

R-2025



Financial report

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1. General information

1.1. Information about the entity

Apator Spółka Akcyjna (Apator S.A.) with its headquarters in Toruń (ul. Gdańska 4a lok C4) was created by employees of a liquidated state enterprise operating under the name of Pomorskie Zakłady Aparatury Elektrycznej Apator in Toruń. Its registration in the District Court in Toruń, 5th Commercial Division, took place on 14 January 1993 under the number RHB 1364. On 24 October 2001, an entry was made in the Register of Entrepreneurs of the District Court in Toruń, 6th Commercial Division of the National Court Register, under number 0000056456. The Company operates in the territory of Poland under the provisions of the Commercial Companies Code. Apator S.A., is a parent entity of the Apator group of companies.

1.2. Core business activity of the entity:

In accordance with the Company's Statute, the core business activity is production and service activity in the field of electricity distribution and control apparatus and the sale of measurement apparatus and systems. Shares of Apator S.A. are listed on the main market of the Warsaw Stock Exchange, sector according to WSE classification – electromechanical industry.

1.3. Members of the Management Board and the Supervisory Board as at 31 December 2025

Management Board

Maciej Wyczesany – President of the Management Board (since 1 March 2023)
Łukasz Zaworski – Member of the Management Board (from 22 November 2023)

Supervisory Board

Janusz Niedźwiecki – Chairman of the Supervisory Board
Mariusz Lewicki – Deputy Chairman of the Supervisory Board
Janusz Marzygliński – Member of the Supervisory Board
Monika Guzowska – Member of the Supervisory Board
Grażyna Sudzińska-Amroziewicz – Member of the Supervisory Board
Kazimierz Piotrowski – Member of the Supervisory Board
Tadeusz Sosgórnik – Member of the Supervisory Board

2. Information about the basis for the preparation of the financial statements, the reporting currency and the rounding level applied

2.1. Basis for the preparation of the separate financial statements

These annual separate financial statements of Apator S.A. as at and for the year ended 31 December 2025 were prepared in accordance with the International Financial Reporting Standards as endorsed by the European Union and the related interpretations published in the form of European Commission regulations.

The annual separate financial statements of Apator S.A. cover the year 2025 and include comparative data for the year 2024.

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2.2. Accounting principles

In the preparation of the annual separate financial statements for the period from 1 January 2025 to 31 December 2025, the same accounting principles (policies) and calculation methods were applied as in the most recent separate financial statements for the year ending on 31 December 2024, except for the application of new or amended standards and interpretations effective for annual periods beginning on or after 1 January 2025.

2.3. Applied International Financial Accounting Standards

CONSIDERATION OF STANDARDS, AMENDMENTS TO ACCOUNTING STANDARDS AND INTERPRETATIONS IN FORCE AS AT 1 JANUARY 2025

The following standards adopted by the European Union have been applied by the Company as at 1 January 2025:

- Amendments to IAS 21 "The Effects of Changes in Foreign Exchange Rates – Lack of Exchangeability".

The above amendments to existing standards did not have a significant impact on the annual separate financial statements for 2025.

STANDARDS PUBLISHED BY THE INTERNATIONAL ACCOUNTING STANDARDS COMMITTEE, WHICH ARE NOT YET IN FORCE AND HAVE NOT BEEN ALREADY APPLIED BY THE COMPANY

The Company has not decided to apply standards, interpretations or amendments that are not yet in force in these annual separate financial statements.

The following standards, amendments to standards and interpretations have not been adopted by the EU or are not yet in force for periods beginning on 1 January 2025 and have not been applied in the annual separate financial statements:

- Annual Improvements to IFRS - Volume 11 This includes amendments to five standards under the annual improvement project issued by the IASB, affecting IFRS 1, IFRS 7, IFRS 9, IFRS 10, and IAS 7. They will be effective for annual periods beginning on 1 January 2026 or after that date; the amendments address differences between IFRS 9 and IFRS 15 in the initial measurement of trade receivables and the manner in which a lessee ceases to recognise a lease liability;
- Amendments to IFRS 9 "Financial Instruments" and IFRS 7 "Financial Instruments: Disclosures" – changes to classification and measurement of financial instruments (effective for annual periods beginning on or after 1 January 2026, the amendment concerns the timing of recognition and derecognition of financial assets and financial liabilities, in particular when settled through electronic payment systems;
- Amendments to IFRS 9 and Amendments to IFRS 9 and IFRS 7 Nature-Dependent Energy Contracts (Effective for annual periods beginning on or after 1 January 2026, earlier application is permitted); the amendments improve the financial reporting of contracts for the purchase of electricity from natural sources;
- IFRS 18 "Presentation and Disclosures in Financial Statements" (effective for annual periods beginning on or after 1 January 2027, earlier application is permitted); IFRS 18 replaces IAS 1 "Presentation of financial statements"; introduces a more structured income statement;
- IFRS 19 "Subsidiaries without Public Accountability: Disclosures" (effective for annual periods beginning on or after 1 January 2027, earlier application is permitted); the amendment allows eligible subsidiaries to apply IFRS Accounting Standards with reduced disclosure requirements if certain conditions are met;
- Amendments to IAS 21 "The Effects of Changes in Foreign Exchange Rates: Translation to a Hyperinflationary Presentation Currency" (effective for annual periods beginning on or after 1 January 2027, earlier application is permitted);

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- Amendments to IFRS 10 "Consolidated financial statements" and IAS 28 "Investments in Associates and Joint Ventures" – effective date deferred indefinitely. Available for optional adoption in full IFRS financial statements. The European Commission has decided to postpone approval indefinitely; it is unlikely that it will be approved by the EU in the foreseeable future; the amendments clarify that, in the case of a transaction involving an associate or joint venture, the scope of recognition of the gain or loss depends on whether the asset sold or contributed constitutes a business.

The application of IFRS 18 will have an impact on the method of presentation and the scope of disclosures in the financial statements; the Company is in the process of assessing the future impact of this standard on the financial statements.

The Company assesses that the introduction of the other aforementioned amendments to the standards will not have a material impact on the Company's financial statements.

2.4. Reporting and functional currency and the rounding level applied

The reporting currency of this annual separate financial statements is Polish zloty (PLN), and all the amounts are expressed in PLN thousand (unless otherwise stated).

The functional currency of the Company is also Polish zloty.

2.5. Duration of the activity of the entity

The duration of the activity of Apator S.A. is unlimited.

The separate financial statements were prepared on a going concern basis for the foreseeable future, i.e. for a period of not less than 12 months from the end of the reporting period.

2.6. Approval of the financial statements

These separate financial statements were approved for publication by the entity's Management Board on 28 April 2026.

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3. Annual separate financial statements of Apator S.A.

3.1. Separate statement of financial position

ITEM	NOTE	as at	
		31 December 2025	31 December 2024
		PLN thousand	PLN thousand
Fixed assets	-	391,115	350,252
Intangible assets	6.2	21,572	16,204
Goodwill	6.2	34,506	34,506
Tangible fixed assets	6.3	129,270	99,388
Right-of-use assets	6.4	14,381	15,125
Other long-term financial assets	6.7	171,007	171,007
Other long-term assets	6.12	155	101
Deferred tax assets	6.20	20,224	13,921
Current assets	-	211,466	195,755
Inventory	6.8	110,348	84,562
Trade receivables	6.9	79,672	77,126
Other short-term receivables	6.9	5,906	5,979
Financial derivatives	6.7	2	602
Short-term loans granted	6.10	-	10,068
Cash and cash equivalents	6.11	9,930	2,040
Other short-term assets	6.12	5,608	7,308
Fixed assets classified as held for sale	6.6	-	8,070
TOTAL ASSETS	-	602,581	546,007

The annual separate statements of financial position is to be analysed in conjunction with explanatory notes which form an integral part of the financial statements.

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ITEM	NOTE	as at	
		31 December 2025	31 December 2024
		PLN thousand	PLN thousand
Equity	-	462,078	425,042
Equity attributable to the shareholders of the parent company	-	462,078	425,042
Share capital	6.13	3,265	3,265
Other capital	6.14	401,499	368,562
Capital from the revaluation of a defined benefit plan	-	(505)	(497)
Capital from valuation of hedging transactions	-	(879)	425
Undistributed financial result	6.15	58,698	53,287
- result for the current period	-	58,698	63,081
- write-downs from current year result	-	-	(9 794)
Liabilities	-	140,503	120,965
Long-term liabilities and provisions	-	13,957	13,962
Long-term liabilities	6.18	325	-
Long-term lease liabilities	6.18	9,816	10,434
Long-term liabilities due to employee benefits	6.17	3,491	3,528
Other long-term provisions	6.17	325	-
Short-term liabilities and provisions	-	126,546	107,003
Short-term credits and loans	6.16	5,953	10,649
Trade liabilities	6.18	47,729	37,313
Short-term contractual liabilities	6.19	1,149	3,222
Liabilities due to corporate income tax	6.18	2,291	2,424
Liabilities due to other taxes, customs duties, and social insurance	6.18	9,558	9,971
Other short-term liabilities	6.18	14,690	9,587
Short-term lease liabilities	6.18	4,444	4,354
Short-term liabilities due to employee benefits	6.17	12,100	10,886
Other short-term provisions	6.17	28,632	13,541
Liabilities related to fixed assets classified as held for sale	6.6	-	5,056
Total liabilities	-	602,581	546,007

The annual separate statements of financial position is to be analysed in conjunction with explanatory notes which form an integral part of the financial statements.

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3.2. Separate statement of profit or loss and other comprehensive income

ITEM	NOTE	for the period	
		from 1 January 2025	from 1 January 2024
		to 31 December 2025	to 31 December 2024
		PLN thousand	PLN thousand
Sales revenue of products and services	6.22	526,249	536,578
- to related entities	-	41,655	52,362
- to other entities	-	484,594	484,216
Cost of goods sold	6.21	(399,825)	(394,861)
- to related entities	-	(30,776)	(42,412)
- to other entities	-	(369,049)	(352,449)
Gross profit from sales	-	126,424	141,717
Sales costs	6.21	(23,103)	(19,843)
General administrative costs	6.21	(72,857)	(64,008)
Sales profit	-	30,464	57,866
Change in write-offs on receivables	6.9	(40)	461
Result on other operating activities	-	19,289	(4,901)
Revenue	6.23	20,401	1,533
Costs	6.23	(1,112)	(6,434)
Operating profit	-	49,713	53,426
Result on financial activities	-	7,861	13,137
Revenue	6.24	11,369	14,875
Costs	6.24	(3,508)	(1,738)
Profit before tax	-	57,574	66,563
Income tax	6.20	1,124	(3,482)
Net profit, of which attributable to:	-	58,698	63,081
the company's shareholders	-	58,698	63,081
Net profit per ordinary share:			
- basic	-	1.80	1.93
- diluted	-	1.80	1.93
Weighted average number of shares	6.13	32,637,899	32,647,073
Other comprehensive income			
Other comprehensive income	-	(1,312)	214
Items that may be reclassified to the financial result in the future:			
Result on hedge accounting with tax effect	-	(1,304)	547
Items that will not be reclassified to profit or loss in the future:			
Actuarial gains and losses	-	(8)	(333)
Total comprehensive income, of which attributable to:		57,386	63,295
the company's shareholders	-	57,386	63,295

The annual separate statement of profit or loss and other comprehensive income should be analysed in conjunction with explanatory notes which form an integral part of the financial statements.

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3.3. Separate statement of changes in equity

ITEM	Share capital	Other capital	Capital from the revaluation of a defined benefit plan	Capital from valuation of hedging transactions	Undistributed financial result	Total equity
	PLN thousand	PLN thousand	PLN thousand	PLN thousand	PLN thousand	PLN thousand
NOTE	6.13	6.14	-	-	6.14, 6.15	-
Balance as at 1 January 2025	3,265	368,562	(497)	425	53,287	425,042
Changes in equity from 1 January 2025 to 31 December 2025	-	32,937	(8)	(1,304)	5,411	37,036
Net profit for the period from 1 January 202	-	-	-	-	58,698	58,698
Other comprehensive income:	-	-	(8)	(1,304)	-	(1,312)
<i>Items that may be reclassified to the financial result in the future:</i>						
Result on hedge accounting with tax effect	-	-	-	(1,304)	-	(1,304)
<i>Items that will not be reclassified to the financial result in the future</i>						
Revaluation of the defined benefit plan provision including tax effect	-	-	(8)	-	-	(8)
Total income recognised in the period from 1 January 2025	-	-	(8)	(1,304)	58,698	57,386
Transactions with owners recognised directly in equity:	-	32,937	-	-	(53,287)	(20,350)
Dividends	-	-	-	-	(19,588)	(19,588)
Purchase of own shares	-	(762)	-	-	-	(762)
Distribution of result to supplementary capital	-	33,699	-	-	(33,699)	-
Balance as on 31 December 2025	3,265	401,499	(505)	(879)	58,698	462,078

The annual separate statement of changes in equity should be analysed in conjunction with explanatory notes which form an integral part of the financial statements.

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ITEM	Share capital	Other capital	Capital from the revaluation of a defined benefit plan	Capital from valuation of hedging transactions	Undistributed financial result	Total equity
	PLN thousand	PLN thousand	PLN thousand	PLN thousand	PLN thousand	PLN thousand
NOTE	6.13	6.14	-	-	6.14, 6.15	-
Balance as at 1 January 2024	3,265	350,271	(164)	(122)	28,085	381,335
Changes in equity from 1 January 2024 to 31 December 2024	-	18,291	(333)	547	25,202	43,707
Net profit for the period from 1 January 2024 to 31 December 2024	-	-	-	-	63,081	63,081
Other comprehensive income:	-	-	(333)	547	-	214
<i>Items that may be reclassified to the financial result in the future:</i>						
Result on hedge accounting with tax effect	-	-	-	547	-	547
<i>Items that will not be reclassified to the financial result in the future</i>						
Revaluation of the defined benefit plan provision including tax effect	-	-	(333)	-	-	(333)
Comprehensive income recognised in the period from 1 January 2024 to 31 December 2024	-	-	(333)	547	63,081	63,295
Transactions with owners recognised directly in equity:	-	18,291	-	-	(37,879)	(19,588)
Dividends	-	-	-	-	(19,588)	(19,588)
Distribution of result to supplementary capital	-	18,291	-	-	(18,291)	-
Balance as at 31 December 2024	3,265	368,562	(497)	425	53,287	425,042

The annual separate statement of changes in equity should be analysed in conjunction with explanatory notes which form an integral part of the financial statements.

