



Report of the Management Board on the activities of Apator SA and the Apator Group in H1 of 2024.

Toruń, 30 August 2024

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

SPECIFICATION	in thousands of PLN		in thousands of EUR	
	current period	preceding period	current period	preceding period
Consolidated statement	H1 of 2024	H1 of 2023	H1 of 2024	H1 of 2023
Sales revenue of products and services	634,430	564,071	147,169	122,279
Profit on operating activities	48,955	31,055	11,356	6,732
EBITDA	76,586	58,998	17,766	12,790
Gross profit	49,004	24,698	11,367	5,354
Net profit	38,520	12,904	8,935	2,797
Net profit attributable to shareholders of the Group's parent company	38,328	12,424	8,891	2,693
Net profit attributable to non-controlling interests	192	480	45	104
Weighted average number of shares	29,047,073	29,047,073	29,047,073	29,047,073
Net profit per ordinary share [PLN/share]	1.32	0.43	0.31	0.09
Cash flows from operating activities	87,315	18,811	20,254	4,078
Cash flows from investment activities	(27,242)	(17,764)	(6,319)	(3,851)
Cash flows from financial activities	(60,777)	(11,411)	(14,098)	(2,474)
Total cash flows	(704)	(10,364)	(163)	(2,247)
Consolidated statement	30 June 2024	31 December 2023	30 June 2024	31 December 2023
Total assets	972,807	974,121	225,552	224,039
Fixed assets	484,352	492,647	112,300	113,304
Current assets	488,455	481,474	113,252	110,735
Equity with non-controlling interests	567,791	539,023	131,646	123,970
Share capital	3,265	3,265	757	751
Long-term liabilities and provisions	73,467	81,146	17,034	18,663
Short-term liabilities and provisions	331,549	353,952	76,872	81,406
Weighted average number of shares	29,047,073	29,047,073	29,047,073	29,047,073
Net book value per common share [PLN/share]	19.55	18.56	4.53	4.27

The above financial data for the 6 months of 2024 and 2023 have been translated into EUR according to the following rules:

- individual items of the statement of comprehensive income – at an exchange rate constituting the arithmetic mean of the average EUR exchange rates set by the National Bank of Poland on the last day of each month of the reporting period: from 1 January to 30 June 2024 – EUR/PLN 4.3109 and from 1 January to 30 June 2023 – EUR/PLN 4.6130;
- individual items of the statement of cash flows – at an exchange rate constituting the arithmetic mean of the average EUR exchange rates set by the National Bank of Poland on the last day of each month of the reporting period: from 1 January to 30 June 2024 – EUR/PLN 4.3109 and from 1 January to 30 June 2023 – EUR/PLN 4.6130;
- individual items of the statements of financial position – according to the average EUR exchange rate set by the National Bank of Poland as at 30 June 2024 – 4.3130, as at 31 December 2023 – 4.3480.

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1. General information

This report of the Management Board for the first half of 2024 should be read together with the annual report on the operations of Apator Group in 2023, available at: https://api.apator.com/uploads/relacje-inwestorskie/dane-finansowe-i-raporty-okresowe/raporty-okresowe/2023/sko-roczne/Sprawozdanie_Zarzadu.xhtml

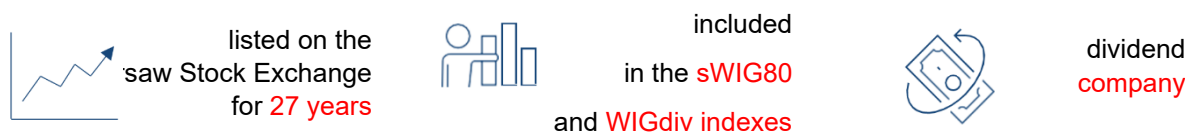
1.1. Organisation of the Apator Group

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



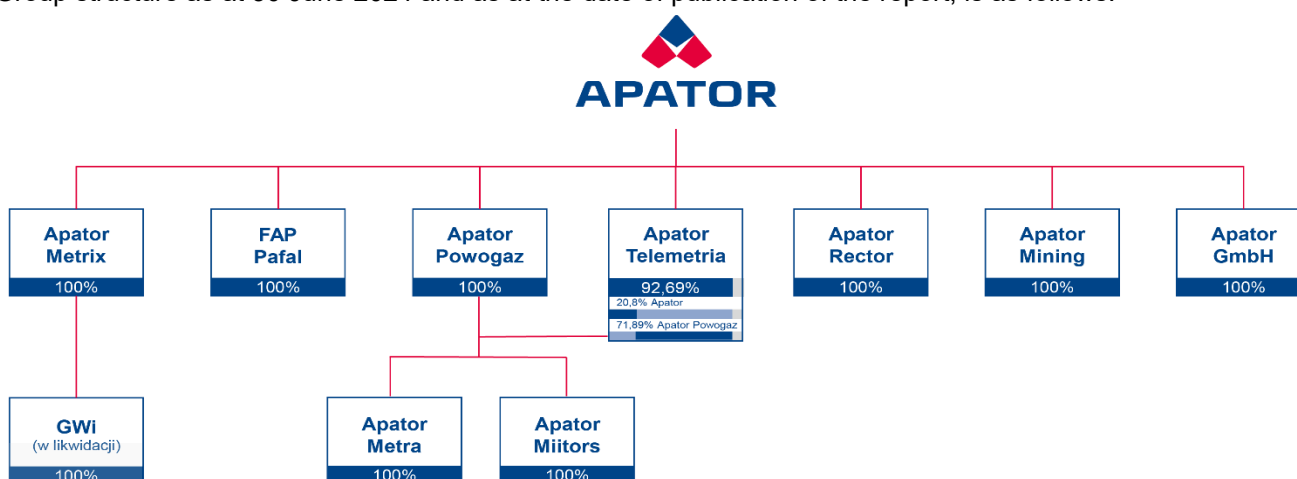
The companies of the Apator Group are part of the electromechanical sector and focus their activity on manufacturing and sales of measuring equipment (electricity meters, gas meters, water meters and heat meters), control and measurement instruments, distribution and control equipment, IT systems of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

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



1.2. Composition of the Apator Group and its business segments

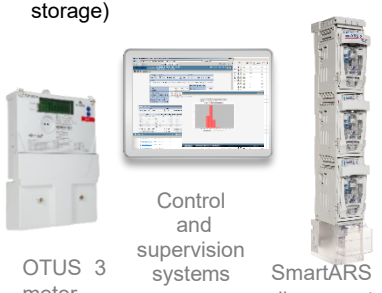


Group structure as at 30 June 2024 and as at the date of publication of the report, is as follows:



Control over the company GWi Ltd. has been lost (in accordance with IFRS 10) and, as a result, this company is no longer subject to consolidation as of 12 April 2024

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

Business segments	electricity	gas	water&heat
Business Lines	<ul style="list-style-type: none"> electricity metering switchgear automation ICT 		
Companies forming the Segment	<ul style="list-style-type: none"> Apator S.A. (Toruń, Łódź, Poznań) Apator Rector (Zielona Góra) FAP Pafal (Świdnica) Apator GmbH (Germany) 	<ul style="list-style-type: none"> Apator Metrix (Tczew) Apator GmbH (Germany) GWi* (Great Britain) 	<ul style="list-style-type: none"> Apator Powogaz (Jarzyński) Apator Telemetria (Słupsk) Apator Metra (Czech Republic) Apator Miitors (Denmark)
Solutions	<ul style="list-style-type: none"> Electronic energy meters (household, residential, industrial, prosumer), including smart class solutions (with remote reading function) Energy distribution devices Control and supervision systems Measurement data management systems Solutions for RES (automation, RES management systems, energy storage)  <p>OTUS 3 meter Control and supervision systems SmartARS disconnector</p>	<ul style="list-style-type: none"> Bellows gas meters (household, industrial), including smart class solutions (with remote reading function) Remote reading services, a system enabling stopping and resuming gas supply via the GSM network  <p>iSMART 2 gas meter hybridSMART</p>	<ul style="list-style-type: none"> Mechanical water meters (residential, household, industrial) - including smart class solutions (with remote reading function) Ultrasonic water meters Heat meter and heat cost allocators Remote reading and utility billing services, systems supporting network infrastructure management  <p>ULTRIMIS water meter JS W Smart E-ITN allocator</p>
Main customers	<ul style="list-style-type: none"> distribution system operators (DSO) electricity grid wholesalers, electric assembly and wiring installation companies construction, industry and railway companies photovoltaic and wind farms, energy clusters and cooperatives, other RES sector entities 	<ul style="list-style-type: none"> gas companies/gas distributors and suppliers 	<ul style="list-style-type: none"> water, sewerage and heating companies housing cooperatives construction industry
Main markets	Poland, Germany, Brazil, Romania, Lithuania, Hungary	Belgium, Poland, Great Britain, Germany, Türkiye,	Poland, Czech Republic, Germany, Greece, Spain, Italy, Romania
Scale of sales in H1 2024	PLN 292,9 million	PLN 147,8 million	PLN 193,7 million
Share of exports in revenue of the segment in H1 2024	16.8%	81.0%	56.2%

*) GWi Ltd. (UK) in liquidation as at 30 June 2024 - more in item 5.5 below.

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2. Summary of financial results

This item identifies significant achievements or failures with a list of the most important events concerning the Issuer and its Group of Companies, as well as factors and events, including those of an unusual nature, that have a significant impact on the financial statements. This semi-annual report should be read in conjunction with Apator Group's 2023 statement of activities, available at the following link: https://api.apator.com/uploads/relacje-inwestorskie/dane-finansowe-i-raporty-okresowe/raporty-okresowe/2023/sko-roczne/Sprawozdanie_Zarzadu.xhtml

2.1. Results achieved in the first half of 2024.

In the first half of 2024, Apator Group achieved the following financial results:

Specification	H1 2024	H1 2023	Change	Growth rate
Sales revenue, including:	634,430	564,071	70,359	112.5%
<i>domestic</i>	356,597	294,481	62,116	121.1%
<i>export</i>	277,833	269,590	8,243	103.1%
Cost of goods sold	470,245	432,098	38,147	108.8%
Gross profit from sales	164,185	131,973	32,212	124.4%
Sales costs	24,454	22,265	2,189	109.8%
Management and administration costs	82,656	76,295	6,361	108.3%
Profit on sales	57,075	33,413	23,662	170.8%
Result on other operating activities	- 8,120	- 2,358	- 5,762	344.4%
Share in profit of entities consolidated using the equity method	-	-	-	-
Profit on operating activities	48,955	31,055	17,900	157.6%
EBITDA	76,586	58,998	17,588	129.8%
Result on financial activities	- 4,234	- 6,357	2,124	66.6%
Acquisition / loss of control over a subsidiary (negative goodwill)	4,283	-	4,283	-
Profit before tax	49,004	24,698	24,306	198.4%
Current income tax	- 8,450	- 3,923	- 4,528	215.4%
Deferred income tax	- 2,034	- 7,871	5,837	25.8%
Net profit	38,520	12,904	25,616	298.5%
Adjusted net profit*	34,237	19,810	14,427	172.8%
Profitability ratios:				
Gross profit margin on sales	25.9%	23.4%		
Profit margin on sales	9.0%	5.9%		
EBITDA profit margin	12.1%	10.5%		
Net profit margin	6.1%	2.3%		
Adjusted net profit margin*	5.4%	3.5%		

*) Net profit adjusted for tax asset write-down related to the British company GWi in H1 2023, and for the derecognised negative net asset value of GWi in H1 2024 (due to the loss of control over the company in accordance with IFRS 10). The derecognised net asset value of GWi includes write-downs on assets recorded in the 2023 report.

