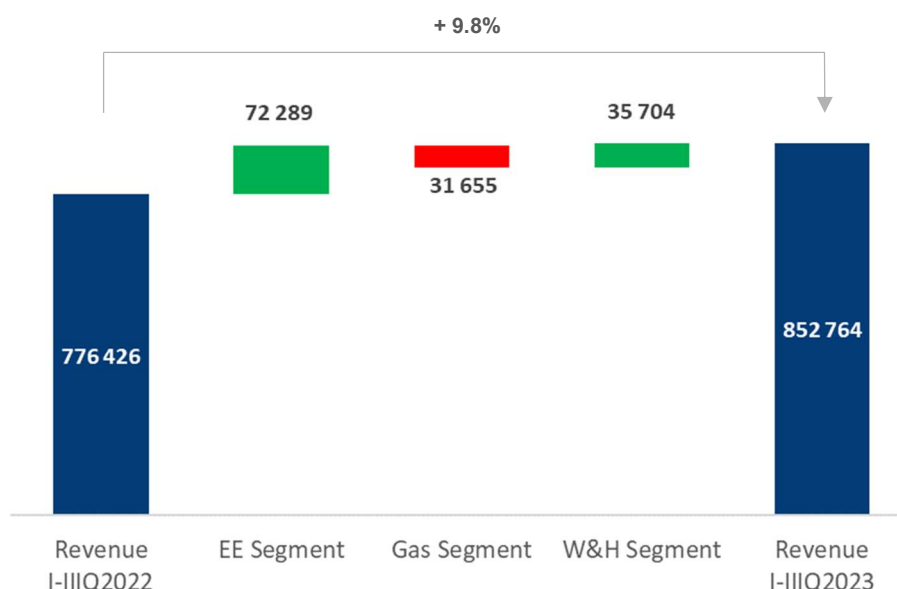
- consistent work on cost efficiency in all areas of the Group's operations in response to persistently high inflation (i.e. strong upward pressure on the cost of services, including subcontracting and co-operation, and wage increases);
- the write-down (PLN -6.9 million) made in Q2 2023 of the capitalised tax loss relating to the UK company GWi (part of the Gas segment), fully charged to income tax and thus to the Group's consolidated net result for the first three quarters of 2023;
- Significant improvement in the Group's result on financing activities despite higher y/y debt service costs, due to the more favourable situation in the foreign exchange markets for the Group (resulting in a significantly better y/y result on foreign exchange differences and transactions).

Sales revenue

Apator Group's revenues in Q1-Q3 2023 were higher y/y by 9.8% and reached PLN 852.8 million due to very good results in the Electricity and Water and Heat segments, with lower y/y turnover in Gas. Taking into account the directions of realised sales, the situation in each segment was similar to that after the first half of this year. In Electricity, domestic sales dynamics continued to exceed export dynamics, the Water and Heat segment fared better in foreign markets, and the Gas segment's sales decline 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 in the Group's total turnover again (as after the first half of this year) exceeded 50%.

Specification	Q1-Q3 2023 (thousands PLN)	Q1-Q3 2022 (thousands PLN)	Change y-o-y (thousands PLN)	Growth rate (%)
Electricity (EE) segment	375 515	303 226	72 289	123.8%
country	289 681	231 642	58 039	125.1%
export	85 834	71 584	14 250	119.9%
share of exports in segment revenues	22.9%	23.6%		
share of exports of the EE segment in total sales revenue	10.1%	9.2%		
Gas segment	183 496	215 151	-31 655	85.3%
country	50 347	66 841	-16 494	75.3%
export	133 149	148 310	-15 161	89.8%
share of exports in segment revenues	72.6%	68.9%		
share of exports of the Gas segment in total sales revenue	15.6%	19.1%		
Water & Heat (W&H) segment	293 753	258 049	35 704	113.8%
country	119 729	109 297	10 432	109.5%
export	174 024	148 752	25 272	117.0%
share of exports in segment revenues	59.2%	57.6%		
share of exports of the W&H segment in total sales revenue	20.4%	19.2%		
Total sales revenue	852 764	776 426	76 338	109.8%
country	459 757	407 780	51 977	112.7%
export	393 007	368 646	24 361	106.6%
share of total exports in total revenue	46.1%	47.5%		

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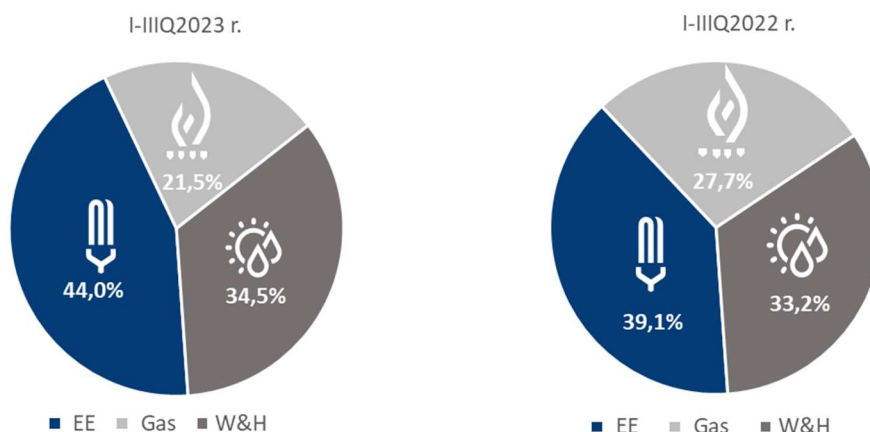


The sales of individual segments were as follows:

- Electric Energy (EE) segment - a marked increase in sales y/y (and at the same time in Q3 2023. record quarterly sales) thanks to improvements in all business lines. With domestic sales growth of more than 25%, the segment's exports were also significantly higher (+19.9% y/y):
 - domestic sales of meters (the segment's largest business line) higher by nearly 25% y/y with over 34% export growth,
 - Very good sales performance in the Switchgear line (the segment's second largest business line), especially domestically (+25.5% y/y) with consistent growth in exports,
 - Significant (+40.3% y/y) growth in sales in the Automation line (accounting for just over 10% of EE segment revenues) and nearly 3.6% higher y/y sales of solutions in the ICT line;
- Gas segment - lower y/y sales mainly related to lower deliveries of gas meters under signed agreements and limited new orders. The segment's sales are determined by the geopolitical situation and the temporary suspension of investments in the gas network, as well as a reduction in the number of current gas meter replacements at individual customers (increasing the scale of re-legalisation of gas meters working in the network). Lower turnover in some of the existing major markets (the UK - due to the ending rollout, Germany, Hungary) determined the segment's export decline (down 10.2% y/y). Nevertheless, the segment is consistently working to rebuild and develop sales in other markets, resulting in higher sales in the Netherlands, Belgium (despite delays in a new contract) and in new markets, both in the East (Turkey, Ukraine, Kazakhstan) and in the EU (Czech Republic, Lithuania, Austria, Spain), among others;
- Water and Heat - consistently maintained trend of turnover growth after the very good year 2022. with domestic sales growth of +9.5% and a 17.0% year-on-year increase in the segment's exports. 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 fluctuations (strengthening of the zloty against the euro), the segment's exports were higher y/y thanks to higher turnover in EU countries, restored sales in Ukraine and growth in more distant markets (Serbia, South Korea, Turkey).

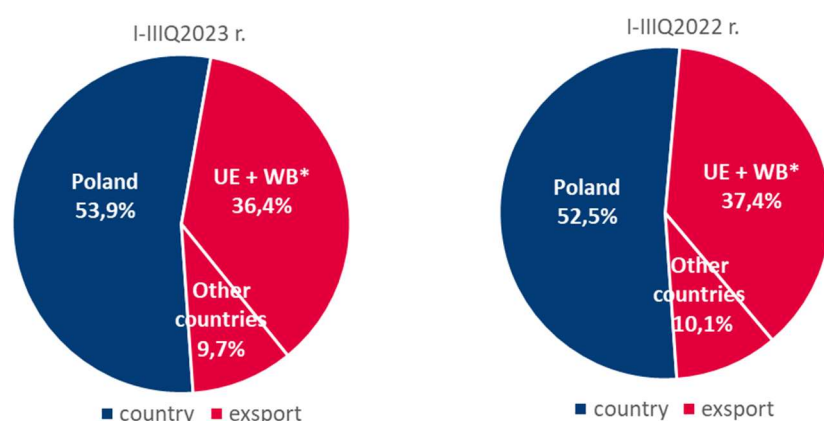
In view of the above, in the sales structure of the Apator Group, the Electricity and Water and Heat segments increased their shares, jointly supplying in the first three quarters of 2023. nearly 80% of the Group's total turnover.