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3.4. Separate statement of cash flows

ITEM	NOTE	for the period	
		from 1 January to 31 December	from 1 to 31
		PLN thousand	PLN thousand
Cash flows from operating activities			
Profit before tax	-	57,574	66,563
Adjustments:	-	3,643	10,581
Amortisation of intangible assets	6.2	5,256	6,114
Amortisation of tangible fixed assets	6.3	17,363	13,336
Depreciation of right-of-use assets	6.4	4,794	4,129
Impairment losses on property, plant and equipment and intangible assets	6.2, 6.3	575	1,412
Gain on sale of property, plant and equipment, intangible assets and non-current assets held for sale	6.25	(17,942)	(526)
Profit on fair value measurement of investment property	6.25	-	(717)
(Profit) loss due to change in fair value of derivatives	-	143	(39)
Interest costs	6.25	734	1,322
Interest revenue	-	(347)	(134)
Revenue from dividends	6.25	(9,312)	(14,134)
Other adjustments	6.25	2,379	(182)
Cash from operating activities before changes in working capital	-	61,217	77,144
Change in inventories	6.25	(25,785)	26,187
Change in receivables	6.25	527	(18,938)
Change in other assets	6.25	1,182	(662)
Change in liabilities	6.25	9,410	5,126
Change in provisions	6.25	16,583	3,649
Cash generated in the course of operating activities	-	63,134	92,506
Income tax paid	-	(5,003)	(2,696)
Net cash from operating activities	-	58,131	89,810
Cash flows from investment activities			
Expenditure on the acquisition of intangible assets	6.25	(9,580)	(3,957)
Expenditure on the acquisition of tangible fixed assets	6.25	(43,374)	(30,376)
Proceeds from the sale of tangible fixed assets	6.25	18,038	774
Loans granted	6.10	-	(10,000)
Repayments received on granted loans	6.10	10,000	-
Interest received on loan	-	416	66
Dividends received	6.25	9,312	14,134
Other expenditure	6.25	(4,621)	(2,069)
Net cash used from investment activities	-	(19,809)	(31,428)
Cash flows from financial activity			
Purchase of own shares	6.14	(762)	-
Repayment of credits and loans	6.25	(4,696)	(34,759)
Interest paid	6.25	(145)	(754)
Dividends paid	6.25	(19,588)	(19,588)
Repayment of lease liabilities	-	(4,407)	(3,969)
Other expenditure	6.25	(834)	(570)
Net cash from financial activities	-	(30,432)	(59,640)
Net increase (decrease) in cash and cash equivalents	-	7,890	(1,258)
Opening balance of cash	-	2,040	3,298
Closing balance of cash	-	9,930	2,040

The annual separate statement of cash flows should be analysed in conjunction with explanatory notes which form an integral part of the financial statements

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4. Significant accounting principles used

4.1. Basis for preparation (general principles)

The separate financial statements have been prepared according to the historical cost principle, except for the valuation of certain fixed assets (investment properties) and financial instruments (derivatives), which are measured at fair value.

The most significant accounting principles applied by the entity are presented in section from 4.2.1 to 4.2.16.

The accounting policies and principles set out below have been applied to all periods presented in the statements by the Company.

4.2. Detailed principles for the valuation of assets and liabilities

4.2.1. Intangible assets

Research and development

Expenses incurred during the research phase with the intention of acquiring new scientific or technical knowledge are recognised as a profit or loss for the current period as they are incurred.

Development work refers to the Company's own efforts in the field of innovation, which are focused on creating new products and services or improving existing products, processes or services.

Expenditure incurred on development work, the results of which find application in the development or manufacture of a new or substantially improved product, is subject to capitalisation when the prerequisites of IAS 38 are met:

- it is technically feasible and economically viable to complete the development of the new product or process,
- the Company has the technical, financial and other necessary resources to complete the development work,
- the product will generate future economic benefits and will be available for use or sale,
- throughout the course of the research and development work, the assumptions regarding the ability to sell the products generated under the project are maintained,
- it is possible to reliably measure the expenditure attributable to the project during the development phase.

As at the balance sheet date, the Company reviews projects in progress for compliance with IAS 38.

Development work is recognised as an intangible asset based on its cost or acquisition price reduced by accumulated amortisation write-downs and impairment write-downs.

Costs to be capitalised include: costs of materials, remuneration of employees directly involved in the development work, costs of outsourced services, a reasonable portion of the costs indirectly related to the generation of the intangible asset, and capitalised borrowing costs. Other development costs are recognised in profit or loss for the current period as they are incurred.

Other intangible assets

Other intangible assets acquired by the Company with a specified useful economic life are reported based on their acquisition price, reduced by amortisation write-offs and impairment loss.

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Expenditure incurred at a later date

Subsequent expenditure on existing intangible assets is capitalised only if it increases future economic benefits associated with a given asset. Other expenditure, including internally generated expenditure: trademarks and branding, are recognised as a profit or loss for the current period as they are incurred.

Amortisation and depreciation

Amortisation expense is recognised in operating expenses in the income statement (cost of sales, selling expenses and administrative expenses). The Company applies the straight-line method to amortise intangible assets, other than goodwill, over their estimated useful lives, starting from the date the asset is available for use, in a manner that best reflects the pattern in which the future economic benefits associated with the asset are expected to be realised.

The Company assumes the following useful lives for each category of intangible assets:

- Patents and licenses from 2 to 5 years
- Development work from 3 to 5 years
- Computer software from 3 to 5 years

4.2.2. Tangible fixed assets

Tangible fixed assets are property, plant and equipment held by an entity for use in the production, supply of goods or services, rental to third parties or for administrative purposes, which are expected to be used for more than 12 months. They are measured at the purchase price or production cost less depreciation write-offs and impairment loss. In line with the component-based approach, the entity adopts different depreciation rates for significant components of a tangible fixed asset. Depreciation commences when the item of property, plant and equipment is available for use. The determination of annual depreciation rates takes into account the useful economic life of the tangible fixed asset. The correctness of the application of depreciation periods and rates by the entity is periodically reviewed by the managers. For the depreciation of tangible fixed assets, the straight-line depreciation method is used. Amortisation expense is recognised in operating expenses in the income statement (cost of sales, selling expenses and administrative expenses). The useful lives for individual assets are as follows:

- Buildings and structures from 10 to 40 years
- Machinery and equipment from 2 to 25 years
- Means of transport from 4 to 10 years
- Other tangible fixed assets from 3 to 10 years

If circumstances arise that indicate that the reporting value of the tangible fixed assets may not be recoverable, a review of these assets for possible impairment is performed. If there are indications that an impairment may have occurred and the reporting value exceeds the estimated recoverable amount, then the value of those assets or the cash-generating units to which they belong is reduced to their recoverable amount. The recoverable amount corresponds to the higher of the following two values: fair value less selling costs or value-in-use costs. When determining value in use, estimated future cash flows are discounted to present value using a gross discount rate that reflects current market assessments of the time value of money and the risks associated with the asset. In the case of an asset that does not generate cash inflows in a substantially independent manner, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Profit or loss arising from the sale/liquidation or discontinued use of tangible fixed assets is determined as the difference between the sales revenue and the net value of these assets and is recognised in the result of the period in which the sale occurred.

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Property, plant and equipment under construction relate to assets in the course of construction or assembly and are presented at purchase cost or cost of production, including capitalised borrowing costs. Tangible fixed assets under construction are not depreciated until the construction is completed and the asset is handed over for use.

4.2.3. Investments in subsidiaries and associates

Investments in subsidiaries are recognised at acquisition price plus non-refundable capital contributions granted, including to cover loss reported in the subsidiary's statements less impairment loss.

Associates are entities whose operating and financial policies are significantly influenced by the Company but not controlled by it.

A joint venture is a contractual arrangement whereby two or more parties undertake a jointly controlled business activity and both parties are entitled to the net assets of the joint venture.

The Company also measures the impairment of its interests in the net assets of associates and joint ventures and makes appropriate write-downs.

Where the Company's share of loss exceeds the carrying amount of an associate or joint venture, this amount is reduced to zero and no further loss is recognised if the Company has no obligation to cover them.

4.2.4. Leases

The recognition of whether a contract contains the characteristics of a lease depends on the content of the contract at the time of its conclusion, indicating whether the performance of the contract depends on the use of a specific asset or whether the contract gives an effective right to use a specific asset, even if this right is not expressly included in the contract.

Contracts may contain lease and non-lease components. The Company allocates the consideration specified in the contract to the lease and non-lease components respectively, based on their relative selling prices.

However, in the case of property leases where the Company is the lessee, the Company has elected not to separate non-lease components from lease components and to account for them as a single lease component. This applies to those parts of the lease payment which form an integral part of the lease agreement and are recognised as part of the lease, including, for example, fixed utility charges determined on a lump-sum basis proportionate to the leased area.

Lease assets and liabilities are measured at initial recognition at present value. Lease liabilities include the net present value of the following lease payments:

- fixed lease payments (including in-substance fixed lease payments) less any lease incentives receivable,
- variable lease payments that depend on an index or a rate, initially measured using the index or rate according to their value at the commencement date,
- amounts expected to be payable by the Company under residual value guarantees;
- the exercise price of a purchase option if the Company is reasonably certain to exercise that option, and
- financial penalties for lease termination if the lease terms provide that the Company may exercise the option to terminate the lease and there is no reasonable certainty that there will be no termination of the lease.

Lease payments are discounted using the lease interest rate. In most cases, the rate follows directly from the terms of the contract. If this rate cannot be easily determined, the lessee's incremental borrowing rate is used, i.e. the interest rate a lessee would have to pay to borrow the funds necessary to obtain an asset of similar value, in a similar economic environment, over a similar term and with a similar security.

To determine the incremental borrowing rate, the Company uses the borrowing cost, consisting of the base rate and a margin.

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If a readily observable borrowing rate is available to an individual lessee (based on recent financial or market data) who has a similar payment profile similar to that of leasing, then the Company uses this rate as the starting point for determining the incremental borrowing rate.

The company is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they are implemented. When adjustments to lease payments based on an index or rate come into effect, the lease liability is subject to reassessment and adjustment in relation to the right-of-use asset component.

Lease payments are allocated between principal amount and finance costs. Finance costs charge the financial result over the lease term in such a way as to achieve a constant periodic interest rate on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost, which includes:

- the amount of the initial measurement of the lease liability,
- any lease payments made on or before the inception date, less lease incentives received,
- any initial direct costs,
- costs of restoring to original condition.

Right-of-use assets are depreciated on a straight-line basis over the useful life of the assets, not exceeding the lease term. If the Company is reasonably certain that it will exercise its purchase option, the right-of-use asset is depreciated over the useful life of the asset.

The Company assumes the following useful lives for the lease assets:

- perpetual usufruct of land – 99 years, i.e. perpetual,
- lease of office space and production building – 3 to 10 years (depending on the purpose of the property),
- computer hardware – 3 years,
- means of transport – 4 years.

Payments related to short-term leases and leases of low-value assets are recognised as expenses on a straight-line basis in the profit and loss account. Short-term leases refer to leases of 12 months or less. Low-value assets include computer hardware. The materiality threshold has been set at PLN 20 thousand for the value of the right-to-use of an individual leased asset.

Lease periods are negotiated individually and include a wide range of varying conditions. Lease agreements do not impose any other special conditions (the so-called covenants) except for the collateral on leased assets in favour of the lessor. The leased assets cannot be used as collateral for credits and loans.

The lease agreements concluded by the Company do not include an extension option, but this does not exclude extending the agreement for another period. These agreements, however, generally contain termination clauses, used to ensure the greatest possible operational flexibility with regard to the management of assets used in the Company's operating activity. Most lease termination options can be exercised by both the Company and the lessor.

The Company has taken advantage of the exemption allowing low-value assets not to be classified as leases. This threshold has been set at PLN 20,000 in relation to a new single asset.

4.2.5. Investment property

Investment property is considered to be property that is treated as a source of rental income and/or is held due to expected appreciation in value. Investment property is initially recognized at cost. As at the reporting date, investment property is measured at fair value, based on historical experience as well as market assumptions and judgements regarding its potential. Profit and loss arising from changes in the fair value of investment properties is recognised in the financial result in the period in which it arises.

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4.2.6. Inventory

Materials and goods are valued at acquisition price (purchase price plus transport costs, border charges, customs, unloading and loading costs). The release of materials and goods is valued at a weighted average.

Products are valued on an ongoing basis at their manufacturing cost, and the inventory of products and goods is valued at a production cost not higher than their net selling prices obtainable if the sale had taken place at the reporting date. The manufacturing cost consists of the sum of direct costs (materials, wages) and a reasonable proportion of the indirect costs associated with the manufacture of the product, comprising the indirect costs of production and the proportion of fixed indirect costs corresponding to the level of these costs at normal capacity utilisation.

The inventory is reviewed at the end of each reporting period. A 100% write-down is made on economically unusable inventory. In addition, to make inventory values realistic, an age structure analysis is carried out, with the decisive factor being the date of acceptance and release from the warehouse. This way of statistically calculating write-downs includes an element of estimation that affects the reporting value of the inventory. An inventory write-down adjusts the value of individual inventory items to their net realisable value and is recognised in operating expenses, increasing the cost of sales.

4.2.7. Financial instruments

The Company classifies as a financial instrument any agreement which results in the simultaneous creation of a financial asset for one party and a financial liability or equity instrument for the other party, provided that there are clear economic consequences from a contract between two or more parties. The classification of financial assets depends on the financial asset management model adopted by the Company and the contractual terms of the cash flows.

Financial assets are classified into one of the following categories:

- assets measured at amortised cost - debt instruments held for the purpose of collecting contractual cash flows, which include only principal and interest payments. In this category, the Company classifies and presents in the statement of financial position particularly:
 - trade receivables, investment receivables, other receivables,
 - loans granted,
 - cash,
 - cash equivalents,
 - cash accumulated on the VAT account;

Receivables primarily include trade receivables, i.e. invoices for deliveries and services issued to unrelated entities arising from the Company's performance of deliveries under concluded contracts. Trade receivables, which typically fall due within 14 to 90 days, are recognised at nominal value, i.e. at the originally invoiced amounts. according to the amounts originally invoiced. As at the balance sheet date, trade receivables are measured at amortised cost, taking into account an impairment allowance calculated using the expected credit loss model.

- assets measured at fair value through financial result - assets that do not meet the criteria for measurement at amortised cost or at fair value through comprehensive income are measured at fair value through financial result. The Company includes derivatives (in particular forward and swap contracts) in this category;

Financial liabilities are classified into one of the following categories:

- presented at fair value through financial result – are recorded under "Trade liabilities and other short-term liabilities" and include derivatives held by the Company (in particular forward and swap contracts),

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- measured at amortised cost – financial liabilities not classified as "recognised at fair value through financial result"; are primarily recorded under the item "Trade liabilities and other short-term liabilities", "Lease liabilities".

Recognition and measurement of a financial asset and a financial liability at recognition and derecognition

The Company recognises a financial asset or liability in its statement of financial position if, and only if, it becomes a party to the contract concerning that instrument.