The main factors affecting financial performance in the first half of 2024 include:

- continued growth of strong results in the Electricity segment, driven by the effective utilisation of sales opportunities;
- stabilisation in the Gas segment (with an improvement year-on-year) due to the recovery of sales volumes and consistent cost control in a continuously uncertain political and economic environment, as well as the anticipation of binding decisions regarding the segment's future;
- ongoing performance growth in the Water and Heat segment, resulting from consistent efforts to enhance operational efficiency and improve gross margins, despite a slight reduction in sales;
- improvement in financial results due to significantly lower debt servicing costs (thanks to the consistent reduction of NWC and the debt financing it, while maintaining production continuity and securing future supplies), despite a less favourable year-on-year balance of exchange rate differences;

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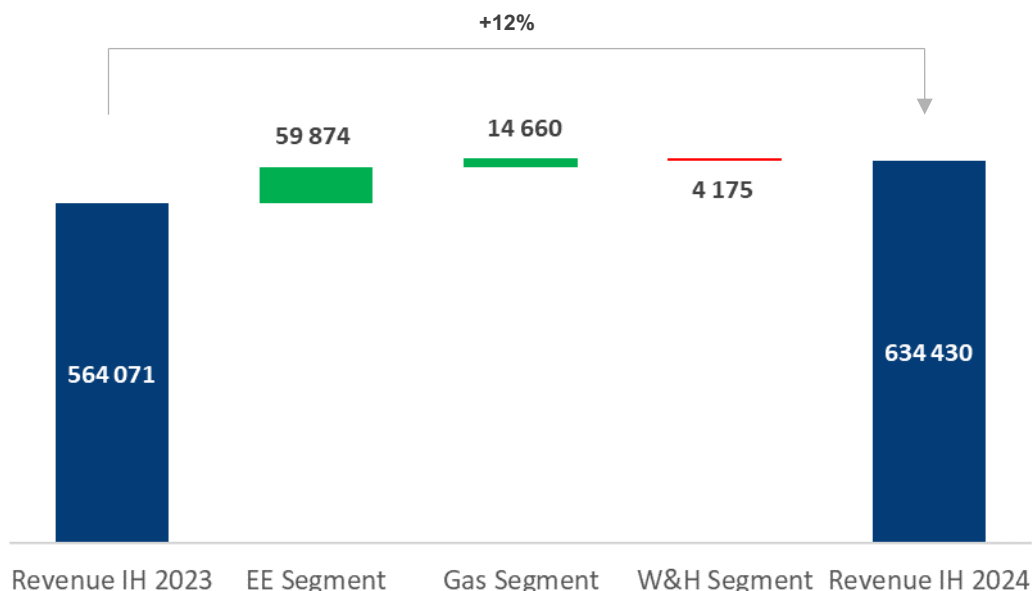
- a one-off factor (positively impacting net profit in H1 2024 by PLN 4.3 million) related to the derecognition of the negative net asset value of the British company GWi in the H1 2024 report (due to the loss of control over the company in accordance with IFRS 10).

Sales revenue

In the first half of 2024, the Apator Group achieved a year-on-year revenue increase of 12%, with total turnover exceeding PLN 634.4 million, marking the highest historical level of semi-annual sales. Sales increased in the Electricity and Gas segments, while the Water and Heat segment recorded comparable year-on-year turnover. Taking into account the directions of the conducted sales, mainly due to dynamic changes in Electricity, also in the scale of the entire Apator Group, an advantage of domestic turnover was marked. Revenues in Poland grew by 21% YoY, while export remained at a level similar to the first half of 2023. As a result, the share of domestic sales in total turnover increased by 4.0 percentage points and made up 56% of the Group's revenue.

Specification	H1 2024 (thousands of PLN)	H1 2023 (thousands of PLN)	Change y/y (thousands of PLN)	Growth rate (%)
Electricity segment	292,896	233,022	59,874	125.7%
<i>domestic</i>	243,659	173,437	70,221	140.5%
<i>export</i>	49,237	59,585	-10,347	82.6%
<i>share of exports of the Electricity segment in total sales revenue</i>	7.8%	10.6%		
Gas unit	147,833	133,173	14,660	111.0%
<i>domestic</i>	28,074	37,321	-9,247	75.2%
<i>export</i>	119,759	95,852	23,907	124.9%
<i>share of exports of the Gas segment in total sales revenue</i>	18.9%	17.0%		
Water and Heat (W&H) segment	193,701	197,876	-4,175	97.9%
<i>domestic</i>	84,865	83,723	1,142	101.4%
<i>export</i>	108,836	114,153	-5,317	95.3%
<i>share of exports of the W&H segment in total sales revenue</i>	17.2%	20.2%		
Total sales revenue	634,430	564,071	70,359	112.5%
<i>domestic</i>	356,597	294,481	62,116	121.1%
<i>export</i>	277,833	269,590	8,243	103.1%
<i>share of total exports in total revenue</i>	43.8%	47.8%		

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The sales of individual segments were as follows:

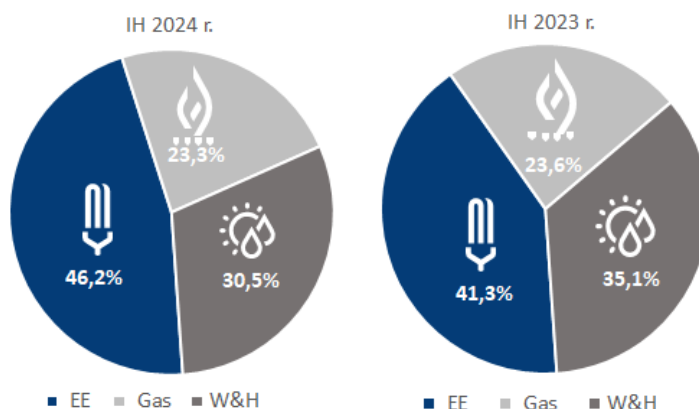
- Electricity segment – significant sales growth (+26% y/y) driven by rapidly increasing domestic turnover (+40% y/y):

 - domestic sales of meters (the largest business line, accounting for nearly 70% of the Electricity segment's revenue in the first half of 2024), almost doubled y/y, with slightly lower export sales (-6% y/y). Record domestic sales of metering lines in the first half of 2024 (including exceeding PLN 100 million in revenues in Q2) were driven by large deliveries of smart meters as part of Poland's ongoing roll-out. Additionally, from Q2 onwards, there was a noticeable positive impact from deliveries in the area of balancing medium-voltage stations and ensuring communication with remote-reading meters,
 - lower sales results in the Switchgear line (the second-largest business line, accounting for 18% of the segment's revenue) due to a reduction in domestic turnover (-20%) and lower exports (-30%). The significant decrease in y/y revenues in this line is related to the high base effect of H1 2023 and increasing price competition, especially in markets where price is the main factor in supplier selection,
 - a decrease in sales in the Automation line (accounting for less than 6% of the electricity segment's revenue), with simultaneous higher turnover in the ICT line;
- Gas segment – sales increased by 11% y/y, with rising export dynamics (+25% y/y for half-year data), despite the ongoing negative impact of exchange rate fluctuations (the strengthening of the Polish zloty against the euro). The significant improvement in foreign markets is primarily due to regular gas meter deliveries under a contract in the Belgian market. In the domestic market, deliveries are ongoing under a tender from the main gas network operator in Poland. Beyond already signed contracts, new sales in the Gas segment in 2024 will continue to be influenced by high uncertainty and anticipation of binding decisions regarding the sector's future, as was the case throughout 2023. Additionally, due to the ongoing process aimed at liquidating GWi, there has been a reduction in sales in the British market. However, the segment is consistently working on developing sales, resulting in higher turnover in countries such as the Czech Republic, Hungary, Ukraine, Lithuania, and Spain;
- Water and Heat – sales in H1 2024 were similar to the levels of H1 2023, thanks to better results in Q2 (+6% y/y). The strong sales in Q2, both domestically and in exports (despite the strengthening of the Polish zloty against the euro), were partially due to catching up with the first quarter. Over the half-year, higher sales were recorded in the group of ultrasonic water meters, with slight increases also in the domestic water meters, industrial water meters, and remote access device communication systems. The heating metering market remained stable. Due to a dispersed and diverse customer base, lower y/y

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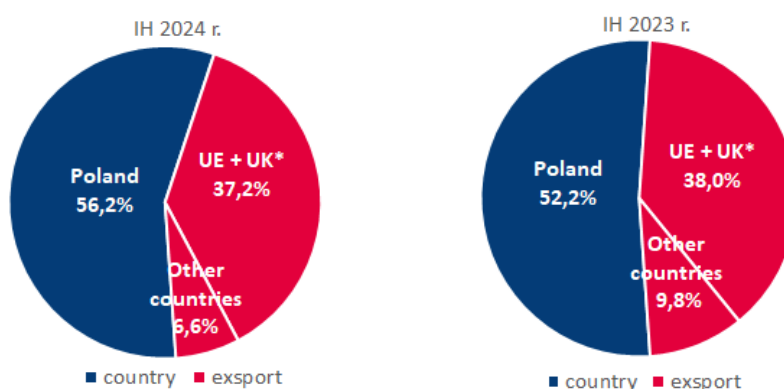
turnover in some of the segment's previously important export markets (Eastern markets) was increasingly offset by higher sales in other countries, resulting in revenue growth in Germany, Greece, Italy, and Norway.

In view of the above-described changes in the sales structure of the Apator Group, the Electricity segment increased its share (with a decline in the W&H segment's share), and the share of the Gas segment remained at the level from the first half of 2023.



