

Resolution No 15/2019

of the Supervisory Board of Apator SA dated 29th April 2019

regarding: evaluation of the report of the Executive Board on activity of Apator SA for the period from 1st January 2018 to 31st December 2018 and the report of the Executive Board on activity of Grupa Apator for the period from 1st January 2018 to 31st December 2018

1. Acting pursuant to art. 382 § 3 of the Commercial Companies Code, § 15 sec. 11 of the Statute of Apator SA, the Supervisory Board of Apator SA evaluated the report on activity of Apator SA presented by the Management Board for the period from 1st January 2018 to 31st December 2018 and the report on activity of Grupa Apator for the period from 1st January 2018 to 31st December 2018 and states as follows:
 - the reports submitted shall be clear, transparent and legible,
 - the information contained in the Management Board's reports is consistent with the information contained in the audited financial statements,
 - the statements include the description of all basic spheres of activity of Apator SA in terms of the events that occurred in 2018 and the description of subsidiaries and co-controlled. The description of events in exhaustive way shows their influence on economic results obtained by Apator SA and the companies being part of capital group,
 - the statements reflect the actual state of affairs that took place in Apator SA and Grupa Apator in the reporting period, i.e. in 2018,
 - the reports have been prepared in accordance with the provisions of the law concerning companies whose shares are admitted to public trading.
2. The Supervisory Board positively evaluates the reports presented by the Management Board and requests the General Meeting to consider and approve them.
3. The resolution comes into force on the moment of its adoption.

The resolution was adopted.

Resolution No 16/2019
of the Supervisory Board of Apator SA dated 29th April 2019
on: evaluation of the financial statement of Apator SA for the financial year 2018

1. Acting pursuant to art. 382 § 3 of the Commercial Companies Code and § 15 section 11 of the Statute of Apator SA, the Supervisory Board of Apator SA evaluated the financial statement of Apator SA prepared by the Management Board and audited by PricewaterhouseCoopers Polska Spółka z ograniczoną odpowiedzialnością Audyt Sp. k., including:
 - the statement of financial position prepared as at 31 December 2018, with total assets and total liabilities and equity of PLN 473,589 thousand,
 - the statement of comprehensive income prepared for the period from 1 January 2018 to 31 December 2018, showing sales revenues in the amount of 265,505,000 PLN, total comprehensive income of 68,667,000 PLN and net profit of 67,323,000 PLN,
 - the cash flow statement for the period from 1 January 2018 to 31 December 2018 showing a decrease in net cash by the amount of PLN thousand 1.595
 - the statement of changes in equity showing an increase in equity in the period from 1 January 2018 to 31 December 2018 by PLN 22,606 thousand,
 - additional information to the separate financial statements containing a description of significant accounting principles and other explanatory information.

2. Based on the report and opinion of the certified auditor, PricewaterhouseCoopers Polska Spółka z ograniczoną odpowiedzialnością Audyt Sp. k. with its registered office in Warsaw, entered on the list of entities authorised to audit financial statements under no. 144, and a positive opinion of the Audit Committee, the Supervisory Board states that the individual financial statements have been prepared in accordance with the binding accounting principles, based on properly maintained accounting books. It is consistent in form and content with the applicable laws and the Company's Articles of Association and presents reliably and clearly all information significant for the assessment of the Company's property and financial standing as at 31 December 2018.

3. The Supervisory Board appeals to the General Shareholders Meeting to consider and approve the financial statement of Apator SA for the financial year 2018.

4. The resolution comes into force on the moment of its adoption.

The resolution was adopted.

Resolution No 17/2019

of the Supervisory Board of Apator SA dated 29th April 2019
concerning: evaluation of the consolidated financial statement of Grupa Apator for the year 2018

1. Acting pursuant to art. 382 § 3 of the Commercial Companies Code and § 15 section 11 of the Statute of Apator SA, the Supervisory Board of Apator SA evaluated the consolidated financial statement of Grupa Apator prepared by the Management Board and audited by PricewaterhouseCoopers Polska Spółka z ograniczoną odpowiedzialnością Audyt Sp. k. including:
 - consolidated statement of financial position prepared as at 31 December 2019, showing total assets and liabilities of PLN 839,190,000,
 - consolidated statement of comprehensive income prepared for the period from 1 January 2018 to 31 December 2018, showing sales revenues of PLN 827,802,000, total comprehensive income of PLN 68,739,000 and net profit of PLN 70,405,000,
 - consolidated cash flow statement for the period from 1 January 2018 to 31 December 2018 showing a decrease in net cash by PLN 12,271 thousand,
 - the statement of changes in consolidated equity showing an increase in equity in the period from 1 January 2018 to 31 December 2018 by PLN 21,486 thousand,
 - additional information to the consolidated financial statements containing a description of significant accounting principles and other explanatory information.

2. Based on the report and opinion of the certified auditor, PricewaterhouseCoopers Polska Spółka z ograniczoną odpowiedzialnością Audyt Sp. k. z with its registered office in Warsaw, entered on the list of entities authorized to audit financial statements under no. 144, and a positive opinion of the Audit Committee, the Supervisory Board states that the consolidated report has been prepared, we all important aspects, in accordance with the applicable accounting principles, based on properly maintained accounting books. It is consistent in form and content with the applicable laws and the Company's Articles of Association and presents reliably and clearly all information significant for the assessment of the Company's property and financial standing as at 31 December 2018.

3. The Supervisory Board appeals to the General Shareholders Meeting to consider and approve the consolidated financial statement of Grupa Apator for the financial year 2018.

4. The resolution comes into force on the moment of its adoption.

The resolution was adopted.

Resolution No 18/2019
of the Supervisory Board of Apator SA dated 29th April 2019
on: the motion to grant the vote of approval to the members of the Executive Board of Apator SA for the year 2018

1. The Supervisory Board, acting pursuant to § 15 section 11 of the Statute of Apator SA, appeals to the General Shareholders Meeting to grant the vote of approval to all members of the Executive Board of Apator SA for performance of their duties in financial year 2018.
2. The resolution comes into force on the moment of its adoption.

The resolution was adopted.

Resolution No 19/2019

of the Supervisory Board of Apator SA dated 29th April 2019

on: distribution of profit for the financial year 2018

1. Acting pursuant to art. 382 § 3 of the Commercial Companies Code and § 15 section 11 of the Statute of Apator SA, the Supervisory Board of Apator SA positively evaluates the proposal of the Management Board regarding the distribution of net profit for the financial year 2018 in the amount of PLN67 323 156,17 in the following manner:
 - dividend PLN 42 745 646.40 i.e. PLN 1.30 per share
 - supplementary capital PLN 24 577 509.77.

2. In connection with the advance payment made for the expected dividend from the profit for 2018 the Supervisory Board positively evaluates the proposal of the Management Board regarding the payment of the remaining part of dividend in total amount 29 574 835,20 PLN, i.e. in amount 0,90 PLN per share on 24th June 2019 as well as the proposal to establish the right to payment of the remaining part of dividend to the shareholders holding the shares of Apator SA on 10th June 2019.

3. The Supervisory Board of Apator SA appeals to the General Shareholders Meeting to approve the presented proposal of profit distribution.

4. The resolution comes into force on the moment of its adoption.

The resolution was adopted.

Resolution No 20/2019
of the Supervisory Board of Apator SA dated 29th April 2019
on: the report on the activities of the Supervisory Board in 2018

1. The Supervisory Board of Apator SA accepts the Report on its activity in 2018 being the Annex to this resolution.
2. The Supervisory Board decides to submit the Report to the Ordinary General Meeting of Shareholders and to request its consideration and approval.
3. The resolution comes into force on the moment of its adoption.

The resolution was adopted.

Appendix to Resolution No. 20/2019 of the Supervisory Board of Apator
SA



Report on the activities of the Supervisory Board
for the financial year 2018

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1. Composition of the Supervisory Board

The composition of the Supervisory Board of Apator SA in the period from 1st January to 31st December 2018 was as follows:

1. Janusz Niedźwiecki - Chairman of the Supervisory Board,
2. Mariusz Lewicki - Deputy Chairman of the Supervisory Board,
3. Janusz Marzygliński - Supervisory board member,
4. Danuta Guzowska - Supervisory board member,
5. Kazimierz Piotrowski - Supervisory board member,
6. Marcink Murawski - independent member of the Supervisory Board.