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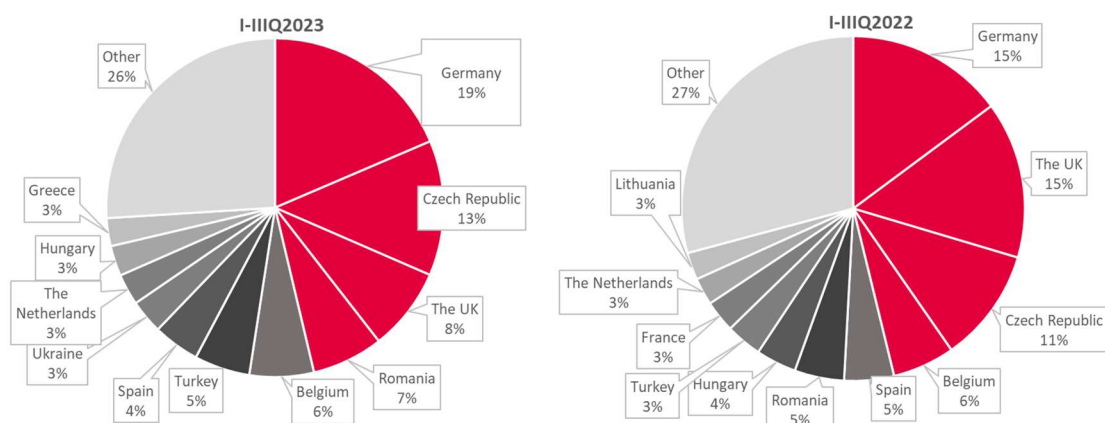
Geographical sales structure

Although Apator Group's domestic sales developed in Q1-Q3 2023. (as in the first half of this year) faster than 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.



The main sales market for the Apator Group is Poland. The European Union (with a dominant share of the German, Czech, Romanian, Belgian, Spanish and Dutch markets) and the United Kingdom remain the Group's second most traded destinations. The Group's export structure in the first three quarters of 2023. (compared to the same period in 2022) the share of sales in the German market increased (by 4 pp. y/y, to 19% in Q1-III2023) as a result of higher sales in Electricity (Ee meters and switchgear) and thanks to the dynamically growing turnover of the Water and Heat segment. The Czech and Romanian markets strengthened their positions to a comparable extent (increases of 2 pp. y/y, to 13% in Q1-Q2023 for the Czech Republic and 7% for Romania), which in the Czech market is linked to higher sales in the Water & Heat and Gas segments, and in Romania to a nearly threefold increase in sales of water meters. The decline in the UK market share (down by 7 percentage points y/y, to 8% in Q1-Q2023) is due to lower sales in Gas (the end of the roll-out for smart gas meters). At the same time, despite the ongoing war in Ukraine, the Apator Group (mainly the Water & Heat and Gas segments) is rebuilding sales in this market, hence the renewed presence of Ukraine among the Group's important export destinations.

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Period covered by the financial statements:	01.01.2023 – 30.09.2023	Reporting currency:	Polski złoty (PLN)
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Foreign sales - countries with a share of more than 5% in exports
Share of exports in Q1-Q3 2023
Sold products

Germany	19%	electricity meters, gas meters and water meters
Czech Republic	13%	mainly water meters and cost allocators
United Kingdom	8%	gas meters
Romania	7%	water meters, electricity meters and gas meters
Belgium	6%	gas meters
Turkey	5%	mainly measuring units 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.

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

Operating costs by function and nature

Specification	Q1-Q3 2023 (thousands PLN)	Q1-Q3 2022 (thousands PLN)	Change y-o-y (thousands PLN)	Growth rate (%)
Costs by function				
Cost of goods sold (COGS)	655 424	614 640	40 784	106.6%
Selling, general and administrative expenses (SG&A)	147 643	131 594	16 049	112.2%
Total	803 067	746 234	56 833	107.6%
Costs by nature				
Depreciation	42 511	41 883	628	101.5%
Consumption of materials and energy	414 527	404 340	10 187	102.5%
External services	93 226	84 273	8 953	110.6%
Employee benefits	194 520	178 824	15 696	108.8%

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Other	27 496	24 216	3 280	113.5%
Change in finished goods, work in progress and accruals	- 18 235	- 36 873	18 638	49.5%
Cost of goods and materials sold	49 022	49 571	- 549	98.9%
Total	803 067	746 234	56 833	107.6%

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

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

Despite the declines in purchase prices of certain items in the materials market, fluctuations in the cost of energy, noticeable since the first quarter of 2023, the fluctuations of costs of fuel and raw materials continue to be strongly felt (among others plastics and steel), as is the difficult access to some of the components used in production. In addition, in some markets, including Poland, high levels of inflation persist, resulting in higher prices for services (among others of subcontracting and transportation), and higher minimum wage levels translate into a significant increase in wage costs. The cost level is regularly examined and is optimized by improving the efficiency of operations. The share of SG&A expenses in revenue was at \$7.5 billion after the first three quarters of this year. 17.3% vs. 16.9.% in the same period of 2022.

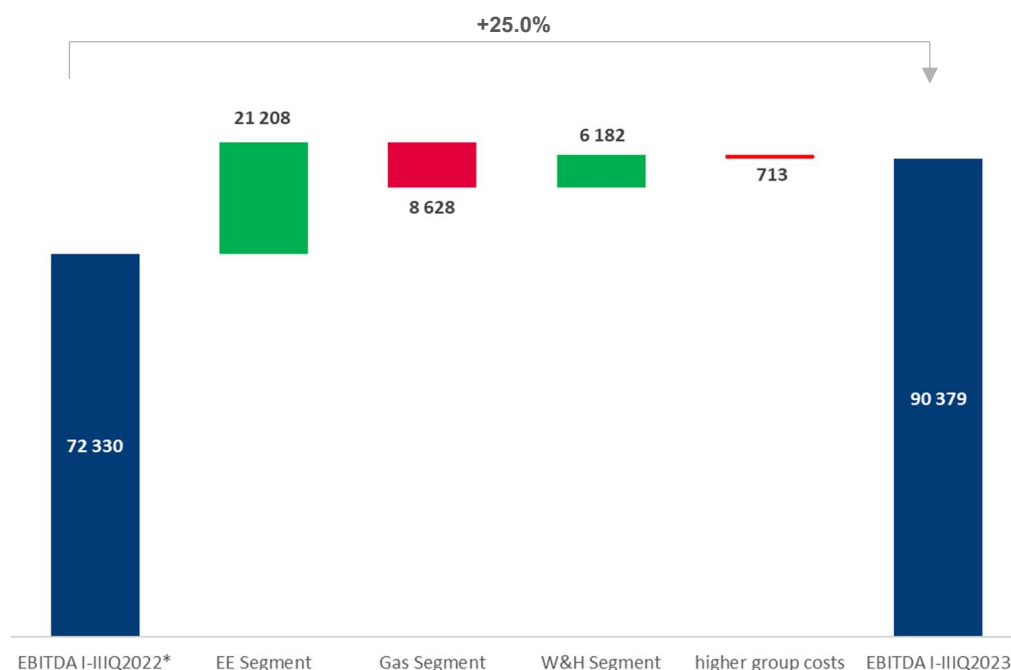
EBITDA

The high level of consolidated EBITDA of Grupa Apator after three quarters of 2023 was influenced by the improvement of results in the Electricity and Water and Heat segments, with by far the most favourable situation occurring in Electricity, which managed to double its EBITDA result (to PLN 42.2 million against PLN 21.0 million after three quarters of 2022). EBITDA of the Water and Heat segment increased by more than 17% y/y (from PLN 35.6 million to PLN 41.8 million). In both segments, higher profits are the result of high turnover dynamics and simultaneous improvements in profitability. Lower EBITDA, however, was recorded by the Gas segment, which is related - with lower turnover y/y - also to a reduction in profitability mainly due to a less favourable product mix and operating leverage. At the same time, SG&A costs in the entire Apator Group are strictly controlled on an ongoing basis and optimised as much as possible. As a result, in both the EE segment and Water and Heat, the dynamics of their changes were lower than the dynamics of turnover, respectively, although they were higher y/y in all three segments (which is mainly related to the increase in transportation costs and wages).

The negative and at the same time lower (by PLN 2.1 million y/y*) result on other operating activities consisted mainly of provisions for liabilities in the Electricity segment and abandoned investments and receivables revaluation in the Water and Heat segment, offset in part by a gain on the sale of real estate in the EE segment (impact of PLN +1.3 million in Q3 2023).

(*) In relation to the adjusted Q1-Q3 2022 result.

Name of the certifying	Apator Group		
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*) Q1-Q3 2022 EBITDA, cleared of the write-down of GWi's development work, of PLN 10.7 million.

