



Report on the activity of the Supervisory Board of Apator SA for 2024

Toruń, 27 May 2025



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1. Introduction

The Supervisory Board of Apator SA, pursuant to Art. 382 sec. 3 of the Code of Commercial Companies and Partnerships, and Art. 15 sec. 11 of the Articles of Association of Apator SA and Best Practice for GPW Listed Companies 2021, presents the *Report on the activity of the Supervisory Board of Apator SA for 2024 to the General Shareholders Meeting*.

The report is prepared in accordance with Art. 382 sec. 3¹ of the Code of Commercial Companies and Partnerships and point 2.11 of the Best Practice for GPW Listed Companies 2021 and includes:

- *information on the composition of the Board and its committee, with an indication of which Board members meet the independence criteria set out in the Act of 11 May 2017 on statutory auditors, audit firms and public supervision, and which of them do not have actual and significant ties with a shareholder holding at least 5% of the total number of votes in the Company, as well as information on the composition of the supervisory board in the context of its diversity;*
- *summary of the activities of the Board and its committee;*
- *assessment of the Company's application of the principles of corporate governance and the manner of fulfilling the information obligations concerning their application laid down in the WSE Rules and in the regulations on current and periodic information provided by issuers of securities, together with information on the actions taken by the Supervisory Board to perform this assessment;*
- *consolidated assessment of the Company's position, including an assessment of the internal control systems, risk management, compliance and the internal audit function, together with information on the steps the Board has taken to make this assessment; this assessment shall cover all relevant controls, including in particular reporting and operational controls;*
- *assessment of the reasonableness of the expenditure referred to in Principle 1.5 of the Best Practice for GPW Listed Companies 2021, i.e. expenditure to support culture, sport, charities, media, community organisations, trade unions, etc.;*
- *information on the degree of implementation of the diversity policy with regard to the Management Board and the Supervisory Board,*
- *results of the evaluations referred to in Art. 382 sec. 3 item 1 and 2 of the Code of Commercial Companies and Partnerships (evaluation of reports and proposals of the Board concerning profit distribution);*
- *evaluation of the implementation by the Board of the obligations referred to in Art. 240¹ of the Code of Commercial Companies and Partnerships;*
- *assessment of the manner in which the Management Board prepares or submits to the Supervisory Board the information, documents, reports or explanations requested in accordance with the procedure set out in Art. 382 sec. 4 of the Code of Commercial Companies and Partnerships;*
- *information on the total remuneration payable by the Company for all audits commissioned by the Supervisory Board during the financial year in accordance with the procedure set out in Art. 233¹ of the Code of Commercial Companies and Partnerships.*

2. Composition of the Supervisory Board

In accordance with the Articles of Association of Apator SA, the Supervisory Board may be composed of 5 to 7 Members, elected by the General Meeting for the period of 5 years. Members of the Board are appointed for a joint term of office. The reduction of the number of members of the Supervisory Board during the term of office to not less than 5 Members does not require any addition to the composition of the Supervisory Board.

Throughout the reporting period covering 2024, the composition of the ninth-term Supervisory Board was as follows:

- Janusz Niedźwiecki - Chair of the Supervisory Board,

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- Mariusz Lewicki - Deputy Chair of the Supervisory Board,
- Janusz Marzygłowski - Member of the Supervisory Board,
- Danuta Guzowska - Member of the Supervisory Board,
- Kazimierz Piotrowski - Member of the Supervisory Board,
- Tadeusz Sosgórnik - Member of the Supervisory Board,
- Marcin Murawski - Member of the Supervisory Board.

The current term of office of the Supervisory Board ends on the date of the 2025 General Shareholders Meeting.

The composition of the Supervisory Board, which includes individuals with both business experience and expertise, backed by many years of professional practice, ensures that supervisory duties are properly and effectively performed and that the tasks and responsibilities assigned are duly performed.

Professional CVs of the members of the Supervisory Board are available on Apator SA's website in the "Investor Relations" tab.

2.1. Independence of Supervisory Board Members

In accordance with the requirements of the Best Practices for GPW Listed Companies 2021, at least two members of the supervisory board meet the independence criteria set out in the Act of 11 May 2017 on statutory auditors, audit firms and public supervision and do not have actual and significant ties to a shareholder holding at least 5% of the total number of votes in the Company.

With reference to the Act of 11 May 2017 on statutory auditors, audit firms and public supervision, the independence criteria required under this Act are met by three Supervisory Board members: Janusz Niedźwiecki, Marcin Murawski and Kazimierz Piotrowski.

Furthermore, in accordance with the requirements of the Best Practice for GPW Listed Companies 2021, in addition to the criteria listed in the aforementioned Act, Janusz Niedźwiecki and Marcin Murawski also meet the condition of having no actual and significant links with a shareholder holding at least 5% of the total number of votes in the Company.

