



Report of the Supervisory Board of Apator SA on the remuneration of the Members of the Management Board and the Supervisory Board for the year 2022

Toruń, 31 May 2023



Table of contents

1.	Introduction	3
2.	Remuneration of the Members of the Supervisory Board.....	3
3.	Remuneration of the Members of the Management Board.....	5
4.	An explanation of how the total remuneration complies with the adopted Remuneration Policy, including how it contributes to the long-term performance of the Company	7
5.	Changes in remuneration and basic results of the Apator Group from 2017 - 2022	10

Entity name:	Apator SA		
Period covered by the report:	01 January 2022 – 31 December 2022	Reporting currency:	Polish zloty (PLN)
Rounding level:	Whole numbers, no decimal places		

1. Introduction

The report on remuneration of the Members of the Management Board and the Supervisory Board of Apator SA has been prepared in accordance with the requirements of the Act of 29th July 2005 on Public Offering, the Conditions Governing the Introduction of Financial Instruments to Organised Trading, and Public Companies (i.e. Dz.U. /Journal of Laws/ of 2022, item 2554, hereinafter referred to as the **Act on Public Offering**) and it includes the description of remuneration paid to the Members of the Management Board and the Supervisory Board in accordance with binding internal regulations including "Remuneration Policy of the Members of the Management Board and the Supervisory Board of Apator S.A." adopted by the Ordinary General Shareholders Meeting of Apator S.A. on 2 July 2020.

The Company did not apply any derogations from the Remuneration Policy, derogations from its temporal application or derogations from the procedure for implementing the Policy.

On 31 May 2022 the Ordinary General Shareholders Meeting of Apator SA adopted the Resolution no 23/2022 on the positive opinion on the Report of the Supervisory Board of Apator SA on the remuneration of the Members of the Management Board and the Supervisory Board of Apator SA for 2021.

2. Remuneration of the Members of the Supervisory Board

Members of the Supervisory Board receive remuneration in the form of a fixed monthly amount determined by resolution of the General Shareholders Meeting, irrespective of their participation in meetings of the Supervisory Board, and may benefit from additional non-monetary benefits provided for employees of the Company, in accordance with the internal documents in force in the Company.

At 31 December 2022 in Apator SA the principles of remuneration of the Supervisory Board were in force resulting from "Remuneration Policy of the Members of the Management Board and Supervisory Board of Apator SA" adopted by the resolution of General Shareholders Meeting no. 29/VII/2020 of 2 July 2020. The amount of remuneration of the Members of the Supervisory Board was adopted by the resolution of the General Shareholders Meeting no. 30/VII/2020 of 2 July 2020.

As of 2020, the level of remuneration of the Members of the Supervisory Board on the basis of Resolution no. 30/VII/2020 adopted by the General Shareholders Meeting shall be applicable and shall amount to:

- for the Chairperson of the Supervisory Board - PLN 8,500 gross per month,
- for other Member of the Supervisory Board - PLN 7,000 gross per month,
- allowance for performing functions in committees of the Supervisory Board - PLN 1,500 gross per month.

Remuneration of the Members of the Supervisory Board:

Basic remuneration	Member of the Supervisory Board receives remuneration in the form of a fixed monthly amount determined by resolution of the General Shareholders Meeting, irrespective of attendance at meetings of the Supervisory Board. The remuneration of the Members of the Supervisory Board is paid on the same date as the remuneration of the Company's employees.
---------------------------	--

Variable remuneration	Members of the Supervisory Board do not receive additional remuneration in a form of a bonus.
------------------------------	---

Entity name:	Apator SA		
Period covered by the report:	01 January 2022 – 31 December 2022	Reporting currency:	Polish zloty (PLN)
Rounding level:	Whole numbers, no decimal places		

Additional non-cash benefits Each Member of the Supervisory Board may receive additional non-cash benefits from the Company, under the principles applicable to the Company's employees, such as:

- co-financing of benefits available to the Company's employees (multisport card and medical package, additional life and motor insurance),
- ECP,

The Company does not offer additional pension schemes and does not pay remuneration to the Members of the Supervisory Board in a form of financial instruments.

Members of the Supervisory Board pursuant to Article 392(3) of the Commercial Companies Code are entitled to claim reimbursement of expenses (e.g. business travel) related to the performance of their duties.