Net profit/loss

The consolidated net result stood at PLN 21.3 million (profit adjusted for the write-off of tax assets amounted to PLN 28.2 million) and was influenced, in addition to the aforementioned factors, primarily by the loss on financing activities (PLN -11.6 million, including PLN -5.2 million in the third quarter of this year), which consisted of:

- higher y/y loan servicing costs (PLN 10.5 million, i.e. by PLN 1.2 million above the first three quarters of 2022) related - with lower borrowing levels - to the increase in interest rates;
- an increase (by PLN 1.5 million y/y to PLN 3.0 million) in other interest expenses;
- gain on foreign exchange transactions: PLN 3.9 million (including PLN 1.0 million in Q3 2023), i.e. by PLN 2.4 million above Q1 2022 and significantly lower y/y foreign exchange losses (PLN 1.7 million for Q1 2023, v. PLN 8.0 million in Q1 2022) determining - with higher interest - a significant (by PLN 5.5 million) improvement of the result on financial activity of Grupa Apator y/y.

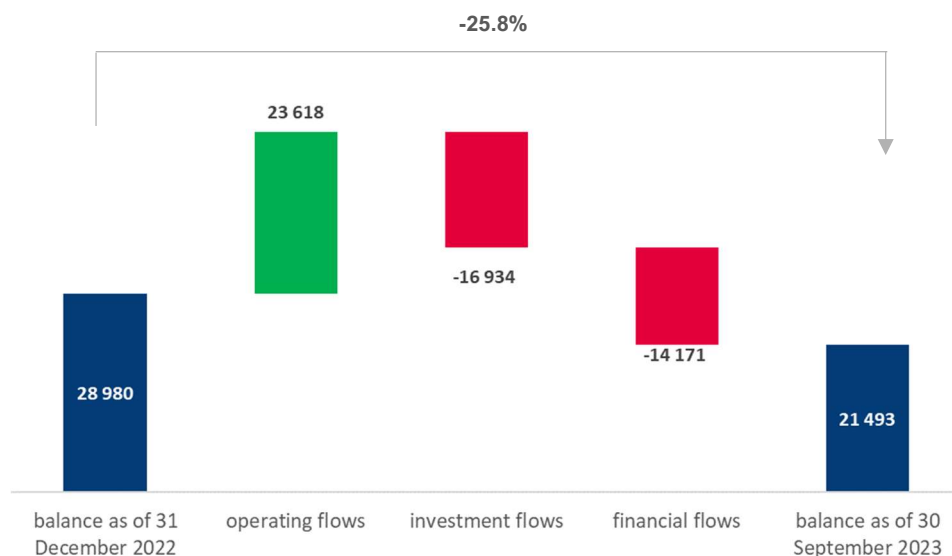
3.2. Assessment of the financial position

The cash balance at 30 September 2023 was down by PLN 7.5 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 operating activities, despite the correlated with higher sales increased commitment of funds to working capital, including:
 - an increase in inventory levels to support increased production and planned deliveries in the coming months under the largest contracts in the EE and Gas segments,
 - a higher level of receivables correlated with the increased scale of turnover y/y,
- negative flows from investing activities mainly as a result of capital expenditures on fixed assets and intangible assets (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 (-8.3 million), dividend payment (-8.8 million) with positive balance of loan debt (+4.1 million including interest expenses paid).



Other key indicators	Q1-Q3 2023	2022	Q1-Q3 2022	Formula
Current ratio	1.30	1.12	1.13	current assets / short-term liabilities
Quick ratio	0.63	0.57	0.52	(current assets - inventories) / short-term liabilities
Return on asset (ROA)*	3.94%	2.14%	0.75%	net profit for the last 12 months / average total assets, calculated as an average of the opening and closing balances
Return on equity (ROE)*	7.55%	4.00%	1.45%	net profit for the last 12 months / average equity calculated as the average of the opening and closing balances
Net debt (PLN '000)	234 159	211 489	255 952	credits and loans – cash and cash equivalents – granted loans
Net debt / LTM EBITDA*	1.96	2.08	2.79	(credits and loans – cash and cash equivalents – granted loans) / EBITDA profit level for the last 12 months
CAPEX (PLN '000)	38 561	72 273	55 112	tangible and intangible investment expenditure
Working capital (PLN '000)	330 923	264 713	271 987	(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 Q1-Q3 2023.

The level of net working capital (NSR) was PLN 58.9 million higher at the end of September 2023 compared to the end of the third quarter of 2022 and at the same time PLN 66.2 million higher than at the end of 2022. This is due to higher inventories (by PLN 31.4 million compared to the end of last year) and receivables (by PLN 26.9 million), with cash at the end of the period lower by PLN 7.5 million. The level of trade payables decreased during the first three quarters of 2023. by PLN 27.9 million. The higher level of working capital is correlated with higher sales, and its maintenance is due to the purchasing policy adopted in the Apator Group. As part of this policy, the Group's individual companies seek to balance on an ongoing basis the pursuit of

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security and continuity of production and supply with optimising the costs of maintaining the increased level of NSB 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 tanked in preparation for deliveries in large contracts (including, among others, deliveries to PGE Distribution and Enea in EE, the Belgian market in the Gas segment). Due to shifts in delivery schedules in some contracts, elevated inventories were also maintained in the third quarter, and a gradual reduction in inventories is expected in the final months of the year.

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

Despite financing higher y/y working capital to secure production continuity and the ability to make larger deliveries, net financial debt at the end of September 2023 was lower compared to the end of the third quarter of 2022. by PLN 27.9 million. Thanks to the reduced debt level and the improved EBITDA result, the net debt/EBITDA LTM (adjusted) ratio at the end of September 2023 was at a safe level of 1.96x (compared to 2.08x at the end of 2022 and 2.79x at the end of the third quarter of 2022).

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

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

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

The risk management policy adopted 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.

Name of the certifying	Apator Group		
Period covered by the financial statements:	01.01.2023 – 30.09.2023	Reporting currency:	Polish zloty (PLN)
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The composition of the Management Board of Apator S.A. monitors the political and economic situation on a current basis, analyses its impact on the activity of the Company and the Capital Group and checks the possibilities of protection against risks and takes adequate actions.

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

- the continuing very difficult situation in the Gas segment due to structural changes in the market for this fuel. High uncertainty in the sector resulting in temporary halting of investments in the gas network and reduced procurement.
This results in a significant deterioration of the segment's performance both in terms of revenue, and profitability levels. To counter this, further restructuring of the segment is underway, to consistently improve cost efficiency. Consequently, the need for further write-downs cannot be ruled out.
The future of the Gas segment is the subject of strategic activities in the Apator Group, which is actively seeking alternative markets for its existing product lines and working on modifying its offerings to suit new customer groups. It should be borne in mind that the effects of these measures are expected over a longer period of time;
- the unstable situation in the energy commodity markets affecting the 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 of supply and opportunities to shorten 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; In 2023, Apator S.A. has additionally introduced the possibility of hedging copper prices;
- volatile financial markets, high interest rates and high exchange rate volatility.
The companies of the Group - by reducing their exposure to financial risks - take care of securing currency positions, effective involvement of working capital and minimisation of debt servicing costs.

Impact of the situation in the East

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

Since the outbreak of war in February 2022 The Group has halted sales in the Russian and Belarusian markets, as a result, in Q1-Q3 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 September 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 had no trade receivables from the Russian and Belarusian markets. Therefore, as at the date of publication of this report, the situation in the East has no significant impact on the Group's operations.

Name of the certifying	Apator Group		
Period covered by the financial statements:	01.01.2023 – 30.09.2023	Reporting currency:	Polish zloty (PLN)
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Detailed values of receivables as at 30.09.2023 are presented in the table below.

Level of receivables as at 30.09.2023	Apator S.A.	Apator Group
receivables from contractors	-	2 609
Ukraine	-	2 609
Total trade receivables as at 30.09.2023	103 952	216 678
Share in Company's trade receivables	0.0%	-
Share in trade receivables of the Apator Group	-	1.2%

4.2. Prospects

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

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

- the focus of EU policy on supporting and shifting European economies towards climate neutrality (the European Green Deal, Fit for 55 and REPowerEU) is redirecting funding toward environmentally sustainable technologies and innovations, increasing demand for green energy, pressure to conserve natural resources and increasing environmental awareness of societies;
- positive effects resulting from the expected unlocking of funding under the National Recovery and Resilience Plan, which envisages the allocation of the vast majority of funds (approximately 43% of the approximately PLN 160 billion support) to green transformation (including further development of RES, modernisation and expansion of electricity grids, energy efficiency, green transformation of cities and municipalities, etc.);
- 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.
- accelerating regulatory action to foster the return of supply chains to Europe.

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

- the global weakening of economic growth and the difficult-to-estimate possible scale of economic recession in the Group's operating markets;
- 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);
- unstable prices of energy carriers (coal, gas, district heating, etc.);
- volatile financial markets, high interest rates and high exchange rate volatility.