2.2. Diversity among the Members of the Supervisory Board

In 2024, and at the date of publication of this Report, the diversity ratio of the Supervisory Board members in terms of gender and age is as follows:

- gender ratio on the Supervisory Board:
 - women: 14,3%
 - men: 85,7%
- Supervisory Board member age range:
 - 50–65: 42.9%
 - over 65: 57.1%

3. Summary of Supervisory Board Activities in 2024

3.1. Supervisory Board Meetings

In accordance with the Articles of Association, the Supervisory Board meets quarterly, or more often if necessary, at the invitation of the Chair of the Board.

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In 2024, the Supervisory Board operated based on the adopted meeting schedule. The agenda was established on a case-by-case basis by the Chair of the Supervisory Board, based on the situation of the Company and the Apator Group, as well as the legal requirements, and the information needs of the Supervisory Board; it was then sent to the Supervisory Board members in notices of meetings well in advance.

In 2024, the Supervisory Board held 27 meetings, during which it took positions on matters on the agenda and adopted 54 resolutions (including 12 by circulation).

Irrespective of regular meetings, the Supervisory Board members were in constant, direct contact with the Management Board to comprehensively supervise the activities of the Company and the Apator Group.

3.2. Supervisory Board Supervision Areas

The Supervisory Board performs its actions based on special rights granted by the Articles of Association of Apator SA, Regulations of the Supervisory Board of Apator SA and principles of corporate governance specified in Best Practice for GPW Listed Companies 2021.

The Supervisory Board exercised constant supervision over Company and Group activities in all areas of its operations and supervised the work of the Management Board by:

- examining materials received from the Management Board at the Supervisory Board's request,
- obtaining information and detailed explanations from the members of the Management Board and other Company employees during the meetings of the Supervisory Board,
- activities of the Audit Committee and attending its meetings,
- activities of the statutory auditor who, on behalf of the Supervisory Board, reviewed and audited the financial and accounting documentation and the financial statements prepared on its basis.

All members of the Supervisory Board exercised due diligence in the performance of their duties using their knowledge and experience and effectively carried out their statutory tasks, guided in their actions by the interests of the Company and the Group. Apart from exercising its supervisory function, the Supervisory Board supported the Management Board with expertise in strategic areas, in line with the Best Practice for GPW Listed Companies 2021.

The areas of supervision of the Supervisory Board in 2024 included corporate and financial supervision of Apator SA and other domestic and foreign Apator Group companies. The Board's 2024 areas of special oversight concerned:

- analysis of the separate and consolidated financial results, including economic parameters in terms of profitability, liquidity, net debt, working capital (especially inventories) and the extent to which these have been achieved in relation to the approved budget,
- analysis of individual and consolidated financial budgets,
- analysis and approval of business strategy of the Apator Group for 2025 - 2028, including update of dividend policy,
- analysis of the situation of individual companies from the capital group and their business prospects, with the Board paying particular attention to the situation in the Gas segment and the deterioration of the situation of GWi Ltd., leading to the introduction of steps towards its ultimate liquidation,
- incorporation of FAP Pafal SA with its registered office in Świdnica into Apator SA with its registered office in Toruń,
- consent for Apator SA to dispose of rights or incur liabilities exceeding PLN 20 mln in value and issuing opinions on such actions towards the Apator Group, in particular:
 - ✓ participation of Apator SA in important tenders announced by Polish and foreign power plants,
 - ✓ conclusion of significant contracts on domestic and foreign markets,

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- quality management of products and processes in Apator SA, including organisational changes concerning the manufacture of electricity meters, visits at production departments of Apator SA,
- reviewing transactions with affiliated entities,
- implementation of the personnel policy of the Apator Group, including changes in remuneration and bonuses and setting bonus targets for persons being members of the Management Board of Apator SA,
- reviewing the implementation of the sponsorship policy,
- recommendation of dividend payment,
- changes in the composition of the Management Board of Apator SA and the companies of the Apator Group,
- process of the auditor selection for auditing the 2024-2025 financial statements,
- amending the Regulations of the Management Board of Apator SA and the Audit Committee,
- analysis of changes in law (compliance), in particular the requirements concerning sustainable development and the directive concerning gender balance,
- participation in meetings of the Audit Committee and analysis of provisions and recommendations of the Committee,
- compliance by the Apator SA Board with the information duties towards the Supervisory Board under the amendment to the Code of Commercial Companies and Partnerships (Art. 380 [1]), consolidated text:
 - ✓ review of resolutions of the Management Board,
 - ✓ the condition of the Company and the Group, including with regard to its assets, as well as significant circumstances in the scope of its activities, in particular in the areas of operations, investments and human resources,
 - ✓ progress in the implementation of the Company's business directions,
 - ✓ transactions and other events or circumstances that materially affect or may materially affect the Company's or the Group's financial position, including its profitability or liquidity,
 - ✓ changes to the information previously submitted to the Supervisory Board, if these changes materially affect or are likely to affect the position of the Company and the Group.