Geographical sales structure

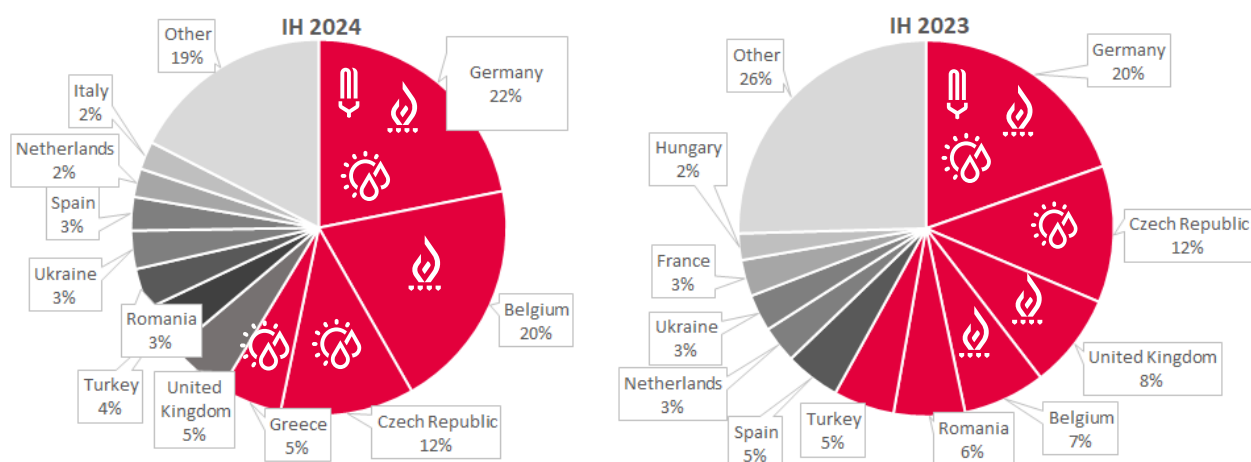
Although Apator Group's domestic sales developed in the first half of 2024 (as in the first quarter of this year) faster than the turnover abroad, the Group consistently maintained a geographic sales structure in which revenues generated in Poland and exports account for a comparable share of sales. This ensures stable diversification of operations and greater predictability of future sales results regardless of changes in the situation in the respective sales markets.



The main sales market for the Apator Group is Poland. The European Union (with a dominant share of the German, Belgian, Czech, Greek, Romanian, Spanish, Dutch and Italian markets) and Great Britain remain the Group's second-largest sales market. In the sales structure for the first half of 2024 (compared to the first half of 2023), the German market strengthened its position as the top export destination. The increase in the share of sales to Germany (by 2 percentage points y/y, to 22% in H1 2024) was driven by rapidly increasing turnover in the Water and Heat segment. The Belgian market, however, recorded the most significant increase in its share of Apator Group's total exports (by 13 percentage points to 20% in H1 2024), thanks to ongoing deliveries under a Gas segment contract initiated at the end of 2023. New countries among the top export destinations include Greece and Italy, where ultrasonic water meters are primarily shipped, with Italy also receiving flow

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sensors and cost allocators. At the same time, despite the ongoing war in Ukraine, the Group (mainly the Water and Heat and Gas segments) continues to operate in this market, maintaining Ukraine as an important export destination.



Foreign sales – countries with a share of more than 5% in exports	Share of exports in H1 2024	Sold products
Germany	22%	electricity meters, gas meters and water meters
Belgium	20%	gas meters
Czech Republic	12%	mainly water meters and cost allocators
Greece	5%	water meters
United Kingdom	5%	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 in recent years should not be considered representative of the phenomenon of seasonality, where factors of an unusual nature (disturbances in supply chains, high inflation) have a substantial impact.

Revenue reported in years	Q1	Q2	Q3	Q4
2022	237,063	256,711	281,226	306,792
2023	288,506	275,565	288,693	284,410
2024	296,377	338,053		

Operating costs by function and nature

Specification	H1 2024 (thousands of PLN)	H1 2023 (thousands of PLN)	Change y/y (thousands of PLN)	Growth rate (%)
Costs by function				
Cost of goods sold (COGS)	470,245	432,098	38,147	108.8%
Selling, general and administrative expenses (SG&A)	107,110	98,560	8,550	108.7%
Total	577,355	530,658	46,697	108.8%
Costs by nature				
Amortisation and depreciation	27,632	27,943	-311	98.9%

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Consumption of materials and energy	295,454	279,891	15,563	105.6%
External services	65,365	59,369	5,996	110.1%
Employee benefits	146,147	129,294	16,853	113.0%
Other	12,706	17,847	-5,141	71.2%
Change in finished goods, work in progress and prepayments and accruals	3,752	-17,427	21,179	-
Cost of goods and materials sold	26,299	33,741	-7,442	77.9%
Total	577,355	530,658	46,697	108.8%

The increase in operating costs is related to the increase in the scale of revenue and is due to macroeconomic reasons. In the first half of 2024, the rate of cost increase across the Apator Group was maintained at a lower level compared to revenue growth.

In the most rapidly growing segment, Electricity, the rate of change of both the manufacturing cost and SG&A costs was below the growth rate of revenues, hence the definite improvement of profitability ratios y/y. Similarly, in the Gas segment, despite higher turnover, the growth in manufacturing cost was lower than the sales growth rate. Additionally, Apator Metrix's efforts to control and reduce selling and general administrative costs (SG&A) led to a year-over-year reduction of over 6%. In the Water and Heat segment, SG&A costs were impacted by efforts to recover sales from previous periods, changes in the business model, and organisational adjustments.

Macroeconomic conditions also affected the entire Apator Group, with the highest year-over-year increases in costs recorded in the first half of this year in employee benefits (due to a significant rise in the minimum wage) and external services (due to the still relatively high inflation levels in Poland and also due to the increase in personnel costs).

The level of costs is subject to constant control and is optimised by measures aimed, among others, at further improvement of the efficiency of operations. The share of SG&A costs in revenue stood at 16.9% in the first half of 2024, compared to 17.5% in the same period of 2023.

EBITDA

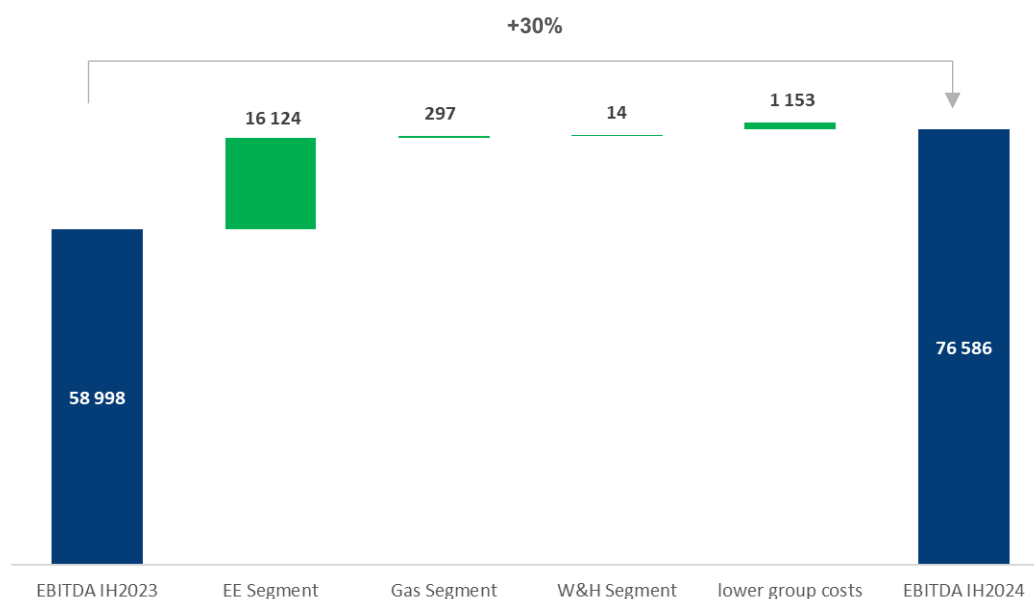
The consolidated EBITDA of the Apator Group increased by 30% year-over-year, reaching PLN 76.6 million in the first half of 2024. This growth was primarily driven by the excellent performance in the Electricity segment, where EBITDA surged by 68% year-over-year, amounting to PLN 39.8 million. The improvement was due to a significant increase in sales and profitability (EBITDA margin up by 3.4 percentage points y/y to 13.6%), thanks to:

- the performance of higher-margin contracts and an improved product mix (resulting from the addition of new product families to the meter range),
- optimisation of TMC resulting from, among other things, systematic work in the area of group purchasing policy (purchasing integration) and operational leverage.

In the Gas segment, the increase in EBITDA was due to the growth in sales (+11% y/y), which offset a lower result in other operational activities. The loss of PLN 4.3 million in other operations in H1 2024 was due to provisions for liabilities and claims (partly related to the situation of the British company GWi undergoing liquidation) and write-downs on receivables.

The Water and Heat segment maintained the same EBITDA level as in the first half of 2023. This was due to improved gross profitability (resulting from a better product mix, pricing adjustments, and process optimisation), which compensated for both the decline in sales and the lower year-over-year result in other operational activities (related to provisions for development projects).

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Net profit

The consolidated net profit of the Apator Group for the first half of 2024 amounted to PLN 38.5 million and was influenced, apart from the factors mentioned above, by:

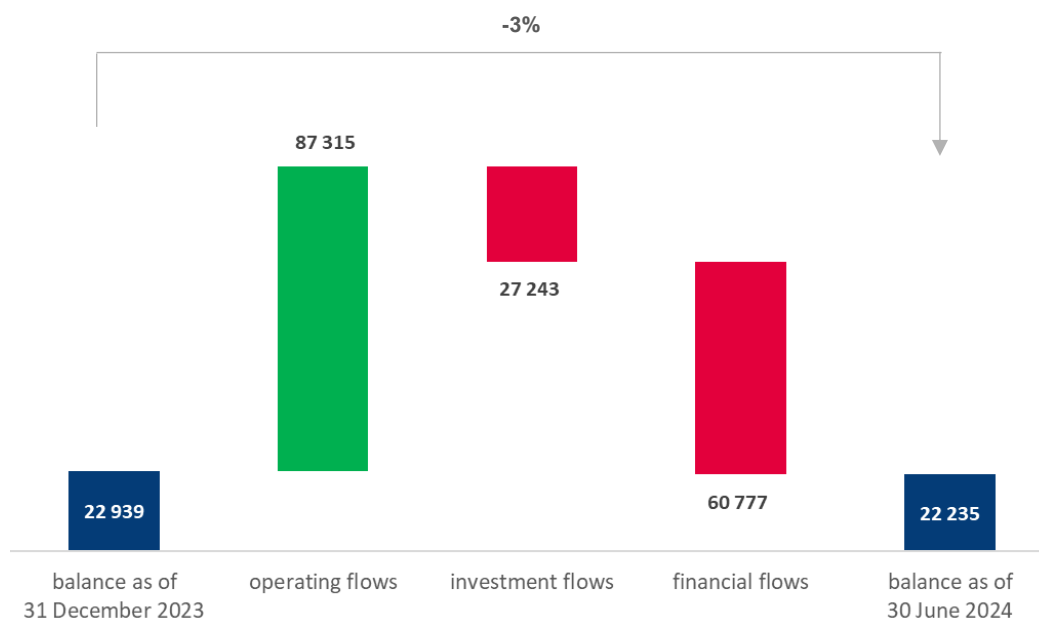
- loss on financing activity (PLN 4.2 million), which consisted of:
 - credit debt service costs (PLN 4.2 million), lower year-on-year due to the systematically decreasing level of borrowing, and a reduction (by 0.5 million PLN year-on-year to 1.7 million PLN) in other interest costs;
 - negative exchange rate differences (PLN -1.4 million) fully offset by a positive result from currency transactions (PLN 3.1 million);
- a one-off factor (with a positive impact of PLN 4.3 million on the result of the first half of 2024) related to the derecognition of the negative net asset value of the British company GWi in the H1 2024 report due to the loss of control over the company in accordance with IFRS 10. The derecognised net asset value includes asset write-downs recorded in the 2023 report.