Name of the certifying	Apator Group		
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The situation in each segment is further influenced by:

Electricity Segment:

- favourable amendments to regulations on energy transition and RES in Poland (key changes: direct line, virtual prosumer, *cable pooling*);
- financial program launched ("My Electricity 5.0") providing impetus for further development of RES (both by energy companies and the private sector, including expected development of company-owned and industrial RES installations), support for self-consumption, management and ee storage; expected positive impact of unlocked NRP funds on growth of infrastructure investments, including green transformation of energy, industry, and regions (programs for local government units);
- the scale of private investment in the RES sector is beginning to exceed current and planned investments in the commercial power industry;
- still relatively high prices of electricity for enterprises, local governments and households causing increased interest in and demand for solutions for precise measurement and management of utility consumption, modern systems, applications and services developed within Apator Group (e.g. GISMO system for street lighting management, OMNITORUS system for utility consumption management, DS (*demand service*), power guard);
- rollout of meters in Poland - rapid rate of commoditization of meters, high competition due to low barriers to entry, lack of verification of suppliers for digital security, among others. Apator Group expects revenue and volume growth of smart meters in the product mix, and in the long term assumes keeping the market share at 50%;
- the necessity of modernisation 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.
- persistent non-market regulations in the energy market (energy price freeze, regulated prices in G tariffs, no dynamic tariffs).

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 (*fuel switching*) is evident in EU countries;
- halting investments in the gas network and, consequently, new gas connections;
- the resulting high uncertainty in the sector, implying a temporary halt in orders.

Water & Heat segment

- good prospects resulting from rising utility costs, the trend toward water conservation as a result of shortages of this resource, as well as regulatory pressures (replacements of traditional water and heat meters with remote-reading meters being implemented throughout Europe). High demand for smart

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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, interest is expected to increase in remote reading systems, water and heat billing services, technical solutions for water quality monitoring or leak detection;

- successively increasing demand for electronic (as opposed to mechanical) flow/water consumption measurement technologies that guarantee the highest classes of measurement accuracy. Increased customer interest in ultrasonic water meters in particular.
- noticeable weaker financial condition of local governments and housing cooperatives in recent months as a result of high inflation, especially in energy utilities, affecting reduced demand for new metering solutions. The industry expects funding under the NRP provided for, among other things, investment and support for sustainable water and wastewater management in rural areas (approximately PLN 4 billion), as well as programmes for the construction of housing for low- and moderate-income households with energy efficiency (PLN 3.4 billion).

5. List of most significant events

5.1. List of events in the three quarters 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. was 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 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

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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. Until the end of September 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 of the agreement are as follows:
 - contractual joint mortgage on real estates of Apator Powogaz S.A. and Apator Metrix S.A.,
 - registered pledges on tangible assets of Apator S.A. and Apator Powogaz S.A.,
 - assignment of rights under the insurance policy for the above collateral,
 - an execution statement, in each of the companies, pursuant to Art. 777 § 1(5) of the Code of Civil Procedure Act of November 17, 1964. (Journal of Laws of 2021, item 1805, as amended).
7. On 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 approx. PLN 160 million. Deliveries will be made within 21 months from the date of the conclusion of the agreement. Signing of the agreement between Apator S.A. and PGE Dystrybucja S.A. took place on July 17 of this year. The first deliveries of meters have been made since August. By the end of September, the value of deliveries had reached nearly PLN 26.0 million.
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 6.7.5).
9. On July 13, 2023 the District Court in Toruń, VII Economic Division of the National Court Register registered changes in the Articles of Association of Apator S.A. Amendments to the Articles of Association were made pursuant to Resolution No. 20/VI/2023 of the Ordinary General Meeting of Apator S.A. of 28 June 2023 and concern:
 - updating the number of series A registered shares and series A, B and C bearer shares in connection with the conversion and assimilation of 1,100 series A registered shares into bearer shares,
 - the need to adapt the provisions of the Articles of Association to the applicable provisions of law (the CCC) and internal procedures.

Name of the certifying	Apator Group		
Period covered by the financial statements:	01.01.2023 – 30.09.2023	Reporting currency:	Polish zloty (PLN)
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As a result of the changes, the company's share capital has not changed and amounts to PLN 3,264,707.30 and is divided into 7,331,391 registered shares of series A and 25,315,682 bearer shares of series A, B and C of the nominal value of PLN 0.10 (ten grosz) each. The total number of votes at the GSM resulting from all issued shares is 54,641,246.

10. On 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
11. On 7 September 2023, the offer of Apator S.A. was selected as the most favourable in Part No. 1 in the proceedings announced by Energa - Operator S.A. for "Successive supply of remote reading meters with replacement communication modems." Signing of the agreement between Apator S.A. and Energa - Operator S.A. took place on 25 September this July. The total value of the agreement is PLN 160.4 million. Deliveries will be made within 36 months from the date of the conclusion of the agreement.
12. On 27 September 2023, the Supervisory Board of Apator S.A. received the resignation of Mr Tomasz Łątka from his position as the Member of the Executive Board of Apator S.A. The resignation was submitted with effect as of 27 September 2023. In connection with the above, from 28 September 2023, the composition of the Management Board of Apator S.A. acts in a single-person composition: Maciej Wyczęsany - President of the Management Board.

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

5.2. List of events after the balance sheet date

After the balance sheet date, there were no factors and events, including those of an unusual nature, that would have a significant impact on the results of the Apator Group.

Name of the certifying	Apator Group		
Period covered by the financial statements:	01.01.2023 – 30.09.2023	Reporting currency:	Polish zloty (PLN)
Rounding level:	all amounts are expressed in thousands of PLN (unless stated otherwise)		

6. Additional information

6.1. Credits, loans, guarantees

The state of credits and loans of the Apator Group:

Specification	as of		Change
	30.09.2023	31.12.2022	
Long-term loans and borrowings*	30 879	3 119	27 760
Short-term credits and loans	224 773	237 350	- 12 577
Total credits and loans	255 652	240 469	15 183

*) In Q1-Q3 2023 part of the credit of Apator Powogaz S.A. was reclassified from short-term to long-term, hence the increase in the value of debt in this category.

6.1.1. Loans

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

1. Apator Group

a) 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.

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

As at 30 September 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.

Name of the certifying	Apator Group		
Period covered by the financial statements:	01.01.2023 – 30.09.2023	Reporting currency:	Polish zloty (PLN)
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As at 30 September 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 30 September 2023, the working capital loan was launched only by Apator Powogaz. The loan utilisation amounted to PLN 9.3 million. The balance of debts on account of bank guarantees issued amounted to PLN 14.7 million.

2. Apator S.A.:

- a) 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 Telemetry 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 30 September 2023, an amount of EUR 0.9 million remained to be repaid on the loan. (i.e. PLN 4.1 million at the average ING exchange rate of 30 September 2023 for EUR = PLN 4.6282).
- b) on 22 October 2021, Apator S.A. 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 until 21 October 2023. On 4 September, a notice of termination was submitted to the Factor. 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 secured by a blank promissory note (the procedure for releasing the collateral is underway).

3. **GW Ltd.** has an overdraft facility taken out on 8 September 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 2016. 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 21.4 million at the average ING exchange rate of 30 September 2023 for GBP currency = PLN 5.3460). The interest rate on the credit is determined based on the variable SONIA rate increased by the bank margin. As at 30 September 2023, the balance of the credit used was £3.94 million (i.e. PLN 21.1 million at the average ING exchange rate as at 30 September 2023 for GBP currency = PLN 5.3460).

4. 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

Name of the certifying	Apator Group		
Period covered by the financial statements:	01.01.2023 – 30.09.2023	Reporting currency:	Polish zloty (PLN)
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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 30 September 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 30 September 2023, the debt under the above loan amounted to PLN 36.9 million.

- b) On 5 June 2023, Apator Powogaz S.A. entered into, with PKO Faktoring S.A., a factoring agreement with a financing limit of up to PLN 15 million, effective until 4 June 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 30 September 2023, the value of the used limit was PLN 10.8 million.
- c) 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 to the above agreement was signed extending the method of financing to both with and without assuming the solvency risk of customers. The interest rate on the financing was set at a variable rate, depending on use, equal to WIBOR 1M or EURIBOR 1M plus the Bank's margin. The agreement is secured by a blank promissory note. As at 30 September 2023, the company did not use recourse financing.

5. 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 9.5 million at the average ING exchange rate of 30 September 2023 for CZK = PLN 0.1902), together with the assignment of rights under the all-risk property insurance policy. As at 30 September 2023, the use of the credit was CZK 24 million (PLN 4.6 million).

6. 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 20 June 2024. The interest rate on the financing was set at a variable rate, depending on use, equal to WIBOR 1M or EURIBOR 1M plus the Bank's margin. The agreement is secured by a blank promissory note. As at 30 September 2023, the value of the financing used was PLN 1.5 million.

During the first three quarters 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.

6.1.2. Loans

During the three quarters of 2023, the companies in the Apator Group did not grant loans to entities outside the Group.