In 2024, the Supervisory Board did not exercise its powers under Art. 390¹ of the Code of Commercial Companies and Partnerships, i.e. it did not delegate its Members to independently perform specific supervisory and inspection activities.

3.2.1. General Shareholders Meeting of Apator SA

The General Shareholders Meeting of Apator SA took place on 26 June 2024. The Supervisory Board issued a positive opinion on all motions, and representatives of the Board participated in this Meeting to ensure they were ready for substantive discussion during its course.

3.3. Human Resources Policy Implemented by the Supervisory Board

As part of the Human Resources Policy, the Supervisory Board is responsible for:

- *determining the number of Members of the Company's Management Board,*
- *appointing the President of the Management Board and then, on his request, the other members of the Management Board,*
- *determining the rules of remuneration for the Management Board in line with the adopted remuneration policy for Members of the Management Board,*
- *suspending all or individual Members of the Management Board for important reasons,*
- *dismissing Members of the Company's Management Board,*
- *delegating Members of the Supervisory Board to temporarily perform the duties of Members of the Management Board,*

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- *representing the Company in contracts between the Company and the Board Members, as well as in disputes between the Company and Board Members,*
- *deciding on matters of conflict of interest for Management Board Members.*

3.3.1. Composition of the Management Board of Apator SA in 2024

In accordance with Art. 16 of the Articles of Association of Apator SA, the Company's Management Board is composed of 1 to 6 members appointed by the Supervisory Board for 3 years for a common term of office.

From 1st January 2024 to 14th May 2024 the composition of the Board of Apator SA was as follows:

1. Maciej Wyczesany – President of the Management Board of Apator SA, General Director,
2. Łukasz Zaworski – Member of the Management Board of Apator SA, Product Development Director,
3. Robert Kowalski – Member of the Management Board of Apator SA, Strategy Director of the Apator Group.

On 21 March 2024, Robert Kowalski resigned from the post of the Member of the Management Board of Apator SA, effective 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. In view of the above, from 15 May 2024, and on the day of publication of this report, the composition of the Board of Apator SA is as follows:

1. Maciej Wyczesany – President of the Management Board of Apator SA, General Director,
2. Łukasz Zaworski – Member of the Management Board of Apator SA, Product Development Director

The term of office of the Board ends on the day of the 2025 General Shareholders Meeting of Apator SA.

3.3.2. Apator SA Management Board Remuneration System

As part of the remuneration policy, the Supervisory Board is responsible for:

- *determining the rules of remuneration for the Management Board in line with the adopted remuneration policy for Members of the Management Board,*
- *preparing and presenting a report to the General Shareholders Meeting on the remuneration of the Members of the Management Board and the Supervisory Board,*
- *detailing the remuneration policy for Members of the Management Board and Supervisory Board, within the limits determined by the General Shareholders Meeting,*
- *deciding on temporary withdrawal from the application of the remuneration policy for Members of the Management Board and Supervisory Board within the limits specified in the remuneration policy,*

The principles of the remuneration system for Management Board Members result from the Remuneration Policy for the members of the Management Board and Supervisory Board, adopted by the General Shareholders Meeting, which aims to support the long-term business strategy and long-term interests and stability of the Apator Group.

The full content of the Remuneration Policy is available at www.apator.com in the "Investor Relations" tab.

In compliance with the requirements of Art. 90d of the Act on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organised Trading, and Public Companies of 29 July 2005 (consolidated text Dz. U. /Journal of Laws/ of 2022, item 2554 as amended), the Supervisory Board prepared the 2024 remuneration report in the form of a separate document containing data on remuneration levels.

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4. Audit Committee:

4.1. Composition of the Audit Committee

The Audit Committee operates as part of the Supervisory Board. The term of office of the Audit Committee is the same as that of its Members and is similar to the term of office of the Supervisory Board. The Committee's composition did not change in 2024, and was as follows:

- Marcin Murawski - Chair of the Committee,
- Mariusz Lewicki - Member of the Committee,
- Kazimierz Piotrowski - Member of the Committee.

4.2. Independence of the Audit Committee Members

With reference to the act of 11 May 2017 on statutory auditors, audit firms and public supervision, the independence criteria required under this Act are met by two Audit Committee Members, i.e.: Marcin Murawski and Kazimierz Piotrowski.

The criteria for independence within the Audit Committee, as set out in the Best Practice for GPW Listed Companies 2021, are met by its Chair – Marcin Murawski.