2.2. Assessment of the financial position

Cash balance as at 30 June 2023 was PLN 0.7 million lower compared to the end of 2023 and amounted to PLN 22.2 million. Cash levels were affected by the following factors:

- high positive cash flows from operating activity related to improved EBITDA-to-cash conversion ratio as a result of consistent working capital optimisation in an environment of growing sales, including a reduction in the level of inventories (by PLN 20.3 million y/y compared to the level at the end of last year) while maintaining provision for the needs of increased production and planned deliveries;
- negative cash flows from investment activities mainly as a result of capital expenditure on fixed assets and intangible assets (including expenditure on new machinery and equipment, R&D work);
- negative cash flow balance related to repayment of credit debt (balance of credit liabilities including interest costs paid – PLN 16.1 million) and repayment of liabilities arising from financial leases (PLN -5.3 million).

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Other key indicators	H1 2024	2023	H1 2023	Formula
Current liquidity ratio	1.47	1.36	1.27	current assets/short-term liabilities
Quick ratio	0.81	0.68	0.59	(current assets – inventories) / short-term liabilities
Return on asset (ROA)*	5.17%	3.56%	3.86%	net profit for the last 12 months / average total assets, calculated as an average of the opening and closing balances
Return on equity (ROE)*	9.09%	6.65%	7.43%	net profit for the last 12 months / average equity calculated as the average of the opening and closing balances
Net debt (in thousands of PLN)	99,734	169,117	223,619	credits and loans – cash and cash equivalents – granted loans
Net debt / LTM EBITDA*	0.76	1.48	1.91	(credits and loans – cash and cash equivalents – granted loans) / EBITDA profit level for the last 12 months
CAPEX (in thousands of PLN)**	26,915	37,421	19,509	tangible and intangible investment expenditure
Working capital (in thousands of PLN)	229,557	267,094	305,616	(current assets – cash) – (short-term liabilities – short-term credits and loans)

*) LTM EBITDA and net profit adjusted for the impact of write-downs and the derecognised value of GWi's net assets.

**) Change in capex for H1 2023 and 2023 compared to the versions presented in last year's semi-annual and annual reports is related to the change in the presentation of capital expenditures in the Apator Group (transition from the controlling method to accounting recognition, in accordance with CF).

The level of net working capital was, at the end of June 2024, by PLN 76.1 million lower compared to the end of June 2023, and at the same time PLN 37.5 million lower than at the end of last year. The reduction in the level of working capital in the first half of the year was primarily influenced by: a higher (by PLN 31.8 million) level of trade liabilities corresponding to the increased scale of the Group's operations; a lower (by PLN 21.4 million) level of inventories, which, despite increasing turnover, is the result of consistent efforts to optimise them. Individual companies of the Apator Group have been systematically implementing actions initiated last year to reduce the costs of maintaining elevated inventory levels and the debt financing them, while maintaining the security of production and supply continuity.

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Thanks to the optimisation of working capital and the associated reduction in the scale of borrowing, the Apator Group's net financial debt at the end of H1 2024 was lower both in comparison with the end of June 2023 and with the state at the end of the previous year (by PLN 123.9 million and PLN 69.4 million, respectively). The level of credit utilisation decreased in these periods by PLN 120.3 million (compared with the end of June 2023) and by PLN 70.1 million (compared with the end of December 2023), respectively. As a result of the debt reduction, coupled with a higher EBITDA, the net debt/EBITDA LTM ratio (adjusted) at the end of the first half of 2024 was even lower than that in the earlier periods and amounted to 0.76x (compared to 1.91x at the end of June 2023 and 1.48x at the end of the previous year).

However, such a large scale of credit reduction, and consequently the exceptionally low values of the net debt and net debt/EBITDA LTM ratios as of the end of June this year, should not be considered as target values in the longer-term horizon. The Apator Group maintains its previous declaration to maintain a safe scale of borrowing and the net debt/EBITDA ratio below 2x. The priority remains to ensure the safety of production and deliveries, which will ultimately enable the execution of further (including the largest) contracts. Another important goal of the Group is to carry out increased CAPEX expenditures (in line with the updated strategy, at the level of 5-7% of revenues), which may consequently result in greater use of external capital and a relatively higher net debt/EBITDA ratio (but still within safe limits).

The capital expenditures incurred in the first half of 2024 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 electricity 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).

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

3.1. Risk and threat factors

All significant risk factors and threats in the Apator Group are identified, analysed and controlled on an ongoing basis. Risk management is implemented based on the model of three lines of defence 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 Activities of the Apator Group for 2023 in Chapter 8 under the link: https://api.apator.com/uploads/relacje-inwestorskie/dane-finansowe-i-raporty-okresowe/raporty-okresowe/2023/sko-roczne/Sprawozdanie_Zarzadu.xhtml

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

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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 conflict in the Middle East.

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

- the potential costs and risks associated with the liquidation of GWi Ltd, which are difficult to assess at the date of publication of this report. The administration process is currently ongoing, and the sale of part of GWi Ltd.'s business is being finalised. More information can be found in item 5.5 of this report;
- increasing price pressure from Asian manufacturers (mainly Chinese), supported by targeted state subsidies promoting "high technologies";
- gradual loss of technological sovereignty by EU companies and the relocation of production units to countries outside the EU, including China;
- uncertainty in the gas market related to EU energy policy and the approach to gaseous fuel as subject to gradual withdrawal (CO₂ emissions). The gradual switch of the economy and consumers to other fuels (fuel switching) is visible in EU countries – the industry emphasises that the future of the energy sector is gaseous fuels being a mixture of natural gas and renewable gases, and consequently renewable gases alone. The Apator Group expects the gas market to stabilise in 2024, and the future of the Gas segment is the subject of strategic measures, where alternative markets for the existing product lines are actively sought and the offer is modified 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;
- volatility of the market for production components in terms of availability, prices and delivery dates. However, it is worth noting that there has been partial normalisation and stabilisation in this market;
- noticeable weaker financial condition of local governments and housing cooperatives as a result of persistently high inflation, which accelerated again after energy, gas, and heat prices were deregulated at the end of Q2 this year, especially in the energy utilities, affecting reduced demand for new metering solutions (particularly in the area of water and sewerage and district heating). The industry is looking forward to the distribution of funds under the RRF;
- inflation, increases in labour costs, unstable prices of energy carriers (coal, gas, district heating, etc.); In order to mitigate the negative effects of price increases, the Apator Group all the time works on optimisation of costs and implements a number of measures to improve efficiency, such as optimisation/automation of production, changes in the product mix aimed at improving profitability and dynamic pricing policies;
- volatile financial markets, high interest rates and high volatility in exchange rates and raw material prices. The Apator Group companies strive to minimise financial risks by securing currency positions and commodity price fluctuations, managing working capital, and reducing debt servicing costs.

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

The 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 Group of Companies and checks the possibilities of protection against risks and takes adequate actions.

Impact of the situation in the East

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

Since the outbreak of war in February 2022, the Group has completely ceased sales in the Russian and Belarusian markets. Sales to Ukraine accounted for approximately 1.4% of the Apator Group's total sales in H1 2024.

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As regards receivables from contractors from endangered markets, at the end of H1 2024, the share of receivables from the Ukrainian market in the total value of receivables of the Apator Group was about 0.9%. 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.

The detailed values of the receivables as at 30 June 2024 are presented in the table below.

Level of receivables as at 30 June 2024	Apator S.A.	Apator Group
Receivables from contractors		
Ukraine	0	1,883
Total trade receivables as at 30 June 2024	81,585	208,913
Share in Company's trade receivables	0.0%	-
Share in trade receivables of the Apator Group	-	0.9%

3.2. Perspectives and development strategy of the Apator Group

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 2023. In the opinion of the Management Board, the prospects indicated in the aforementioned document remain valid. Link to the document: https://api.apator.com/uploads/relacje-inwestorskie/dane-finansowe-i-raporty-okresowe/raporty-okresowe/2023/sko-roczne/Sprawozdanie_Zarzadu.xhtml

Among the important favourable trends, the following should be noted:

- the focus of EU policy on supporting and shifting European economies towards climate neutrality (The European Green Deal, Blue Deal, Fit for 55 and REPowerEU) is redirecting funding toward environmentally sustainable technologies and innovations, increasing demand for green energy, pressure to conserve natural resources, strengthening the circular economy, and increasing environmental awareness of societies;
- positive effects resulting from the unlocking of funding under the National Recovery and Resilience Plan, which envisages the allocation of a significant portion of funds for green transition (among other things, for further development of RES, modernisation and expansion of electricity grids, energy efficiency, green transformation of cities and municipalities, etc.). According to the climate ministry, a total of €28 billion is earmarked for energy and climate-related investments under the National Recovery and Resilience Plan. By the end of 2024, attractive subsidies are expected to be launched for large grid-stabilising energy storage systems, DC charging stations for heavy vehicles in TN-T infrastructure, and a separate programme for the construction of grids and connections by DSOs for these stations. Additionally, support programmes for charging stations for private and institutional users, a new programme for the purchase of electric vehicles, a new Prosumer Programme, dynamic tariffs, and new balancing market rules (June 2024) are also planned;
- the digitisation 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 decentralisation of the energy sector and the growing participation of new market participants: RES power generators and prosumers, which necessitates the need to ensure system balancing with a dynamically increasing share of distributed generation on the part of DNOs, and generates demand for new products and services for RES energy management on the part of business and individual customers;

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- increasing demand for energy flexibility (in consumption, generation, and energy storage) as a result of reaching a tipping point in the share of unstable renewable energy sources (in H1 2024, renewable energy parity – over 50% – was reached in the EU for the first time);
- new EU regulations aimed at improving the digital security of devices (NIS 2 directive, new cybersecurity requirements in the RED directive, and the CRA directive), which classify manufacturers of devices operating in network infrastructure as key and important groups, subject to stricter local European requirements;
- the acceleration of regulatory efforts to foster the return of supply chains to Europe, which has been supported by regulations at the EU level (the *European Chips Act*, the *EU's Net-Zero Industry Act — NZIA*, and the *European Critical Raw Materials Act — CRMA*);
- promising prospects for products related to energy measurement and management, driven by rising utility and water costs due to resource shortages, as well as regulatory pressure (replacements of traditional water and heat meters with remote-reading meters being implemented throughout Europe). In the domestic market, increased demand for smart class solutions due to the introduced amendment to the Energy Efficiency Act imposing on owners or management of multi-unit buildings the obligation to install, by January 1, 2027, heat meters, water meters and heat allocators with remote reading. Additionally, there is growing interest in remote reading systems, water and heat billing services, solutions for monitoring water quality or leak detection (with particularly strong demand for comprehensive solutions among water and sewage companies);
- successively increasing demand for electronic (as opposed to mechanical) flow/water consumption measurement technologies that guarantee the highest classes of measurement accuracy. Increased customer interest, particularly in ultrasonic water meters which reduce water losses; Pressure to use measurement devices with extended lifespans (e.g. ultrasonic water meters without mechanical moving parts).