They are initially measured at fair value, except for trade receivables without a significant financing component, which are recognised at the transaction price. Costs of transaction allocated directly to the purchase or issue of financial assets and liabilities (except for financial assets and liabilities valued at fair value through profit and loss) are added to or deducted from, respectively, fair value of financial assets or liabilities at their initial recognition. Costs of transaction allocated directly to the purchase of financial assets or taking over of financial liabilities measured at fair value through profit and loss are recognised directly in the result.

Financial assets are derecognised when the rights to receive cash flows from them have expired or have been transferred, and the Company has transferred substantially all the risks and benefits resulting from their ownership. Where the Company does not transfer or retain all the risks and benefits resulting from the ownership rights but continues to control the transferred asset, it recognises the retained interest in the asset and the associated liabilities it will have to pay.

If the Company retains all the risks and benefits resulting from the ownership of the transferred asset, it continues to recognise the asset and the external funding secured for the benefits received.

The Company ceases to recognise financial liabilities only when they are met, cancelled or expire. The difference between the carrying amount of a derecognised financial liability and the amount paid or payable is recognised in the result.

Valuation after initial recognition

Assets measured at amortised cost are recognised (after initial recognition) at amortised cost, using the effective interest rate method.

Financial liabilities, other than those measured at fair value through financial result, are recognised at amortised cost using the effective interest rate method.

Financial assets and liabilities classified as measured at fair value through financial result (including derivatives) are revalued to fair value with the effects of the valuation recognised in profit or loss.

Impairment of financial assets

The Company uses the expected credit loss model (ECL) for the following categories of financial assets measured at amortised cost:

- trade receivables - represent amounts due from customers for goods sold or services rendered in the ordinary course of business.
- loans granted
- cash and cash on the VAT accounts.

The Company assesses expected credit loss associated with financial assets measured at amortised cost, irrespective of whether there is an indication of impairment.

Impairment loss on trade receivables

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For short-term trade receivables, the Company applies the simplified approach (in accordance with IFRS 9) and measures impairment loss at the amount of credit loss expected over the life of the receivable from its initial recognition.

An impairment loss is recognised for current receivables, overdue (doubtful) receivables, receivables in debt collection and disputed receivables at gross amounts (including VAT). Impairment loss on overdue receivables is recognised after taking into account the accumulated write-offs for disputed receivables and receivables in debt collection.

Impairment loss is made based on an estimate of the probability of recoverability of assets, based on historical data. In addition, the Company creates specific write-offs for receivables at risk of uncollectibility (i.e. subject to litigation or bankruptcy proceedings).

Bank loans

Bank loans are initially recognised at fair value plus directly attributable transaction costs. After initial recognition, such liabilities are measured at amortised cost using the effective interest method.

Trade liabilities and other liabilities

After initial recognition, all liabilities, except those measured at fair value, are measured at adjusted acquisition price, using the effective interest method.

Hedge accounting

Cash flow hedging

In 2018, the Company decided that, with regard to hedge accounting, it would continue to apply the provisions arising from International Accounting Standard 39. Derivative financial instruments, such as fx forward exchange contracts, are used to hedge the risk of changes in exchange rates. The level of hedging adopted in a given period may not exceed 50% of the annual currency exposure in the case of import hedging, while in the case of export hedging, the level of hedging is in the range of 50-80% of the annual currency exposure. Relying on the planned exposure is a type of estimation that affects the value of the instruments.

In order to hedge against the risk of rising interest rates, the Company uses Interest Rate Swap (IRS) hedging transactions. These transactions make it possible to manage interest rate risk, allowing, e.g. to swap the interest rate on a loan from a floating rate to a fixed rate, providing an opportunity to hedge against increases in the cost of borrowing.

In addition, the Company uses Swap hedging transactions to hedge against the risk of changes in raw material prices.

As future scheduled sales or purchase payments are not recognised in the Company's financial statements, while fx forward hedging instruments without hedge accounting are measured at fair value through profit or loss, a potential accounting mismatch arises. In order to eliminate it, the Company introduced hedge accounting from 1 July 2011.

If a derivative financial instrument is designated as a hedge of the variability of cash flows relating to the specific risks associated with a recognised asset, a recognised liability or a highly probable forecast transaction that could affect the profit or loss for the current period, the portion of the gain or loss on the hedging instrument that is an effective hedge is recognised in other comprehensive income and presented, as a separate hedge item, in equity. Profit or loss previously recognised in equity is transferred to profit or loss of the current period in the same period and under the same heading as the hedged cash flows are recognised in profit or loss. The ineffective portion of changes in the fair value of the derivative is recognised immediately as profit or loss of the current period.

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If a hedging instrument no longer meets the criteria for hedge accounting, it expires, is sold, terminated, exercised or its designation is changed, the Company discontinues hedge accounting. Accumulated profit or loss previously recognised in other comprehensive income and presented in equity remain in equity until the forecast transaction is realised and recognised as profit or loss of the current period. Where the hedged item is a non-financial asset, profit or loss previously recognised in other comprehensive income adjust the reporting value of this asset when it is recognised. If a forecast transaction is not expected to occur, profit or loss recognised in the statement of financial position is recognised immediately as profit or loss for the current period. Otherwise, amounts previously recognised in other comprehensive income are recognised as profit or loss of the current period, in the same period or periods during which the hedged forecast transaction affects profit or loss of the current period.

At the inception of the hedge there is formal designation and documentation of the hedging relationship, as well as the risk management objective and strategy for undertaking the hedge. The documentation includes the identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged, and how the entity will assess the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. The hedge is expected to be highly effective in offsetting changes in fair value or cash flows arising from the risk being hedged. The effectiveness of the hedge is assessed on an ongoing basis to verify that it is highly effective throughout all reporting periods for which it is established.

4.2.8. Provisions

Provisions are created when the Company has an obligation (legal or customary) arising from past events and when it is likely that the fulfilment of this obligation will necessitate funds outflow, and the amount of the liability can be reliably estimated.

The costs relating to a particular provision are shown in profit or loss, less any refunds. Where the effect of the time value of money is material, the amount of the provision is determined by discounting the projected future cash flows to their present value, using a gross discount rate, which reflects current market assessments of the time value of money and the risks, if any, associated with the liability. If the discounting method is used, any increase in the provision due to the passage of time is recognised as a financing cost.

The Company also creates a provision for warranty repairs. This provision is estimated on the basis of historical data on the share of defective products in the sales revenue of these products (statistical provision) and on the basis of complaints actually made about completed contracts (individual provision). The statistical provision is calculated using an index based on a cost base less the cost of using the individual provision. The provision for warranty repairs is charged to the core business - as a special cost related to the production of the product.

4.2.9. Employee benefits

In accordance with the remuneration schemes, employees are entitled to retirement benefits and jubilee awards. Jubilee awards are paid to employees after they have worked a certain number of years. Retirement benefits are paid as a one-off payment upon retirement. The amount of retirement benefits and jubilee awards depends on the length of service and the fixed base specified in the Company Collective Labour Agreement of Apator S.A. The Company creates a provision for future liabilities in respect of retirement benefits and jubilee awards in order to allocate costs to the periods to which they relate. According to IAS 19, jubilee awards are other long-term employee benefits, while retirement benefits are defined post-employment benefit plans.

The provisions created for jubilee and retirement benefits are determined on the basis of the projected unit credit method and actuarial techniques. The basis for a reliable estimate of provisions is:

- criteria for entitlement to the said benefits,

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- actuarial assumptions.

In accordance with IAS 19, the cost of the defined benefit plan (provision for retirement and disability benefits) includes the following components:

- employee benefit costs - recognised in profit or loss (within operating expenses);
- net interest on the net defined benefit liabilities – recognised in profit or loss (within operating expenses);
- revaluation of net defined benefit liabilities Actuarial profit/loss – recognised in other comprehensive income (capital from remeasurement of defined benefit plan).

The costs of other long-term employee benefits (jubilee awards) are recognised in overhead costs.

The Company creates a provision for the costs of accumulated paid absences, which it will have to incur as a result of the employees' unused entitlement that has accumulated at the reporting date. The provision for the costs of accumulated paid absences is recognised as a liability after deducting any amount already paid. The provision for the costs of accumulated paid absences is a short-term provision, is not discounted and is charged to the core business.

4.2.10. Revenue

Sales revenue of products and services

In accordance with the requirements of IFRS 15 "Revenue from Contracts with Customers", the Company recognises revenue in accordance with the 5-step model:

1. Identification of the contract (definition of the contract(s), definition of rights and obligations)
2. Identification of performance obligations (separating the individual benefits for the customer)
3. Determination of the transaction price
4. Assigning the transaction price to performance obligations
5. Fulfilment of performance obligations and revenue recognition.

Revenue is recognised when the obligations to perform are fulfilled, i.e. when control over the goods or services is transferred to the customer. This may occur at a single point in time (when all conditions of the contract are met) or on a continuous basis (when performance takes place in stages). The Company determines the revenue recognition method individually for each contract, based on an analysis of the following factors:

- the nature of the goods and services provided (whether on a one-off basis or continuously),
- the terms of the contract (delivery terms, timing of performance, pricing arrangements),
- progress in the performance of the contract (whether performed on a one-off basis or in stages).

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The table below presents the sources of revenue, together with information on the nature and timing of the satisfaction of performance obligations and the revenue recognition principles:

Type of revenue	Nature and time limit for performance of obligations	Rules of revenue recognition
<i>Sales of products - measuring instruments</i>	<p>The customer obtains control of the goods when the products are delivered and accepted at the customer's premises.</p> <p>If products are found to be defective during the warranty period, the customer is entitled to return the product. The defective product is either repaired or replaced with a new one.</p>	Revenue is recognised at the moment the goods are delivered to the customer, when the customer obtains physical possession and control of the goods (e.g. delivery of goods to the customer's warehouse confirmed by an acceptance report).
<i>Sale of products - switchgear</i>	<p>The customer obtains control of the goods at the moment the products are released from the manufacturer's warehouse.</p> <p>Discounts are granted on the products once the customer reaches a specified purchase volume.</p> <p>If products are found to be defective during the warranty period, the customer is entitled to return the product. The defective product is either repaired or replaced with a new one.</p>	Revenue is recognised at the moment the goods are released from the warehouse.
<i>Subscription services (e.g. access to the Lew-System) and maintenance services</i>	Invoicing in accordance with the contract on a monthly basis, with payment due within 14 to 60 days.	Revenue is recognised proportionally over the service period (e.g. revenue for services recognised monthly, in proportion to the duration of the subscription).
<i>Implementation projects within the Industrial Automation and ICT Division</i>	<p>The customer obtains benefits in accordance with the schedule of execution or successive stages of work specified in the contract.</p> <p>Revenues relate to contracts for the supply of equipment, software licences, modification services, along with implementation at the end customer's site, or any combination of the above categories.</p>	Revenue is recognised proportionally to the progress of the implementation works (e.g., completion of a planned stage within a long-term project). This revenue is defined as subsequent milestones arising from the work schedule or contract.
<i>Services provided within the Measurement Instruments and Industrial Automation Division</i>	The customer obtains benefits upon completion of the service (after project finalisation or upon customer confirmation of work acceptance).	Revenue is recognised at the point of service completion.

Transaction price

Revenue is recognised at the transaction price in such a way as to reflect the transfer of promised goods or services to the customer in an amount corresponding to the expected remuneration. The transaction price includes consideration only to the extent that it is probable that a significant reversal of revenue recognised to date will not occur.

For contracts that include multiple performance obligations, the transaction price is allocated to each individual obligation based on the standalone selling price, i.e. the price at which the Company would separately sell the product or service to the customer. If these prices cannot be determined from direct observations, they are estimated based on expected costs plus a mark-up.

Cena transakcyjna może być stała lub zmienna, w zależności od zapisów umowy.

For fixed-price contracts, the customer pays a fixed amount according to the payment schedule.

The fixed component of consideration is calculated as the product of the price and the quantity of goods sold.

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The variable component of consideration includes:

- discounts for regular customers, calculated as a percentage of the product list prices,
- bonuses for regular customers for achieving significant purchase volumes, calculated as a percentage of the turnover achieved,
- the time value of money, in cases of advance payments or deferred payments,
- compensation payable to the customer as a penalty for late delivery, calculated strictly in accordance with the contract terms,
- index-linked price adjustments, where indexation is provided for in the contract.

If the value of services provided by the Company exceeds the amount of payment received, contract assets are recognised. If the amount of payment exceeds the value of services provided, contract liabilities are recognised.

Estimates of revenue, costs or completion rates are reviewed when circumstances have changed. The resulting increases or decreases in estimated income or expenses are recognised in profit or loss for the period during which management became aware of the circumstances giving rise to the review of the estimates.

Guarantees and payment terms

Payment terms applied by the Company:

- domestic sales of measurement equipment – 30 days from the date of receipt of the invoice,
- domestic sales of measurement equipment – 45 to 60 days from the date of invoice issuance,
- export sales – up to 90 days from the date of invoice issuance,
- other cases – no more than 90 days from the date of invoice issuance; no significant financing component is present.

Product warranties are granted depending on the business line. The standard warranty period is 1 to 2 years or is determined on an individual basis. In determining the warranty period, public procurement requirements or specific customer requirements are taken into account.

Performance guarantees for services and contracts are generally granted for periods of 12 months.

Other revenue

Interests

Interest revenue is recognised successively as it accrues, with reference to the net reporting value of a given financial asset, in accordance with the effective interest rate method.

Dividends

Dividends are recognised when the shareholders' rights to receive them are established.

4.2.11. Costs

Cost of goods sold – includes the cost of goods and services sold, including ancillary activities.

Sales costs – include sales agency costs, commercial costs, advertising and promotion costs and distribution costs.

General administrative costs – include costs associated with the management and administration of the Company as a whole.

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4.2.12. Transactions in foreign currencies

In the financial statements of Apator S.A. transactions in foreign currency are converted at the exchange rate applicable at the date of the transaction. At the reporting date, monetary assets and liabilities are recorded at the exchange rate of the leading bank applicable at the end of the reporting period. Profit and loss resulting from currency conversion is recognised directly in financial result.

4.2.13. Taxes

Income tax includes both the current and the deferred part. Current and deferred income tax is recognised as a profit or loss for the current period, except for situations when it involves business combinations and items recognised directly in equity or as other comprehensive income.

Current tax is the expected amount of tax liabilities or receivables on taxable income for a given year, determined using tax rates legally or actually in force as of the reporting date and adjustments to the tax liability relating to previous years.

Deferred tax is recognised in connection with:

- temporary differences between the carrying amounts of assets and liabilities and their amounts determined for tax purposes,
- tax loss that can be deducted in the future,
- tax reliefs available under the special economic zone (SEZ) programme for new investments.

Deferred tax is measured at the tax rates which are expected to become applicable when the temporary differences reverse, based on tax laws that have been legally or actually in force by the reporting date. Deferred tax assets and provisions are offset if the Company has an enforceable legal right to offset current tax liabilities and assets, and provided that the deferred tax assets and provisions relate to the income tax imposed by the same tax authority on the same taxpayer or different taxpayers that intend to settle income tax liabilities and receivables on a net basis or to simultaneously realise the receivables and settle the liability.