Name of the certifying	Apator Group		
Period covered by the financial statements:	01.01.2023 – 30.09.2023	Reporting currency:	Polish zloty (PLN)
Rounding level:	all amounts are expressed in thousands of PLN (unless stated otherwise)		

The balance of granted and received loans of companies of the Apator Group at 30 September 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 30 September 2023, the amount of the outstanding loan (including interest) was EUR 1.3 million (i.e. PLN 5.9 million at the average ING exchange rate of 30 September 2023 for EUR = PLN 4.6282). 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.

6.1.3. Sureties and guarantees

During the three quarters 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 30 September 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 14 December 2024. The commission for the granted surety is calculated on a quarterly basis based on the rate of 1.2% p.a.

2. Subsidiary Apator Metrix S.A.:

- a guarantee to a subsidiary of George Wilson Industries Ltd. (GWi) up to a maximum amount of GBP 4 million, (i.e. PLN 21.4 million at the average ING exchange rate of 30 September 2023 for GBP currency = PLN 5.3460) for the period until 31 October 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. The guarantee was rolled over for a further year.

As at 30 September 2023, the Apator Group also had active guarantees issued by insurers and banks.

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

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

6.3. Transactions with related entities

Between the companies of the Apator Group, there is cooperation in business areas, in the field of financial activity and in the field of support functions (mainly IT). Under this cooperation in the first three quarters 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.

Name of the certifying	Apator Group		
Period covered by the financial statements:	01.01.2023 – 30.09.2023	Reporting currency:	Polish zloty (PLN)
Rounding level:	all amounts are expressed in thousands of PLN (unless stated otherwise)		

6.4. Consolidated entities as of 30 September 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. - o.	Sumperk (Czech Republic)	100%	Indirect subsidiary of Apator S.A. through Apator Powogaz S.A. Indirect participation through Apator Powogaz S.A.
		Apator Miitors ApS	Aarhus (Denmark)	100%	Indirect subsidiary of Apator S.A. through Apator Powogaz S.A. Indirect participation through Apator Powogaz S.A.
		Apator Telemetria Sp. z o. o.	Słupsk	92.69%	Direct subsidiary of Apator S.A. in 20.8% and indirect subsidiary of Apator Powogaz S.A. in 71.89%.

6.5. Changes in the organisation of Grupa Apator in 2023

During the first three quarters of 2023, there were no changes in the structure of the entity, including as a result of business combinations, acquisitions or sales of entities in the Apator Group, long-term investments, demergers and restructurings.

Name of the certifying	Apator Group		
Period covered by the financial statements:	01.01.2023 – 30.09.2023	Reporting currency:	Polish zloty (PLN)
Rounding level:	all amounts are expressed in thousands of PLN (unless stated otherwise)		

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

Supervisory Board

As at 30 September 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

Due to the resignation from the post of the Member of the Executive Board of Apator S.A. submitted by Mr Tomasz Łątka with the effect on 27 September, the Executive Board of Apator S.A. acts in the following one-person composition on 30 September 2023 (and at the moment of publication of this report):

1. Maciej Wyczęsany - President of the Management Board,

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

6.7. Shares, Shareholders

6.7.1. Share capital

As at 30.09.2023, 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.

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

Changes in the Statute of Apator S.A. concerning, among other things, updating of the number of registered shares of A series and bearer shares of A, B and C series in relation to the conversion and assimilation of 1.100 registered shares of A series to bearer shares (under the Resolution No. 20/VI/2023 of the Ordinary General Shareholders Meeting of Apator S.A. dated 28 June 2023) were registered by the District Court in Toruń, VII Economic Department of the National Court Register on 13 July 2023.

Name of the certifying	Apator Group		
Period covered by the financial statements:	01.01.2023 – 30.09.2023	Reporting currency:	Polish zloty (PLN)
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6.7.2. 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.

6.7.3. 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 August 30, 2023.				Status as of 15 November 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	1 484 243	3 783 287	4.55%	6.92%	1 487 302	3 786 346	4.56%	6.93%	3 059	-
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	16 264 401	31 392 537	49.82%	57.45%	16 267 460	31 395 596	49.83%	57.46%	3 059	-

*) Shares held by PTE Allianz Polska S.A. as of 30 August 2023 and 15 November 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.

**) The shareholding of Tadeusz Sosgórnik is presented together with the shareholding of his close friend or relative.

***) The shareholding of Zbigniew Jaworski on 30 August 2023 differs from the shareholding on this date presented in the Report of the Board of Directors on the activity of Apator S.A. and the Apator Group in H1 of 2023. On 6 September 2023, Apator S.A. received a notice from Mr. Jaworski regarding bearer shares acquired by him between 16 August and 5 September this year. Accordingly, the Shareholder's holding as at 30 August 2023 has been increased by the shares acquired between 16 and 30 August this year (a total of 16,063 shares). According to information from Mr Zbigniew Jaworski, he acquired 3,059 shares in Apator S.A. between 30 August and 15 November 2023.

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

Specification	Status as at 30 August 2023*				Status as of 15 November 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	324 849	1,033,431	1.00%	1.89%	324 849	1,033,431	1.00%	1.89%	-	-
SB Kazimierz Piotrowski	587 147	2 107 853	1.80%	3.86%	587 147	2 107 853	1.80%	3.86%	-	-

Name of the certifying	Apator Group		
Period covered by the financial statements:	01.01.2023 – 30.09.2023	Reporting currency:	Polish zloty (PLN)
Rounding level:	all amounts are expressed in thousands of PLN (unless stated otherwise)		

Specification		Status as at 30 August 2023*				Status as of 15 November 2023*				Change in the balance	
		shares	votes	shares (%)	votes (%)	shares	votes	shares (%)	votes (%)	purchase	Sale/ donation
SB	Janusz Niedźwiecki	255 810	945 117	0.78%	1.73%	255 810	945 117	0.78%	1.73%	-	-
Summary		6,626,285	20,379,650	20.31%	37.29%	6,626,285	20,379,650	20.31%	37.29%	-	-

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

6.7.5. 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	Dividend
Registered shares	7,331,391	PLN 0,30	PLN 2,199,417.30
Bearer shares	25,315,682	PLN 0,30	PLN 7,594,704.60
Total shares	32,647,073		PLN 9,794,121.90

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

7. 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.

Name of the certifying	Apator Group		
Period covered by the financial statements:	01.01.2023 – 30.09.2023	Reporting currency:	Polish zloty (PLN)
Rounding level:	all amounts are expressed in thousands of PLN (unless stated otherwise)		

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

8.1. Accounting principles

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

The financial statements (separate and consolidated) as of 30 September 2023 have been prepared in accordance with the International Financial Reporting Standards (IFRS/IAS) and related interpretations announced in the form of regulations of the European Commission, in Polish zloty, due to the fact that Polish zloty is the basic currency in which the business operations of Grupa Apator are denominated.

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

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

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

8.2. Principles of consolidation

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

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

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

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

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

Name of the certifying	Apator Group		
Period covered by the financial statements:	01.01.2023 – 30.09.2023	Reporting currency:	Polish zloty (PLN)
Rounding level:	all amounts are expressed in thousands of PLN (unless stated otherwise)		

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

8.3. Additional financial information

8.3.1. Weighted average number of shares

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

8.3.2. Weighted average number of shares for the consolidated report

The weighted average number of shares at 30 September 2023 is 29,047,073 (at 31 December 2022 it was 29,070,559) and includes shares held by a subsidiary.

8.3.3. Weighted average number of shares for the individual statement

The weighted average number of shares at 30 September 2023 is 32,647,073 (at 31 December 2022 it was 32,670,559).

Name of the certifying	Apator Group		
Period covered by the financial statements:	01.01.2023 – 30.09.2023	Reporting currency:	Polish zloty (PLN)
Rounding level:	all amounts are expressed in thousands of PLN (unless stated otherwise)		

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

Deferred tax assets and provision for income taxes:

SPECIFICATION	Assets		Provisions	
	30.09.2023	31.12.2022	30.09.2023	31.12.2022
Tangible fixed assets	1 936	1 955	8 465	9 190
Financial assets	-	-	1 350	1 377
Derivatives	273	305	1 290	310
Inventories	5 155	3 836	-	-
Liabilities arising from employee benefits	4 543	4 184	-	-
Provisions	4 038	3 880	-	-
Write-offs revaluing receivables	1 017	651	-	-
Tax loss	3 672	10 707	-	-
Tax credit to be settled in future periods	5 436	10 517	-	-
Other	2 799	2 536	523	420
Total	28 869	38 571	11 628	11 297
Netting of assets and provisions	(8 719)	(8 358)	(8 719)	(8 358)
Deferred tax assets / liabilities recognised in the statement of financial position	20 150	30 213	2 909	2 939