Development strategy of the Apator Group with a view to 2028

On 10 June 2024, the updated Development strategy of the Apator Group with a view to 2028 was published.

The Strategy is a response to the opportunities and transformational challenges of the electricity, water, heat and gas sectors. The Group wants to take advantage of favourable regulations and funding from the EU supporting the transformation, digitalisation and development of the energy and water sectors. It also plans to expand into new markets related to distributed generation and community energy (RES, energy communities, industry).

Under the updated Strategy, the Apator Group plans to achieve the following financial targets in the 2028 perspective:

1. Achievement of an average annual revenue growth rate in the range of 8% to 10%
2. Increase in EBITDA profitability from 5 to 6 percentage points compared to 2023
3. Net debt/EBITDA ratio below 2x
4. CAPEX at 5–7% of revenues

The strategy will be realised in two stages. In the first stage (a period of approx. 2 years), the Group will focus on developing group solutions and implementing organisational initiatives (organisational integration of the group and use of synergies). Their results will be visible in the second stage of the strategy (2026–28) as the achievement of the above-defined financial targets.

The Group's revenue growth drivers will be the Electricity and Water and Heat segments, where – in addition to the development of current products – the Group plans to implement new integrated solutions in the areas of utility and water management and RES, among others. The Group will focus on implementing new business models based on advanced technological systems and services (XaaS – anything as a service, DaaS – data as a service) and providing advanced analytics for effective management of metering data and infrastructure.

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The Group wants to offer value to customers in the form of a one-stop shop for energy transformation needs, optimisation of energy utilities and water consumption, billing and meeting climate targets.

Management assumes a significant improvement in EBITDA profitability resulting from organisational initiatives including: consolidation of purchasing processes, increased operational efficiency, production specialisation and standardisation of administrative processes to shared service centres.

In line with the Management Board's assumptions, the Group's capital expenditures will be maintained at the level of 5–7% of the Group's revenues, and a significant part of the investment funds will be allocated to the development of new technologies and products and investments in maintaining modern production potential.

The Management Board's objective is to keep the Net Debt to EBITDA (LTM) ratio below 2x.

The strategy is mainly based on organic growth resulting from the planned strategic initiatives, nevertheless, the Management Board does not exclude M&A in order to complement competences and take advantage of market opportunities.

4. List of most significant events

4.1. List of events in the first half of 2024

1. On 31 January 2024, at a Shareholder's request, 4,876 series A registered shares of the nominal value of PLN 0.10 each, with 1:4 voting preference at the General Meeting, were converted into ordinary bearer shares. As a result of the conversion of series A registered shares, the preference of 4,876 shares subject to conversion expired, the amount of the Company's share capital did not change and was PLN 3,264,707.30, while the total number of votes at the Company's Shareholders Meeting changed and amounted to 54,626,618 votes after the conversion. The aforementioned shares were assimilated and listed on 29 February 2024.
2. On 14 February 2024, the Management Board of Apator S.A. informed about receipt from Incobex sp. z o.o. of orders for installation and delivery of balancing systems for a total amount of PLN 20.6 million with delivery dates by the end of November 2024. The final recipient of the balancing systems is Energa - Operator SA under a non-public procedure: "Supply of integrated balancing systems". By the end of July 2024, the value of completed deliveries amounted to PLN 11.3 million.
3. On 21 February 2024, Apator S.A. received an order for payment, issued on 2 February 2024 by the District Court in Poznań, by which the Court awarded from Apator S.A. in favour of Enea Operator Sp. z o.o. with its registered office in Poznań, the amount of PLN 1.8 million with statutory interest and costs of the proceedings. Apator S.A. intends to file an objection to the order for payment, in which it will request that the claim be dismissed in its entirety. The adjudged amount refers to the contractual penalty for untimely performance by Apator S.A. of a service, the value of which was much lower than the adjudged amount (approx. 13% of that amount). Apator S.A. voluntarily paid Enea Operator Sp. z o.o. part of the claimed contractual penalty, which it considered undisputed, which was not indicated in the statement of claim. Moreover, significantly, the service was performed by Apator S.A. and received by Enea Operator Sp. z o.o. without notes. Enea Operator Sp. z o.o. did not suffer any damage due to the untimely completion.
4. On 27 February 2024, The Management Board of Apator S.A. informed about receipt from ZUP Emiter sp. z o.o. of an order for the installation and delivery of balancing systems for the total amount of PLN 31 million with delivery dates until the end of November 2024. By the end of July 2024, the value of completed deliveries amounted to nearly PLN 17 million.
5. On 4 March 2024, The Management Board of Apator S.A. received information about the selection of the offer of the subsidiary Apator Metrix S.A. as the most favourable one, in nine tasks being part of the tender for the supply of bellows gas meters for Polska Spółka Gazownictwa Sp. z o.o. The value of the offer is PLN 54.5 million and the deliveries will be made within 24 months from the date of the contract. The terms of the tender provide for the right of option, enabling a possible increase or

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- decrease in the order volume by a maximum of 20%. Since the procurement procedure was non-public and conducted by open tender, the Contracting Authority stipulated that no protests or appeals could be lodged. The agreement for the supply of bellows gas meters between Apator Metrix S.A. and Polska Spółka Gazownictwa Sp. z o.o. was concluded on 11 March 2024. By the end of July this year, deliveries of a total value of PLN 13.5 million were completed.
6. On 21 March 2024, The Management Board of Apator S.A. received resignation from Robert Kowalski from his position as a Member of the Management Board of Apator S.A. as of 14 May 2024. The reason for the resignation is the appointment of Robert Kowalski to perform the function in the Management Board of a state-owned enterprise.
 7. On 5 April 2024, The Management Board of Apator S.A. announced that GWi Ltd (with its registered office in UK) planned to cease operations due to the adverse development in the UK gas market. For more information, see item 5.5 of this report.
 8. On 10 June 2024, The Management Board of Apator S.A. presented the updated development strategy of the Apator Group with a view to 2028. For more information, see item 3.2 of this report.
 9. On 17 June 2024, the Management Board of Apator S.A. informed that the Company's offer had been selected as the most favourable 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 tender consisted of three Parts). On 19 July 2024, the agreement with PGE Dystrybucja S.A. and the first deliveries are planned for the fourth quarter of 2024.
 10. On 26 June 2024, the Ordinary General Meeting of Apator S.A. was held, during which a resolution was passed to pay a dividend from the 2023 profit amounting to PLN 0.50 gross per share. More information on the dividend is provided in item 6.4.4 of this report.

4.2. List of events after the balance sheet date

1. On 11 July 2024, in accordance with Resolution No. 20/VI/2024 of the Ordinary General Shareholders Meeting of Apator S.A. of 26 June 2024, Apator S.A. paid shareholders the remaining portion of the dividend from the 2023 profit in the amount of PLN 9,794 thousand (the advance of PLN 6,529 thousand from the 2023 profit was paid on 23 December 2023).
2. On 13 August 2024, the Management Board of Apator S.A. received information about the registration of amendments to the Statute of Apator SA by the District Court in Toruń, 7th Commercial Division of the National Court Register. The amendments to the Statute were made pursuant to Resolution No 21/VI/2023 of the Ordinary General Shareholders Meeting of Apator S.A. on 26 June 2024, , and concerned:
 - updating the number of series A registered shares and series A, B and C bearer shares in connection with the conversion and assimilation of 4,876 series A registered shares into bearer shares,
 - expanding the Polish Classification of Activities (PKD) and modifying the powers of the Supervisory Board, which stem from the need to adjust the Statute to the Company's needs and practices.
3. On 28 August 2024, the Executive Board of Apator SA made the decision about the intention to incorporate FAP Pafal SA (Świdnica) to Apator SA (Toruń) by the transfer of all the assets of FAP Pafal SA to Apator SA from 1 January 2026. For more information, see item 5.5 of this report.

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5. Additional information

5.1. Credits, loans, guarantees

The state of credits and loans of the Apator Group:

Specification	as at		Change
	30 June 2024	31 December 2023	
Long-term credits and loans	27,083	29,545	-2,462
Short-term credits and loans	94,886	162,511	-67,625
Total credits and loans	121,969	192,056	-70,087

5.1.1. Credits

As at 30 June 2024, the status of significant credit 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 a total value of PLN 148.8 million,
- registered pledges on the companies' fixed assets with a total net value of PLN 30.0 million,
- mortgage on the real estate of Apator S.A. up to the value of PLN 40 million,
- assignment of rights under the insurance policy for the above collateral,
- blank promissory note and promissory note declarations issued by the borrowers.

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

As at 30 June 2024, the use of limits by the Apator Group under the concluded multi-product agreement was:

- from used credit limits PLN 81 million,
- from guarantees and letters of credit issued – PLN 17.2 million,
- from supplier financing – PLN 3.2 million.

b) Multi-purpose agreement of 26 May 2023

On May 26, 2023, by and between 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 agreement was concluded for the total amount of PLN 80 million. The agreement was concluded for a period of two years, i.e. until 26 May 2025. On 23 November, Annex 1 to the Agreement was concluded, under which another Borrower was added - GWi, a company based in the UK. On 23 May 2024, by virtue of the Annex no. 2, GWi Ltd. due to the commencement of the liquidation procedure in receivership ceased to be the Borrower and the credit was repaid by the company Apator Metrix S.A.

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The credit limit can be used in the form of working capital loans, bank guarantees and letters of credit. The interest rate on the limit is based on WIBOR/EURIBOR 1M, SOFR/SONIA ON plus the bank's margin.