The current five-year term of office of the Supervisory Board expires on the date of holding the Ordinary General Meeting in 2020.

2. Meetings of the Supervisory Board

In 2018, the Supervisory Board held 28 meetings (including 15 by circulation), during which it held positions in matters included in the agenda and adopted 34 resolutions.

3. Meetings of the Supervisory Board

The Audit Committee operates within the scope of the Supervisory Board's activities. The term of office of the Audit Committee members is joint and coincides with the term of office of the Supervisory Board. From 1 January to 31 December 2018, the Audit Committee acted in the following composition:

- Marcin Murawski - Chairman of the Committee,
- Mariusz Lewicki - Committee member,
- Kazimierz Piotrowski - Committee member:

In accordance with the requirements of the "Code of Best Practice for WSE Listed Companies 2016", the criteria of independence are met by the Chairman of the Audit Committee - Marcin Murawski.

However, with reference to the Act on Statutory Auditors, Audit Firms and Public Supervision of 11 May 2017, the independence criteria required by this Act are met by the majority of the Audit Committee members, i.e. the Polish Financial Supervision Authority, the Polish Financial Supervision Authority and the Polish Financial Supervision Authority. Marcin Murawski and Kazimierz Piotrowski.

In addition, within the scope of the above Act:

- Marcin Murawski and Mariusz Lewicki have knowledge and skills in the field of accounting or auditing financial statements:
 - Marcin Murawski graduated in Management and Marketing from the Faculty of Management at the University of Warsaw (specialization: Enterprise Finance), since 2003 he has been a Certified Public Accountant (KIBR no. 90053), since 2000 he has been a Certified British Certified Public Accountant (ACCA no. 0251448) and a Certified Internal Auditor (exam in 2005). Additionally, Marcin Murawski has professional experience in the field of accounting resulting from the following functions:
 - ✓ 1997-2005 - Employee in the audit department of PWC (since 2002 as a manager),

- ✓ 2006 - 2012 - Director of the Internal Audit Department of Warta SA Insurance Group,
 - ✓ since 2012 independent member of Supervisory Boards and member of Audit Committees of companies listed on WSE (CCC SA (Chairman of Audit Committee), Apator SA (Chairman of Audit Committee), GTC SA (Chairman of Audit Committee), Seco/Warwick SA (Member of KA), as well as BZWBK Aviva TU SA and BZWBK Aviva TUnŻ SA (Chairman of Audit Committee).
- Mariusz Lewicki graduated from the Faculty of Economics at the Nicolaus Copernicus University in Toruń in the field of economics and production organization, Postgraduate Studies in Tax Law and Postgraduate Studies in Commercial Law at the Faculty of Law and Administration UMK. Additionally, Mariusz Lewicki has professional experience in the field of accounting resulting from the following functions:
 - ✓ 1991 - 1999 - Head of Accounting Department in state enterprise PZAE Apator and Apator SA (legal successor of PZAE Apator),
 - ✓ 1994 - 2001 - Chief Accountant at Reuther Polska Sp. z o.o. and Rotar Poland sp. z o.o.,
 - ✓ 1993 - 2013 - Chief Accountant in ZPDZ "Nagro",
 - ✓ 2001 - 2007 - Financial Director, Proxy in Apator Control sp. z o.o. (subsidiary of Apator SA),
 - ✓ 2007-2013 - Financial Advisor at Z.P.H.U. Walter,
 - ✓ 2008 - 2018 - Deputy Chairman of the Supervisory Board of PHS Hydrotor SA (2008-06.2014), Chairman of the Supervisory Board of PHS Hydrotor SA (07.2014-06.2018), Chairman of the Audit Committee of PHS Hydrotor SA (since 06.2009), Member of the Audit Committee of PHS Hydrotor SA (07.2017-06.2018),
 - ✓ from 2015 to the present - Deputy Chairman of the Supervisory Board of Agromet ZEHS Lubań SA (06.2015-06.2018), Chairman of the Supervisory Board of Agromet ZEHS Lubań SA (from 07.2018),
 - ✓ since 2009 till now - Chairman of Audit Committee of Apator SA (2009-2015), Member of Audit Committee of Apator SA (since 2016).
- all members of the Audit Committee have knowledge and skills in the field of industry in which Apator SA operates:
 - Marcin Murawski has the knowledge and skills in the industry in which Apator SA operates, acquired during the performance of the following functions:
 - ✓ since 2013 till now - Member of the Supervisory Board of Apator SA - knowledge of the electrical machinery sector in the area of production of devices and measurement systems for energy distribution companies (metering of electricity and switchgear),
 - ✓ from 2015 to the present - Member of the Supervisory Board and Member of the Audit Committee of Seco/Warwick SA - knowledge of the electrical machinery sector in the area of mechanical engineering.

- Mariusz Lewicki has the knowledge and skills in the branch in which Apator SA operates, acquired during the performance of the following functions:
 - ✓ since 2000 till now - Member of the Supervisory Board of Apator SA, since 2010 Deputy Chairman of the Supervisory Board - knowledge of the electrical machinery sector in the area of production of devices and measurement systems for energy distribution companies (electricity metering and switchgear),
 - ✓ since 2005 till now - Chairman 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 production of machinery and equipment for mining,
 - ✓ since 2007 till now - Chairman of the Supervisory Board of Apator Metrix SA (entity dependent on Apator SA) - knowledge of electromechanical sector in the area of production of metering equipment for energy distribution companies (gas metering),
 - ✓ from 2014 till now - Member of the Supervisory Board of Apator Elkomtech SA (entity dependent on Apator SA) - knowledge of the electrical machinery sector in the area of production system supporting the work of energy services in the field of transmission and energy distribution (control and supervision systems),
 - ✓ since 2008 - Deputy Chairman of the Supervisory Board of PHS Hydrotor SA (2008-06.2014), Chairman of the Supervisory Board of PHS Hydrotor SA (07.2014-06.2018), Chairman of the Audit Committee of PHS Hydrotor SA (since 06.2009), Member of the Audit Committee of PHS Hydrotor SA (07.2017-06.2018), President of the Management Board of PHS Hydrotor S.A. (from 07.2018) - knowledge of the electrical machinery sector in the area of mechanical equipment manufacturing.

- Kazimierz Piotrowski has knowledge and skills in the industry in which Apator SA operates, acquired during the performance of the following functions:
 - ✓ since 2015 till now - Member of the Supervisory Board of Apator SA, Member of the Audit Committee - knowledge of the electrical machinery sector in the area of production of equipment and measurement systems for energy distribution companies (electricity metering and switchgear),
 - ✓ from 2013 till now - Member of the Supervisory Board of Apator Metrix SA (entity dependent on Apator SA) - knowledge of the electrical machinery sector in the area of production metering gear for energy distribution companies (gas metering),
 - ✓ since 2001 till now - 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 production of machinery and equipment for mining,
 - ✓ years 2009 - 2013 - Chairman of the Supervisory Board of FAP Pafal SA (subsidiary of Apator SA) - knowledge of the electrical machinery sector in the area of production of metering equipment for energy distribution companies (metering of electricity),

- ✓ 2005 - 2008 - President of the Management Board of Apator Metrix SA (subsidiary of Apator SA) - knowledge of the electrical machinery sector in the area of production metering gear for energy distribution companies (gas metering),
- ✓ 1993-2000 - Member of the Executive Board of Apator SA, including Administrative Director (from 1993 to 1998) and Financial Director (1998-2000) - knowledge of the electromechanical sector in the area of production of measuring devices and systems for energy distribution companies (electricity metering and switchgear).

In performance of its duties, the Audit Committee held 10 meetings in the reporting period, during which it adopted 2 resolutions and took positions in matters included in the agenda.