Deferred tax assets related to an unsettled tax loss, unused tax credit and deductible temporary differences are recognised to the extent that it is probable that taxable profit will be available against which they can be utilised. Deferred tax assets are reassessed at each reporting date and reduced to the extent that it is not probable that the related income tax benefits will be realised.

4.2.14. Grants

Government grants are assistance by a government that takes the form of a transfer of resources to an economic entity in return for past or future compliance with certain conditions relating to its operating activity.

In accordance with IAS 20, government grants are recognised when there is reasonable assurance that the entity will comply with the conditions attached to the grant and that the grant will be received.

As a general rule, when a subsidy relates to a cost item, it is recognised as a deduction from the relevant costs. Conversely, where these resources relate to an asset, their fair value reduces the initial value of that asset.

In individual cases, the subsidy may also be recognised as other operating income.

4.2.15. Zone tax relief resulting from doing business in a Special Economic Zone

The company benefits from an income tax exemption due to new investment costs by virtue of its permit to conduct business activities in the Pomeranian Special Economic Zone (PSEZ), obtained on 28 December 2010. The subject of the exemption under the obtained permit is zone income, i.e. the income obtained from

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the business activities conducted within the territory of the PSEZ.

The company recognises the tax relief resulting from its activities in the Special Economic Zone (exemption from corporate income tax) in accordance with IAS 12, i.e. it recognises it as a deferred tax asset up to the amount of public assistance that can be obtained. Eligibility for the relief is conditional upon meeting quantitative requirements, i.e. incurring eligible costs (making the investment), as well as qualitative requirements set out in the permit. By analogy, the Company applies IAS 12 *Income Taxes* to the recognition of such reliefs, under which the Company recognises a deferred tax asset on the granted relief, with a corresponding entry in income tax in the profit or loss account for the period in which the conditions specified in the relevant support decision are met (i.e. in particular upon incurring the required amount of eligible costs). The recognition of a deferred tax asset is subject to judgement as to the likelihood of generating sufficient taxable profits in future periods to utilise the granted relief.

The maximum amount of assistance available is calculated by multiplying the assistance intensity applicable in the province by the value of the investment expenditure considered eligible. Deferred tax assets relating to unused tax reliefs are recognised on an estimated basis to the extent that it is probable that taxable profit will be available against which they can be utilised. These assets are reassessed at each reporting date and reduced to the extent that it is not probable that the related income tax benefits will be realised.

On 3 June 2020, the Company received Support Decision No. PSSE.DW.11.2020 (amended by Decision No. 704/DRI/24) for a new investment to increase production capacity (expansion of an existing plant). The decision assumes that eligible costs of at least PLN 20 million (not more than PLN 26 million) will be incurred by the end of 2025 and will make it possible to benefit from the tax exemption for conducting business activities in the Special Economic Zone. The decision was issued for a fixed period - 15 years. The conditions arising from the given Decision were met as at the reporting date.

On 21 June 2024, the Company received another Support Decision No. PSSE.DW.36.2024 for the implementation of a new investment consisting in increasing production capacity and creating new jobs. The decision assumes incurring eligible costs of at least PLN 53.7 million (no more than PLN 53.7 million) and creating at least 2 new jobs by 30 June 2026. The permit issued will enable the Company to benefit from a tax exemption for operating in the Special Economic Zone. The decision was issued for a fixed period - 15 years. The Company is at the stage of allocating investment tasks to the individual permits, which are due in 2025 and 2026.

4.2.16. Equity

The Company includes the following in equity: share capital, other capitals, capital from the remeasurement of the defined benefit plan, capital from the valuation of hedging transactions, undistributed financial result from previous years, the result of the current year. Items that reduce the size of equity are write-offs from the current year's financial result.

Share capital

Share capital is recognised at nominal value, in an amount consistent with the Company's Articles of Association and the entry in the National Court Register. Subscribed but unpaid share capital contributions are recognised as contributions receivable. Treasury shares and contributions receivable for share capital reduce the value of equity.

Other capital

The item "Other capital" includes share premium, other reserves created from profit appropriation, revaluation reserves, and other reserves created based on separate resolutions of the General Shareholders Meetings.

Capital from the revaluation of a defined benefit plan

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This capital is created from the remeasurement of net defined benefit obligations, e.g. actuarial gains, in accordance with IAS 19 Employee Benefits.

Capital from valuation of hedging transactions

This reserve comprises changes in the fair value of cash flow hedging instruments, to the extent that the hedge is deemed effective.

It arises from the application of hedge accounting.

Retained earnings

Retained earnings from prior periods represent the undistributed portion (or entirety) of the net profit earned in financial years preceding the reporting period for which the financial statements have been prepared.

Current year result

The current year result comprises the accumulated profit or loss for the current financial year.

5. Basic judgements and basis for uncertainty estimation

Preparing a financial statement in accordance with IFRS requires the Company's Management Board to make estimates, judgements and assumptions that affect the adopted principles and the presented values of assets, liabilities, revenue and expenses,

The estimates and related assumptions are based on historical experience and various factors that are considered reasonable in given circumstances. The results of these estimates provide a basis for the professional recognition of the book value of assets and liabilities. For significant issues, the Company's Management Board relies on the opinions of independent experts when making estimates. The actual value may differ from the estimated value.

The estimates and related assumptions are verified on an ongoing basis. A change in accounting estimates is recognised in the period in which the change was made.

In applying accounting policies, the Management Board has made the following judgements that have the most significant effect on the carrying amounts of assets and liabilities:

- asset arising from the zone relief; in order to benefit from the relief, quantitative conditions must be met, i.e. incurring eligible costs (making the investment), as well as qualitative requirements set out in the permit.
By analogy, the Company applies IAS 12 Income Taxes to the recognition of such reliefs, under which the Company recognises a deferred tax asset on the granted relief, with a corresponding entry in income tax in the profit or loss account for the period in which the conditions specified in the relevant support decision are met (i.e. in particular upon incurring the required amount of eligible costs). The recognition of a deferred tax asset is subject to judgement as to the likelihood of generating sufficient taxable profits in future periods to utilise the granted relief,
- revenue recognition and transaction price allocation for contracts with several contract liabilities for which revenue is recognised over time.

The areas requiring significant estimates include:

- recognition of deferred tax assets on tax loss from previous periods (notes: 4.2.13, 6.20),
- uncertainty regarding estimates of useful lives and discount rates in respect of lease transactions (notes: 4.2.4, 6.4),
- estimated useful lives of intangible assets (notes: 4.2.1, 6.2),
- estimated useful lives of property, plant and equipment (notes: 4.2.2, 6.3),

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- estimated fair value of investment property, based on an external expert valuation report (notes: 4.2.5, 6.5),
- estimation of retirement benefit obligations under defined benefit plans (notes: 4.2.9, 6.17),
- estimation of other provisions (notes: 4.2.8, 6.17),
- impairment of financial assets (notes: 4.2.7, 6.7),
- impairment of property, plant and equipment and development work (notes: 4.2.1, 4.2.2, 6.2, 6.3),
- impairment of inventories (notes: 4.2.6, 6.8),
- impairment of receivables (notes: 4.2.7, 6.9),
- fair value of derivative instruments based on the designated level of hedge coverage of future cash flows (notes: 4.2.7, 6.27).

Estimates and assumptions that have a significant effect on the values disclosed in the Company's separate financial statements are included in the following notes:

- Intangible assets and development work (note 4.2.1, note 6.2),
- Property, plant and equipment (note 4.2.2, note 6.3),
- Right to use assets, lease obligations (note 4.2.4, note 6.4),
- Investment properties (note 4.2.5, note 6.5),
- Other financial assets (note 4.2.7, note 6.7),
- Inventories (note 4.2.6, note 6.8),
- Trade and other receivables (note 4.2.7, note 6.9),
- Provisions for liabilities (notes 4.2.8, 4.2.9; note 6.17),
- Deferred income taxes (notes: 4.2.13, 4.2.15; note 6.20),
- Derivatives (note 4.2.7, note 6.27).

6. Explanatory notes to the separate financial statements

6.1. Operating segments

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

- Water and Heat,
- Gas,
- Electricity,

while the activities of Apator S.A. focus on the Electricity segment. An analysis of the segments was performed in the consolidated financial statements of the Apator Group for 2025.

In accordance with Art. 4 of International Financial Reporting Standard 8, the Company has opted not to present operating segments in the separate financial statements, as segment information is included in the consolidated financial statements for 2025.

6.2. Intangible assets

Data on intangible assets is presented in the tables below.

ITEM	as at	
	31 December 2025	31 December 2024
Patents, licences, computer software	1,799	2,456
Costs of development works	6,879	8,118
Unfinished investment in intangible assets	12,894	5,630
In total	21,572	16,204
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Period covered by the financial statements:	1 January 2025 – 31 December 2025	Reporting currency: Polish zloty (PLN)
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ITEM	RELATIONS WITH CUSTOMERS	PATENTS AND LICENCES, COMPUTER SOFTWARE	DEVELOPMENT WORK COSTS	OTHER INTANGIBLE ASSETS (OTHER THAN DEVELOPMENT COSTS)	UNCOMPLETED INVESTMENTS IN INTANGIBLE ASSETS	IN TOTAL
Net value as at 1 January 2024	2,106	2,908	8,762	149	6,399	20,324
Increase due to acquisition	-	-	-	-	908	908
Increase on account of own production	-	-	-	-	4,138	4,138
Decrease due to liquidation	-	(309)	(1,479)	-	-	(1,788)
Decrease due to abandonment of investments	-	-	-	-	(194)	(194)
Decrease due to reclassification - to assets held for sale	(1,805)	-	-	(93)	-	(1,898)
Accounting for expenditure on intangible assets	-	882	3,780	-	(4,662)	-
Other impairment write-downs on assets	-	-	-	-	(959)	(959)
Amortisation and depreciation	(301)	(1,333)	(4,424)	(56)	-	(6,114)
Decrease in existing depreciation due to liquidation	-	308	1,479	-	-	1,787
Net value as at 31 December 2024	-	2,456	8,118	-	5,630	16,204
Net value as at 1 January 2025	-	2,456	8,118	-	5,630	16,204
Expenditure on intangible assets	-	-	-	-	10,638	10,638
Decrease due to liquidation	-	(72)	-	-	-	(72)
Decrease due to abandonment of investments	-	-	-	-	(39)	(39)
Accounting for expenditure on intangible assets	-	599	2,736	-	(3,335)	-
Amortisation and depreciation	(25)	(1,256)	(3,975)	-	-	(5,256)
Decrease in existing depreciation due to liquidation	-	72	-	-	-	72
Other changes - depreciation	25	-	-	-	-	25
Net value as at 31 December 2025	-	1,799	6,879	-	12,894	21,572

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ITEM	RELATIONS WITH CUSTOMERS	PATENTS AND LICENCES, COMPUTER SOFTWARE	COSTS OF DEVELOPMENT WORKS	OTHER INTANGIBLE ASSETS (EXCLUDING DEVELOPMENT WORK)	UNFINISHED INVESTMENT IN INTANGIBLE ASSETS	IN TOTAL
As at 31 December 2024						
Gross value	26,800	20,065	36,718	493	6,589	90,665
Total accumulated depreciation and write-downs to date	(26,800)	(17,609)	(28,600)	(493)	(959)	(74,461)
Net value	-	2,456	8,118	-	5,630	16,204
As at 31 December 2025						
Gross value	26,800	20,592	39,454	493	13,853	101,192
Total accumulated depreciation and write-downs to date	(26,800)	(18,793)	(32,575)	(493)	(959)	(79,620)
Net value	-	1,799	6,879	-	12,894	21,572

Intangible assets under development primarily relate to development projects unfinished as of the balance sheet date. Development projects constitute the Company's internal work on innovations aimed at creating new products or services, or improving existing products or processes. The largest portion of expenditures on development work consists of personnel costs for employees directly involved in carrying out the tasks. Apator S.A. places great emphasis on development activities, continuously improving its offered products and solutions in response to a competitive economic environment and ongoing technological advancement.

The Company reviewed open projects in terms of meeting the criteria for activation as development work in accordance with IAS 38. During 2025, the Company did not recognise an additional impairment loss on intangible assets. As at the reporting date, one project remains subject to an impairment loss amounting to PLN 959 thousand. As at 31 December 2024, it was determined that this project did not meet the commercialisation requirement due to the lack of a commercial agreement concluded with a significant customer within the timeframe expected by the Company. At the same time, it was concluded that the other criteria of IAS 38 have been met and that there is a chance that the results of this project will be used in the further business activities of Apator S.A., therefore work on the project in question will be continued.

Additional information is presented in the table below.

ITEM	as at	
	31 December 2025	31 December 2024
Gross value of all fully amortised intangible assets still in use	68,336	62,114
Value of research and development expenditure recognised as an expense during the period	15,628	13,624
Amount of borrowing costs capitalised during the period	19	319

The gross value of fully amortised intangible assets still in use consists of the ERP system, applications and licences, development work and customer relationships.

On 2 January 2022, as a result of the merger of Apator Elkomtech S.A. into Apator S.A., goodwill amounting to PLN 34.5 million, previously presented in the consolidated financial statements of the Apator Group, was recognised in the separate financial statements. The initial recognition of goodwill in the consolidated financial statements occurred with the acquisition of shares in Apator Elkomtech S.A. in 2014 (Consolidated annual financial statements for 2014). Goodwill is one of the assets allocated to the cash-generating unit of the Network Automation Centre and was tested for impairment along with other assets allocated to this centre.

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6.3. Tangible fixed assets

The most significant expenditures on tangible fixed assets during 2025 included investments in machinery and equipment and other property, plant and equipment (tools, instrumentation and workstations).

Data on tangible fixed assets are presented in the tables below.