Supervisory Board of Apator SA in 2022

Name and surname	Function	Term of office in the reporting year
Janusz Niedźwiecki	Chairperson of the Supervisory Board, independent according to the Best Practice for GPW Listed Companies 2016	Full year
Mariusz Lewicki	Deputy Chairperson of the Supervisory Board	Full year
Danuta Guzowska	Member of the Supervisory Board	Full year
Janusz Marzygliński	Member of the Supervisory Board	Full year
Marcin Murawski	Member of the Supervisory Board, independent according to the Best Practice for GPW Listed Companies 2016	Full year
Kazimierz Piotrowski	Member of the Supervisory Board	Full year
Tadeusz Sosgórnik	Member of the Supervisory Board	Full year

Total remuneration of the Members of the Supervisory Board for 2022 (PLN gross):

Name and surname	Fixed remuneration from Apator SA	Additional benefits from Apator SA*	Total remuneration from Apator SA	Remuneration from other entities in Grupa Apator**	Total remuneration from Grupa Apator
Janusz Niedźwiecki Chairperson of the Supervisory Board	102,000		102,000	24,000	126,000
Danuta Guzowska Member of the Supervisory Board	84,000		84,000	0	84,000
Mariusz Lewicki Deputy Chairperson of the Supervisory Board	102,000	1530	103,530	84,000	187,530
Janusz Marzygliński Member of the Supervisory Board	84,000		84,000	38,903	122,903

Entity name:	Apator SA		
Period covered by the report:	01 January 2022 – 31 December 2022	Reporting currency:	Polish zloty (PLN)
Rounding level:	Whole numbers, no decimal places		

Name and surname	Fixed remuneration from Apator SA	Additional benefits from Apator SA*	Total remuneration from Apator SA	Remuneration from other entities in Grupa Apator**	Total remuneration from Grupa Apator
Marcin Murawski Member of the Supervisory Board	102,000	1537	103,537	0	103,537
Kazimierz Piotrowski Member of the Supervisory Board	102,000		102,000	48,000	150,000
Tadeusz Sosgórnik Member of the Supervisory Board	84,000	885	84,885	184,800	269,685
Summary	660,000	3,952	663,952	379,703	1,043,655

* Additional benefits may include: medical benefits, sports packages, ECP contributions, reimbursement of business travel expenses.

**Tadeusz Sosgórnik received the basic remuneration and additional benefits from Apator Mining Sp. z o.o. in relation to the performance of the function of Commercial Director. Other persons received remuneration for performing the function of the Member of Supervisory Board in the companies of the Apator Group: Apator Rector Sp. z o.o., Apator Powogaz SA, Apator Metrix SA, Apator Mining Sp. z o.o., Apator Telemetria Sp. z o.o., FAP Pafal SA.

In 2022, the Members of the Supervisory Board of Apator SA also performed functions in the bodies of the companies of the Apator Group, which is also related to obtaining remuneration from those companies:

- Janusz Niedźwiecki - Member of the Supervisory Board of Apator Telemetria Sp. z o.o.,
- Mariusz Lewicki - Chairperson of the Supervisory Board of Apator Metrix S.A., Chairperson of the Supervisory Board of Apator Mining Sp. z o.o., Member of the Supervisory Board of Apator Powogaz S.A.,
- Janusz Marzygliński - Chairperson of the Supervisory Board of Apator Rector Sp. z o.o., Member of the Supervisory Board of Apator Powogaz S.A. (until 27 May 2022),
- Kazimierz Piotrowski - Deputy Chairperson of the Supervisory Board of Apator Metrix S.A., Member of the Supervisory Board of Apator Mining Sp. z o.o.
- Tadeusz Sosgórnik - Chairperson of the Supervisory Board of Apator Powogaz S.A., Chairperson of the Supervisory Board of FAP Pafal S.A., Commercial Director of Apator Mining Sp. z o.o.

The immediate family of the Members of the Supervisory Board did not receive any cash or non-cash benefits in 2022.

3. Remuneration of the Members of the Management Board

At 31 December 2022 in Apator SA the principles of remuneration of the Members of the Management Board were in force resulting from "Remuneration Policy for the Members of the Management Board and Supervisory Board of Apator SA" adopted by the resolution of General Shareholders Meeting no. 29/VII/2020 of 2 July 2020, "Bonus Policy for the Members of the Management Board of Apator SA" adopted by the resolution of Supervisory Board no. 47/2020 of 3 November 2020 and individual conditions of remuneration included in contracts of employment.

The basis for establishing a legal relationship with a Member of the Management Board and paying their remuneration is:

- an employment contract concluded for a limited or indefinite period, or
- a contract of mandate (management contract) concluded for the duration of holding the position of a Member of the Management Board, or
- appointment to perform the function of a Member of the Management Board for the term of office of the Member of the Management Board.