The scope of work of the Audit Committee included:

- cooperation with the statutory auditor, including the analysis of the scope and schedule of work carried out within the financial audit process and the analysis of the declaration of independence of KPMG (auditing the statements for 2017) and PricewaterhouseCoopers sp. z o.o. (dealing with the audit/review of the statements of Apator SA and other companies of Grupa Apator since 2018) and their certified auditors,
- discussion with the certified auditor on the course of the process of financial statements review in Apator and companies of Grupa Apator,
- audit of financial statements and reports of the Management Board for 2017 and issuing a positive recommendation to the Supervisory Board,
- audit of separate financial statement of Apator SA, evaluation of consolidated financial statement of Grupa Apator for the first half of 2018 and reports of the Management Board on the activity in the first half of 2018,
- supervision over the FX risk hedging policy and periodical analysis of the status of futures contracts,
- supervision over the performance of the internal audit function, including the approval of the Regulations of internal audit of Grupa Apator and the audit plan for 2018,
- supervision over the internal control system,
- supervision over the risk management system,
- supervision over the system of compliance with regulations and legal risks,
- recommendation of signing the new multi-product contract with ING Bank Śląski SA intended for financing the current activity of Polish companies of Grupa Apator,
- analysis and evaluation of the implementation of the own share buyback programme.

Systematic reporting by the Audit Committee to the Supervisory Board of the results of supervisory and monitoring activities with respect to the processes of financial reporting and auditing of financial statements contributed to increasing the awareness of these areas, improving communication between the management and supervisory bodies and, as a result, improving the quality of the financial reporting process.

4. Information on the performance by the Supervisory Board of the duties related to the Ordinary General Shareholders Meeting of Apator SA held on 28 May 2018

On 27 April 2018, the Supervisory Board issued a positive opinion on the motions for the Ordinary General Meeting of Shareholders with regard to the approval:

- reports of the Management Board on activity of Apator SA and Grupa Apator in 2017,
- separate and consolidated financial statements for 2017,
- distribution of the company's profit for the financial year 2017 and payment of the remaining part of the dividend,
- changes in the content of the Statute of Apator SA resulting from
 - ✓ conversion of registered bearer shares, which was carried out on 26 January 2018,
 - ✓ change of the competences of the Supervisory Board in the scope of expressing the consent to the disposal of the right or incurring liabilities by Apator SA (reduction of the limit value requiring the consent of the Supervisory Board from 30 to 20 M PLN),
 - ✓ extension of the powers of the Supervisory Board by granting consent to incurring expenditure on research and development works with a value exceeding PLN 1.5 million,
 - ✓ extension of the competences of the Supervisory Board by granting consent to hire and dismiss the person in charge of the internal audit,
 - ✓ extending the powers of the Supervisory Board by adopting resolutions on other matters at the request of the President of the Management Board.
- amendments to the Regulations of the Supervisory Board reflecting the changes in the content of the Statute.

In addition, the Supervisory Board issued an opinion on the Programme of buy-back of own shares for the purpose of their redemption. The Management Board of Echo Investment S.A. (the "Company") hereby presents to the Ordinary General Meeting of Shareholders the report on its activity in 2017 and obtains its approval.

5. Human resources policy performed by the Supervisory Board - composition and principles of remuneration of the Executive Board of Apator SA

As part of the HR 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, at the request of the President, other Members of the Management Board,
- determination of remuneration for Members of the Management Board, taking into account its motivational character,
- suspending all or individual Members of the Management Board from their duties for important reasons,
- dismissal of Members of the Management Board of the Company,
- delegating members of the Supervisory Board to temporarily perform the duties of members of the Management Board,

- representing the company in the contract between the company and a Member of the Management Board, as well as in a dispute between the company and a Member of the Management Board.

Pursuant to § 16 of the Statute of Apator SA the Management Board of the Company consists of 1 to 6 Members appointed for 3 years for common term of office. The composition of the Management Board during 2018 was as follows:

- 1) Since the 1st January 2018 Apator SA was managed by the Management Board in the composition:
 - Mirosław Klepacki - President of the Management Board,
 - Piotr Nowak – Board Member.
- 2) Since the tragic death of Piotr Nowak on 3 January 2018. The Executive Board of Apator SA is composed of one person:
 - Mirosław Klepacki - President of the Management Board.

14 December 2018 The Supervisory Board of Apator SA decided to extend since 1st January 2019 the composition of the Executive Board to two persons appointing Arkadiusz Chmielewski as a member of the Executive Board.

Therefore, since the 1st January this year and on the day of preparing this report the Executive Board of Apator SA acts in the following composition:

- Mirosław Klepacki - President of the Management Board, General Manager
- Arkadiusz Chmielewski - Member of the Management Board, Director for Business Development of Apator Group.

Management Board remuneration system

The remuneration system for the Management Board consists of a fixed remuneration and annual bonuses, which depend on the degree of performance of tasks entrusted to each Member of the Management Board, related primarily to the performance of financial plans and the implementation of specific tasks and projects.

Total remuneration paid to the Management Board for performing functions in Apator SA and in subsidiaries in 2018 was 1,3 M PLN and included:

- remuneration paid by Apator SA in the amount of 1,2 million PLN, including annual bonus for 2017 in the amount of 0,5 million PLN,
- remuneration paid by subsidiaries in the amount of PLN 0.1 million for performing the function of a Member of the Supervisory Board in a given company.

The Supervisory Board considers that the level of remuneration of the Executive Board is appropriate for maintenance and motivation of the persons with competences necessary for proper management of Apator SA and its capital group. The remuneration policy is closely linked to the strategy, short and long-term objectives and financial results. The remuneration of individual Members of the Management Board shall be based on their responsibility and reasonable relation to them:

- the level of remuneration of the Management Board in similar public companies,
- the market value of the company.

6. Code of Best Practice for WSE Listed Companies

6.1. State of application of DPSN by Apator SA

The currently binding set of corporate governance rules is the Code of Best Practice for WSE Listed Companies 2016, which was adopted pursuant to Resolution No. 26/1413/2015 of the Warsaw Stock Exchange Supervisory Board of 13 October 2015:

- detailed rule II.Z.3 regarding the fulfilment of independence criteria specified in rule II.Z.4 by at least two members of the Supervisory Board,
- recommendation IV.R.2 regarding the possibility to participate in the General Meeting using electronic means of communication, in particular through two-way communication in real time.

6.2. Application of the Best Practices for WSE Listed Companies by the Supervisory Board in 2018

In 2018, the Supervisory Board did not break any of the Best Practices of WSE Listed Companies adopted for application by the Supervisory Board. Members of the Supervisory Board performed their duties related to meetings of the Supervisory Board in person and were guided in their conduct by the interest of the Company and independence of opinions and judgements. In the reporting period there were no situations in which Members of the Supervisory Board would have to inform about the existing conflict of interest or the possibility of its occurrence, and as a result they would have to refrain from taking part in the discussion at the Supervisory Board meeting and from voting on the resolution on the matter in which the conflict of interest occurred.

Remuneration of the Members of the Supervisory Board for their functions in the Supervisory Board remained unchanged in reasonable relation to economic results of Apator SA. The total remuneration paid to the Supervisory Board in 2018 amounted to PLN 723 thousand and included:

- remuneration paid by Apator SA in amount of 504 000 PLN,
- remuneration paid by other companies of Grupa Apator in the amount of 219 000 PLN for performing the function of the Member of the Supervisory Board in the given company.

The remuneration for all members of the Supervisory Board is the same and amounts to PLN 7 thousand gross monthly.

6.3. Assessment of compliance of Apator SA with disclosure obligations concerning the application of corporate governance

In the opinion of the Supervisory Board, the Company duly meets the disclosure requirements related to the application of corporate governance rules.

The report on the application of the principles of Best Practices for WSE Listed Companies is available on the website www.apator.com in the Investor Relations tab.

7. Assessment of financial statements of Apator SA and Grupa Apator for 2018

Apator SA prepares separate and consolidated financial statements in accordance with legal requirements, including IAS/IFRS standards. The statements for 2018 were audited by PricewaterhouseCoopers Polska Spółka z ograniczoną odpowiedzialnością Audyt Sp. k.

The Supervisory Board supervised the process of preparing financial statements. On the basis of positive recommendation of the Audit Committee of 25th April 2019 it made the assessment of the financial statements of Apator SA and Grupa Apator prepared by the Management Board. The Supervisory Board states that the financial data presented in the periodical reports are reliable, correct and actual and are prepared in accordance with the books, documents and the actual state of affairs as well as with the accounting principles in force, applied in a continuous manner on the basis of the books of account kept.