4.3. Compliance with the Act on Statutory Auditors

The Supervisory Board of Apator SA declares that the regulations regarding the requirements to have knowledge and skills in the industry in which the issuer operates and in accounting or auditing of financial statements are complied with:

- Marcin Murawski and Mariusz Lewicki have knowledge and skills in accounting or auditing.
 - Marcin Murawski graduated from the Faculty of Management and Marketing at the University of Warsaw (specialisation: Corporate Finance); since 2003 he has been a Certified Public Accountant (PIBR No. 90053); since 2000 he has been a British Certified Public Accountant (ACCA No. 0251448) and a Certified Internal Auditor (exam in 2005). Additionally, Marcin Murawski has professional experience in accounting resulting from the following roles:
 - ✓ 1997–2005 – Employee in the Audit Department of the audit firm PwC (manager since 2002),
 - ✓ 2006 - 2012 – Director of Internal Audit Department at Warta S.A. Insurance Group,
 - ✓ from 2012 independent Member of Supervisory Boards and Member of Audit Committees of companies listed on GPW: (CCC SA – Chair of the Audit Committee – until June 2019, Apator SA – Chair of the Audit Committee, GTC SA – Chair of the Audit Committee, Seco/Warwick SA – Chair of the Audit Committee), Raiffaisen Bank International AG, Branch in Poland (Member of the Steering Committee) and Asseco Business Solutions SA – Member of the Supervisory Board).
 - Mariusz Lewicki graduated from the Faculty of Economic Sciences at the Nicolaus Copernicus University in Toruń in the field of economics and production organisation, he completed Postgraduate Studies in Tax Law and Postgraduate Studies in Commercial Law at the Faculty of Law and Administration at the Nicolaus Copernicus University. Additionally, Mariusz Lewicki has professional experience in accounting resulting from the following roles:
 - ✓ 1991 - 1999 – Head of Accounting Department in state enterprise PZAE Apator and Apator SA (legal successor of PZAE Apator),
 - ✓ 1994 – 2001 – Chief Accountant in Reuther Polska sp. z o.o. and Rotar Poland sp. z o.o.,
 - ✓ 1993–2013 – Chief Accountant in ZPDZ "Nagro",

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- ✓ 2001 – 2007 – Financial Director, Proxy at Apator Control Sp. z o.o. (former subsidiary of Apator SA),
 - ✓ 2007–2013 – Financial advisor at Z.P.H.U. Walter,
 - ✓ 2008 – 2018 – Deputy Chair of the Supervisory Board of PHS Hydrotor SA (2008 – June 2014), Chair of the Supervisory Board of PHS Hydrotor SA (July 2014 – June 2018), Chair of the Audit Committee of PHS Hydrotor SA (from June 2009 to June 2018), Member of the Audit Committee of PHS Hydrotor SA (July 2017 – June 2018),
 - ✓ from July 2018 to this day – President of the Management Board of PHS Hydrotor SA,
 - ✓ from 2009 to December 2015 – Chair of the Audit Committee of Apator SA, then Member of the Audit Committee of Apator SA to this day,
 - ✓ from May 2019 to this day – Chair of the Supervisory Board of Więcborskie Zakłady Metalowe Wizamor Sp. z o.o.
- All Members of the Audit Committee have knowledge and skills in the industry in which Apator SA operates:
- Marcin Murawski has knowledge and skills in Apator SA's industry acquired while performing the following functions:
 - ✓ from 2013 to this day – Member of the Supervisory Board of Apator SA – knowledge of the electrical machinery sector in the area of manufacturing of metering equipment and systems for energy utility distribution companies (electricity metering and switchgear),
 - ✓ from 2015 to this day – Member of the Supervisory Board and Chair of the Audit Committee of Seco/Warwick SA –knowledge of the electrical machinery sector in the area of mechanical equipment manufacturing.
 - Mariusz Lewicki has knowledge and skills in Apator SA's industry acquired while performing the following functions:
 - ✓ from 2000 to this day – Member of the Supervisory Board of Apator SA, Deputy Chair of the Supervisory Board since 2010 – knowledge of the electrical machinery sector in the area of manufacturing of metering equipment and systems for energy utility distribution companies (electricity metering and switchgear),
 - ✓ from 2005 to this day – Chair of the Supervisory Board of Apator Mining sp. z o.o. (subsidiary of Apator SA) – knowledge of the electrical machinery sector in the area of manufacturing of machinery and equipment for the mining industry, a sector in which the Company operated until the end of 2018,
 - ✓ from 2007 to this day – Chair of the Supervisory Board of Apator Metrix SA (a subsidiary of Apator SA) – knowledge of the electrical machinery sector in the field of manufacturing of metering gear for energy distribution companies (gas metering),
 - ✓ from 2014 to 2022 – Member of the Supervisory Board of Apator Elkomtech SA (a subsidiary of Apator SA) – knowledge of the electrical machinery sector in the field of manufacturing of systems supporting the work of energy services in the field of transmission and energy distribution (control and supervision systems),
 - ✓ from 2020 to this day – Member of the Supervisory Board of Apator Powogaz SA (a subsidiary of Apator SA) – knowledge of the water and sewerage sector in the field of manufacturing of water meters, heat meters and cost allocators,
 - ✓ from 2008 to this day – Deputy Chair of the Supervisory Board of PHS Hydrotor SA (2008 – June 2014), Chair of the Supervisory Board of PHS Hydrotor SA (July 2014 – June 2018), Chair of the Audit Committee of PHS Hydrotor SA (from June 2009 to June 2018), Member of the Audit Committee of PHS Hydrotor SA (July 2017 – June 2018), President of the Management Board of PHS Hydrotor S.A. (since July 2018), Chair of the Supervisory Board of Więcborskie Zakłady