ITEM	as at	
	31 December 2025	31 December 2024
Land, buildings and structures	34,133	34,430
Machinery and equipment	48,800	28,162
Means of transport	4,847	3,082
Tools and instruments	26,521	21,737
Unfinished investment in tangible fixed assets	14,969	11,977
In total	129,270	99,388

ITEM	LAND, BUILDINGS AND STRUCTURES	MACHINERY AND EQUIPMENTS	MEANS OF TRANSPORT	TOOLS AND INSTRUMENTS	INVESTMENTS NOT YET COMPLETED IN TANGIBLE FIXED ASSETS	IN TOTAL
Net value as at 1 January 2024	34,114	19,162	642	22,644	3,517	80,079
Increase due to acquisition	1,197	12,818	3,161	4,379	-	21,555
Increase due to modernisation	668	2,458	-	482	-	3,608
Increase due to reclassification	-	-	158	-	-	158
Expenditures on tangible fixed assets	-	-	-	-	33,824	33,824
Decrease due to disposal	-	(365)	(940)	-	-	(1,305)
Decrease due to liquidation	(707)	(5,069)	(323)	(523)	-	(6,622)
Decrease due to reclassification - to assets held for sale	-	(63)	-	-	-	(63)
Settlement of expenditures on tangible fixed assets under construction (acceptance)	-	-	-	-	(25,167)	(25,167)
Other impairment write-downs on assets	-	(340)	-	(113)	-	(453)
Amortisation and depreciation	(1,247)	(5,866)	(577)	(5,646)	-	(13,336)
Increase in depreciation due to reclassification	-	-	(95)	-	-	(95)
Decrease in existing depreciation due to disposal	-	365	733	-	-	1,098
Decrease in existing depreciation due to liquidation	208	5,062	323	514	-	6,107
Other changes - gross	197	-	-	-	(197)	-
Net value as at 31 December 2024	34,430	28,162	3,082	21,737	11,977	99,388

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ITEM	LAND, BUILDINGS AND STRUCTURES	MACHINERY AND EQUIPMENT	MEANS OF TRANSPORT	TOOLS AND INSTRUMENTS	INVESTMENTS NOT YET COMPLETED IN TANGIBLE FIXED ASSETS	IN TOTAL
Net value as at 1 January 2025	34,430	28,162	3,082	21,737	11,977	99,388
Increase due to reclassification - from right to use leased assets to tangible fixed assets	-	187	-	-	-	187
Expenditures on tangible fixed assets	-	-	-	-	48,026	48,026
Decrease due to disposal	(33)	(181)	(1,385)	-	-	(1,599)
Decrease due to liquidation	-	(1,296)	-	(962)	-	(2,258)
Decrease due to reclassification - from tangible fixed assets to right to use leased assets	-	(234)	-	-	-	(234)
Settlement of expenditures on tangible fixed assets under construction (acceptance)	1,175	29,648	2,706	11,505	(45,034)	-
Other impairment write-downs on assets	-	(29)	-	(546)	-	(575)
Amortisation and depreciation	(1,439)	(8,808)	(941)	(6,175)	-	(17,363)
Decrease in existing depreciation due to disposal	-	180	1,385	-	-	1,565
Decrease in existing depreciation due to liquidation	-	1,296	-	962	-	2,258
Increase in existing depreciation due to reclassification - from right to use leased assets to tangible fixed assets	-	(125)	-	-	-	(125)
Net value as at 31 December 2025	34,133	48,800	4,847	26,521	14,969	129,270

ITEM	LAND, BUILDINGS AND STRUCTURES	MACHINERY AND EQUIPMENT	MEANS OF TRANSPORT	TOOLS AND INSTRUMENTS	INVESTMENTS NOT YET COMPLETED IN TANGIBLE FIXED ASSETS	IN TOTAL
As at 31 December 2024						
Gross value	48,466	89,402	9,029	98,913	11,977	257,787
Total accumulated depreciation and write-downs to date	(14,036)	(61,240)	(5,947)	(77,176)	-	(158,399)
Net value	34,430	28,162	3,082	21,737	11,977	99,388
As at 31 December 2025						
Gross value	49,608	117,526	10,350	109,456	14,969	301,909
Total accumulated depreciation and write-downs to date	(15,475)	(68,726)	(5,503)	(82,935)	-	(172,639)
Net value	34,133	48,800	4,847	26,521	14,969	129,270

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Information on write-downs on tangible fixed assets

ITEM	MACHINERY AND EQUIPMENT	TOOLS AND INSTRUMENTS	IN TOTAL
Value of write-downs as at 1 January 2024	6	52	58
Increase - creation of a write-down charged against current result	340	113	453
Value of write-downs as at 31 December 2024	346	165	511
Value of write-downs as at 1 January 2025	346	165	511
Increase - creation of a write-down charged against current result	29	546	575
Value of write-downs as at 31 December 2025	375	711	1,086

The table below provides additional information:

ITEM	as at	
	31 December 2025	31 December 2024
Reporting value of temporarily unused tangible fixed assets	5,916	7,724
Gross value of all fully amortised tangible fixed assets still in use	104,625	93,277
Amount of borrowing costs capitalised during the period	181	138
Capitalisation rate used to calculate the above amount	0.02%	5.32%

6.4. Right-of-use assets, finance lease liabilities

The Company's capitalised leased assets include:

- land in perpetual usufruct,
- lease of office space and a production building,
- computer hardware,
- means of transport.

The discount rate for property leases corresponds to the interest rate the Company would pay for external financing if it wanted to purchase the same asset on credit. To calculate the discount rate, the Company adopts the reference rate (WIBOR 1M) plus a fixed margin. Currently, the discount rate is in the range of 1% to 6.6% (due to different contract periods and high interest rate volatility). For other lease liabilities, the discount rate follows directly from the terms of the contract.

Data on the right to use leased assets is presented in the tables below.

ITEM	as at	
	31 December 2025	31 December 2024
Land, buildings and structures	12,833	13,055
Machinery and equipment	1,313	1,679
Means of transport	235	391
In total	14,381	15,125

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ITEM	LAND, BUILDINGS AND STRUCTURES	MACHINERY AND EQUIPMENT	MEANS OF TRANSPORT	IN TOTAL
Net value as at 1 January 2024	13,863	1,237	96	15,196
Increase due to leasing acceptance	6,946	917	469	8,332
Decrease due to disposal	(876)	-	-	(876)
Decrease due to liquidation	(1,856)	(4)	-	(1,860)
Decrease due to reclassification - to assets held for sale	(4,056)	-	-	(4,056)
Decrease due to reclassification - from right to use leased assets to tangible fixed assets	-	-	(159)	(159)
Amortisation and depreciation	(3,547)	(472)	(110)	(4,129)
Decrease in existing depreciation due to disposal	838	-	-	838
Decrease in existing depreciation due to liquidation	1,743	1	-	1,744
Decrease in existing depreciation due to reclassification - from right to use leased assets to tangible fixed assets	-	-	95	95
Net value as at 31 December 2024	13,055	1,679	391	15,125
Net value as at 1 January 2025	13,055	1,679	391	15,125
Increase due to leasing acceptance	3,878	-	-	3,878
Increase due to reclassification - from tangible fixed assets to right to use assets under lease	-	234	-	234
Decrease due to disposal	(301)	(35)	-	(336)
Decrease due to reclassification - from right to use leased assets to tangible fixed assets	-	(187)	-	(187)
Amortisation and depreciation	(4,100)	(538)	(156)	(4,794)
Decrease in existing depreciation due to disposal	301	35	-	336
Decrease in existing depreciation due to reclassification - from right to use leased assets to tangible fixed assets	-	125	-	125
Net value as at 31 December 2025	12,833	1,313	235	14,381

ITEM	LAND, BUILDINGS AND STRUCTURES	MACHINERY AND EQUIPMENT	MEANS OF TRANSPORT	IN TOTAL
As at 31 December 2024				
Gross value	19,734	3,199	469	23,402
Total accumulated depreciation and write-downs to date	(6,679)	(1,520)	(78)	(8,277)
Net value	13,055	1,679	391	15,125
As at 31 December 2025				
Gross value	23,311	2,912	469	26,692
Total accumulated depreciation and write-downs to date	(10,478)	(1,599)	(234)	(12,311)
Net value	12,833	1,313	235	14,381

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ITEM	as at	
	31 December 2025	31 December 2024
Long-term finance lease liabilities	9,816	10,434
Short-term finance lease liabilities	4,444	4,354
Total finance lease liabilities	14,260	14,788

The number of lease agreements concluded in Apator S.A. as at 31 December 2025 was 14, of which 7 lease agreements are extendable. If the Company decided to extend them, the value of the leasing liability would increase by approximately PLN 20 million.

The statement of profit or loss and other comprehensive income shows the following lease amounts:

ITEM	as at	
	31 December 2025	31 December 2024
Depreciation of right-of-use assets	4,794	4,129
Buildings	4,100	3,547
Machinery and equipment	538	472
Means of transport	156	110
Interest costs (included in financial costs)	589	568
Costs associated with short-term leases (included in cost of goods sold and general administrative costs)	102	136
Costs associated with leases of low-value assets not shown above as short-term leases (included in general administrative costs)	308	280

6.5. Investment property

On 5 September 2024, a preliminary contract for the sale of the investment property was concluded in the form of a notarial deed. In connection with the concluded sale agreement, in 2024 the investment property was reclassified to assets held for sale. The sale of the real estate occurred on 31 October 2025 (note 6.6).

ITEM	in the period	
	from 1 January 2025	from 1 January 2024
	to 31 December 2025	to 31 December 2024
Value — opening balance	-	1,180
Decrease due to reclassification - to assets held for sale	-	(1,897)
Increase in fair value recognised in profit or loss under other operating income	-	717
Value at the end of the period	-	-

Investment properties were measured at fair value by an independent property valuer holding recognised professional qualifications.

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6.6. Assets classified as held for sale

As at 31 December 2024, due to meeting the criteria for classification of assets in accordance with IFRS 5, the Company classified as assets held for sale:

- 1) an investment property and land under perpetual usufruct,
- 2) items of property constituting the IT Department.

The prerequisites for qualifying the assets as held for sale were the conclusion of sale agreements.

1) On 5 September 2024, a preliminary sale agreement in the form of a notarial deed was concluded with an unrelated party. The subject of the agreement was an investment property and the right of perpetual usufruct of land located in Toruń, at ul. Marii Skłodowskiej-Curie. The sale date specified in the deed was set for June 2025. On 12 March 2025, an annex to the preliminary sale agreement was signed, pursuant to which the sale date was postponed. According to the given agreement, the sale occurred on 31 October 2025.

The gain on sale of the real estate amounted to PLN 11,778 thousand and is presented in the income statement under the line item – result on other operating activities (income).

2) On 30 December 2024, an agreement was concluded with the subsidiary Apator Rector Sp. z o.o. for the sale of assets. The ownership of the assets was transferred on 2 January 2025. The subject of the transaction were assets constituting the IT Department, such as:

- author's property rights to software,
- products with technology and list of customers,
- trademarks,
- contracts covering the gas segment,
- tangible and intangible assets,
- inventories,
- equipment.

The gain on sale of the above assets amounted to PLN 1,839 thousand and is presented in the income statement under “result on other operating activities (revenues)” and in note 6.29 concerning information on transactions with related parties.

The book value of assets classified as held for sale is presented below.

ITEM	As at 31 December 2025	As at 31 December 2024
CARRYING AMOUNT	-	8,070
Assets related to the contract for the sale of a property in Toruń, including:	-	5,953
Building (investment property)	-	1,897
Right-of-use assets (land in perpetual usufruct)	-	4,056
Assets related to the contract of sale to Apator Rector Sp. z o.o., including:	-	2,117
Machinery and equipment	-	63
Intangible assets	-	1,898
Inventory	-	156

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Rounding level:	all amounts are expressed in PLN thousand (unless otherwise indicated)		

The following table provides additional information, including liabilities related to assets classified as held for sale. The amount of PLN 5,056 thousand relates to the sale agreement for assets (investment property and land in perpetual usufruct) located in Toruń.

ITEM	as at	
	31 December 2025	31 December 2024
Liabilities related to assets classified as held for sale	-	5,056
Long-term lease liabilities	-	3,959
Short-term lease liabilities	-	98
Other short-term liabilities (deposit)	-	1,000
Off-balance sheet non-current assets held for sale	-	18

The table shows changes in assets held for sale

ITEM	in the period	
	from 1 January 2025	from 1 January 2024
	to 31 December 2025	to 31 December 2024
Value — opening balance	8,070	-
Increase due to reclassification	-	8,070
Decrease due to disposal	(8,070)	-
Value at the end of the period	-	8,070

The following table shows the write-downs of assets held for sale (inventory write-down).

ITEM	in the period	
	from 1 January 2025	from 1 January 2024
	to 31 December 2025	to 31 December 2024
Value of write-downs at the beginning of the period	72	-
Change due to reclassification	-	72
Exercise of a write-down - write-off	(72)	-
Value of write-downs at the end of the period	-	72

6.7. Other financial assets

Data on other financial assets is presented in the table below.

ITEM	as at	
	31 December 2025	31 December 2024
Other long-term financial assets	171,007	171,007
Other stocks and shares (not publicly traded)	171,007	171,007
Other short-term financial assets	2	602
Derivatives	2	602
Total other financial assets, including:	171,009	171,609
- in related entities	171,007	171,007
- in other entities	2	602

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To long-term financial assets the Company Apator S.A. included shares and stocks of the following companies:

ITEM	as at	
	31 December 2025	31 December 2024
Shares in subsidiaries and jointly controlled entity	171,007	171,007
Shares in Apator Telemetria Sp. z o.o. (Słupsk)	12,236	12,236
Shares in Apator Metrix S.A. (Tczew)	8,935	8,935
Shares in Apator Mining Sp. z o.o. (Katowice)	4,747	4,747
Shares in Apator Powogaz S.A. (Jaryszki)	68,647	68,647
Shares in Apator Rector Sp. z o.o. (Zielona Góra)	74,287	74,287
Shares in FAP Pafal S.A. in liquidation (Świdnica)	565	565
Shares in Apator GmbH (Berlin)	1,590	1,590

Data on subsidiaries is presented in the table below.

ITEM	Unit	% of share	Value accountant	Registered Equity
Shares in Apator Telemetria Sp. z o.o. (Słupsk)	Water and Heat	20.80%	12,236	35,680
Shares in Apator Metrix S.A. (Tczew)	Gas	100.00%	8935	43,090
Shares in Apator Mining Sp. z o.o. (Katowice)	Electricity	100.00%	4,747	73,080
Shares in Apator Powogaz S.A. (Jaryszki)	Water and Heat	100.00%	68,647	197,497
Shares in Apator Rector (Zielona Góra)	Network Automation Centre	100.00%	74,287	14,388
Shares in FAP Pafal S.A. in liquidation (Świdnica)	Electricity	100.00%	565	2,420
Shares in Apator GmbH (Berlin)	Electricity, Gas	100.00%	1,590	2,677
In total			171,007	368,832

*) The share of Apator S.A. in Apator Telemetria Sp. z o.o. is 92.69%, including Apator S.A. directly holding 20.80% and Apator Powogaz S.A. directly holding 71.89%

As at 31 December 2025, the Company performed impairment tests on its shares in the subsidiary Apator Rector Sp. z o.o. due to the fact that the carrying amount of the shares exceeds the value of the share in the equity of this entity. Based on the result of the tests, the Management Board concludes that no impairment of financial assets occurred.

In the Apator Group of Companies, cash-generating units are direct subsidiaries of Apator S.A., except the Automation and ICT Business Lines in Apator S.A. (formerly Apator Elkomtech S.A.) and Apator Rector Sp. z o.o., which are hereinafter collectively referred to as the Network Automation Centre. Due to the merger of Apator S.A. and Apator Elkomtech S.A., the subject of the impairment test are therefore the net assets allocated to the Network Automation Centre, i.e. the difference in assets and liabilities of the Automation and ICT Business Lines and investments in shares in Apator Rector Sp. z o.o.