8. Supervision over the activity of Apator and Grupa Apator

The Supervisory Board shall exercise permanent supervision over the Company's operations and the work of the Management Board through:

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

Supervisory Board supervision areas in 2018:

- analysis of the situation and risks in particular segments and business lines, including especially in the segment of Water and Heat and Gas and in the company Apator Rector sp. z o.o.,
- individual and consolidated financial results, including the analysis of operating costs,
- the degree of implementation of financial budgets and the consolidated financial result forecast for 2018, which has been made public,
- works on new strategy of Grupa Apator for the years 2019-2023, including its approval in the form of resolution of the Council,
- current review of the decisions of the Executive Board of Apator SA taken in the form of resolutions,
- principles of capital group management in the areas of common activities (support areas),
- principles of remuneration of management board members in individual companies of the Group, including the bonus system,
- analysis of scenarios for further action for FAP Pafal,
- analysis of organizational changes in Grupa Apator (including merger of Apator Elkomtech companies and Apator Control),
- analysis of efficiency projects in the area of production,
- information policy for individual reporting standards,

- dividend policy,
- execution of the share buy-back program of Apator SA,
- HR policy of Grupa Apator and remuneration system,
- investment outlays in Grupa Apator,
- IT and R&D in Grupa Apator.

9. Evaluation of the internal control system, risk management system, system of supervision over compliance with legal requirements and functioning of internal audit

The system of protection of the company against risk is based on the model of three lines of defence:

- I 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, internal institutional control, risk review, compliance, financial control, corporate governance, cross-audits,
- Third line of defence - internal audit - independent verification and advisory activity.

Description of the different systems

Internal control system

The internal control system covers all the processes occurring in the company within the scope of operating, investment and financial activities as well as support processes. The organisation of the internal control system shall include:

- self-control initiated and exercised in a systematic and continuous manner by all employees of the company within the limits of the duties and powers conferred upon them,
- functional control embedded in the organisational structure and performed by managers and directors of the company's organizational units,
- institutional control performed by the controlling team in Apator SA and subsidiaries on the basis of the order of the Management Board and Plenipotentiary of ISO.

In 2018 within institutional control the audit of the process of concluding the contracts in Apator SA, Apator Powogaz SA, Apator Metrix SA and Apator Elkomtech SA was carried out and the audit of records was carried out in the financial system covering the analysis of generic costs, analysis of manufacturing costs and recognition of revenues from export sales at the turn of the month in the company Apator Powogaz SA.

In addition, ISO audits and cross audits (whose main objective is to measure the effectiveness of the quality control process in a given company) as well as internal audits commissioned by the Supervisory Board were carried out in selected business processes within the framework of the management system. Reports on audits and internal controls were presented to the Audit Committee of the Supervisory Board. Additional support for the internal control system and support for the improvement of the organisation are reports and recommendations from external audits (statutory auditor audits, client audits and audits certifying the management system).

Risk Management System

The company's risk management system is based on ISO 31000 and is aimed at ensuring a uniform approach to risk identification and assessment, defining risk response plans and monitoring 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 changing economic environment and changes concerning the influence of particular factors on business and strategic objectives. Risk management is performed by the Risk Manager and is supported by a group of committees:

- The Financial Committee composed of representatives of finance from individual Group companies, whose task is to supervise financial processes in the Group and their further integration,
- Financial Risk Committee established to support control mechanisms and uniform management of financial risk.

The analysis and description of the most important risks is described in detail in the Management Board's report on the activity of the capital group for 2018.

System of supervision over compliance with legal requirements (compliance)

Apator SA defines Compliance as observance of legal obligations resulting from legal acts commonly binding or voluntarily adopted for application by the Company (e.g. Good Practices of Companies Listed on the Warsaw Stock Exchange, ISO standards).

The purpose of the Compliance system is to:

- legal monitoring and adaptation of actions to the requirements and announced legal changes,
- building employee awareness of the consequences of non-compliance with the law,
- protection of confidential information and business secrets,
- protection of the financial result,
- protection of the reputation,
- cooperation with supervisory authorities;

In 2018, the Compliance system operating in the company was improved through, among other things, the following:

- establishment of a Compliance Team to support employees in identifying legal regulations applicable to the company and their implementation into internal procedures,
- granting employees access to IT systems with a database of legal acts,
- functioning of the company's procedures for obtaining legal opinions.

Internal Audit

Internal Audit in Apator SA is the independent verification and advisory activity within the third pillar of the protection against risk.

In 2018, the company set up an internal audit unit and an Internal Auditor. The Internal Auditor reports directly to the President of the Executive Board of Apator SA in the organizational structure, however, the Auditor reports functionally to the Audit Committee of the Supervisory Board. At the same time, the Supervisory Board of Apator SA is competent for the consent to appoint and dismiss the Internal Auditor, which supports the independence of the opinion of the auditor. In addition, the Internal Auditor's work plan (audit plan) is approved by the Audit Committee of the Supervisory Board.

In 2018 the Executive Board of Apator SA adopted the guideline precisely regulating the activity of the auditor, including in particular its rights, obligations, mode and manner of reporting.

Assessment of the systems

The Supervisory Board positively evaluates the effectiveness of the risk management system, compliance, internal control and internal audit functions for 2018, stating, among others, that

- the control processes are systematised,
- the involvement of individuals in the process has been increased,
- recommendations accompanying inspections and audits are implemented, which improves the Group's operations and, at the same time, eliminates or reduces the risk of doing business.

However, the Supervisory Board points to the need for further improvement of all the above systems.

10. Assessment of the rationale of the sponsoring, charity or other similar policy

The Supervisory Board positively assesses the sponsoring activities conducted by the company, aimed at supporting Young Talents and local initiatives in the field of sport, culture and science. Its main objectives are:

- Strengthening the positive perception of the company on the local, national and international level,
- creating the image of a modern and dynamic company, operating on the basis of innovative solutions and technologies, which promotes development and creative initiatives,
- building positive relations with the local environment by supporting valuable initiatives and undertakings in the field of culture, art and sport.

In 2018 in accordance with the adopted policy, assuming allocation of 0,5% of net profit of Apator SA to the sponsoring activity, the Company performed the following activities:

- science
 - ✓ Pasjopolis Master grant programme - proprietary programme of Apator SA addressed to students of the Nicolaus Copernicus University, UKW,
 - ✓ support for scientific events: Toruń Festival of Science and Art, Startup Weekend, patronage over the Euroelektra Olympics,
- culture
 - ✓ leading event: Toffifest Festival - Apator is the exclusive Sponsor of the musical frame of the event,

- ✓ support for cultural events (Nova Muzyka i Architektura Festival, International Biennale of Children and Youth Graphics, Probaltica Festival, Young Cinema Festival and others),
- sport
 - ✓ leading action: Twarde Pierniki - sponsor of youth teams,
 - ✓ sport sponsorship (nationwide fencing tournaments for children and youth, local children's football teams),
- charity activity
 - ✓ leading activity: support for Children's Hospice Hope - funds allocated for the purchase of a cough assistant and the construction of a branch,
 - ✓ other support: Skłudzewo Foundation for a More Beautiful World, Family Support Foundation and Earth, the Abandoned Children's Care Association of the Bł. Ks. Br. Markiewiczza, Children's Foundation „Zdążyć z pomocą”.

11. Assessment of the activity and financial results of Apator SA and Grupa Apator

The Supervisory Board exercised constant supervision over the execution of the budget and at each meeting it analyzed the current financial and economic results of Apator SA and the results of particular business segments and in particular the level of sales, costs incurred, level of margins, management of working capital and financial liquidity. The Supervisory Board also analyzed the current consolidated financial results and the situation and risks in particular companies of Grupa Apator and their development plans.

In 2018 the activities of Grupa Apator were focused on, among others, consistent optimization and control of costs and organizational changes aimed at improvement of operational efficiency. The activities initiated in 2017 in connection with the reorganisation of Apator Elkomtech (where the cost structure was consistently optimised) and Apator Rector (together with In order to improve the financial situation of the company, including its current liquidity).

Thanks to these factors, even with slightly lower sales revenues than in 2017 (mainly due to lower turnover in the Gas segment due to the completion of a major contract in the UK with a relatively high turnover and low margin), the Group's overall financial results for 2018, in terms of both profit mass and profitability ratios, are significantly better than in 2017.