Entity name:	Apator SA		
Period covered by the report:	01 January 2022 – 31 December 2022	Reporting currency:	Polish zloty (PLN)
Rounding level:	Whole numbers, no decimal places		

The choice of the basis for establishing a legal relationship with the Member of the Management Board and the determination of their remuneration shall be determined through negotiations between the parties. These negotiations shall be conducted on behalf of the Company by the Supervisory Board or its proxy appointed by it from among the Members of the Supervisory Board.

The final decision on the establishment of a legal relationship with a Member of the Management Board, its basis, the rights and obligations of the parties with regard to, inter alia, the termination of the legal relationship, as well as the principles of remuneration, are determined by the Supervisory Board of the Company in the form of a resolution to which a draft contract concluded with the Member of the Management Board is attached.

The Supervisory Board may establish different bases for the legal relationship for individual Members of the Management Board, and may also establish different rates of remuneration for individual Members of the Management Board for the management of the Company and direct management of the Organisational Division, but regardless of this, the principles for dividing the remuneration of a given Member of the Management Board into basic remuneration and variable remuneration must remain the same, regardless of the basis of the legal relationship applied.

Irrespective of the basis applied for establishing legal relationship with the Member of the Management Board, the Member of the Management Board may receive from the Company a remuneration in cash for managing the Company consisting of two parts, i.e. the basic and variable remuneration.

When appointing a Member of the Management Board, the Supervisory Board shall determine - in a resolution appointing the Member of the Management Board or in a separate resolution - the basic elements of the remuneration in cash of the Member of the Management Board, including the amount of basic and variable remuneration.

A Member of the Management Board may also be granted additional benefits under the rules applicable to the Company's employees.

Remuneration of the Member of the Management Board:

Basic remuneration	Basic remuneration is paid monthly in the amount set out in a resolution of the Board, on the date of payment of the remuneration to the Company's employees. The amount of basic remuneration is determined by the Supervisory Board, taking into account the expectations of the Member of the Management Board, the company's achieved profit level and remuneration benchmarks.
Variable remuneration	Variable remuneration represents up to 80% of basic remuneration and is paid in the form of an annual bonus on the date following the approval of the Company's financial statements by the General Shareholders Meeting. The payment of the annual bonus depends on the achievement of certain long-term management objectives by the individual Members of the Management Board and on the performance of the Company/Apator Group. The management objectives are primarily financial and non-financial indicators. The level of performance of the objectives is the basis for granting the annual bonus to the Management Board of Apator S.A.
Additional non-cash benefits	Each Member of the Management Board may also receive additional non-cash benefits from the Company, under the principles applicable to the Company's employees, such as: <ul style="list-style-type: none"> • contribution to the costs of renting an apartment, • co-financing of benefits available to the Company's employees (e.g. multisport card and medical package, additional life and motor insurance), • ECP,

Entity name:	Apator SA		
Period covered by the report:	01 January 2022 – 31 December 2022	Reporting currency:	Polish zloty (PLN)
Rounding level:	Whole numbers, no decimal places		

- company car for private use.

The Company does not offer additional pension schemes and does not grant remuneration in the form of financial instruments.

Upon termination of the employment relationship, the Members of the Management Board are entitled to severance pay in the amount of 3 months' gross basic remuneration and the possibility of obtaining compensation for non-competition (if the Supervisory Board decides not to withdraw from the non-competition agreement).

Management Board of Apator SA in 2022:

Name and surname	Function	Term of office in the reporting year
Arkadiusz Chmielewski	President of the Management Board - Director for Business Development of the Apator Group	01 January 2022 – 31 December 2022
Tomasz Łątka	Member of the Management Board - General Director	01 January 2022 – 31 December 2022

Total remuneration of the Members of the Management Board for 2022 (PLN gross):

Name and surname	Basic remuneration from Apator SA	Variable remuneration from Apator SA*	Additional benefits from Apator SA	Total remuneration from Apator SA**	Share of variable remuneration in total remuneration	Remuneration from other entities in the Apator Group***	Total remuneration from the Apator Group
Arkadiusz Chmielewski President of the Management Board	778,348	624,000	4,800	1,407,148	44.35%	60,000	1,467,148
Tomasz Łątka Member of the Management Board	600,000	480,000	18,458	1,098,458	43.70%	24,000	1,122,458
Summary	1,378,348	1,104,000	23,258	2,505,606	44.06%	84,000	2,589,606

*The amount of the assumed provision for bonus due for 2022. The provision was counted as 80% (bonus on target) of the 100% planned basic remuneration payment. The bonus will be paid after the approval of the financial statements by the General Shareholders Meeting based on the level of achievement of financial and non-financial objectives by individual Members of the Management Board.