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- Metalowe Wizamor sp. z o.o. (since May 2019) – knowledge of the electromechanical sector in the area of manufacturing of mechanical equipment,
- ✓ From 2023, to this day – Deputy Chair of the Supervisory Board of Agromet ZEHS Lubań SA (June 2015 – June 2018), Chair of the Supervisory Board of Agromet ZEHS Lubań SA (since July 2018),
 - Kazimierz Piotrowski has knowledge and skills in Apator SA's industry acquired while performing the following functions:
 - ✓ 1993 – 2000 – Member of the Management Board of Apator SA, including: Administrative Director (1993 – 1998) and Financial Director (1998 – 2000) – knowledge of the electromechanical sector in the field of manufacturing of metering equipment and systems for energy utility distribution companies (electricity metering and switchgear),
 - ✓ 2005–2008 – President of the Management Board of Apator Metrix SA (a subsidiary of Apator SA) – knowledge of the electrical machinery sector in the field of manufacturing of metering gear for energy distribution companies (gas metering),
 - ✓ 2009–2013 – Chair of the Supervisory Board of FAP Pafal SA (a subsidiary of Apator SA) – knowledge of the electrical machinery sector in the field of manufacturing of metering equipment for energy distribution companies (electricity metering),
 - ✓ from 2001 to this day – Member of the Supervisory Board of Apator Mining sp. z o.o. (subsidiary of Apator SA) – knowledge of the electrical machinery sector in the area of manufacturing of machinery and equipment for the mining industry, a sector in which the Company operated until the end of 2018,
 - ✓ from 2013 to this day – Member of the Supervisory Board of Apator Metrix SA (a subsidiary of Apator SA) – knowledge of the electrical machinery sector in the field of manufacturing of metering gear for energy distribution companies (gas metering),
 - ✓ from 2015 to this day – Member of the Supervisory Board of Apator SA, Member of the Audit Committee – knowledge of the electrical machinery sector in the area of manufacturing of metering equipment and systems for energy utility distribution companies (electricity metering and switchgear).

4.4. Meetings of the Audit Committee

In accordance with the Regulations of the Audit Committee, the Committee meets as and when required. Meetings of the Audit Committee shall be held at least before the Company publishes its separate and consolidated financial statements (semi-annual and annual).

The Audit Committee operated based on the adopted work plan for 2024. While performing its duties in the reporting period, the Committee held 11 meetings during which it adopted 13 resolutions (including three votes by means of direct remote communication) and took positions on matters on the agenda.

4.5. Scope of Work of the Audit Committee

The Audit Committee's main tasks are:

- *monitoring the Group's financial and sustainability reporting process,*
- *supervising the effectiveness of internal control systems, internal audit, risk management and compliance, as well as assessing the need for a separate organisational internal audit function,*
- *monitoring the performance of auditing activities (in particular, the audit carried out by the audit firm, taking into account all conclusions and findings of the Audit Supervision Commission arising from the audit of the audit firm), or attestation of sustainability reporting*
- *approving the internal auditor's annual work plan,*
- *controlling and monitoring the independence of the statutory auditor and the audit firm, in particular when services other than auditing are provided to the Company,*

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The Audit Committee fully performed the tasks provided for in the applicable regulations.

The 2024 scope of work of the Audit Committee included:

- analysing the current position of Apator SA and the Apator Group in the scope of debt, liquidity and financial securities,
- overseeing financial risk management, particularly the currency risk hedging policy and carrying out ongoing analysis of the status of futures contracts,
- overseeing copper price risk management and commodity swap status analysis,
- working with the auditor, including analysing the scope and timing of work carried out as part of the audit process,
- discussing the course of auditing financial statements of Apator and Apator Group companies with the statutory auditor,
- auditing the financial statements and the 2023 Management Board reports and issuing a positive recommendation to the Supervisory Board,
- auditing the separate financial statements of Apator SA, assessing the Apator Group's consolidated financial statements for the first half of 2024 and the report of the Management Board on its activity in the first half of 2024,
- reviewing the 2024 quarterly financial statements,
- consent to the provision of additional services by the auditor PricewaterhouseCoopers Polska Sp. z o.o. Audyt sp. k. (XBRL, evaluation of the 2023 Supervisory Board report),
- recommending to the Supervisory Board the auditor to audit the 2024-2025 financial statements - KMPG Audyt sp. z o.o. sp. k. with its registered office in Warsaw, and attestation of the 2024 sustainability report,
- supervision over the implementation of the internal audit function, including monitoring the recruitment process for the Internal Auditor,
- supervising the internal control, risk management and compliance systems and evaluating their effective functioning,
- monitoring the 2024 sustainability reporting process.