ITEM	A.P.S. Centre
Shares	74,287
Goodwill	34,506
Fixed assets	21,862
Current assets	79,988
Liabilities	(9,180)
Value to be tested	201,463

In the case of the Network Automation Centre, the impairment test was carried out on the assumption that the companies' assets constitute a single cash-generating unit. The operation of these two companies in synergy

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allowed the Apator Group to complete unique and the only in the country competence and product offer in the electricity segment. In particular, it is very visible in the ICT area, where the energy transition forced structural and qualitative changes in the area of power grid management, starting from the moment of planning the investment in the power grid, through the performance of the investment, its operation and ending with its operational management. The requirements of the energy market, the dynamics of the changes taking place and the increase in the number of entities actively participating in the market force Distribution Network Operators to launch more and more IT systems operating automatically on the basis of real and actual data with the least possible involvement of human resources. The synergy achieved by the Apator Group consists in increasing revenues from the integration of ICT solutions, i.e. the supply of SCADA systems (Elkomtech) for power grid management with GIS systems (Rector), which are responsible for providing data and handling processes related to the management of the network assets of Distribution Network Operators.

The impairment test of goodwill was performed based on an estimate of the present value of the sum of future free cash flows generated by each Cash Generating Unit, taking into account tax, the change in current assets balances and expenditure on tangible and intangible assets (i.e. the recoverable amount of investments in shares in subsidiaries was estimated using the value-in-use method).

The assumptions (presented below) adopted for the development of impairment tests for 2025 reflect the Management Board's experience to date and are consistent with the assumptions derived from external sources of information:

- Weighted average cost of capital (WACC) assumed at 10%
- The average annual growth rate for the residual value beyond the projection period (2026–2030) was set at 2.9% – a conservative value for future, indefinite residual periods, based on historically minimal growth periods,
- The projection for 2026 is based on the budgets of the entities of the Apator group of companies approved by resolutions. In turn, the years 2027 – 2029 are based on the current updated business strategy of the Apator Group for the period up to 2029, while the outlook for 2030 is based on minimal growth in relation to the adopted year 2029,
- The assumptions adopted for the APS Centre regarding the development of this CGU are based on significant increases in both revenues (assumed CAGR of 19.3%) and margins due to the documented market development prospects for this business line, especially with regard to renewable energy sources (energy storage), and taking into account the current level of offers obtained from the market.
- Capital expenditure (Capex) is based on the resources required for the business, which are acquired through the rational management of available cash.

6.8. Inventory

Information on the reporting value of inventory is presented in the table below.

ITEM	as at	
	31 December 2025	31 December 2024
Materials	75,016	51,359
Work in progress	18,642	19,690
Finished products	15,006	11,800
Goods	1,684	1,713
Total value of inventory	110,348	84,562

Inventory write-downs are included below.

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ITEM	in the period	
	from 1 January 2025	from 1 January 2024
	to 31 December 2025	to 31 December 2024
Total inventory write-down		
Value of write-downs at the beginning of the period	15,998	17,957
Change due to reclassification to assets held for sale	-	(72)
Increase - creation of a write-down charged against current result	818	6,692
Decrease- as a reduction of cost of sales	(1,655)	-
Exercise of a write-down - write-off	(419)	(8,579)
Value of write-downs at the end of the period	14,742	15,998

A registered pledge in favour of ING Bank Śląski S.A. is established over inventory worth PLN 73.3 million. (in connection with the Multi-product Agreement).

The Company periodically reviews its current assets in terms of their potential use in further manufacturing processes. In 2025, the Company recognised write-downs on non-rotating inventories in the amount of PLN 818 thousand, the majority of which relates to semi-finished products. A portion of the previously established write-downs, amounting to PLN 419 thousand, was recognised as an expense in the form of scrapping of materials that permanently lost their usefulness. The amount of the inventory write-down increases the cost of sales.

Additional information is presented below.

ITEM	as at	
	31 December 2025	31 December 2024
Value of inventory at fair value less costs of sale	110,348	84,562
Inventory recognised as costs in the period	393,338	391,090

6.9. Trade receivables and other receivables

Information on the reporting value of receivables is presented in the table below.

ITEM	as at	
	31 December 2025	31 December 2024
Short-term receivables, including:	85,578	83,105
Trade receivables	79,672	77,126
Gross trade receivables	81,748	79,161
Impairment loss on trade receivables	(2,076)	(2,035)
Other short-term receivables	5,906	5,979
Receivables from sold tangible fixed assets and intangible assets	5,625	5,742
Deposits, bid bonds, sureties	169	227
Other receivables	112	11
Impairment loss on other short-term receivables	-	(1)
Total receivables, including:	85,578	83,105
- from related parties (note 6.29)	7,257	2,110
- from other entities	78,321	80,995

As at 31 December 2025, the amount of receivables from the sale of property, plant and equipment amounted to PLN 5,625 thousand, of which the amount of PLN 3,690 thousand is a receivable from the subsidiary Apator Rector sp. z o.o. (note 6.6, 6.29). The remaining amount of PLN 1,935 thousand relates to the sale of capital expenditure on property, plant and equipment. This receivable results from the signing of a technology

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partnership agreement, which will enable the launch of innovative products designed by Apator S.A. for use in comprehensive switchgear solutions.

The age structure of trade receivables at the end of the reporting periods is shown in the table below.

ITEM	31 December 2025		31 December 2024	
	Gross value	Impairment loss on financial assets	Gross value	Impairment loss on financial assets
Not due	74,078	(39)	69,074	(33)
Overdue from 0 to 30 days	4,706	-	6,681	(1)
Overdue from 31 to 180 days	818	-	1,415	(10)
Overdue from 180 days to one year	283	(174)	59	(59)
Overdue more than 1 year	1,863	(1,863)	1,932	(1,932)
In total	81,748	(2,076)	79,161	(2,035)

The change in impairment loss of total receivables (including trade receivables) is presented below.

ITEM	as at	
	31 December 2025	31 December 2024
Value of write-downs at the beginning of the period	2,036	2,497
Creation of individual write-downs (step 3 of the impairment model)	373	269
Reversal of individual write-downs	(332)	(269)
Exercise of individual write-downs	(1)	(461)
Value of write-downs at the end of the period	2,076	2,036
Individual write-down	2,036	1,983
Write-down calculated based on matrix	40	53

The table below presents the impact of the creation and reversal of impairment allowances on the financial result.

ITEM	in the period	
	from 1 January 2025	from 1 January 2024
	to 31 December 2025	to 31 December 2024
Release of impairment losses on principal receivables	272	717
Release of impairment losses on interest receivables	61	13
Creation of impairment losses on principal receivables	(324)	(248)
Creation of impairment losses on interest receivable	(48)	(21)
Expected credit losses on receivables recognised	(1)	-
Change in impairment allowances for receivables recognised in the income statement	(40)	461

Based on the expected credit loss model, the Company's Management Board considered the write-down for impairment of current receivables to be immaterial. The Company divides its receivables portfolio into 3 portfolios, depending on the geographical direction of sales (domestic sales, foreign sales within the EU, foreign sales outside the EU). These portfolios are characterised by similar recoverability of receivables.

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6.10. Loans granted

The table below shows loan receivables:

ITEM	as at	
	31 December 2025	31 December 2024
Short-term loans granted	-	10,068
Gross value	-	10,068
Total loans granted, of which:	-	10,068
- to related parties (note 6.29)	-	10,068

Apator S.A. concluded on 29 October with its subsidiary Apator Powogaz S.A. an agreement concerning the granting of a loan by Apator S.A. to Apator Powogaz S.A. in the amount of PLN 10,000 thousand. Interest on the loan is calculated at the end of each calendar month, at a variable interest rate defined as the sum of the WIBOR rate for 3M deposits quoted on the first working day of the calendar month in which the loan was first used (and then quoted on the first business day of each subsequent month of repayment) and a margin of 2.2% per annum. The loan was granted for a period of one year and was repaid in 10 equal monthly instalments starting from January 2025 until October 2025.

6.11. Cash and cash equivalents

Cash at the bank bears interest at variable rates.

Short-term deposits are made for various periods, ranging from one day to three months, depending on the Company's current cash requirements, and bear interest at the interest rates set for them.

The specification of cash and cash equivalents is shown in the table below. Due to the relatively low balance of cash held in VAT accounts (split payment) in relation to the turnover in the cash accounts and the fact that these funds are highly liquid, the Company does not show the balance of these accounts in a separate balance sheet item. The write-down for IFRS 9 was immaterial as at 31 December 2025.

ITEM	as at	
	31 December 2025	31 December 2024
Cash at bank	6,588	615
Cash in VAT accounts (split payment)	3,342	1,425
Total cash and cash equivalents	9,930	2,040

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Rounding level:	all amounts are expressed in PLN thousand (unless otherwise indicated)		

6.12. Other assets

Information on other assets is presented in the table below.

ITEM	as at	
	31 December 2025	31 December 2024
Other long-term assets, settled over time	155	101
Other short-term assets, settled over time	2,937	3,193
Car insurance policies	128	126
Membership fees	110	18
Insurance	355	581
IT services	1,889	1,941
Other	455	527
Short-term advances for purchases	2,671	4,115
Advances for the purchase of services	134	196
Advances on tangible fixed assets	2,384	2,847
Advances for inventories	153	1,072
Total other assets, including	5,763	7,409
- long-term	155	101
- short-term	5,608	7,308
Total other assets, including	5,763	7,409
- from related parties (note 6.29)	209	329
- from other entities	5,554	7,079

Advances for property, plant and equipment are related to the investment process in new technical infrastructure. Investment projects as at the reporting date are in progress. In particular, they include the purchase of injection moulds and the purchase of new production machinery and equipment. Deliveries and final settlement of the investment will occur in subsequent reporting periods, at the latest in the fourth quarter of 2026.

6.13. Share capital

The share capital as at the reporting date amounts to PLN 3,264,707.30 and is divided into 32,647,073 shares, including:

- 7,326,515 registered voting preference shares at a ratio of 1:4,
- 25,320,558 bearer shares.

As at 31 December 2025, the above shares entitled to the exercise of 54,626,618 votes at the general meeting.

Information concerning share capital is presented in the tables below.

ITEM	as at	
	31 December 2025	31 December 2024
Number of issued, fully paid shares	32,647,073	32,647,073
Nominal value of shares	0.10	0.10
Share capital	3,265	3,265

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Rounding level:	all amounts are expressed in PLN thousand (unless otherwise indicated)		

The shareholder structure as at 31 December 2025 is shown in the table below

Shareholders	Registered shares	Bearer shares	Number of shares	Number of votes	Share in capital	Share of votes
Tadeusz Sosgórnik together with the subsidiary Stella AMP Fundacja Rodzinna*	1,660,000	220,000	1,880,000	6,860,000	5.76%	12.56%
*(Stella AMP Fundacja Rodzinna)	1,033,102	130,000	1,163,102	4,262,408	3.56%	7.80%
Mariusz Lewicki	1,187,376	1,160,624	2,348,000	5,910,128	7.19%	10.82%
PRE Allianz Polska	-	4,545,864	4,545,864	4,545,864	13.92%	8.32%
Danuta Guzowska	954,214	566,065	1,520,279	4,382,921	4.66%	8.02%
Zbigniew Jaworski	766,348	807,024	1,573,372	3,872,416	4.82%	7.09%
Apator Mining Ltd.	-	3,600,000	3,600,000	3,600,000	11.03%	6.59%
Kazimierz Piotrowski with a closely associated person	664,774	159,181	823,955	2,818,277	2.52%	5.16%
Other shareholders	2,093,803	14,261,800	16,355,603	22,637,012	50.10%	41.44%
Total	7,326,515	25,320,558	32,647,073	54,626,618	100%	100%

The weighted average number of shares as at 31 December 2025 is 32,637,899 (at 31 December 2024 it was 32,647,073). The weighted average calculation accounts for treasury shares repurchased by Apator S.A. for the purpose of cancellation (note 6.14).

period	Number of repurchased shares	Number of shares	Time weighting	Weighted number
01.01.2025-02.09.2025	-	32,647,073	246/365	22,003,233
03.09.2025-30.09.2025	17,256	32,629,817	27/365	2,413,834
01.10.2025-31.10.2025	16,167	32,613,650	31/365	2,770,440
01.11.2025-31.12.2025	1,271	32,612,379	61/365	5,450,392
Weighted average number of shares				32,637,899

The table below presents the calculation of net profit per ordinary share.

ITEM	for the period	
	from 1 January 2025	from 1 January 2024
	to 31 December 2025	to 31 December 2024
Net profit attributable to shareholders of the Group's parent company	58,698	63,081
Weighted average number of shares	32,637,899	32,647,073
Net earnings per common share [PLN/share]:	1.80	1.93

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ITEM	as at	
	31 December 2025	31 December 2024
Value of dividend in accordance with the resolution approving the distribution of the result for	29,382	16,324
Settlement of previous year's advance dividend	(9 794)	(6,530)
Advance dividends paid	-	9,794
Dividend shown in the statements of changes in equity	19,588	19,588

An advance dividend of PLN 9,794 thousand against profit for the financial year 2024 was paid on 12 December 2024. As at 31 December 2024 it was reported under the item "write-downs from current year result". In accordance with Resolution No. 18/VI/2025 of the Ordinary General Shareholders Meeting of Apator S.A. dated 25 June 2025, on 11 September 2025, the Company paid a dividend to shareholders from the profit for 2024 in the amount of PLN 19,588 thousand.

On 25 June 2025, the Ordinary General Shareholders Meeting of Apator S.A. adopted resolution no. 36/VI/2025 on the adoption of the Treasury Share Buyback Programme for the purpose of their cancellation and the reduction of the share capital, and the creation of a Share Cancellation Fund. The repurchase of shares is carried out through Erste Securities Polska SA with its registered office in Warsaw on the following terms:

- the maximum number of own shares to be acquired under the Programme is 500,000 shares, which represents 1.53% of the share capital of Apator S.A.,
- the Programme will run until 30 April 2026,
- the unit price per share of Apator S.A. acquired under the Programme may not exceed PLN 22.00, the funds allocated for the implementation of the Programme may not exceed the amount of the share redemption fund, i.e. the amount of PLN 10,000 thousand
- under the Programme, Apator S.A. may not purchase shares at a price higher than the price of the last independent transaction or,

if higher, the highest current independent purchase offer in the trading system in which the purchase is made, also in cases where the shares are traded in different trading systems,

Apator S.A. may not purchase more than 25% of the average daily trading volume of shares in the trading system in which the purchase is made on each trading day. The average daily volume is based on the average daily trading volume over the last 20 trading days preceding the date of purchase of the shares. From the start of the current share repurchase to the date of publication of this interim report, the company purchased 34,694 own shares with a value of PLN 762 thousand, representing 0.10627% of the share capital and entitling to 34,694 votes at the General Meeting of the Company, which represents 0.06351% of the total number of votes.