Effective tax rate

SPECIFICATION	for the period	
	01.01.2023	01.01.2022
	30.09.2023	30.09.2022
Gross profit	36 272	2 684
Income tax calculated at the applicable tax rates:	6 667	239
Adjustments	8 306	4 494
Tax on tax-exempt income (permanent differences)	(70)	(1 336)
Uncreated asset from losses on zone activities	-	1 419
Tax on non-tax-deductible expenses (permanent differences)	1 564	1 673
Tax on intra-group transactions (permanent differences)	1 339	1 299
Tax on write-down of GWI value	-	2 073
Tax on customer relationships recognised on the acquisition of Apator Elkomtech S.A. (permanent differences)	159	(382)
Tax on items not recognised in the financial result of the period	6 829	(42)
Adjustment of tax loss from previous years	33	(452)
Other additions to tax	615	247
Other tax deductions	(2 163)	(5)
Income tax shown in the statement of comprehensive income	14 973	4 733
Effective tax rate	41.28%	176.34%

Name of the certifying	Apator Group		
Period covered by the financial statements:	01.01.2023 – 30.09.2023	Reporting currency:	Polish zloty (PLN)
Rounding level:	all amounts are expressed in thousands of PLN (unless stated otherwise)		

Write-downs of fixed and current assets:

SPECIFICATION	Opening balance	Change during the period (increase "+", decrease "-")	Net foreign exchange differences on translation of financial statements into presentation currency	Closing balance
Goodwill of subordinate entities	4 253			4 253
Other financial assets	190			190
Inventories	20 799	6 517	(8)	27 308
Receivables	4 808	1 189		5 997
Total	30 050	7 706	(8)	37 748

Name of the certifying	Apator Group		
Period covered by the financial statements:	01.01.2023 – 30.09.2023	Reporting currency:	Polish zloty (PLN)
Rounding level:	all amounts are expressed in thousands of PLN (unless stated otherwise)		

Provisions for liabilities

SPECIFICATION	Employee benefits			OTHER PROVISIONS		TOTAL
	RETIREMENT BENEFITS, JUBILEE AWARDS	BONUSES	LEAVES	WARRANTIES	OTHER	
Value of provisions at the beginning of the period	5 625	8 556	5 675	11,606	2 167	33 629
Increase - creation of a provision charged against current result	-	10 823	1 069	1 923	2 604	16 419
Exercise of a provision - cost settlement	-	(8 492)	(990)	(1 114)	(1 512)	(12 108)
Net foreign exchange differences on translation of financial statements into presentation currency	-	(6)	(9)	(10)	-	(25)
Value of provisions at the end of the period, including	5 625	10 881	5 745	12 405	3 259	37 915
- long-term provisions	4 474	-	-	1 291	-	5 765
- short-term provisions	1 151	10 881	5 745	11 114	3 259	32 150

Name of the certifying	Apator Group		
Period covered by the financial statements:	01.01.2023 – 30.09.2023	Reporting currency:	Polish zloty (PLN)
Rounding level:	all amounts are expressed in thousands of PLN (unless stated otherwise)		

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

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

SPECIFICATION	in thousands PLN		in thousands EUR	
	III quarters 2023	III quarters 2022	III quarters 2023	III quarters 2022
Revenues from sales of products, goods and materials	357 193	285 287	78 036	60 854
Profit (loss) from operating activities	22 516	(1 692)	4 919	(361)
EBITDA	41 192	17 545	8 999	3 743
Gross profit	31 448	22 085	6 870	4 711
Net profit	26 845	22 601	5 865	4 821
Net profit attributable to shareholders of the Group's parent company	26 845	22 601	5 865	4 821
Weighted average number of shares	32 647 073	32 678 474	32 647 073	32 678 474
Net earnings per common share [PLN/share]	0.82	0.69	0.18	0.15
Cash flows from operating activities	(5 949)	12 279	(1 300)	2 619
Cash flows from investing activities	7 820	18 441	1 708	3 934
Cash flows from financial activity	(735)	(31 424)	(161)	(6 703)
Total cash flows	1 136	(704)	247	(150)
Consolidated statement	30.09.2023	2022	30.09.2023	2022
Total assets	579 922	534 265	125 101	113 918
Fixed assets	332 903	346 008	71 814	73 777
Current assets	247 019	188 257	53 287	40 141
Equity with non-controlling interests	380 518	362 987	82 086	77 398
Share capital	3 265	3 265	704	696
Long-term liabilities and provisions	9 934	14 156	2 143	3 018
Short-term liabilities and provisions	189 470	157 122	40 873	33 502
Weighted average number of shares	32 647 073	32 670 559	32 647 073	32 670 559
Net book value per common share [PLN/share]	11.66	11.11	2.51	2.37

The above financial data for the 9 months of 2023 and 2022 and as of 31 December 2022 have been translated into EUR according to the following principles:

- the individual items of the statement of comprehensive income and the statement of cash flows - at an exchange rate representing the arithmetic mean of the average EUR exchange rates set by the National Bank of Poland on the last day of each month of the reporting period: from 1 January to 30 September 2023 - EUR/PLN 4.5773 and from 1 January to 30 September 2022 - EUR/PLN 4.6880;
- individual items of the statement of financial position - according to the average EUR exchange rate set by the National Bank of Poland as of 30 September 2023 - 4.6356, as of 31 December 2022 - 4.6899.

Name of the certifying	Apator Group		
Period covered by the financial statements:	01.01.2023 – 30.09.2023	Reporting currency:	Polish zloty (PLN)
Rounding level:	all amounts are expressed in thousands of PLN (unless stated otherwise)		

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

SPECIFICATION	as of	
	30.09.2023	31.12.2022
Fixed assets	332 903	346 008
Intangible assets	20 632	24 539
Goodwill	34 506	34 506
Tangible fixed assets	82 741	88 483
Right to use leased assets	9 438	10 771
Investment properties	1 177	1 177
Other long-term financial assets	171 007	170 957
- <i>in related entities</i>	171 007	170 957
Deferred tax assets	13 402	15 575
Current assets	247 019	188 257
Inventories	128 401	96,732
Trade receivables	103 952	69 981
- <i>from related entities</i>	10 934	6 880
- <i>from other entities</i>	93 018	63 101
Receivables from corporate income tax	-	1 344
Receivables from other taxes, customs duties, and social insurance	1 050	1 040
Other short-term receivables	6 462	1 223
- <i>from related entities</i>	5 102	37
- <i>from other entities</i>	1 360	1 186
Other short-term financial assets	679	17
- <i>in other entities</i>	679	17
Cash and cash equivalents	3 039	1 903
Short-term accruals and prepayments	3 436	3 154
Fixed assets classified as held for sale	-	12 863
TOTAL ASSETS	579 922	534 265

Name of the certifying	Apator Group		
Period covered by the financial statements:	01.01.2023 – 30.09.2023	Reporting currency:	Polish zloty (PLN)
Rounding level:	all amounts are expressed in thousands of PLN (unless stated otherwise)		

SPECIFICATION	as of	
	30.09.2023	31.12.2022
Equity	380 518	362 987
Equity attributable to the shareholders of the parent company	380 518	362 987
Share capital	3 265	3 265
Other capitals	350 271	334 472
Capital from the revaluation of a defined benefit plan	(165)	(165)
Capital from valuation of hedging transactions	302	(178)
Undistributed financial result	26 845	25 593
- result for the current period	26 845	25 593
Liabilities	199 404	171 278
Long-term liabilities and provisions	9 934	14 156
Long-term credits and loans	-	3 119
- from other entities	-	3 119
Long-term liabilities from the right to use leased assets	6 831	7 934
Long-term liabilities due to employee benefits	3 103	3 103
Short-term liabilities and provisions	189 470	157 122
Short-term credits and loans	93 156	75 354
- from other entities	93 156	75 354
Trade liabilities	51 384	48 292
- towards related entities	2 165	1 934
- towards other entities	49 219	46 358
Liabilities due to corporate income tax	1 563	-
Liabilities due to other taxes, customs duties, and social insurance	12 884	7 330
Other short-term liabilities	8 736	9 717
- towards related entities	1 947	-
- towards other entities	6 789	9 717
Short-term liabilities from the right to use leased assets	1 999	2 366
Short-term liabilities due to employee benefits	10 033	5 113
Other short-term provisions	9 715	8 950
TOTAL LIABILITIES	579 922	534 265

Name of the certifying	Apator Group		
Period covered by the financial statements:	01.01.2023 – 30.09.2023	Reporting currency:	Polish zloty (PLN)
Rounding level:	all amounts are expressed in thousands of PLN (unless stated otherwise)		

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

SPECIFICATION	as of	
	30.09.2023	31.12.2022
Contingent receivables	68	103
Contingent receivables from other entities	68	103
Contingent liabilities	38,587	39 978
Contingent liabilities concerning related entities	162	666
- including from granting guarantees and sureties to related entities	162	666
Contingent liabilities to other entities	38 425	39 312
- including from granting guarantees and sureties	38 425	39 312
Other off-balance sheet items	158 494	166 238
Ordinary mortgage	40 000	49 000
Security on assets	118 494	117 238
Total off-balance sheet items	197 149	206 319

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

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

Until 30 September 2023, the company has not drawn on its working capital facility. The limit for guarantees and letters of credit, however, is being utilised.
- Full factoring agreement (limit of PLN 5 million), concluded with ING Commercial Finance Polska S.A. (agreement expired on 21 October 2023):
 - blank promissory note with a promissory note declaration - the procedure for returning the collateral is underway.