The meetings of the Audit Committee are held with the participation of the other members of the Supervisory Board.

5. Best Practice for GPW Listed Companies

5.1. Application of the Best Practice for GPW Listed Companies by Apator SA

A report on the application of the "Best Practice for GPW Listed Companies 2021" is available at www.apator.com in the "Investor Relations" tab, "Corporate Governance" section. Apator SA complies with most of the principles contained in the Best Practice except for the following:

- Principle 2.1 The Company shall have a diversity policy for the Management Board and the Supervisory Board, adopted by the Supervisory Board or the General Meeting, respectively. The diversity policy shall define the objectives and criteria for diversity in areas such as gender, field of study, specialist knowledge, age and professional experience, and shall indicate when and how the achievement of these objectives shall be monitored. With respect to gender diversity of the Company's governing bodies, the condition for ensuring the diversity of the Company's governing bodies is the participation of minorities in a given body at a level of not less than 30%.

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Company comment: The Company has a diversity policy for the Company's bodies and key managers, but it does not include measurable targets and deadlines for achieving appropriate parity. Recognising the increasing importance of creating a diverse working environment, the Company fosters an organisational culture that is open to diversity, which leads to increased productivity. The composition of the Supervisory Board results from decisions taken by the General Shareholders Meeting, whereas that of the Management Board is determined by the Supervisory Board of the respective Company. Consequently, while selecting the Company's authorities, these bodies and the Management Board, while selecting key managers, strive to ensure comprehensiveness and diversity, particularly in the areas of education, age, work experience and gender. Due to the specific character of the industry and the technological nature of the business, the decisive aspect here is, first and foremost, the relevant competencies and professional background required for a particular position.

- Principle 2.2 Decisions to elect members of the management board or the supervisory board of companies should ensure that the composition of those bodies is diverse by appointing persons ensuring diversity, among others in order to achieve the target minimum participation of the minority group of at least 30% according to the goals of the established diversity policy referred to in Principle 2.1.

Company comment: Justification described in point 2.1.

- Principle 2.11.6 In addition to the activities prescribed by law, the Supervisory Board shall prepare an annual report once a year and shall submit it to the Shareholders Meeting for approval. The report referred to above shall include information on the extent to which the diversity policy with respect to the Management Board and Supervisory Board is implemented, including the achievement of the objectives referred to in Principle 2.1.

Company comment: The Principle is not complied with due to the non-application of Principle 2.1

- Principle 4.1 A company should enable shareholders to participate in a general meeting by means of electronic communication (e-GMS), if it is justified in view of the shareholders' expectations reported to the company, and if the company is able to provide the technical infrastructure necessary to conduct such a general meeting. The Principle is not implemented.

Company comment: In the Company's view, the implementation of the aforementioned principle is associated with technical and legal risks that may affect the proper and uninterrupted conduct of general meetings. Additionally, such a form of participation in General Shareholders Meetings currently receives little interest from shareholders. However, should general legal solutions be adopted to minimise the involved risks, the Company will consider providing the technical infrastructure necessary to hold general meetings in such a way.

5.2. Assessment of the Application of Corporate Governance Principles by Apator SA, with Information on the Actions Taken by the Board to Perform this Assessment

The Supervisory Board of Apator SA gave a positive opinion on the 2024 Management Board Annual Report, which includes a chapter on Corporate Governance regarding the application of the "Best Practice for GPW Listed Companies 2021" and the requirements arising therefrom. The Board has also conducted an independent fact-finding exercise and, on this basis, assessed that the Company is duly complying with its disclosure obligations relating to applying corporate governance principles. The Company's published explanations and comments are comprehensive and provide sufficient factual information on applying the Principles set out in the Best Practice for GPW Listed Companies.

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In 2024, as well as until the date of this report, the Company did not report any incidents of violations of the 2021 Best Practices. The members of the Supervisory Board personally performed their duties in connection with the Supervisory Board meetings, guided in their actions by Company interests and independence of opinion and judgement.

5.3. Assessment of the Reasonableness of Expenditures Incurred by the Apator Group for Sponsoring, Charity or Other Activities of Similar Nature

The sponsorship policy depends on the general strategy of development of the Apator Group and is an integral part of its communication and external promotion.