** The value of the total remuneration includes the estimated value of the bonus.

*** Arkadiusz Chmielewski received remuneration for holding the position of a Member of the Supervisory Board of Apator Powogaz SA and Apator Rector Sp. z o.o.; Tomasz Łątka received remuneration for holding the positions of a Member of the Supervisory Board in Apator Rector Sp. z o.o.

4. An explanation of how the total remuneration complies with the adopted Remuneration Policy, including how it contributes to the long-term performance of the Company

Under the Remuneration Policy, the total remuneration structure is in line with market practices, while remuneration levels are in line with those offered in the sector of industrial companies listed on the WSE, taking into account the scale of operations.

The amount of remuneration shall be reviewed once a year.

Entity name:	Apator SA		
Period covered by the report:	01 January 2022 – 31 December 2022	Reporting currency:	Polish zloty (PLN)
Rounding level:	Whole numbers, no decimal places		

The criteria affecting the nature and amount of basic and variable remuneration awarded to the Members of the Management Board have been defined in such a way as to support the achievement of the Company's business strategy, long-term interests and stability, in particular by:

- setting bonus objectives for the Members of the Management Board annually in accordance with financial and strategic plans of the Company and the Apator Group and then assessing the level of their performance
- concluding non-competition and confidentiality agreements with Members of the Management Board in order to protect the interests of the Company

The objective of the Remuneration Policy is to ensure the development of the Company and the entire Apator Group, securing the stakeholders, in particular customers, owners and employees, inter alia, through adequate, market-based remuneration of the employees, for the work performed and motivating them to achieve the best possible results based on specified quantitative and qualitative criteria.

Each Member of the Company's Management Board may receive variable remuneration. Variable remuneration represents up to 80% of the basic remuneration and is paid in the form of an annual bonus.

A condition for receiving the bonus is the achievement of the financial and non-financial objectives determined by the Council, with the threshold for triggering the settlement of financial objectives being 90% achievement of these objectives.

Members of the Management Board receive both financial and non-financial objectives in a proportion of 80/20 respectively. The management objectives determining the amount of variable remuneration may include:

- financial objectives:
 - income level
 - EBITDA level
 - net and gross profit level
 - revenue value and trend
 - other financial indicators
- non-financial objectives:
 - implementing the Company's and Group's business strategy
 - increasing business efficiency
 - actively seeking business development opportunities
 - active cooperation within the Group
 - customer satisfaction level
 - implementing the HR strategy
 - implementing the CSR strategy
 - environmental indicators

Awarding bonuses to the Members of the Management Board is based on an assessment of the achievement of the set objectives.

In accordance with Article 4(6) of the adopted "Remuneration Policy", the Company did not defer the payment of variable remuneration and did not request its return.

Entity name:	Apator SA		
Period covered by the report:	01 January 2022 – 31 December 2022	Reporting currency:	Polish zloty (PLN)
Rounding level:	Whole numbers, no decimal places		

4.1. Bonus targets for 2022

In accordance with the adopted Remuneration Policy for Members of the Management Board and Supervisory Board approved by resolution of the Ordinary General Shareholders Meeting no. 29/VII/2020 and the Bonus Regulations, the Supervisory Board set quantitative objectives and non-financial objectives for the Members of the Management Board for 2022 in the proportion of 80/20 respectively and assigned bonus thresholds and weights to them:

- a) quantitative objectives for 2022 for all Members of the Management Board included:
 - sales revenues of the Apator Group
 - EBITDA profit of the Apator Group
 - net profit of the Apator Group
- b) individual quantitative objectives related to the performance of selected companies;
- c) individual non-financial objectives related to updating the business strategy and improving business efficiency

Settlement of the bonus targets will take place after the General Shareholders Meeting approves the financial statements on 28 June 2023.

Entity name:	Apator SA		
Period covered by the report:	01 January 2022 – 31 December 2022	Reporting currency:	Polish zloty (PLN)
Rounding level:	Whole numbers, no decimal places		

5. Changes in remuneration and basic results of the Apator Group from 2017 - 2022

The table below shows the changes in total remuneration* and basic results of the Apator Group from 2016-2021.