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

Name of the certifying	Apator Group		
Period covered by the financial statements:	01.01.2023 – 30.09.2023	Reporting currency:	Polish zloty (PLN)
Rounding level:	all amounts are expressed in thousands of PLN (unless stated otherwise)		

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

Guarantees

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

TU Hermes S.A.:

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

ING Bank Śląski S.A.:

- For a performance bond in the amount of PLN 699 thousand, until 30 May 2025 at the latest;
- For the removal of defects and faults in the amount of PLN 2.033 thousand until 17 July 2028 at the latest;
- For the performance of payments under lease agreements in the amount of PLN 506 thousand, until 17 November 2028 at the latest;
- For the payment of a bid bond in the amount of PLN 35 thousand, until 16 October 2028 at the latest;

PZU S.A.:

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

KUKE S.A.:

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

PKO BP S.A.:

- For a performance bond in the amount of PLN 11.819 thousand, until 24 October 2026;
- For the payment of a deposit in the amount of PLN 2.870 thousand, until 10 November 2023 at the latest

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

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

Additionally, at 30 June 2022 Apator S.A. was the beneficiary of payment guarantee for the amount of PLN 68,1 thousand .

Promissory notes

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

Name of the certifying	Apator Group		
Period covered by the financial statements:	01.01.2023 – 30.09.2023	Reporting currency:	Polish zloty (PLN)
Rounding level:	all amounts are expressed in thousands of PLN (unless stated otherwise)		

Declarations of submission to enforcement

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

Name of the certifying	Apator Group		
Period covered by the financial statements:	01.01.2023 – 30.09.2023	Reporting currency:	Polish zloty (PLN)
Rounding level:	all amounts are expressed in thousands of PLN (unless stated otherwise)		

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

SPECIFICATION	for the period			
	01.07.2023	01.07.2022	01.01.2023	01.01.2022
	30.09.2023	30.09.2022	30.09.2023	30.09.2022
Revenue from sales and services	134 119	114 080	357 193	285 287
- to related entities	14 298	13 015	53 535	41 857
- to other entities	119 821	101 065	303 658	243 430
Cost of goods and services sold	(102 706)	(94 590)	(278 286)	(240 873)
- to related entities	(11 842)	(10 199)	(45 428)	(34 933)
- to other entities	(90 864)	(84 391)	(232 858)	(205 940)
Gross sales profit	31 413	19 490	78 907	44 414
Sales costs	(3 547)	(2 515)	(11 523)	(8 801)
General administrative costs	(15 579)	(10 829)	(45 126)	(37 555)
Profit (loss) from sales	12 287	6 146	22 258	(1 942)
Other operating revenues (costs), including	575	(399)	258	250
Revenue	1 172	532	1 644	1 688
Costs	(597)	(931)	(1 386)	(1 438)
- including the result due to (impairment)/ reversal of receivables	(6)	198	(194)	83
Profit (loss) from operating activities	12 862	5 747	22 516	(1 692)
Financial revenues (costs), including	2 983	(2 646)	8 932	23 777
Revenue	4 510	626	13 026	32 234
Costs	(1 527)	(3 272)	(4 094)	(8 457)
- including the result due to (impairment)/ reversal of receivables	(1)	-	27	(3)
Profit (loss) before tax	15 845	3 101	31 448	22 085
Current income tax	(795)	80	(2 544)	(1 087)
Deferred income tax	(1 386)	(245)	(2 059)	1 603
Net profit	13 664	2 936	26 845	22 601

SPECIFICATION	for the period			
	01.07.2023	01.07.2022	01.01.2023	01.01.2022
	30.09.2023	30.09.2022	30.09.2023	30.09.2022
Other comprehensive income				
Other net comprehensive income	232	(277)	480	(564)
Items that may be reclassified to profit or loss in the future:				
Result on hedge accounting with tax effect	232	(277)	480	(564)
Total comprehensive income	13 896	2 659	27 325	22 037
Net profit (loss), of which attributable to:	13 664	2 936	26 845	22 601
- shareholders of the parent company	13 664	2 936	26 845	22 601
Total comprehensive income, of which attributable to:	13 896	2 659	27 325	22 037
- shareholders of the parent company	13 896	2 659	27 325	22 037

Name of the certifying	Apator Group		
Period covered by the financial statements:	01.01.2023 – 30.09.2023	Reporting currency:	Polish zloty (PLN)
Rounding level:	all amounts are expressed in thousands of PLN (unless stated otherwise)		

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

SPECIFICATION	CAPITAL ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT COMPANY						
	Share capital	Own shares	Other capitals	Capital from the revaluation of a defined benefit plan	Capital from valuation of hedging transactions and foreign exchange differences on consolidation	Undistributed financial result	TOTAL
Balance as at 01.01.2023	3 265	-	334 472	(165)	(178)	25 593	362 987
Changes in equity during the period from 01.01.2023 to 30.09.2023							
Comprehensive income							
Net profit for the period from 01.01.2023 to 30.09.2023	-	-	-	-	-	26 845	26 845
Distribution of result to supplementary capital	-	-	15 799	-	-	(15 799)	-
Other comprehensive income							
Items that may be reclassified to profit or loss in the future:							
Result on hedge accounting with tax effect	-	-	-	-	-	-	480
Comprehensive income recognised in the period from 01.01.2023 to 30.09.2023	-	-	15 799	-	480	11 046	27 325
Transactions with owners recognised directly in equity:							
Dividends	-	-	-	-	-	(9 794)	(9 794)
Total transactions with owners in the period from 01.01.2023 to 30.09.2023	-	-	-	-	-	(9 794)	(9 794)
Balance as at 30.09.2023	3 265	-	350 271	(165)	302	26 845	380 518

Name of the certifying	Apator Group		
Period covered by the financial statements:	01.01.2023 – 30.09.2023	Reporting currency:	Polish zloty (PLN)
Rounding level:	all amounts are expressed in thousands of PLN (unless stated otherwise)		

SPECIFICATION	CAPITAL ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT COMPANY						
	Share capital	Own shares	Other capitals	Capital from the revaluation of a defined benefit plan	Capital from valuation of hedging transactions and foreign exchange differences on consolidation	Undistributed financial result	TOTAL
Balance as at 01.01.2022	3 278	(450)	342 759	(862)	77	18 436	363 238
Changes in equity during the period from 01.01.2022 to 30.09.2022							
Comprehensive income							
Net profit for the period from 01.01.2022 to 30.09.2022	-	-	-	-	-	22 601	22 601
Distribution of result to supplementary capital	-	-	2 084	-	-	(2 084)	-
Other comprehensive income							
Items that may be reclassified to profit or loss in the future:							
Result on hedge accounting with tax effect	-	-	-	-	(564)	-	(564)
Comprehensive income recognised in the period from 01.01.2022 to 30.09.2022	-	-	2 084	-	(564)	20 517	22 037
Transactions with owners recognised directly in equity:							
Dividends	-	-	-	-	-	(16 352)	(16 352)
Purchase of own shares	-	(1 951)	-	-	-	-	(1 951)
Capital from business combination	-	-	(9 129)	-	-	-	(9 129)
Total transactions with owners in the period from 01.01.2022 to 30.09.2022	-	(1 951)	(9 129)	-	-	(16 352)	(27 432)
Balance as at 30.09.2022	3 278	(2 401)	335 714	(862)	(487)	22 601	357 843

Name of the certifying	Apator Group		
Period covered by the financial statements:	01.01.2023 – 30.09.2023	Reporting currency:	Polish zloty (PLN)
Rounding level:	all amounts are expressed in thousands of PLN (unless stated otherwise)		

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

SPECIFICATION	per period	
	01.01.2023	01.01.2022
	30.09.2023	30.09.2022
Cash flows from operating activities		
Profit before tax	31 448	22 085
Adjustments	9 317	(6 907)
Depreciation of intangible assets	6 425	6 127
Depreciation of tangible fixed assets	12 251	13 110
Profit on sale of tangible fixed assets and intangible assets	(1 318)	(222)
Profits due to change in fair value of derivatives	(233)	(111)
Interest costs	3 816	5 016
Revenue from interest		
Dividend income	(11 544)	(31 240)
Other adjustments	(80)	413
Cash from operating activities before changes in working capital	40 765	15 178
Change in inventories	(31 669)	(337)
Change in receivables	(32 909)	(5 693)
Change in liabilities	12 097	5,730
Change in provisions	5 685	292
Change in prepayments and accruals	(282)	(482)
Cash generated in the course of operating activities	(6 313)	14 688
Income tax paid	364	(2 409)
Net cash from operating activities	(5 949)	12 279
Cash flows from investment activities		
Expenditure on the acquisition of intangible assets	(2 873)	(2 788)
Expenditure on the acquisition of fixed tangible assets	(4 047)	(5 849)
Proceeds from the sale of tangible fixed assets	9 985	357
Investments in subsidiaries	-	4 933
Dividends received	6 544	31 026
Other proceeds (expenses)	(1 789)	628
Net cash used from investing activities	7 820	18 441
Cash flows from financing activities		
Purchase of own shares	-	(1 951)
Proceeds from credits and loans	17 854	21 159
Repayment of credits and loans	(3 048)	(27 192)
Interests	(3 629)	(4 534)
Dividends paid	(9 794)	(16 353)
Repayment of financial lease liabilities	(1 825)	(1 970)
Other proceeds (expenses)	(293)	(583)
Net cash from financial operations	(735)	(31 424)
Net increase (decrease) in cash and cash equivalents	1 136	(704)
Opening balance of cash and cash equivalents	1 903	2 407
Closing balance of cash and cash equivalents	3 039	1 703