In connection with the adoption of the Treasury Share Buyback Programme, a reserve fund was created to finance the total purchase price of treasury shares increased by the share acquisition costs, by allocating the amount of PLN 10,000 thousand from the reserve capital.

6.15. Undistributed financial result

The specification of the undistributed financial result is included in the table below.

ITEM	as at	
	31 December 2025	31 December 2024
Undistributed financial result	58,698	53,287
- result for the current period	58,698	63,081
- write-downs from current year result	-	(9,794)

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As of the publication date of this report, the Management Board of Apator S.A. has not made a recommendation on the distribution of the result for 2025. This recommendation will be made closer to the date of the General Shareholders Meeting.

6.16. Credits and loans

Information on credits and loans is presented below.

ITEM	as at	
	31 December 2025	31 December 2024
Short-term credits and loans	5,953	10,649
Total credits and loans, including	5,953	10,649
- from other entities	5,953	10,649

All credits and loans were granted in PLN; a summary of liabilities due to credits and loans is presented below:

As at 31 December 2025, Apator S.A. had debt under bank loans in the total amount of PLN 5,953 thousand. The terms of the credit agreements are presented below.

ITEM	LIABILITY	COSTS	LIABILITY	COSTS
	as at	from 1 January 2025	as at	from 1 January 2024
	31 December 2025	to 31 December 2025	31 December 2024	to 31 December 2024
Credits	5,953	389	10,649	756
Credit 1	-	215	479	402
Credit 2	5,953	134	10,170	352
Credit 3	-	40	-	2
In total	5,953	389	10,649	756

Credit (1)

Bank name	ING Bank Śląski S.A.
Date of conclusion of the agreement and any annexes thereto	22 June 2016, latest annex no. 21 of 20 October 2025
Amount of credit granted	Limit up to PLN 210 million (maximum limit for the Apator group of companies) – this limit may be used in the form of working capital loans, bank guarantees and letters of credit, with a maximum sublimit for Apator S.A. of PLN 100 million.
Credit repayment date	29 June 2028
Type of security	Contractual mortgage on the real estate of Apator S.A. in Ostaszewo of up to PLN 40 million, Registered pledge over inventory of PLN 73.3 million, Registered pledge over fixed assets of PLN 16,5 million, Assignment of rights under an all-risk property insurance policy, Blank promissory note and promissory note declaration.
Interest rate	WIBOR 1M + margin per annum

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Credit (2)

A credit line denominated in EUR within the limit specified as Credit (1), with a maximum sublimit for Apator S.A. of PLN 100 million.

Interest rate: EURIBOR 1M + margin per annum.

Credit (3)

Bank name	Powszechna Kasa Oszczędności Bank Polski S.A.
Date of conclusion of the agreement and any annexes thereto	26 May 2023, Annex No. 3 of 23 May 2025
Amount of credit granted	Limit up to PLN 80 million (maximum limit for the Apator Group)
Credit repayment date	31 May 2028
Type of security	Registered pledge on fixed assets PLN 10 million, Assignment of rights under an all-risk property insurance policy, Declaration of submission to enforcement up to the amount of PLN 80 million,
Interest rate	WIBOR 1M + margin per annum The credit has not been released.

During the reporting period, Apator S.A. complied with its obligations under its credit agreements, including the covenants established.

The covenants introduced in credit agreements are listed below:

- maintaining the consolidated ratio: net debt / EBITDA at a level lower than 3.5 (ING Bank Śląski S.A., PKO Bank Polski S.A),
- payment of dividends if the consolidated ratio: net debt / EBITDA is lower than 3 (ING Bank Śląski S.A., PKO Bank Polski S.A),
- maintaining the ratio of equity to total assets at a level higher than 40% (PKO Bank Polski S.A).

Covenants are verified quarterly on consolidated financial data and when dividends are paid.

6.17. Provisions for liabilities

Information on provisions for liabilities is presented in the table.

ITEM	PROVISIONS / LIABILITIES			OTHER PROVISIONS		IN TOTAL
	RETIREMENT BENEFITS, JUBILEE AWARDS	BONUSES	LEAVES	WARRANTIES	OTHER	
Value of provisions as at 1 January 2024	3,937	8,459	2,223	6,716	2,561	23,896
Increase – creation of a provision charged against the current result	919	12,414	-	6,309	4,607	24,249
Decrease — write-down of unused amounts as income	-	(1,728)	(43)	(2,861)	(223)	(4,855)

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Exercise of a provision — cost settlement	(767)	(10,813)	(187)	(2,098)	(1,470)	(15,335)
Value of provisions as at 31 December 2024, including:	4,089	8,332	1,993	8,066	5,475	27,955
- long-term provisions	3,528	-	-	-	-	3,528
- short-term provisions	561	8,332	1,993	8,066	5,475	24,427
Value of provisions as at 1 January 2025	4,089	8,332	1,993	8,066	5,475	27,955
Increase – creation of a provision charged against the current result	683	13,164	506	21,980	2,944	39,277
Decrease — write-down of unused amounts as income	-	(1,051)	-	(3,929)	(2,855)	(7,835)
Exercise of a provision — cost settlement	(502)	(11,508)	(115)	(1,305)	(1,419)	(14,849)
Value of provisions as at 31 December 2025, including:	4,270	8,937	2,384	24,812	4,145	44,548
- long-term provisions	3,491	-	-	-	325	3,816
- short-term provisions	779	8,937	2,384	24,812	3,820	40,732

The warranty provision amount of 24.8 million includes a provision of 20.8 million, which was created as a result of a warranty claim submitted by a foreign customer. The claim relates to one type of device from the Electricity Segment, which was offered on a foreign market.

Employee benefits – actuarial assumptions

Primary actuarial assumptions used at the reporting date (expressed as weighted average values):

▪ Discount rate as at 31 December 2025	5.2%
▪ Wage growth rate	2.5%
▪ Future increase in the rate of revalorisation of the basis for calculating jubilee awards	0%
▪ Number of employees	929

Assumptions concerning future mortality and disability are based on published statistics and mortality tables.

The following mobility parameters were also applied:

▪ For people aged up to 40	5%
▪ For people aged 41 and 45	4%
▪ For people aged 46 to 50	3%
▪ For people aged 50 and over	1%

The table below provides an analysis of the changes in provisions for employee benefits, in line with the assumptions made.

ITEM	period	
	from 1 January 2025	from 1 January 2024
	to 31 December 2025	to 31 December 2024
Interest expenses	194	196
Costs of current employment	214	204
Actuarial gains and losses arising from demographic changes	6	29
Actuarial gains and losses arising from financial changes	55	12

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6.18. Liabilities

Information on liabilities is presented in the table below.

ITEM	as at	
	31 December 2025	31 December 2024
Long-term liabilities	10,141	10,434
Other financial	325	-
Long-term lease liabilities	9,816	10,434
Short-term liabilities, including:	78,712	63,649
Trade liabilities	47,729	37,313
Liabilities due to corporate income tax	2,291	2,424
Liabilities due to other taxes, customs duties, and social insurance	9,558	9,971
Other short-term liabilities	14,690	9,587
Payroll liabilities	5,461	4,852
Dividend liabilities	-	42
Derivative liabilities	1,188	35
Investment liabilities	6,819	3,383
Prepayments - advances received for deliveries	898	1,017
Other financial	324	258
Short-term lease liabilities	4,444	4,354
Total liabilities, including:	88,853	74,083
- to related parties (note 6.6)	2,458	1,930
- to other entities	86,395	72,153

The increase in trade payables as at 31 December 2025 compared to 31 December 2024 results primarily from the increased demand for deliveries of goods and services, associated with the execution of the Company's commercial plans. This change is a consequence of the operating activities conducted and remains consistent with the adopted business assumptions.

The increase in investment payables results from the execution of investment projects which are in progress as at the reporting date. In particular, they include the purchase of injection moulds and the purchase of new production machinery and equipment. Deliveries and final settlement of the investment will occur in subsequent reporting periods, at the latest in the fourth quarter of 2026.

6.19. Contractual liabilities

The following table presents contract liabilities.

ITEM	as at	
	31 December 2025	31 December 2024
Short-term contract liabilities:	1,149	3,222
- arising from software development and implementation agreements	1,149	1,824
- from the delivery of devices	-	1,398
Total contract liabilities, of which:	1,149	3,222
- to other entities	1,149	3,222

Agreements settled over time using the percentage of completion method relate to the delivery of software licences along with implementation services for the customer. Contract revenues are defined as subsequent milestones arising from the work schedule or directly from the contract.

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6.20. Income tax

The specifics of income tax and deferred tax for the reporting period are presented in the tables.

ITEM	in the period	
	from 1 January 2025	from 1 January 2024
	to 31 December 2025	to 31 December 2024
Profit and loss account		
Current income tax	4,871	3,608
Current income tax burden	4,843	3,608
Adjustments concerning current tax from previous years	28	-
Deferred income tax	(5,995)	(126)
Related to the emergence and reversal of temporary differences	(4,395)	(5,933)
Tax relief for activities in the special economic zone	(1,600)	5,807
Tax burden recognised in the statement of comprehensive income	(1,124)	3,482
Other comprehensive income		
Deferred income tax	(308)	50
Net deferred income tax on cash flow hedges settled during the financial year	(306)	128
Deferred income tax on actuarial provision revaluation	(2)	(78)
Tax benefit (burden) shown in equity	(308)	50

ITEM	Assets		Provisions		Net value	
	31 December 2025	31 December 2024	31 December 2025	31 December 2024	31 December 2025	31 December 2024
	Tangible fixed assets	388	279	1,590	2,019	(1,202)
Investment property		-	-	151	-	(151)
Financial assets	268	268	-	114	268	154
Derivatives	226	7	-	-	226	7
Inventory	2,801	3,053	-	-	2,801	3,053
Liabilities arising from employee benefits	3,034	2,777	-	-	3,034	2,777
Provisions	6,943	3,583	-	-	6,943	3,583
Write-downs of receivables	394	384	-	-	394	384
Tax relief under the Special Economic Zone to be settled in future periods	7,100	5,500	-	-	7,100	5,500
Other	756	503	96	149	660	354
In total	21,910	16,354	1,686	2,433	20,224	13,921
Netting of assets and provisions	(1,686)	(2,433)	(1,686)	(2,433)	-	-
Deferred tax assets / liabilities recognised in the statement of financial position	20,224	13,921	-	-	20,224	13,921

On 28 December 2010, the Company received Permit No 69/PSSE to conduct business activities in the Pomeranian Special Economic Zone. At the date of commencement of operations in the PSEZ, deferred tax assets in the amount of PLN 20,357 thousand were recognised due to a tax relief that could be used. The value of the available relief for which no asset has been recognised amounts to PLN 931 thousand as at the reporting date.

On 3 June 2020, the Company received Support Decision No. PSSE.DW.11.2020 (amended by Decision No. 704/DRI/24) for a new investment to increase production capacity (expansion of an existing plant). The decision assumes that eligible costs of at least PLN 20 million (not more than PLN 26 million) will be incurred by the end of 2025 and will make it possible to benefit from the tax exemption for conducting business activities

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in the Special Economic Zone. The decision was issued for a fixed period - 15 years. The conditions arising from the given Decision were met as at the reporting date. As at 31 December 2025, the Company estimated the degree of execution of financial plans in subsequent years, as a result of which it recognised an additional asset in the amount of PLN 7,100 thousand.

On 21 June 2024, the Company received another Support Decision No. PSSE.DW.36.2024 for the implementation of a new investment consisting in increasing production capacity and creating new jobs. The decision assumes incurring eligible costs of at least PLN 53.7 million (no more than PLN 53.7 million) and creating at least 2 new jobs by 30 June 2026. The permit issued will enable the Company to benefit from a tax exemption for operating in the Special Economic Zone. The decision was issued for a fixed period - 15 years. As at 31 December 2025, the Company has not recognised any assets related to this Decision.

Presentation of the effective tax rate:

ITEM	in the period	
	from 1 January 2025	from 1 January 2024
	to 31 December 2025	to 31 December 2024
Profit before tax	57,574	66,563
Tax rate applied	19.00%	19.00%
Income tax calculated at the applicable rate	10,939	12,647
Adjustments	(12,063)	(9,165)
Special Economic Zone tax credit recognised outside the tax asset*	(3,815)	(1,353)
Tax on other tax-exempt income**	(1,769)	(2,685)
Other	(10)	-
Tax on non-tax-deductible expenses (permanent differences)	633	378
Tax asset for SEZ activities	(7,100)	(5,500)
Other tax deductions	(2)	(5)
Income tax shown in the statement of comprehensive income	(1,124)	3,482
Effective tax rate	-1.95%	5.23%

*) The amount corresponds to the tax exemption for income generated from SEZ activities in the current financial year in which no tax asset was created. Any consumption of the SEZ relief without simultaneous settlement of the asset results in a permanent tax difference.

***) The permanent income difference represents dividends received from subsidiaries.

6.21. Costs by nature and function

The table presents a summary of costs by function, with the breakdown of cost of sales into costs of products and services as well as goods and materials.

ITEM	for the period	
	from 1 January 2025	from 1 January 2024
	to 31 December 2025	to 31 December 2024
Cost of products and services sold, including:	388,399	380,829
<i>cost of manufacturing</i>	369,790	375,970
<i>write-off</i>	(739)	(448)
<i>scrapping</i>	398	2,905
<i>inventory differences</i>	256	304
<i>warranty repairs (note 6.17)</i>	18,694	2,098
Cost of goods and materials sold, including:	11,426	14,032
<i>purchase price</i>	10,556	11,078
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<i>write-off</i>	(588)	(1,439)
<i>scrapping</i>	1,453	5,399
<i>inventory differences</i>	5	(1,006)
Sales costs	23,103	19,843
General administrative costs	72,857	64,008
Total costs by function	495,785	478,712

The table below presents the costs by nature, reconciling to the costs by function.

ITEM	for the period	
	from 1 January 2025	from 1 January 2024
	to 31 December 2025	to 31 December 2024
Amortisation and depreciation	27,413	23,579
Consumption of materials and energy	238,963	242,415
External services	74,665	68,457
Employee benefits	115,799	107,141
Other costs	18,523	14,831
Manufacturing costs of products for entity's own purposes	(11,385)	(5,896)
Change in finished goods and work in progress	20,381	14,153
Cost of goods and materials sold	11,426	14,032
Total costs by nature	495,785	478,712

6.22. Revenue

The Company identifies the moment when control over a good is acquired by a customer on the basis of the following indications:

- unconditional commitment to pay the price by the customer
- transfer of title to the customer
- physical delivery of the product to the customer
- transfer of the risks and rewards of ownership to the customer
- possession by the Company of evidence of acceptance of the goods by the customer

Revenue recognised at the point in time the Company includes:

- product sales (relates to switchgear) - revenue recognised when the product is released from the warehouse.
- sales of products (concerns switchgear) - revenue recognised at the moment of delivery of goods to the customer, when the customer obtains physical possession and control over the goods, e.g. delivery of goods to the customer's warehouse confirmed by an acceptance protocol
- sales of services (provided within the measuring instruments and industrial automation division) - revenue recognised at the time of completion of services, when the customer may use the results of these services (e.g. recognition of revenue from a service upon completion of a project, once the customer has confirmed receipt of the work).