The year 2018 was characterised, among others, by a very high turnover dynamics in the country and very good results

In the key segment of the Electricity Group (including the ee measurement lines and control and supervision systems), the decrease in selling and general overheads (due to consistent maintenance of cost discipline) and finally the improvement in the result on financial activities (mainly due to foreign exchange gains and foreign exchange transactions).

Good financial results, including the significant improvement of EBITDA profit, were accompanied by the significant increase of working capital, mainly the level of inventories (in Apator Powogaz and Apator SA). The Supervisory Board adopted this trend with concern, repeatedly drawing attention to the need for ongoing, strict control in this area, especially in a situation in which stocks are systematically growing,

which cannot be explained only by objective factors (i.e. increase in turnover, market change in supply conditions, etc.). In connection with the above, the Supervisory Board paid particular attention to the current analysis of the situation in the Water and Heat segment.

Considering the overall results achieved in 2018, the Supervisory Board positively evaluates the condition of Grupa Apator and stresses that it is good and stable and the financial results achieved are good and stable and profitability positively distinguish Grupa Apator from other listed companies. The Supervisory Board also positively assesses the future prospects of the Group resulting directly from the adopted (and approved by the resolution of the Supervisory Board) of the new Strategy of Grupa Apator for the years 2019-2023.

12. Self-assessment of the work of the Supervisory Board

Personal composition, competences and professional experience of the members of the Supervisory Board ensure effective supervision over all areas of activity of Apator SA and its capital group. The Supervisory Board, in accordance with the principles resulting from the DPSN, apart from performing the supervisory function, supported the Management Board with knowledge and expertise in strategic areas. The cooperation was based on trust and joint action in the interest of the company and all its stakeholders.

The Supervisory Board believes that, guided by the interest of the company and its capital group in its conduct, it performed its duties properly and in accordance with formal and legal requirements, ensuring appropriate supervision over all aspects of its activity.

The Supervisory Board requests the General Meeting of Shareholders to approve the report on the Board's activities and to grant a vote of acceptance to all persons performing the functions of Members of the Supervisory Board in 2018.

Resolution No 21/2019

of the Supervisory Board of Apator SA dated 29th April 2019

on: giving an opinion on the amendment to §7 of the Statute of Apator SA and the adoption of the uniform text of the Statute of the Company

1. Acting pursuant to § 15 sec. 11 of the Statute of Apator SA, the Supervisory Board of Apator SA positively assesses the change of §7 of the Statute of the Company in relation to:
 - execution on 29th June 2018th conversion of 100.001 registered shares of Apator SA into bearer shares,
 - termination of the Programme of buy-back of own shares for the purpose of their redemption and reduction of the share capital adopted by the General Meeting of Shareholders on 28 May 2018.
2. The Supervisory Board of Apator SA appeals to the General Shareholders Meeting to approve the amendments to the Statute of Apator SA related to the conversion of shares and termination of the Programme of buy-back of own shares for their redemption and reduction of the share capital.
3. The Supervisory Board positively assesses the proposal to adopt the consolidated text of the Company's Articles of Association constituting an appendix to this resolution.
4. The resolution comes into force on the moment of its adoption.

The resolution was adopted.

Appendix to Resolution No. 21/2019 of the Supervisory Board
of Apator SA

CONSOLIDATED TEXT OF THE STATUTE OF APATOR SA

I. General provisions

§ 1

The business name of the Company shall be: Apator Spółka Akcyjna. The Company may use the abbreviation of Apator S.A. and use the distinguishing mark.

§ 2

The Company's registered office is in the city of Toruń.

§ 3

The company shall operate in the Republic of Poland and abroad.

§ 4

The Company may establish and operate branches, subsidiaries, establishments, offices and other establishments in Poland and abroad.

§ 5

The Company's duration is unlimited.

§ 6

1. The aim of the Company is to perform the activity aimed at performance of the strategy of Grupa Apator defining the interest of Grupa Apator.
2. The Capital Group Apator should be understood as the Company, its legal successors and subsidiaries of Apator SA (within the meaning of the Accounting Act).
3. The interests of the Company shall be defined by its objective as defined in paragraph 1 above.
4. The main object of the Company's business activity is:
 - Manufacture of instruments and appliances for measuring, testing and navigation, PKD 26.51.Z,
5. The remaining objects of the Company shall be:
 - Manufacture of electricity distribution and control apparatus, PKD 27.12.Z,
 - Manufacture of other plastic products, PKD 22.29.Z,
 - Manufacture of other technical ceramic products, PKD 23.44.Z,
 - Manufacture of metal structures and their parts, PKD 25.11.Z,
 - Mechanical processing of metal elements, PKD 25.62.Z,
 - Manufacture of electronic printed circuits, PKD 26.12.Z,
 - Manufacture of computers and peripheral equipment, PKD 26.20.Z,
 - Manufacture of telecommunications equipment, PKD 26.30.Z,

- Manufacture of consumer electronics, PKD 26.40.Z,
- Manufacture of watches and clocks, PKD 26.52.Z,
- Manufacture of installation equipment, PKD 27.33.Z,
- Manufacture of other electrical equipment, PKD 27.90.Z,
- Manufacture of office machinery and equipment, except computers and peripheral equipment, PAC 28.23.Z,
- Repair and maintenance of machinery, PKD 33.12.Z,
- Repair and maintenance of electronic and optical devices, PKD 33.13.Z,
- Repair and maintenance of electrical equipment, PKD 33.14.Z,
- Installation of industrial machinery, equipment and equipment, PKD 33.20.Z,
- Production of electricity, PKD 35.11.Z,
- Transmission of electricity, PKD 35.12.Z,
- Distribution of electricity, PKD 35.13.Z,
- Electricity trading, PKD 35.14.Z,
- Disassembly of used goods, PKD 38.31.Z,
- Recovery of raw materials from segregated materials, PKD 38.32.Z,
- Execution of electrical installations, PKD 43.21.Z,
- Wholesale of computers, peripherals and software, PKD 46.51.Z,
- Wholesale of electronic and telecommunications equipment and parts thereof, PKD 46.52.Z,
- Wholesale of other semi-finished products, PKD 46.76.Z,
- Wholesale of wastes and scrap, PKD 46.77.Z,
- Wholesale of unspecial products, PKD 46.90.Z,
- Retail sale of computers, peripherals and software in special shops, PKD 47.41.Z,
- Retail sale of telecommunication equipment in special shops, PKD 47.42.Z,
- Others in land passenger transport not classified, PKD 49.39.Z,.
- In road transport of goods, PKD 49.41.Z
- Storage other goods, PKD 52.10.B
- Service supporting land transport, PKD 52.21.Z,
- Management of camping sites and short-stay accommodation, PKD 55.20. Z,
- Other gastronomic service, PKD 56.29.Z,
- Other software processing, PKD 58.29.Z,
- Wire telecommunication activity, PKD 61.10.Z,
- Wire telecommunication activity excluding satellite communication, PKD 61.20.Z,
- Satellite communication activity, PKD 61.30.Z,

- Other telecommunication activity, PKD 61.90.Z,
 - Software management, PKD 62.01.Z,
 - Information technology consulting, PKD 62.02.Z,
 - Information technology equipment management, PKD 62.03.Z,
 - Other information technology , PKD 62.09.Z
 - Data processing, hosting and similar activity, PKD 63.11.Z,
 - Website management, PKD 63.12.Z,
 - Other information technology services not classified, PKD 63.99.Z,
 - Sale and purchase of property at own account, PKD 68.10.Z,
 - Renting or management of own or rented real estate, PKD 68.20.Z,
 - Book and accounting activity; tax advising, PKD 69.20Z,
 - Other advising regarding business activity and management, PKD 70.22.Z,
 - Engineering activity and related to it technical advising, PKD 71.12Z,
 - Other technical research and analysis, PKD 71.20.B,
 - Research and experimental development on natural sciences and engineering, PKD 72.19.Z,
 - Advertising agency activity, PKD 73.11.Z,
 - Market and public opinion research, PKD 73.20.Z,
 - Special design activity, PKD 74.10.Z,
 - Other professional, scientific and technical activities not classified, PKD 74.90Z,
 - Lease and renting of office machines and equipment including computers, PKD 77.33.Z,
 - Lease and renting of other office machines and equipment and property not classified, PKD 77.39.Z,
 - Renting of intellectual property, PKD 77.40.Z,
 - Other activity regarding of employees availability, PKD 78.30.Z,
 - Call centres operation, PKD 82.20.Z,
 - Activity regarding the arrangement of fairs, exhibitions and congresses, PKD 82.30.Z,
 - Other not school activities not classified, PKD 85.59.B,
 - Repair and maintenance of computers and peripherals, PKD 95.11.Z,
 - Repair and maintenance of telecommunication equipment, PKD 95.12.Z,
 - Repair and maintenance of electronic equipment of general use, PKD 95.21.Z.
 - Activity of head offices and holdings excluding financial holdings, PKD 70.10.Z.
6. If taking to run business or running business within the scope of established above frame of activity of the Company requires an appropriate permission or concession for the commencement or running such a business to be obtained, it is allowed to be run after the receipt of such a permission or concession.