As at 30 June 2024, the collaterals for the contract are:

- registered pledges on the companies' tangible assets of the total value of PLN 12.4 million,
- Registered pledge over inventory of PLN 27.1 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 June 2024, the use of limits by Apator Group companies under the concluded agreement was:

- from used credit limits - PLN 5.8 million,
- from guarantees and letters of credit issued – PLN 15.8 million,

2. Apator Powogaz S.A.:

- a) on 4 December 2020, concluded with PKO Bank Polski S.A. with its registered office in Warsaw, an investment credit agreement in the amount of PLN 39.1 million with the possibility of increasing it to PLN 41 million. On 6 May 2022, an annex was concluded, which increased the financing amount by PLN 0.9 million. The credit was used to finance the acquisition of land and the construction of a production facility in Jaryszki 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 June 2024, credit collateral includes:

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

The credit repayment period is determined to be from 31 July 2022 to 4 December 2030. As at 30 June 2024, the debt under the above credit amounted to PLN 32.5 million.

- b) on 5 June 2023, Apator Powogaz S.A. concluded, with PKO Faktoring S.A., a factoring agreement with a financing limit of up to PLN 15 million, effective until 4 June 2024. The agreement was automatically rolled over for the following year. 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 June 2024, the value of the used limit was PLN 5.6 million.
- c) has entered into a factoring agreement with ING Commercial Finance Polska S.A. with a limit of up to PLN 4.5 million to finance current operations. On 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 June 2024, the company has not used funding.

3. **Spółka Apator Metra s.r.o.** has drawn a credit from Raiffeisenbank a.s. in the amount of CZK 30 million, the purpose of which is to finance current business activities. The agreement is concluded for an indefinite period. The interest rate was determined based on the variable 1D PRIBOR rate plus the bank margin.

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The credit is secured by a pledge on property in the amount of CZK 50 million (i.e. PLN 8.6 million according to the average exchange rate of the ING bank as on 28 June 2024 for CZK = PLN 0.1722), together with the assignment of rights under the all-risk property insurance policy. As at 30 June 2024, the use of the credit was CZK 11,3 million (i.e. PLN 1,95 million).

- 4. 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. The agreement is rolled over annually. 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 June 2024, the amount of used financing was PLN 0.7 million.

In the first half of 2024, no bank terminated a credit agreement for any company of the Apator Group, and the companies of the Apator Group were duly repaying their liabilities under the concluded credit agreements.

5.1.2. Loans

In the first half of 2024, the companies in the Apator Group did not grant loans to entities outside the Group.

As at 30 June 2024, 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 June 2024, the amount of the outstanding loan (including interest) was EUR 0.92 million (i.e. PLN 4 million according to the average exchange rate of the ING bank as on 28 June 2024 for EUR = PLN 4.3138).

5.1.3. Sureties and guarantees

In the first half of 2024, the companies in the Apator Group did not grant sureties to entities outside the Group.

As at 30 June 2024, Apator S.A. continues conditional surety for payment under the concluded lease agreement for the purchase of tangible assets by and between Apator Rector Sp. z o.o. and mLeasing Sp. z o.o. in the total amount of PLN 0.2 million with a maximum term until December 14, 2024. The commission for the granted surety is calculated on a quarterly basis based on the rate of 1.2% p.a.

As at 30 June 2024, the Apator Group also had active guarantees issued by insurers and banks.

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

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

5.3. Transactions with related entities

Between the companies of the Apator Group, there is cooperation in business areas, in the field of financial activity and in the field of support functions (mainly IT). Within this cooperation in the first half of 2024, as in earlier periods, neither Apator S.A. nor any of its subsidiaries entered into transactions with related entities concluded on terms other than arm's length terms.

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5.4. Entities subject to consolidation as at 30 June 2024

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

Segment	Business line	Company	Registered office	Share in capital	Relation with Apator S.A.
Electricity	Electricity metering	FAP Pafal S.A.	Świdnica	100%	Subsidiary of Apator S.A.
	ICT	Apator Rector Sp. z o. o.	Zielona Góra	100%	Subsidiary of Apator S.A.
	Trading in mining equipment (small-scale activity — not a business line)	Apator Mining sp. z o. o.	Katowice	100%	Subsidiary of Apator S.A.
Electricity / Gas	Electricity and gas metering	Apator Gmbh	Berlin (Germany)	100%	Subsidiary of Apator S.A.
Gas	-	Apator Metrix S.A.	Tczew	100%	Subsidiary of Apator S.A.
		GWi Ltd.	Coventry (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 Telemetry Sp. z o. o.	Słupsk	92.69%	Direct subsidiary of Apator S.A. in 20.8% and indirect subsidiary of Apator Powogaz S.A. w 71.89%

*) GWi Ltd. (UK) in liquidation as at 30 June 2024 The company was consolidated until 12 April this year. - more in item 5.5 below.

5.5. Changes in the organisation of the Apator Group

During the first half of 2024 there was a change in the organisation of the Apator Group:

On 5 April 2024, The Management Board of Apator S.A. in the current report mode informed that GWi Ltd. with the registered seat in Coventry in Great Britain (the company of the Gas Segment and 100% subsidiary of Apator Metrix S.A.) intends to terminate its activity as a result of unfavourable development of the situation on the British gas market.

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Therefore:

- Control over the company GWi Ltd. has been lost (in accordance with IFRS 10) and, as a result, this company is no longer subject to consolidation as of 12 April 2024 -
- following a management procedure of the so-called "pre-pack insolvency strategy", on 10 June 2024 the so-called administration of GWi Ltd. was announced by the British court and two co-administrators conducting those proceedings were appointed,
- creditors of GWi Ltd., including Apator Metrix S.A., in accordance with the British law notified their claims against GWi Ltd,
- after completion of the administration proceedings, GWi Ltd. will be liquidated,
- the company Apator Metrix S.A. (by virtue of being a joint and several debtor) took over the credit of GWi Ltd. in the amount of GBP 4 million from the bank PKO BP S.A. under the Multi-Target Agreement concluded on 26 May 2023. This credit has been repaid by Apator Metrix S.A. .

In connection with the loss of control of GWi Ltd, the assets and liabilities of the entity were excluded from the consolidated financial statements as on the date of loss of control. As a result of that settlement, in the results for the first half of 2024, there was a derecognition of the negative value of GWi Ltd.'s net assets, which had a one-off effect of increasing the consolidated net result by PLN 4.3 million. The derecognised net asset value of GWi includes write-downs on assets recorded in the 2023 report. The detailed settlement is shown in the table below.

SPECIFICATION	Impact of the loss of control over GWi Ltd. on the current result
Fixed assets	(6,236)
Tangible fixed assets	138
Right-of-use assets	(6,366)
Long-term receivables	(8)
Current assets	(2,288)
Inventory	918
Trade receivables	(2,161)
Other short-term receivables	1
Cash	(1,046)
Total assets	(8,524)
Liabilities	(12,807)
Long-term liabilities and provisions	(8,712)
Short-term liabilities and provisions	(4,095)
Net assets	4,283

The Management Board does not exclude the occurrence of other unforeseen costs and risks related to the liquidation of GWi Ltd, which are difficult to estimate on the date of publication of this report.

Apart from the aforementioned information, during the first half of 2024, there were no changes in the structure of the business entity, including as a result of business combinations, acquisitions or sales of the Issuer Group's entities, long-term investments, divisions or restructuring.

After the balance sheet date, on 28 August 2024, the Management Board of Apator S.A. informed that as part of the Strategy of the Apator Group, it made the decision about the intention to incorporate FAP Pafal SA (Świdnica) into Apator SA (Toruń). This merger aims to simplify the structure of the Apator Group by

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concentrating manufacturing competencies and strengthening synergies, which will enhance management efficiency and optimise costs.

The merger is planned by transferring all assets of FAP Pafal SA to Apator SA as of 1 January 2026. Due to the fact that Apator SA is the owner of 100% of shares of FAP Pafal SA, the merger will take place under simplified procedure based on Art. 516, sec. 6 of the Code of Commercial Companies, without the increase of the share capital of the Issuer and without the issue of new shares.

The final decision concerning the merger of the companies will be made at the Ordinary General Meeting of Apator SA in 2025.










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6. Parent company - Apator S.A.

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

6.1. Activity of Apator S.A.

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

Business unit			
 electricity			
Business division	 electricity metering	 switchgear	 automation ICT
Solutions	<p>Electricity meters:</p> <ul style="list-style-type: none"> smart, including RES meters municipal prepayment industrial <p>Reading systems</p>  <p>SmartESOX pro meter for RES</p>  <p>Otus 3 smart meter</p>	<p>Energy distribution devices:</p> <ul style="list-style-type: none"> disconnectors, including for RES solution fuse bases connectors <p>Switchgear monitoring systems</p>  <p>Compass switch disconnector</p>  <p>ARS vertical fuse switch disconnector</p>	<p>Smart devices and automated protection systems:</p> <ul style="list-style-type: none"> Smart controllers WN/SN/nn SN security WN security station automation short-circuit current flow indicators <p>Telemechanics</p>  <p>MST 2</p> <p>Automation in industry</p> <p>SCADA software</p> <p>Digital RES monitoring system</p>  <p>BELplus OZE OZEMST 2</p>
Main customers	distribution system operators (DSO)	Electricity grid wholesalers, electric assembly and wiring installation companies	Energy plants, construction, industry, photovoltaic and wind farms, energy clusters and cooperatives, other RES sector entities
Main markets	Poland, Germany, Turkey	Poland, Brazil, Romania, Germany, Israel, Hungary	Poland
Scale of sales in H1 2024	PLN 188,3 million	PLN 59,3 million	PLN 26,7 million
Line share in total sales	68.7%	21.6%	9.7%
Share of exports in line revenue	15.4%	31.8%	0.1%

*) As a result of the acquisition of a part of the assets of Atrem S.A., Apator S.A. (still Apator Elkomtech S.A. at that time) extended its software offer by solutions in the area of advanced IT systems for the gas industry. In view of the above, part of the revenue related to the activity for the

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gas sector is classified in the Gas segment. Due to the insignificant share of that revenue in the total sales of Apator S.A., it is not presented as a separate category in the above table.