Sponsoring policy objectives:

- building brand recognition,
- building a positive image of a socially friendly company involved in various local initiatives, often with international reach,
- building the Company's good reputation and gaining public recognition and sympathy by taking part in high-profile events (involvement in prestigious initiatives),
- promoting the brand outside the circle of customers and product recipients, e.g. as an attractive employer,
- increasing investor interest,
- increasing employee engagement,
- positive impact of the organisation on the environment.

In 2024, the Apator Group allocated 0.2% of the consolidated net profit for sponsoring and charity activities. The main activities in this area were as follows:

- supporting cultural events and science,
- sports sponsorship,
- charitable activities.

At its meeting on 25 March 2025, the Supervisory Board, based on the detailed report presented by the Company under Rule 1.5 of the Best Practice for GPW Listed Companies 2021, assessed the expenses incurred to support culture, sports and charitable institutions in 2024 as justified, however, the amount of funds allocated should be higher.

5.4. Information on the Degree of Implementation of the Diversity Policy with Regard to the Management Board and the Supervisory Board

Apator SA did not adopt Rule 2.1 of the 2021 Best Practice on the diversity policy concerning the Management Board and the Supervisory Board.

6. Assessment of Internal Control Systems, Risk Management, Compliance and Internal Audit Function, Together With Information on the Steps Taken by the Board to Make the Assessment

The Company's risk protection system is based on the Three Lines of Defence model:

- *First line of defence – operational management including self-control and functional control embedded in the organisational structure and performed by managers of organisational units,*
- *Second line of defence – ISO process audits, institutional internal control, risk review, compliance, financial control, corporate governance,*
- *Third line of defence – internal audit – independent verification and advisory activity.*

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To assess internal control, risk management, compliance and the internal audit function, the Supervisory Board and the Audit Committee receive periodic reports and cyclical information prepared and presented by the individual organisational units responsible for the various systems.

Accordingly, during the Audit Committee meetings, the Supervisory Board:

- familiarised itself with risk exposures, monitored the effectiveness of risk management in business processes, projects and initiatives. Risk management conducted within the system is a continuous process, subject to modifications, which is a consequence of the evolving economic environment and changes concerning the influence of particular factors on business and strategic objectives. The analysis and description of the most important risks is described in detail in the Management Board's report on the Group's activities for 2024;
- reviewed the legal changes relating to the activities of Group companies and the manner and degree of their implementation into the organisation, as drawn up by the Compliance Officer;
- after the end of the work of current Auditor, it supervised the recruitment process for the Internal Auditor and monitored the legal audits carried out in the companies of the Apator Group.

Based on its analysis of the materials and reports prepared as part of the systems and its meetings with the Management Board, business process owners and key employees, the Supervisory Board carried out its annual system assessment and found no significant inadequacies or gaps that would require corrective action. However, the Supervisory Board points to the need to continuously improve the effectiveness of these systems, in view of increasing legal requirements and changes in the geopolitical environment.

7. Assessment of the Board's implementation of the obligations referred to in Art. 380¹ of the Code of Commercial Companies and Partnerships.

The Supervisory Board, having assessed the materials presented to it at each regular meeting, confirms that in 2024 the Management Board duly performed its obligations under Art. 380¹ of the Code of Commercial Companies and Partnerships, i.e. provided information on:

- the resolutions of the Board adopted since the last regular meeting,
- the position of the Company, including with regard to its assets, as well as significant circumstances in the conduct of the Company's affairs, in particular in the operational, investment and personnel areas,
- the progress in the implementation of the Company's business directions.

In addition, the Supervisory Board is of the opinion that the Management Board properly fulfilled its duties with regard to the ongoing reporting of transactions and other events or circumstances that materially affected or may affect the Company's assets, including its profitability or liquidity. In the opinion of the Supervisory Board, the Management Board also informed it on an ongoing basis about changes in the information provided to it, if such changes significantly affected or could significantly affect the Company's position. The above also applies to information on subsidiaries and associated companies within the Group.

8. Assessment of the manner in which the Management Board prepared or submitted to the Supervisory Board the information, documents, reports or explanations requested under the procedure set out in Art. 382 sec. 4 of the Code of Commercial Companies and Partnerships

The Supervisory Board positively assesses the manner in which the Management Board prepared and provided it with information, documents, reports and explanations. The Supervisory Board obtains access to documents and information necessary to review the assets of Apator S.A. The above also refers to documents and information on subsidiaries and associated companies. Any information, documents, reports or

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explanations requested by the Supervisory Board from the Management Board, as well as the designated employees, were made available to the Supervisory Board on the arranged dates and in the requested form.

9. Information on the total remuneration payable by the Company for all audits commissioned by the Supervisory Board during the financial year under the procedure set out in Art. 382¹ of the Code of Commercial Companies and Partnerships.

In 2024, the Supervisory Board did not commission, under Art. 382¹ of the Code of Commercial Companies and Partnerships, any audit of the Company's business or its assets to the Supervisory Board at the Company's expense.