II. Capital of the Company, shareholders and shares

§ 7

The Company's share capital amounts to PLN 3,286,092.80 (three million two hundred and eighty-six thousand ninety-two PLN 80/100) and is divided into 7,337,001 (seven million three hundred and thirty-seven thousand one) A series registered shares and 25,523,927 (twenty-five million five hundred and twenty-three thousand nine hundred and twenty-seven) A, B and C series bearer shares with a nominal value of PLN 0.10 (ten groszy) each.

§ 8

1. The conversion of A Series Registered Shares into A Series Bearer Shares is made based on application of the shareholders in January every year. The Executive Board is obligated to establish additional date of conversion within 90 days in case of application submitted during the year for the conversion over 100.000 (one hundred thousand) registered shares.
2. The conversion of bearer shares into registered shares is not allowed.

§ 9

Each share has got 1 (one) voting right except A Series Registered Shares where each share has got 4 (four) voting rights. The conversion of registered shares into bearer shares causes the loss of their privilege during voting.

§ 10

1. A Series Registered Shares can be sold by shareholders and their legal successors only to shareholders possessing A Series Registered Shares. Selling A Series Registered Shares to other persons than shareholders possessing A Series Registered Shares requires the consent of the Management Board.
2. The shareholders who are going to sell their A Series Registered Shares to other persons than shareholders possessing A Series Registered Shares should submit an application in writing to the Management Board with the request for the permission for that legal action.
3. The Management Board will consider the application with the request for permission to sell A Series Registered Shares and take a decision to permit or not permit within 60 days from the date of submission of the application guiding by the interest of the Company.
4. If the Management Board does not consent to transfer the shares it should within 60 days:
 - appoint another purchaser,
 - define the price in accordance with the price of the bearer share on the date of submission of the application.

The date of payment of defined price is 7 days from the date of the decision taken by Management Board.

5. If the Management Board does not take a position within 60 days from the date of the written request for approval of the disposal of shares, the disposal of shares is not subject to any restrictions.

§ 11

1. Registered shares and bearer shares are allowed to be redeemed with consent of the shareholder to acquire them by the Company.

2. Acquisition of shares by the Company in order to their redemption requires separate resolutions of the General Shareholders Meeting.
3. Acquisition of own shares of the Company should be made in such a manner to avoid to give any privilege to any shareholders group.

III. Capital and funds

§ 12

1. The Company makes capitals and funds:
 - share capital,
 - reserve capital.
2. Based on the resolution of the General Shareholders Meeting other funds are allowed to be made and used in accordance with obligatory regulations.
3. Share capital is to reimburse fixed assets, intangibles and legal assets and current assets and it also serves to finance the shares of home and foreign companies.
4. Share capital can be raised or reduced based on resolution of the General Shareholders Meeting. Share capital can be raised from reserved capital or other funds made on profit.
5. Reserved capital is made of annual profit write offs in the amount at least 8% (eight percent) in order to reimburse the losses indicated in financial report for the financial year. Write offs are made until reserve capital does not reach 1/3 (one third) of share capital. Renewal of the write off on the profit to reserve capital is allowed when this capital has been partly used.
6. The profit of the Company in the last financial year is allocated to feed capitals and funds of the Company and dividends in the amount decided by the General Shareholders Meeting and for other purposes specified in resolutions of the General Shareholders Meeting. The General Shareholders Meeting is allowed to make the decision concerning contingent payment only in case when possible meeting of conditions are fulfilled before the day of the establishment of the right to dividend.
7. The Management Board is authorized to make advance payment the shareholders towards expected dividend on the rules defined in the Polish Commercial Companies Code.

IV. The Management of the Company

§ 13

The management of the Company consists of:

- the General Meeting,
- the Supervisory Board,
- the Management Board.

§ 14

The General Meeting

1. There are ordinary and extraordinary General Meetings. An Ordinary General Meeting of Shareholders shall be convened annually, at the latest by the end of June.
2. The General Shareholders Meeting is called by the announcement in the manner specified in the Polish Commercial Companies Code prior the date at least 26 (twenty six) days of the General Shareholders Meeting to be held.
3. The General Shareholders Meeting is called by the Management Board. The Supervisory Board may convene an Ordinary General Meeting of Shareholders if the Management Board fails to

convene it within the time limit specified in the Articles of Association, and an Extraordinary General Meeting of Shareholders if it considers it advisable to do so. Shareholders representing at least half of the share capital or at least half of the total number of votes in the Company may convene an Extraordinary General Meeting of Shareholders appointing the Chairperson of the Meeting.

4. A shareholder or shareholders representing at least 1/20 (one twentieth) of the share capital may request that an Extraordinary General Meeting be convened and that certain matters be placed on the agenda of this Meeting. The request to convene the Extraordinary General Meeting should be submitted to the Management Board in writing or in the electronic form.
5. A shareholder or shareholders representing at least 1/20 (one twentieth) of the share capital may request that certain matters be placed on the agenda of the next General Meeting. The request should be submitted to the Management Board not later than 21 (twenty-one) days before the scheduled date of the Meeting. The Management Board shall immediately, but no later than 18 (eighteen) days prior to the scheduled date of the General Meeting, announce changes to the agenda introduced at the request of shareholders. The announcement shall be made in the manner appropriate for convening the General Meeting.
6. A shareholder or shareholders representing at least 1/20 (one twentieth) of the share capital may, prior to the date of the General Meeting, submit to the Company, in writing or by electronic means, draft resolutions concerning the matters included in the agenda of the General Meeting or matters which are to be included in the agenda. The Company shall immediately publish draft resolutions on its website. Each shareholder may propose draft resolutions concerning the matters introduced in the agenda during the General Meeting.
7. The request to convene the General Meeting and place certain issues on its agenda, submitted by authorized entities, should include a justification and draft resolutions.
8. A resolution not to consider an issue placed on the agenda may be adopted only if there are significant reasons for adopting such a resolution. A request to that effect should be justified.
9. Only persons who are shareholders of the Company 16 (sixteen) days before the date of the General Meeting have the right to participate in the General Meeting.
10. Before each General Meeting, a list of shareholders entitled to participate in the General Meeting is prepared. The list signed by the Management Board shall be displayed at the premises of the Company's Management Board for 3 (three) weekdays prior to the General Meeting. At the General Meeting, a list of present participants should be drawn up, specifying the number of shares represented by each of them and the number of votes to which they are entitled, signed by the Chairman of the Meeting.
11. A shareholder may participate in the General Meeting and exercise the right to vote in person or by proxy. The power of attorney should be granted in writing or in electronic form.
12. The General Meeting is capable of adopting binding resolutions regardless of the number of shares represented at the General Meeting, unless the provisions of the Commercial Companies Code provide otherwise.
13. The General Meeting shall be chaired by one of the persons elected each time and entitled to participate in the Meeting. The election of the Chairman of the Meeting shall take place before any actions are commenced. Until the election of the Chairman of the Meeting, the Chairman of the Supervisory Board or, in case of his absence, the Vice-Chairman or another Member of the Board shall preside over the Meeting.
14. Resolutions are adopted by an absolute majority of votes, unless the provisions of this Statute or the Commercial Companies Code provide otherwise.