6.2. Financial results

In the first half of 2024, Apator S.A. achieved the following financial results:

Specification	H1 2024 (thousands of PLN)	H1 2023 (thousands of PLN)	Change y/y (thousands of PLN)	Growth rate (%)
Sales revenue, including:	274,365	223,074	51,291	123.0%
Domestic	226,524	163,695	62,829	138.4%
Export	47,841	59,379	- 11,538	80.6%
Cost of goods sold	202,545	175,580	26,965	115.4%
Gross profit from sales	71,820	47,494	24,326	151.2%
Sales costs	10,205	7,976	2,229	127.9%
Management and administration costs	33,711	29,547	4,164	114.1%
Profit on sales	27,904	9,971	17,933	179.9%
Result on other operating activities	- 883	- 317	- 566	-
Profit on operating activities	27,021	9,654	17,367	179.9%
EBITDA	36,519	22,159	14,360	164.8%
Result on financial activities	3,283	5,949	- 2,666	55.2%
Profit before tax	30,304	15,603	14,701	194.2%
Current income tax	- 1,702	- 1,749	47	-
Deferred income tax	- 348,033	- 673	- 2,807	-
Net profit	25,122	13,181	11,941	190.6%
Profitability ratios:				
Gross profit margin on sales	26.2%	21.3%		
Profit margin on sales	10.2%	4.5%		
EBITDA margin	13.3%	9.9%		
Net profit margin	9.2%	5.9%		

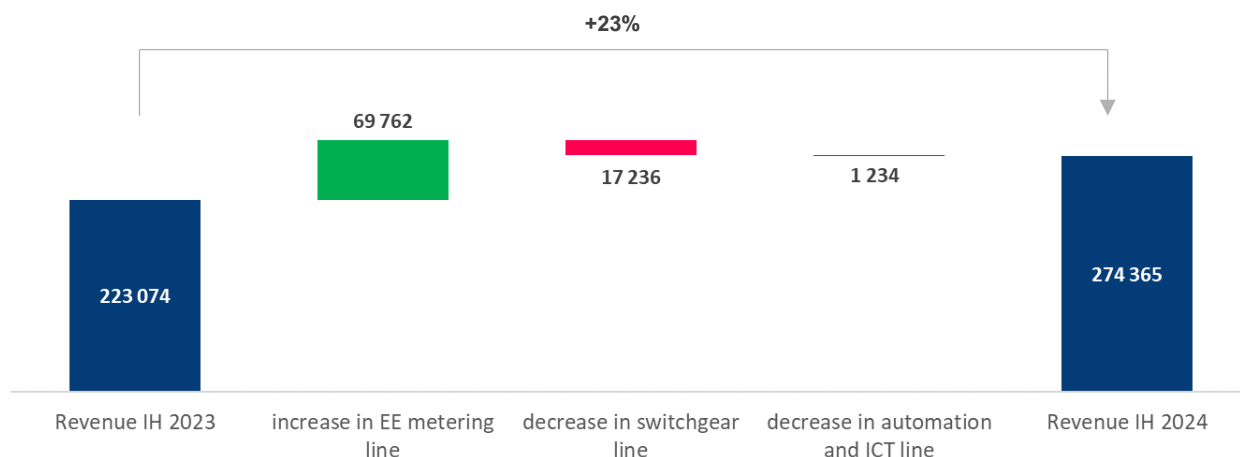
Key factors influencing the results of Apator S.A. are the same as for the Apator Group, particularly for the Electricity segment, and are presented in item 2 of the report.

Sales revenue

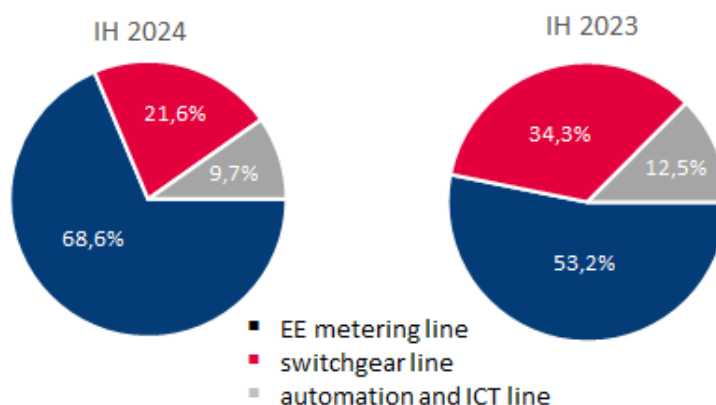
The sales of Apator S.A. after the first half of 2024 reached the level of nearly PLN 274,4 million, 23% higher compared to the first half of 2023. That increase was due to:

- a strong improvement in domestic sales performance in the electricity metering line (+85% year-on-year, mainly due to large deliveries of smart meters as part of the ongoing roll-out in Poland. An additional positive impact on turnover was exerted by the sale of the remaining - apart from the meters - offer of the line (assembly and supply of the integrated balancing systems);
- weaker y/y sales performance of switchgear due to reduced domestic turnover (-18%) and simultaneously lower exports (-30%). The lower revenue of the line are related to the high base effect of the first half of 2023, when large deliveries were made in all major product groups with the additional positive effect of price changes and intensifying price competition;
- a slight decrease in sales in the Automation line (-4% y/y) as a result of limited demand for some of the offered traditional solutions (including, inter alia, equipment for operation and supervision of networks, substations and security automation) and lower than expected demand for the company's new solutions in the RES area (e.g. energy storage facilities). The lower interest in the latter is mainly due to delays in the launch of aid programmes, which are intended to support a more widespread implementation thereof among both public and private entities.

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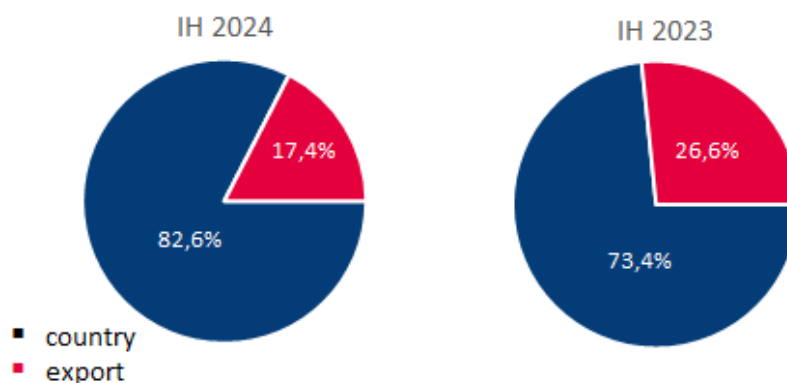


Due to the above changes, the share of the metering line in Apator S.A.'s total revenues increased in the first half of 2024 by 15.5 p.p. y/y mainly at the expense of switchgear, while the importance of the automation and ICT lines decreased relatively slightly.



As a result of the high positive dynamics of domestic turnover (+38% y/y) and the concomitant reduction in exports (-19% y/y), the importance of domestic sales increased in the first half of 2024 by 9.2 p.p., thus reaching 82.6% of the company's total turnover. In the first half of 2024, the largest export customers were the German, Brazilian, Romanian, Israeli, Hungarian and Slovenian markets. Higher y/y turnover was also recorded in the countries previously of lesser importance, including Slovakia and Ukraine, among others.

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Operating costs by function and nature

Specification	H1 2024 (thousands of PLN)	H1 2023 (thousands of PLN)	Change y/y (thousands of PLN)	Growth rate (%)
Costs by function				
Cost of goods sold (COGS)	202,545	175,580	26,965	115.4%
Selling, general and administrative expenses (SG&A)	43,916	37,523	6,393	117.0%
Total	246,461	213,103	33,358	115.7%
Costs by nature				
Amortisation and depreciation	11,323	12,505	- 1,182	90.5%
Consumption of materials and energy	125,075	120,979	4,096	103.4%
External services	31,227	32,040	- 813	97.5%
Employee benefits	57,114	44,766	12,348	127.6%
Other	2,239	3,586	- 1,347	62.4%
Change in finished goods, work in progress and prepayments and accruals	12,806	- 8,514	21,320	-
Cost of goods and materials sold	6,677	7,741	- 1,064	86.3%
Total	246,461	213,103	33,358	115.7%

Although the Company's operating costs (as well as those of the Apator Group) were higher y/y, the results of Apator S.A. even more strongly than in the case of the entire Group, show the effect of improved profitability. In the case of cost of sales, it is mainly related to the improvement of the product mix (as a result of supplementing the meters offer with new families of products), optimisation of TMC possible due to systematic work in the area of purchasing policy and favourable effects of operating leverage in view of significantly higher level of sales. At the same time, even in view of the significant negative impact of pro-cost factors (i.e. inflation and the increase in the minimum wage), also the rate of changes of the Company's SG&A costs was lower in the first half of this year compared to the rate of changes in revenues, and some of the main categories of costs by type (i.e. costs of third-party services) were even reduced in comparison with the status in the first half of last year.

In the structure of costs by type, the largest items are costs of materials, third-party services and salaries (the percentage shares in H1 2023 were at the level of 51%, 13% and 23% of total costs, respectively). Material and energy consumption costs in the first half of 2024 were higher than a year ago, which was related to an increase in the volume of turnover. Production material costs were more favourable than a year before, which was also positively impacted by the strengthening of Polish zloty (mainly against the dollar). On the other hand,

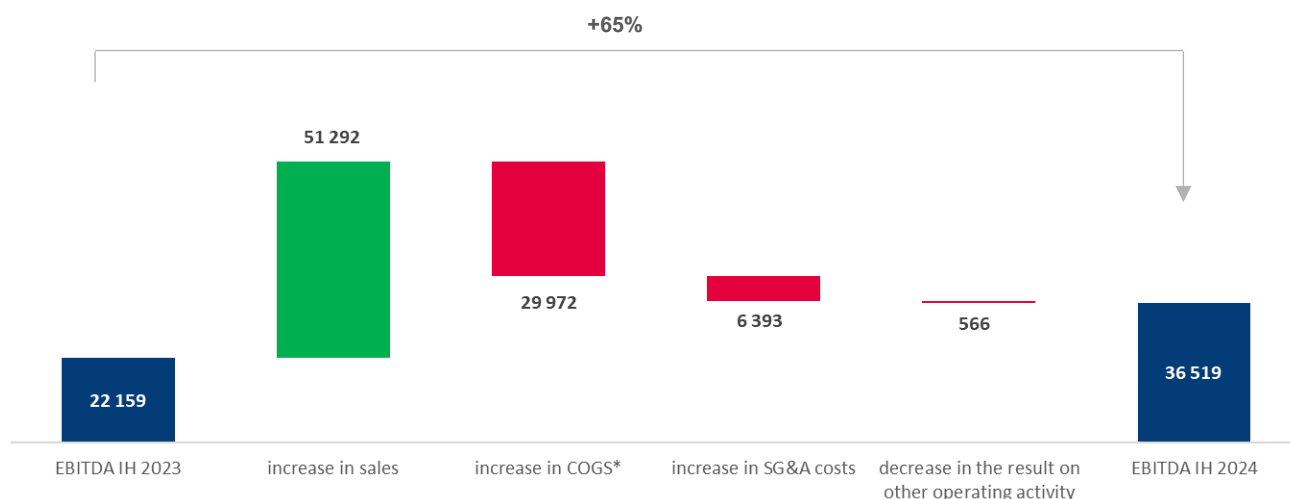
Name of the entity:	Apator Group		
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costs derived from the still high inflation in Poland (including the costs of subcontracting, temporary employees and transport) and wage costs (increase in the minimum wage) increased to a greater extent.