Annual change	2017	2018	2019	2020	2021	2022	2018 vs 2017	2019 vs 2018	2020 vs 2019	2021 vs 2020	2022 vs 2021
Mirosław Klepacki President of the Management Board from 16 November 2017 to 24 November 2021	135,000	1,088,324	1,207,938	1,310,744	1,077,316	-	706.2%**	11%	8.5%	- 17.8%	-
Arkadiusz Chmielewski Member of the Management Board from 12 June 2017 to 30 November 2017 and from 1 January 2019 to 24 November 2021. President of the Management Board from 25 November 2021 to 28 February 2023	355,263	-	384,000	416,736	412,080	1,407,148	-	-	8.5%	-1.1%	241.5%
Tomasz Łątka Member of the Management Board from 01 September 2020	-	-	-	111,363	263,248	1,098,458	-	-	-	136.4%	317.3%
Andrzej Szostak President of the Management Board from 25 June 2013 to 15 November 2017	955,721	-	-	-	-	-	-	-	-	-	-

Entity name:	Apator SA		
Period covered by the report:	01 January 2022 – 31 December 2022	Reporting currency:	Polish zloty (PLN)
Rounding level:	Whole numbers, no decimal places		

Annual change	2017	2018	2019	2020	2021	2022	2018 vs 2017	2019 vs 2018	2020 vs 2019	2021 vs 2020	2022 vs 2021
Piotr Dobrowolski Member of the Management Board from 22 February 2016 to 31 May 2017	209,013	-	-	-	-	-	-	-	-	-	-
Agnieszka Nosal Member of the Management Board from 01 January 2017 to 30 November 2017	1,008,460	-	-	-	-	-	-	-	-	-	-
Piotr Nowak Member of the Management Board from 01 July 2014 to 03 January 2018	869,426	59,665	-	-	-	-	- 93.1%	-	-	-	-
Janusz Niedźwiecki Chairperson of the Supervisory Board from 24 June 2013	84,000	84,000	84,300	93,360	102,000	102,000	0%	0.4%	10.7%	9.3%	0%
Danuta Guzowska Member of the Supervisory Board from 1 January 2000	84,000	84,000	84,000	84,000	84,000	84,000	0%	0%	0%	0%	0%
Mariusz Lewicki Deputy Chairperson of the Supervisory Board from 14 January 2000	84,000	84,000	84,000	93,000	102,000	103,530	0%	0%	10.7%	9.7%	1.5%
Janusz Marzygliński Member of the Supervisory Board from 14 January 2000	84,000	84,000	84,000	84,000	84,000	84,000	0%	0%	0%	0%	0%
Marcin Murawski Member of the Supervisory Board from 24 June 2013	84,000	84,000	84,219	94,399	104,286	103,537	0%	0.3%	12.1%	10.5%	-0.7%
Kazimierz Piotrowski Member of the Supervisory Board 23 July 2015	84,000	84,000	84,000	93,000	102,000	102,000	0%	0%	10.7%	9.7%	0%

Entity name:	Apator SA		
Period covered by the report:	01 January 2022 – 31 December 2022	Reporting currency:	Polish zloty (PLN)
Rounding level:	Whole numbers, no decimal places		

Annual change	2017	2018	2019	2020	2021	2022	2018 vs 2017	2019 vs 2018	2020 vs 2019	2021 vs 2020	2022 vs 2021
Tadeusz Sosgórnik Member of the Supervisory Board from 02 July 2020	-	-	-	41,696	84,165	84,885	-	-	-	101.9%	0.9%
Sales revenues of the Apator Group	883,196,000	827,802,000	877,593,000	934,850,000	940,083,000	1,081,792,000	-6.3%	6.0%	6.5%	0.6%	15.1%
Profit (loss) before taxation of the Apator Group	58,217,000	91,744,000	73,884,000	81,917,000	85,244,000	15,915,000	57.6%	-19.5%	10.9%	4.1%	-81.3%
Net profit of the Apator Group	43,908,000	70,405,000	55,287,000	62,237,000	63,336,000	7,205,000	29.3%	-6.0%	3.8%	14.9%	-88.6%
EBITDA of the Apator Group	103,893,000	134,311,000	126,288,000	131,100,000	150,573,000	87,067,000	60.3%	-21.5%	12.6%	1.8%	-42.2%
Employees of Apator SA**	4,165	4,076	4,379	4,540	4,980	5,776	-2.1%	7.4%	3.7%	9.7%	16%

*Total remuneration received from Apator SA. (includes provision for bonus payable for 2022)

** Average basic remuneration at the end of the indicated year (December to December) excluding Members of the Management Board and Supervisory Board, converted to FTE,

on behalf of the Supervisory Board of Apator SA
Chairperson of the Supervisory Board
Janusz Niedźwiecki

Entity name:	Apator SA		
Period covered by the report:	01 January 2022 – 31 December 2022	Reporting currency:	Polish zloty (PLN)
Rounding level:	Whole numbers, no decimal places		