Name of the certifying	Apator Group		
Period covered by the financial statements:	01.01.2023 – 30.09.2023	Reporting currency:	Polish zloty (PLN)
Rounding level:	all amounts are expressed in thousands of PLN (unless stated otherwise)		

9.6. Costs by type

SPECIFICATION	for the period	
	from 01.01.2023	from 01.01.2022
	until 30.09.2023	until 30.09.2022
Depreciation	18 676	19 237
Consumption of materials and energy	186 307	164 836
External services	49 547	38 044
Employee benefits	67 855	58 412
Other costs	8 174	7 003
Manufacturing costs of products for entity's own purposes	(2 405)	(2 683)
Change in the status of finished goods, work in progress and prepayments and accruals	(6 369)	(16 467)
Cost of goods and materials sold	13 150	18 847
Total costs	334 935	287 229

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

Deferred tax assets and provision for income taxes

SPECIFICATION	Assets		Provisions	
	30.09.2023	31.12.2022	30.09.2023	31.12.2022
Tangible fixed assets	-	-	1 744	2 401
Investment properties	-	-	14	14
Financial assets	268	268	-	-
Derivatives	-	33	129	3
Inventories	3 484	2 879	-	-
Liabilities arising from employee benefits	2 578	1 713	-	-
Provisions	2 350	1 886	-	-
Write-offs revaluing receivables	474	437	-	-
Tax loss	142	103	-	-
Tax credit to be settled in future periods	5 436	10 517	-	-
Other	717	241	160	84
Total	15 449	18 077	2 047	2 502
Netting of assets and provisions	(2 047)	(2 502)	(2 047)	(2 502)
Deferred tax assets / liabilities recognised in the statement of financial position	13 402	15 575	-	-

Name of the certifying	Apator Group		
Period covered by the financial statements:	01.01.2023 – 30.09.2023	Reporting currency:	Polish zloty (PLN)
Rounding level:	all amounts are expressed in thousands of PLN (unless stated otherwise)		

Effective tax rate

SPECIFICATION	for the period	
	01.01.2023	01.01.2022
	30.09.2023	30.09.2022
Gross profit	31 448	22 085
Income tax calculated at the applicable tax rates:	5 975	4 196
Adjustments	(1 372)	(4 712)
Tax on tax-exempt income (dividends from related entities)	(2 193)	(5 935)
Uncreated asset from losses on zone activities	-	1 419
Tax on non-tax-deductible expenses (permanent differences)	631	190
Tax on customer relationships recognised on the acquisition of Apator Elkomtech S.A. (permanent differences)	159	(382)
Adjustment of tax loss from previous years	33	
Other tax deductions	(2)	(4)
Income tax shown in the statement of comprehensive income	4 603	(516)
Effective tax rate	14.64%	-2.34%

Write-downs of fixed and current assets:

SPECIFICATION	Opening balance	Change over the period	Closing balance
Other financial assets	1 522	-	1 522
Inventories	15,511	2 825	18 336
Receivables	2,341	166	2 507
Total	19 374	2 991	22 365

Provisions for liabilities

SPECIFICATION	Employee benefits			OTHER PROVISIONS		TOTAL
	RETIREMENT BENEFITS, JUBILEE AWARDS	BONUSES	LEAVES	WARRANTIES	OTHER	
Value of provisions at the beginning of the period	3,947	1,997	2,272	6,783	2,167	17,166
Increase - creation of a provision charged against current result	-	8 116	437	1,294	2 089	11 936
Decrease - write-down of unused amounts as income	-	(1 688)	-	(42)	-	(1 730)
Exercise of a provision - cost settlement	-	(1 756)	(189)	(1 064)	(1 512)	(4 521)
Value of provisions at the end of the period, including	3,947	6 669	2,520	6,971	2 744	22 851
- long-term provisions	3,103	-	-	-	-	3,103
- short-term provisions	844	6 669	2,520	6,971	2 744	19 748

Name of the certifying	Apator Group		
Period covered by the financial statements:	01.01.2023 – 30.09.2023	Reporting currency:	Polish zloty (PLN)
Rounding level:	all amounts are expressed in thousands of PLN (unless stated otherwise)		

9.8. Adjustment of comparative data

In the course of work related to the preparation of the condensed financial statements for the third quarters of 2023 and in the course of the auditing procedure of the interim financial statements by the auditor, the Company identified irregularities in the manner of recognition of revenues from royalties for the use of the "Apator" trademark paid by other entities of the Group. In previous mid-year financial statements, the Company recognised revenue on a one-off basis for the full year, when sales invoices were issued in the first quarter of the financial year, based on the estimated amount of turnover for the current financial year, which was the basis for this charge. Following an analysis of licence agreements and the requirements of IFRS 15, it was concluded that revenue should be recognised throughout the period to which it relates, i.e. on a monthly basis from 1 January to 31 December. According to IFRS 15 section B63, revenue should be recognised when the sales that provide the basis for the licence fee for the use of the trademark are generated. The change has the effect of transferring the portion of revenue corresponding to 3 months of 2022 from the period's profit or loss to other liabilities (as deferred revenue). As a result, the Company has decided to restate its published financial data for the three quarters of 2022 and the third quarter of 2022.

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

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

Report item	Value before adjustment	Adjustment	Value after adjustment
Continuing operations			
Revenue from sales and services	286 999	(1 712)	285 287
- to related entities	43 569	(1 712)	41 857
Gross sales profit	46 126	(1 712)	44 414
Loss on sales	(230)	(1 712)	(1 942)
Profit (loss) from operating activities	20	(1 712)	(1 692)
Profit before tax	23 797	(1 712)	22 085
Deferred income tax	1,277	326	1,603
Net profit on continuing operations	23 987	(1 386)	22 601
Other comprehensive income			
Total comprehensive income	23 423	(1 386)	22 037
Net profit, of which attributable to:	23 987	(1 386)	22 601
the company's shareholders	23 987	(1 386)	22 601
Total comprehensive income, of which attributable to:	23 423	(1 386)	22 037
the company's shareholders	23 423	(1 386)	22 037

Condensed separate statement of cash flows - for the period from 1 January to 30 September 2022:

Report item	Value before adjustment	Adjustment	Value after adjustment
Cash flows from operating activities			
Profit before tax	22,408	(1 712)	22 085
Cash from operating activities before changes in working capital	7,651	(1 712)	15 178
Change in liabilities	4 018	1,712	5,730

Condensed separate statement of profit or loss and other comprehensive income for the period from 1 July to 30 September 2022:

Name of the certifying	Apator Group		
Period covered by the financial statements:	01.01.2023 – 30.09.2023	Reporting currency:	Polish zloty (PLN)
Rounding level:	all amounts are expressed in thousands of PLN (unless stated otherwise)		

Report item	Value before adjustment	Adjustment	Value after adjustment
Continuing operations			
Revenue from sales and services	112 368	1,712	114 080
- to related entities	11 303	1,712	13 015
Gross sales profit	17 778	1,712	19 490
Sales profit	4 434	1,712	6 146
Profit on operating activities	4,035	1,712	5 747
Profit before tax	1 389	1,712	3 101
Deferred income tax	80	-325	(245)
Net profit on continuing operations	1 549	1 387	2.936
Other comprehensive income			
Total comprehensive income	1 272	1 387	2 659
Net profit, of which attributable to:	1 549	1 387	2.936
the company's shareholders	1 549	1 387	2.936
Total comprehensive income, of which attributable to:	1 272	1 387	2 659
the company's shareholders	1 272	1 387	2 659

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

Name of the certifying	Apator Group		
Period covered by the financial statements:	01.01.2023 – 30.09.2023	Reporting currency:	Polish zloty (PLN)
Rounding level:	all amounts are expressed in thousands of PLN (unless stated otherwise)		

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Name of the certifying	Apator Group		
Period covered by the financial statements:	01.01.2023 – 30.09.2023	Reporting currency:	Polish zloty (PLN)
Rounding level:	all amounts are expressed in thousands of PLN (unless stated otherwise)		