EBITDA

The factors described above, i.e., the increase in sales in relation to the costs incurred resulted in a significant improvement in margins and, consequently, in results at all levels of the income statement (from gross profit on sales to EBITDA and net profit).

The result on other operating activities was lower than in the first half of 2023. (PLN -0.6 million y-o-y), which was mainly driven by higher provisions for liabilities (PLN 0.9 million in H1 2024 ver. PLN 0.4 million in H1 2023). Adjusted for the above factors, there was a 3.4 p.p. y/y increase in EBITDA margin to 13.3%.



* Cost of goods sold (COGS) less depreciation

The strong year-on-year improvement in the Company's performance experienced in the first half of 2024 (after a major improvement already recorded in H1 2023), once again confirms the effectiveness of the efficiency-improving measures already implemented since 2021 (e.g. contract renegotiations, work on improving operational efficiency). As a result, the Company is now making optimal use of sales opportunities that arise - increasing turnover - thereby benefiting from positive operating leverage. This translates into higher profit masses and higher levels of profitability.

Net profit

Net profit after H1 2024 amounted to PLN 25.1 million, an increase of 90% year-on-year. The net result was positively impacted by the factors mentioned above. In addition, net profit was also affected by the result on financing activities (lower by PLN 2.7 million y-o-y, including a PLN 2.1 million lower balance of foreign exchange differences and PLN 1.8 million lower dividends from subsidiaries compensated partially by PLN 1.5 million lower interest costs on loans resulting from a firm reduction in the level of debt (at the end of the first half of this year Company did not use loans).

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

Supervisory Board

As at 30 June 2024, and as on 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 - Supervisory Board Member (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 2 July 2020 and will last until the date of the Ordinary General Meeting in 2025.

Management Board

Until 14 May 2024, the Management Board of Apator SA was composed of three persons:

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

On 21 March 2024, The Management Board of Apator S.A. received the resignation from Robert Kowalski from his position as a Member of the Management Board of Apator S.A. as of 14 May 2024, therefore, as of 15 May 2024, the number of Members of the Management Board decreased to two.

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

The joint term of office of the Management Board lasts three years and the terms of office of Management Board Members expire on the day of the General Shareholders Meeting to be held in 2025.

6.4. Shares, Shareholders

6.4.1. Share capital

In the first half of 2024, there were changes in the share capital structure. As a result of the conversion of 4.876 registered shares into ordinary bearer shares on 31 January 2024, which were assimilated to stock exchange trading, the total number of votes decreased from 54,641,246 to 54,626,618. As on 30 June 2024 as well as on the date of publication of this report, the share capital of Apator S.A. amounts to PLN 3,264,707.30 and consists of 32,647,073 shares with a nominal value of PLN 0.10 each, which is divided as follows:

	Status as on 30 August 2024			
	Number of	Share structure %	Number of votes	Structure of votes %
Registered shares	7,326,515	22.4%	29,306,060	53.6%
Bearer shares	25,320,558	77.6%	25,320,558	46.4%
Total shares	32,647,073	100.00%	54,626,618	100.00%

Each bearer share gives the right to one vote, while registered shares are preference shares – one share gives the right to four votes at the Shareholders Meeting of the Company.

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Rounding level:	all amounts are expressed in thousands of Polish zloty (unless otherwise indicated)		

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

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

Specification	Status as on 16 May 2024				Status as on 30 August 2024				Change in the balance	
	shares	votes	shares (%)	votes (%)	shares	votes	shares (%)	votes (%)	purchase	sales
APATOR MINING	3,600,000	3,600,000	11.03%	6.59%	3,600,000	3,600,000	11.03%	6.59%	-	-
PTE Allianz Polska S.A.*	4,545,864	4,545,864	13.92%	8.32%	4,545,864	4,545,864	13.92%	8.32%	-	-
Mariusz Lewicki	2,318,000	5,880,128	7.10%	10.76%	2,338,000	5,900,128	7.16%	10.80%	20,000	-
Tadeusz Sosgórnik with a closely associated person**	1,864,200	6,439,200	5.71%	11.79%	1,847,700	6,482,700	5.66%	11.87%	20,000	-36,500
Danuta Guzowska	1,520,279	4,382,921	4.66%	8.02%	1,520,279	4,382,921	4.66%	8.02%	-	-
Zbigniew Jaworski	1,502,000	3,801,044	4.60%	6.96%	1,526,348	3,825,392	4.68%	7.00%	24,348	-
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	16,174,298	31,467,434	49.54%	57.60%	16,202,146	31,555,282	49.63%	57.77%	64,348	-36,500

*) Shares held by PTE Allianz Polska S.A. determined based on a notification from PTE Allianz Polska S.A. of 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. of 12 May 2023, after the liquidation of Drugi Allianz OFE, 4,539,876 shares, representing 13.91% of the Company's share capital, were credited to Allianz OFE's account, which gives the right to exercise 4,539,876 votes from shares representing 8.31% of the total number of votes at the Company's General Meeting.

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

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

Specification	Status as on 16 May 2024*				As on 30 August 2024*				Change in the balance	
	shares	votes	shares (%)	votes (%)	shares	votes	shares (%)	votes (%)	purchase	Sale/donation
Supervisory Board Mariusz Lewicki	2,318,000	5,880,128	7.10%	10.76%	2,338,000	5,900,128	7.16%	10.80%	20,000	-
Supervisory Board Tadeusz Sosgórnik	1,679,200	6,254,200	5.14%	11.45%	1,699,200	6,334,200	5.20%	11.60%	20,000	-
Supervisory Board Danuta Guzowska	1,520,279	4,382,921	4.66%	8.02%	1,520,279	4,382,921	4.66%	8.02%	-	-
Supervisory Board Janusz Marzygliński	289,849	893,431	0.89%	1.64%	269,849	813,431	0.83%	1.49%	-	-20,000
Supervisory Board Kazimierz Piotrowski	587,147	2,107,853	1.80%	3.86%	587,147	2,107,853	1.80%	3.86%	-	-
Supervisory Janusz	255,810	945,117	0.78%	1.73%	255,810	945,117	0.78%	1.73%	-	-
Summary	6,650,285	20,463,650	20.37%	37.46%	6,670,285	20,483,650	20.43%	37.50%	40,000	-20,000

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

6.4.4. Profit dividend for 2023

On 26 June 2024, Ordinary General Meeting of Apator SA decided to pay dividend from profit for 2023 in the amount of 0.50 PLN gross per share. The total amount allocated for the dividend, according to the decision of the General Meeting, is PLN 16,323,536.50:

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

Name of the entity:	Apator Group		
Period covered by the financial statements:	1 January 2024 – 30 June 2024	Reporting currency:	Polish zloty (PLN)
Rounding level:	all amounts are expressed in thousands of Polish zloty (unless otherwise indicated)		

2. The remaining part of the dividend in the total amount of PLN 9,794,121.90, i.e. PLN 0.30 gross per share, was paid on 11 July 2024. The right to this part of the dividend was obtained by shareholders holding shares of Apator SA on 4 July 2024.

As many as 32,647,073 registered A series shares and A, B and C series bearer shares were entitled to payment of the advance dividend:

Advance profit dividend for 2023	Number of shares	Advance profit dividend per 1 share	Advance profit dividend paid on 21 December 2023.
Registered shares	7,331,391	PLN 0.20	PLN 1,466,278.20
Bearer shares	25,315,682	PLN 0.20	PLN 5,063,136.40
Total shares	32,647,073	PLN 0.20	PLN 6,529,414.60

As many as 32,647,073 registered A series shares and A, B and C series bearer shares were entitled to payment of the remaining part of the dividend:

Remaining profit dividend for 2023	Number of shares	Remaining dividend per 1 share	The remaining part of the dividend paid on 11 July 2024
Registered shares	7,326,515	PLN 0.30	2,197,954.50
Bearer shares	25,320,558	PLN 0.30	7,596,167.40
Total shares	32,647,073	PLN 0.30	9,794,121.90

Apator S.A. since its stock exchange debut in 1997, has paid its shareholders approx. PLN 540 million in dividends and share buyback programs.

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

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

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

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

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

The Management Board of Apator S.A. declares that, to the best knowledge of the Management Board, the condensed semi-annual separate and condensed semi-annual consolidated financial statements for the first half of 2024 of the Apator Groups have been prepared in accordance with International Accounting Standard IAS 34 "Interim Financial Reporting". Both Apator S.A. and Apator Group apply the provisions of the Accounting Act and the subordinate legislation issued based on it, in the scope not regulated by IAS/IFRS.

Condensed semi-annual individual and condensed semi-annual consolidated financial statements reflect, in a true, reliable and clear manner, the property and financial situation of Apator S.A., Apator Group and their

Name of the entity:	Apator Group		
Period covered by the financial statements:	1 January 2024 – 30 June 2024	Reporting currency:	Polish zloty (PLN)
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financial result. Detailed principles for the preparation of these statements are included in the notes to the condensed semi-annual separate and condensed semi-annual consolidated financial statements.

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

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

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

The Management Board of Apator S.A. declares that the entity authorized to audit financial statements, KPMG Audyt Spółka z ograniczoną odpowiedzialnością Sp. k., which audited the condensed semi-annual separate financial statements and reviewed the condensed semiannual consolidated financial statements, was selected in accordance with the law. The entity auditing the statements was chosen by the Supervisory Board of Apator S.A. on 25 March 2024 in accordance with Art. 15 of the Articles of Association of Apator S.A. i.e. in a manner that ensures their independence in carrying out the tasks assigned to them. The selection of the entity authorized to audit financial statements was carried out in accordance with applicable regulations and professional standards. the Supervisory Board of Apator S.A. has selected KPMG Audyt Spółka z ograniczoną odpowiedzialnością Sp. k. to review and audit the separate and consolidated financial statements for 2024-2025.

The company KPMG Audyt Spółka z ograniczoną odpowiedzialnością Sp. k. - entered in the register of entities authorised to audit financial statements under number 3546, as well as members of its Management Board and chartered auditors performing auditing activities for Apator S.A. and its affiliates, meet the conditions of impartiality and independence set forth in Art. 69 of the Act of 11 May 2017 on Statutory Auditors, audit companies and public supervision.

9. Summary

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

Name of the entity:	Apator Group		
Period covered by the financial statements:	1 January 2024 – 30 June 2024	Reporting currency:	Polish zloty (PLN)
Rounding level:	all amounts are expressed in thousands of Polish zloty (unless otherwise indicated)		

Signatures

29 August 2024

Maciej Wyczęsany

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

29 August 2024

Łukasz Zaworski

Member of the Management Board, Product Development Director

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Name of the entity:	Apator Group		
Period covered by the financial statements:	1 January 2024 – 30 June 2024	Reporting currency:	Polish zloty (PLN)
Rounding level:	all amounts are expressed in thousands of Polish zloty (unless otherwise indicated)		