The exclusive competence of the General Meeting shall include:

- examination and approval of the Management Board's reports on the Company's activity and on the activity of the capital group for the previous financial year,

- consideration and approval of individual financial statements and consolidated financial statements for the previous financial year,
 - consideration and approval of reports on the activities of the Supervisory Board,
 - making all decisions concerning claims for compensation for damage caused during the establishment of the Company or during the exercise of management or supervision,
 - adoption of resolutions on the distribution of profit or coverage of losses,
 - determining the date of shareholders' right to dividend and the date of dividend payment, taking into account the rule that the period between the date of establishing the right to dividend and the date of dividend payment cannot be longer than 15 (fifteen) business days,
 - granting discharge to members of the Company's governing bodies for the performance of their duties,
 - increasing or decreasing the share capital,
 - resolution on redemption of shares and other securities,
 - issue of shares and other securities,
 - determining the number of Members of the Supervisory Board,
 - appointment and dismissal of Supervisory Board Members and determination of their remuneration,
 - adopting resolutions on the merger, division, transformation or dissolution of the Company,
 - adoption of resolutions on the sale or lease of the enterprise or its organized part and establishing a limited property right on them,
 - amendment of the Statutes,
 - adoption of the Regulations of the Supervisory Board,
 - adoption of the Regulations of General Meetings of Shareholders.
15. Voting at the General Meeting is open, unless the provisions of the Commercial Companies Code provide otherwise.
16. General Meetings are held in Toruń or Ostaszewo in the Łysomice commune in the Kujawsko-Pomorskie Voivodeship, in accordance with the Regulations of General Meetings. Amendments to the Regulations adopted by the General Meeting shall enter into force as of the next General Meeting.
17. Resolutions of the General Meeting are binding for all shareholders.

§ 15

The Supervisory Board

1. The Supervisory Board consists of 5 (five) to 7 (seven) members appointed by the General Shareholders Meeting for the period of 5 (five) years. Members of the The Supervisory Board are appointed for the common tenure. Reduction of number of the members of The Supervisory Board during tenure to not less than 5 (five) members does not cause the necessity to complete the makeup of The Supervisory Board.
2. The members of the The Supervisory Board should have appropriate professional knowledge and experience.

3. The members of the Supervisory Board are obliged not to compete however the prohibition does not concern the entities of Apator Group. The member of the Supervisory Board is not allowed to deal with the interests of competitive party and to participate as the member in competitive entity or in other competitive capital entity in case of possession at least 10% shares in it or the right to appoint at least one member of the Management Board.
4. Members of the Supervisory Board can not be: Member of the Management Board, Proxy, Chief Accountant, Legal Adviser or Advocate employed by the company, persons who are directly subordinated to a Member of the Management Board. In addition, Members of the Supervisory Board may not be Members of the Management Board of a subsidiary company.
5. The members of the Supervisory Board should perform their duties personally. Members of the Supervisory Board should consider first of all both the interest of the Company and the interest of entire Apator Group.
6. The adoption of the resolutions by the Supervisory Board in writing or by use of direct means of communication on distance is permissible. The resolution is valid when all the members of the Supervisory Board were advised about the content of the resolution of the Supervisory Board. The adoption of the resolutions in the mode presented does not concern the appointment of the Chairman of the Supervisory Board and the Deputy Chairman of the Supervisory Board, nomination of members of the Management Board and dismissal or suspension of member of the Management Board.
7. Resolutions, including resolutions in writing or by means of instantaneous communications, shall be adopted by an absolute majority of votes cast in favour:
 - at five person makeup of the Supervisory Board - at least three members,
 - at over five person makeup of the Supervisory Board - at least 4 four members
8. The Supervisory Board Meeting is held once a quarter or more often when it is required based on invitation of the Chairman of the Supervisory Board. The Management Board or member of the Supervisory Board is allowed to demand to convene the Supervisory Board Meeting giving suggested agenda of the meeting. In such a case the Chairman of the Supervisory Board convenes the meeting within two weeks of the date of submission of the motion. If the Chairman of the Supervisory Board does not convene the Supervisory Board Meeting in required date then applicant is allowed to convene by itself giving the date, place and suggested agenda of the debates.
9. The supervisory board exercises permanent supervision over all areas of the activities of the company. The Supervisory Board is not allowed to make binding orders to the Management Board concerning the Company. The Supervisory Board performs its duties collectively, however, it may delegate its Members to independently perform supervisory activities.
10. The Supervisory Board is allowed to study all the documents of the Company, to require from the Management Board and employees of the Company, the reports and clarifications in all matters and make revision concerning the status of property of the Company.
11. The Supervisory Board settles all matters that under the law and hereby the Statutes are not restricted to the exclusive competence of the General Shareholders Meeting and they are not in the scope of activity of the Management Board.

The competence of the Supervisory Board covers:

- assessment of the report of the Management Board on the activity of the Company and Capital Group for the last financial year and submission the report on the assessment in writing to the General Shareholders Meeting,

- assessment of separate financial statement and consolidated financial statement for the last financial year in respect of their conformity with books, documentation and facts of the case and submission the report on assessment in writing to the General Shareholders Meeting,
 - preparation of the concise assessment of the situation of the Company taking into account the assessment of the systems of internal inspection, risk management, compliance and the function of internal audit and submission the report to the General Shareholders Meeting
 - assessment of the conclusions of the Management Board regarding the distribution of the profit or coverage of loss,
 - consideration and giving opinions of any other matters to be the subject of the resolution of the General Shareholders Meeting,
 - nomination of statutory auditor for the auditing of financial statement,
 - approval of the long term strategy of the Company and Apator Group and changes in them,
 - approval of annual and long term financial plans of the Company and Apator Group and changes in them,
 - adoption of the resolutions of purchase and disposal of shares in other entities,
 - adoption of the resolutions of establishment and liquidation of entities with total or partial share of the Company
 - adoption the resolutions regarding purchase and disposal of property, perpetual usufruct or share in property,
 - consent on disposal of a right or assume the obligations by the Company except matters restricted to the competence of General Shareholders Meeting of the value exceeding PLN 20 million,
 - granting consent to incurring expenditure on research and development works with a value exceeding PLN 1.5 million,
 - adoption of a resolution on determining the number of Members of the Management Board of the Company,
 - appointing the President of the Management Board and then, at his request, other Members of the Management Board, dismissing Members of the Management Board, suspending all or individual Members of the Management Board from their duties for important reasons, as well as delegating Members of the Supervisory Board to temporarily perform the duties of Members of the Management Board and determining the remuneration for the Management Board taking into account its motivational character,
 - representing the Company in the agreement between the Company and a Member of the Management Board, as well as in the dispute between the Company and a Member of the Management Board,
 - resolution of conflicts of interest of Management Board Members,
 - adoption of the Regulations of the Management Board,
 - adopting the Audit Committee Regulations and agreeing to hire and dismiss the head of the internal audit,
 - adoption of resolutions on other matters at the request of the President of the Management Board.
12. Members of the Supervisory Board shall receive as remuneration the amounts determined by the General Meeting of Shareholders. Apart from the remuneration, Members of the Supervisory Board

shall be entitled to reimbursement of justified costs incurred in connection with the performance of their duties.

13. Minutes of the meeting of the Supervisory Board shall be drawn up and signed by the members of the Supervisory Board present at the meeting.
14. At its first meeting, the Supervisory Board shall elect a Chairman and a Deputy Chairman from among its members.
15. The Supervisory Board shall act in accordance with the Regulations of the Supervisory Board.
16. Pursuant to an appropriate resolution, the Supervisory Board may establish committees from among its members appointed to resolve matters of a specific type or category, including the Audit Committee. In a resolution, the Supervisory Board shall define the rules of operation of the committee, its composition and detailed competences.

§ 16.