10. Consolidated Evaluation of the Company's Position

The Supervisory Board exercised constant supervision over budget performance and, at each meeting, analysed the current financial and economic results of Apator SA and the results in specific business segments, in particular, sales, costs incurred, margins and working capital and financial liquidity management. The Supervisory Board also examined the current consolidated financial results and the situation and risks faced by individual Apator Group companies in relation to the current circumstances, both on the domestic market and globally.

The consolidated financial results for 2024 were as follows:

Item	2024,	2023,	Change	Growth rate
Sales revenue	1 227 779	1 137 174	90 625	108.0%
Gross profit from sales	314 734	255 828	58 906	123.0%
Sales profit	103 459	57 270	46 189	180.7%
Profit on operating activities	85 134	40 132	44 971	212.0%
EBITDA	142 446	96 577	45 869	147.5%
<i>EBITDA adjusted by the impact of one-off events*</i>	142 446	114 094	28 352	124.8%
Profit before tax	81 818	27 544	54 274	297.0%
Net profit	73 214	8 504	64 710	860.9%
<i>Net profit adjusted by the impact of one-off events*</i>	63 431	35 866	27 565	176.9%

**) In 2023, EBITDA, adjusted by write-downs of intangible assets and other assets (PLN -12.9 million) as well as by write-downs of inventory (increasing the cost of sales item, PLN -4.6 million), net profit in 2023 further adjusted by the write-down of an asset caused by a tax loss related to*

GW i (PLN -9.8 million). Net profit for 2024 adjusted by deferred tax due to zone relief in Apator SA (PLN 5.5 million) and by the derecognised negative value of GW i's net assets (due to the loss of control over the company within the meaning of IFRS 10;

PLN 4,3 million). The derecognised net asset value of GW i includes write-downs on assets recorded in the 2023 report.

The Board assesses the results generated in 2024 as very good. The Apator Group generated record revenue of more than PLN 1.2 billion, and thanks to business diversification, favourable product mix and positive operating leverage effect, other financial results were also satisfactory. In 2024, the Apator Group companies successively worked on the improvement of operational efficiency, in particular on the reduction of inventories, which resulted in the reduction of the use of credits and the reduction of financing costs.

In June 2024, the Apator Group published an update to its Business Strategy in response to the dynamic changes taking place in the market, as well as emerging opportunities and challenges related to the transformation of the electricity, water and heat and gas sectors. The Board notes that despite many uncertainties that destabilise the entire market, the business of the Apator Group has solid foundations and a large development potential, and its solutions perfectly fit into the European Green Deal. The Supervisory

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Board also positively assesses the announcements of the European Union and the Polish Government on the need to build technological sovereignty and strengthen the competitiveness of European enterprises.

10.1. Assessment of the 2024 Financial Statements of Apator SA and the Apator Group

Apator SA prepares separate and consolidated financial statements in accordance with legal requirements, including IAS/IFRS standards. The statements for 2024 were audited by KPMG Audyt Sp. z o.o. sp. k.

The Supervisory Board supervised the process of preparing the financial statements. Based on the positive recommendation of the Audit Committee of 25 April 2025, the Supervisory Board evaluated the financial statements of Apator SA and the Apator Group prepared by the Management Board. The Supervisory Board confirms that the financial data presented in the periodic reports is reliable, correct and actual and is prepared in accordance with the books, documents and the actual state of affairs and in accordance with the applicable accounting principles, applied on a continuous basis, based on the books of accounts.

11. Summary of the Work of the Supervisory Board

The Supervisory Board believes that it has performed its duties properly and in accordance with formal and legal requirements in 2024, providing substantive support to the Management Board and appropriate supervision over all aspects of the activity of Apator SA and the Apator Group.

Taking into consideration that the current 9th term of office of the Supervisory Board ends on the day of the 2025 General Shareholders Meeting, the Supervisory Board expresses its gratitude to the Management Board and all the employees of the Apator Group for their cooperation.

At the same time, the Board, summarising the 5-year period of its activity, points to the profound changes and disruptions that occurred during those years. The pandemic, Russia's armed attack on Ukraine, the destabilisation of supply chains, high inflation in business costs, generational changes in the labour market, technological and energy transformation, are just the most important of them. Despite such significant challenges and risks, the Apator Group maintained a strong position as a European supplier of smart metering equipment and solutions for the management of all energy and water utilities. The Group participates in large projects implementing smart meters and gas meters in Poland and Europe, offers modern systems for managing energy networks that support the digitalisation and automation of energy infrastructure, and also develops an offer for the renewable energy sector. One of the most promising development directions is the water and heat segment, where the Group, having 100 years of experience, focuses on the development of modern ultrasonic solutions and services that support effective management of water resources.

on behalf of the Supervisory Board of
Apator SA

Chair of the Supervisory Board
Janusz Niedźwiecki

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