The Management Board

1. The Management Board consists of 1 (one) to 6 (six) members nominated for 3 (three) years by the Supervisory Board for the common tenure. The Supervisory Board first makes the appointment of the President of Management Board and next based on its proposal other members of the Management Board.
2. The Management Board manages all the activity of the Company, represents the Company, manages its real estate and all issues not reserved to other bodies, it is responsible for the proper bookkeeping in the Company and strictly respects for the regulations of the Statutes, Regulations of the Management Board and Resolutions of the Management of the Company.
3. The Management Board acts pursuant to accepted long term strategy of the Company and Apator Group and it should both take into consideration the interest of the Company and Apator Group.
4. The works of the Management Board are managed by the President of the Management Board.
5. Resolutions shall be adopted by an absolute majority of votes. In case of equal number of votes, the vote of the President of the Management Board is decisive. The resolutions can be adopted in ordinary mode and in writing as well or by use of means of direct, remote communication. If resolutions are adopted in writing or using means of direct remote communication, all Members of the Management Board must be notified of the content of the resolution.
6. To receive summonses and other deliveries it is sufficient if the delivery is made by one of the Members of the Management Board.
7. Members of the Management Board are obliged to participate in meetings of the Supervisory Board at the request of the Supervisory Board.
8. Two Members of the Management Board acting jointly, a Member of the Management Board acting jointly with a Proxy or two Proxies acting jointly are authorised to make statements regarding the Company's property rights and obligations and signatures.
9. Each member of the Management Board has the right and obligation to conduct the affairs of the Company, not exceeding the scope of ordinary activities of the Company.
10. The proxy appoints the Management Board by unanimous resolution. A granted power of attorney may be revoked by any Member of the Management Board independently.
11. The Company's employees are subject to the management of the Management Board, and in particular the Management Board accepts and dismisses employees and determines their remuneration in accordance with applicable regulations.

12. The members of the Executive Board and Proxies are bound by the non-competition clause and this clause does not apply to the companies of Grupa Apator. A Member of the Management Board and a Proxy may not engage in competitive business or participate in a competitive company as a partner in a civil partnership, partnership or as a member of a body of a capital company or in any other competitive legal entity as a member of a body. This prohibition also covers participation in a competitive capital company in the event that it holds at least 10% of shares or stocks or has the right to appoint at least one Member of the Management Board.
13. Members of the Management Board may be dismissed at any time by the Supervisory Board or the General Meeting of Shareholders. It does not prejudice their claims under the employment contract.
14. Members of the Management Board as well as employees of the Company who are guilty of neglecting any obligations imposed on them by law, the Articles of Association or the By-laws shall be liable to the Company for any damage caused by such negligence. Members of the Management Board and employees are not liable to third parties for liabilities incurred on behalf of the Company.

V. Company accounts, certified auditors

§ 17.

The Company keeps its accounting records in accordance with the applicable legal regulations.

§ 18

The financial year shall coincide with the calendar year.

§ 19

The Management Board prepares the Management Board's reports on the Company's and the capital group's activities, individual financial statements and consolidated financial statements for a given financial year and submits them to the Supervisory Board for evaluation and the General Meeting of Shareholders for consideration and approval.

§ 20

The entity authorized to audit the Company's financial statements is elected by the Supervisory Board in a manner ensuring its independence in the performance of the tasks entrusted to it.

VI. Final provisions

§ 21.

In matters not regulated by this Statute, the provisions of the Commercial Companies Code and other normative acts binding on the Company shall apply.

Resolution No 22/2019

of the Supervisory Board of Apator SA dated 29th April 2019

on: giving an opinion on the Programme of buy-back of own shares for the purpose of their redemption and reduction of the share capital and creation of the Fund for the redemption of shares for the purpose of financing the Programme of buy-back of own shares

1. The Supervisory Board of Apator SA positively evaluates the Programme of buy-back of own shares for their redemption and reduction of the share capital, being the appendix to the present resolution.
2. The Supervisory Board positively assesses the creation of the Fund for the redemption of shares intended to finance the Programme for the repurchase of own shares by separating the amount of PLN 10 million from the Company's reserve capital.
3. The resolution comes into force on the moment of its adoption.

The resolution was adopted.

Programme of buy-back of own shares in order to redeem them and reduce the share capital

§ 1.

- The Own share repurchase (buy-back) programme, also referred to as the Programme, is implemented in accordance with the provisions:
- the Law of 15 September 2000 - Commercial Companies Code (i.e. Journal of Laws 2019, item 505),
- Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (the Market Abuse Regulation) and repealing Directive 2003/6/EC of the European Parliament and of the Council and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC (the "MAR Regulation"),
- Commission Delegated Regulation (EU) 2016/1052 of 8 March 2016 supplementing Regulation (EU) No 596/2014 of the European Parliament and of the Council with regard to regulatory technical standards on conditions applicable to buy-back programmes and stabilisation measures,
- Regulation (EU) No. 600/2014 of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Regulation (EU) No. 648/2012.

§ 2.

The purpose of the Programme of repurchase (purchase) of own shares is to reduce the share capital of Apator SA by redemption of shares purchased under the Programme. The execution of the Programme is in the interest of both the Company and the shareholders in the situation when the stock exchange price is below the fair value of shares of Apator S.A. The Repurchase Programme includes fully paid shares of the Company admitted to trading on the regulated market of the Warsaw Stock Exchange.

§ 3.

Purchase of own shares of Apator SA within the Programme will be performed on the following conditions:

1. Apator SA may purchase shares to bearer of series A, B, C marked with code PLAPATR00018.
2. The maximum number of own shares to be purchased under the Programme is 333,300 shares which is 1.01% of the share capital of Apator SA.
3. The implementation of the Programme will last from 12 June 2019 to 25 May 2020.
4. The Executive Board with the consent of the Supervisory Board may make the decision on resignation or termination of the acquisition of own shares of Apator SA before the deadline indicated in point 3.
5. The unit price per share of Apator S.A. purchased under the Programme cannot be lower than the nominal value, i.e. PLN 0.10 and higher than PLN 30.00.

6. The funds allocated for the acquisition of own shares will come from the Fund for redemption of shares established pursuant to the Resolution of the General Shareholders Meeting of Apator SA No. 19/V/2019 of 27 May 2019.
7. The financial resources allocated for the implementation of the Programme may not exceed the amount of the Fund for share redemption, i.e. PLN 10,000,000.00 (ten million PLN 00/100).
8. During the performance of the transaction under the Programme Apator SA cannot purchase shares at the price higher than the price of the last independent transaction or if it is higher - the highest current independent purchase offer in the trading system in which the purchase is made, also in cases when the shares are traded in different trading systems.
9. During the performance of the Programme Apator S.A. cannot purchase for each trading day more than 25% of the average daily volume of trading in shares in the trading system in which the purchase is made. The average daily volume is based on the daily average trading volume during the last 20 trading days preceding the day of acquisition of shares within the meaning of the Delegated Regulation of the Commission (EU) 2016/1052 of 8 March 2016.

§ 4.

The Management Board of Apator S.A. is obliged to:

- a) make all decisions and perform all factual and legal actions, including the determination of detailed conditions for the acquisition of shares aimed at the implementation of this resolution,
- b) make public, in accordance with applicable regulations and in compliance with the necessary transparency of the purpose of the Share Purchase Programme and its detailed conditions of implementation,
- c) information on the number of shares purchased and the average purchase price, as well as any amendments to the Share Purchase Programme,
- d) notify the nearest General Meeting about the implementation of the Share Purchase Programme, including the number and nominal value of the shares, their share in the share capital of the Company,
- e) convene, after the completion of the Share Purchase Programme or expiry of the term of validity of the authorisation to acquire own shares of the General Meeting in order to adopt resolutions on redemption of shares and on reduction of the Company's share capital.

§ 5.

The Executive Board of Apator SA may at its discretion perform the Programme of acquisition of shares independently or through an investment company or credit institution.

Resolution No 23/2019

of the Supervisory Board of Apator SA dated 29th April 2019

on: giving an opinion on draft resolution No. 20/V/2019 of the Ordinary General Meeting of Shareholders

1. The Supervisory Board of Apator SA gives positive opinion on the draft resolution no. 20/V/2019 of the Ordinary General Meeting concerning the change of the resolution no. 18/V/2018 of 28 May 2018 on the distribution of profit for the financial year 2017, determination of the date when the right to dividend and the date of dividend payment are entitled.
2. The amendment to the resolution concerns the total value of the dividend paid, the number of shares entitled to participate in the dividend and the value of funds transferred to the supplementary capital and is related to the adoption on 28 May 2018 by the General Meeting of the Programme of buy-back of own shares for the purpose of redemption and reduction of the share capital (resolution 22/V/2018).
3. The resolution comes into force on the moment of its adoption.

The resolution was adopted.