Revenues recognised over time include:

- subscription services (provided within the measuring instruments and industrial automation division, including access to Lew-System) - revenue recognised in proportion to the period of service provision (e.g. recognition of revenue from the service on a monthly basis, proportionally to the duration of the subscription)
- implementation projects (within the Industrial Automation and ICT division) - revenue relates to contracts for the supply of software licences and modification services together with implementation at the end user.

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Revenue is recognised proportionally to the progress of the implementation works (e.g., completion of a planned stage within a long-term project). This revenue is defined as subsequent milestones arising from the work schedule or contract.

Sales revenue is recognised to the extent that it is probable that the economic benefits associated with the transaction will flow to the Company and when the amount of revenue can be reliably measured.

During 2025, the vast majority of revenue from the sale of goods was recognised by the Company at the point in time.

ITEM	for the period	
	from 1 January 2025	from 1 January 2024
	to 31 December 2025	to 31 December 2024
Total sales revenue in line with the statement of comprehensive income, including:	526,249	536,578
<i>revenue recognised at point in time</i>	505,145	519,998
<i>revenue recognised over time</i>	21,104	16,580

The specification of revenue by business line and domestic and foreign sales is presented in the table below. The automation line is the result of the merger with Apator Elkomtech S.A.

ITEM	from 1 January 2025	from 1 January 2024
	to 31 December 2025	to 31 December 2024
Switchgear, including:	115,469	123,435
<i>domestic</i>	74,470	84,809
<i>export</i>	40,999	38,626
Measuring equipment, including:	324,761	357,598
<i>domestic</i>	294,350	316,283
<i>export</i>	30,411	41,315
Automation, including:	86,019	55,546
<i>domestic</i>	85,927	55,546
<i>export</i>	92	-
Total revenue	526,249	536,578

Contract settlement

The value of deferred income from contracts presented in the balance sheet as at 31 December 2025 amounts to PLN 1,1 million. Details regarding contract liabilities are provided in explanatory note no. 6.19.

The following table presents the revenue recognised in 2025, which was included in the balance of contract liabilities as at 31 December 2024.

ITEM	as at	
	31 December 2025	31 December 2024
Contract liabilities - opening balance	3,222	2,608
Previous year's contract liabilities included in current period's total income	(3,222)	(784)
Contracts concluded in the current year	1,149	1,398
Contract liabilities - closing balance	1,149	3,222

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6.23. Other operating revenues and expenses

ITEM	in the period	
	from 1 January 2025	from 1 January 2024
	to 31 December 2025	to 31 December 2024
Other operating revenue	20,401	1,533
Result on sales of fixed tangible assets	17 098	526
Valuation of investment property	-	717
Release of provisions for liabilities	2,868	-
Compensation received for tangible fixed assets	101	143
Compensation and contractual penalties received	66	84
Donations received	17	37
Other revenue	251	26
Other operating expenses	(1,112)	(6,434)
Costs related to the sale of property, plant and equipment and intangible assets	-	(83)
Cost of liquidated tangible fixed assets	-	(571)
Creation of write-downs of tangible fixed assets	(575)	(453)
Creation of write-downs on intangible assets	-	(959)
Creation of provisions for liabilities	-	(3,438)
Fortuitous loss and other damage to assets	(140)	(45)
Discontinued investments	(65)	(194)
Donations made	(19)	(33)
Penalties, fines, compensation paid	(163)	(154)
Court fees, bailiff's fees, representation in court	(14)	(24)
Other costs	(136)	(480)
Result on other operating activities	19,289	(4,901)

Details concerning the result on the sale of property, plant and equipment are presented below.

ITEM	in the period	
	from 1 January 2025	from 1 January 2024
	to 31 December 2025	to 31 December 2024
Result on sales of fixed tangible assets	17,098	526
Gain on the sale of the investment property and land under perpetual usufruct (note 6.6)	11,778	-
Gain on the sale of items of property constituting the IT Department (note 6.6)	1,839	-
Gain on the sale of other property, plant and equipment	3,481	526

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6.24. Financial revenues and expenses

ITEM	in the period	
	from 1 January 2025	from 1 January 2024
	to 31 December 2025	to 31 December 2024
Financial revenue	11,369	14,875
Dividend and profit sharing	9,312	14,134
Interest on loan	347	134
Interest on funds in bank accounts	264	62
Interest on receivables	139	162
Positive exchange differences	1,156	-
Guarantees provided	147	57
Other revenue	4	326
Financial expenses	(3,508)	(1,738)
Interest and commissions on loans and borrowings	(340)	(207)
Interest payable to the budget	(24)	(274)
Interest on liabilities	(3)	(1)
Interest on lease liabilities	(589)	(568)
Other interest	(136)	(81)
Negative exchange differences	-	(109)
Expenses on foreign exchange transactions (including derivatives)	(2,089)	(17)
Bank guarantees and commissions (excluding credit commissions)	(327)	(481)
Result on financial activities	7,861	13,137

Revenues and expenses relating to foreign currency derivative transactions are presented in the table.

ITEM	in the period	
	from 1 January 2025	from 1 January 2024
	to 31 December 2025	to 31 December 2024
Revenue	339	273
Execution of foreign exchange spot transactions	258	166
Execution of forward transactions	143	184
Closing valuation	28	91
Opening valuation	(90)	(168)
Costs	(2,428)	(290)
Execution of foreign exchange spot transactions	(135)	(83)
Execution of forward transactions	(2,212)	(324)
Closing valuation	(129)	(48)
Opening valuation	48	165
Net costs on foreign currency transactions (including derivative instruments)	(2,089)	(17)

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6.25. Explanations regarding the cash flow statement

Apator S.A. prepares the cash flow statement for the part relating to operating activity using the indirect method, whereby profit is adjusted for the effects of non-cash transactions, changes in inventory receivables and liabilities and other items where the cash effects are cash flows from financing or investing activity.

The following table presents an explanation of the inconsistencies between the changes in the balance from the statement of financial position and the changes in the balance of these items as reported in the cash flow statement.

ITEM	in the period	
	from 1 January 2025	from 1 January 2024
	to 31 December 2025	to 31 December 2024
Change in inventories		
Change in inventories	(25,785)	26,343
Other changes	-	(156)
Change in the balance shown in the cash flow statement	(25,785)	26,187
Change in receivables		
Change in trade receivables	(2,546)	(13,174)
Change in other receivables	73	(5,762)
Adjustment for investment receivables	3,000	(2)
Change in the balance shown in the cash flow statement	527	(18,938)
Change in other assets		
Change in other long-term assets	(54)	186
Change in other short-term assets	1,699	(2,386)
Advances on tangible fixed assets settled with the opening balance	(463)	1,538
Change in the balance shown in the cash flow statement	1,182	(662)
Change in liabilities		
Change in long-term liabilities	325	-
Change in long-term lease liabilities	(619)	(951)
Change in trade liabilities	10,417	787
Change in contract liabilities	(2,073)	614
Change in corporate tax liabilities	(133)	912
Change in liabilities from other taxes, customs duties and social insurances	(414)	3,079
Change in other liabilities	5,103	2,342
Change in short-term lease liabilities	90	1,257
Change in liabilities associated with non-current assets classified as held for sale	(5,056)	5,056
Adjustment for dividend liabilities	42	-
Adjustment for lease liabilities	529	(306)
Adjustment for derivative liabilities	(1,154)	298
Adjustment for income tax liabilities	132	(912)
Adjustment for investment liabilities	(2,835)	(1,994)
Transfer of lease liability to liabilities related to non-current assets held for sale	-	(4,056)
Allowance for sale of non-current assets	-	(1,000)
Adjustment for the settlement of liabilities concerning non-current assets held for sale	5,056	-
Change in the balance shown in the cash flow statement	9,410	5,126
Change in provisions		
Change in long-term provisions for employee benefits	(37)	87
Change in the balance of other long-term provisions	325	-
Change in short-term provisions for employee benefits	1,213	(292)
Change in other short-term provisions	15,091	4,265
Other changes	(9)	(411)
Change in the balance shown in the cash flow statement	16,583	3,649

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ITEM	in the period	
	from 1 January 2025	from 1 January 2024
	to 31 December 2025	to 31 December 2024
Proceeds from the sale of tangible fixed assets		
Sales revenue of fixed assets	22,038	772
Change in net receivables from sale of fixed assets	(3,000)	2
Settlement of deposit on sale of tangible fixed assets	(1,000)	-
In total	18,038	774

ITEM	in the period	
	from 1 January 2025	from 1 January 2024
	to 31 December 2025	to 31 December 2024
Expenditure on the acquisition of tangible fixed assets		
Purchase of tangible fixed assets	(47,324)	(33,188)
Change in inventory for internal projects	(565)	(636)
Change in investment liabilities	1,669	2,140
Other	2,846	1,308
In total	(43,374)	(30,376)

ITEM	in the period	
	from 1 January 2025	from 1 January 2024
	to 31 December 2025	to 31 December 2024
Expenditure on the acquisition of intangible assets		
Purchase of intangible assets	(6,843)	(4,689)
Change in development work under construction	(3,904)	878
Change in investment liabilities	1,167	(146)
In total	(9,580)	(3,957)

ITEM	in the period	
	from 1 January 2025	from 1 January 2024
	to 31 December 2025	to 31 December 2024
Other adjustments to cash flows from operating activity		
Liquidation of tangible fixed assets and intangible assets	65	571
Discontinued investments	-	194
Grant settlement	-	(1,089)
(Profit) loss on settlement of derivatives	2,069	140
Commissions and fees on credits and loans	245	2
In total	2,379	(182)

ITEM	in the period	
	from 1 January 2025	from 1 January
	to 31 December 2025	to 31 December
Profit on sale of tangible fixed assets and intangible assets		
Revenue from the sale of property, plant and equipment and non-current assets held for sale	(22,038)	(772)
Cost of sold property, plant and equipment and non-current assets held for sale	4,096	246
In total	(17,942)	(526)

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ITEM	in the period	
	from 1 January 2025	from 1 January 2024
	to 31 December 2025	to 31 December 2024
Cash inflows / outflows from credits		
Balance sheet change in short-term credits	(4,696)	(34,759)
In total	(4,696)	(34,759)

ITEM	in the period	
	from 1 January 2025	from 1 January 2024
	to 31 December 2025	to 31 December 2024
Other expenses from investing activity		
Proceeds and expenses related to forward contracts and options	(2,069)	(140)
Payment of commissions and other costs related to the sale and disposal of property, plant and equipment	-	(82)
Advances on tangible fixed assets	(2,384)	(2,847)
Other	(168)	1,000
In total	(4,621)	(2,069)
Other expenses from financing activity		
Lease interest	(589)	(568)
Commissions and fees on credits and loans	(245)	(2)
In total	(834)	(570)

ITEM	in the period	
	from 1 January 2025	from 1 January 2024
	to 31 December 2025	to 31 December 2024
Dividend income from related entities		
FAP Pafal S.A. in liquidation	(1,000)	(3,532)
Mining Sp. z o.o.	(2,104)	(602)
Apator Powogaz S.A.	(5,000)	(10,000)
Apator Telemetria Sp. z o.o.	(208)	-
Apator Rector Ltd.	(1,000)	-
In total	(9,312)	(14,134)

ITEM	in the period	
	from 1 January 2025	from 1 January 2024
	to 31 December 2025	to 31 December 2024
Dividends paid		
Dividend from profit distribution for the previous year	(19,588)	(9 794)
Advance dividend on the current year's result	-	(9 794)
In total	(19,588)	(19,588)

ITEM	in the period
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	from 1 January 2025 to 31 December 2025	from 1 January 2024 to 31 December 2024
Interest expense in operating activities		
Interest on credits and loans	145	754
Interest on lease liabilities	589	568
In total	734	1,322

ITEM	in the period	
	from 1 January 2025 to 31 December 2025	from 1 January 2024 to 31 December 2024
Interest paid in financing activities		
Interest on credits and loans	(145)	(754)
In total	(145)	(754)

6.26. Financial instruments

In accordance with IFRS 9, the Company classifies financial instruments into the following categories:

- Financial assets and liabilities at fair value through financial result (derivatives),
- Financial assets measured at amortised cost - trade and other receivables, cash, cash on the VAT account,
- Financial liabilities measured at amortised cost - trade and other liabilities, liabilities due to credits and loans and lease liabilities.

The table below shows the carrying amount of significant groups of financial assets and liabilities by category. The carrying amount of the Company's financial assets and financial liabilities shown in the tables below was not materially different from their fair value in all periods presented. The principles for determining fair values are described in note 4.2.7.

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The categories and classes of financial instruments at book value are presented below.

ITEM	Assets measured at fair value through financial result	Assets measured at amortised cost	Financial liabilities measured at fair value through profit or loss	Liabilities measured at amortised cost	In total
Carrying amount as at 31 December 2025					
Derivatives	2	-	-	-	2
Trade and other receivables	-	85,297	-	-	85,297
Cash and cash equivalents	-	9,930	-	-	9,930
Derivative liabilities	-	-	1,188	-	1,188
Trade liabilities and other liabilities	-	-	-	54,548	54,548
Lease liabilities	-	-	-	14,260	14,260
Liabilities due to credits	-	-	-	5,953	5,953
Carrying amount as at 31 December 2024					
Derivatives	602	-	-	-	602
Trade and other receivables	-	82,868	-	-	82,868
Cash and cash equivalents	-	2,040	-	-	2,040
Derivative liabilities	-	-	35	-	35
Trade liabilities and other liabilities	-	-	-	40,738	40,738
Lease liabilities	-	-	-	14,788	14,788
Liabilities due to credits	-	-	-	10,649	10,649

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The items of revenues, expenses, profit and loss recognised in profit or loss by category of financial instrument are presented below.

ITEM	Financial assets measured at amortised cost	Financial liabilities measured at amortised cost	Hedging instruments	In total
As at 31 December 2025	2,137	(995)	(2,212)	(1,070)
Revenue (expense) from interest	750	(847)	-	(97)
Foreign exchange gains (losses)	1,304	(148)	-	1,156
Revenue from realisation of derivatives	-	-	143	143
Expense from realisation of derivatives	-	-	(2,212)	(2,212)
Revenue from valuation of derivatives	-	-	(62)	(62)
Expense from valuation of derivatives	-	-	(81)	(81)
Creation of write-downs	(373)	-	-	(373)
Reversal of write-downs	333	-	-	333
Profit (loss) on foreign exchange spot transactions	123	-	-	123
As at 31 December 2024	1,087	(1,422)	(101)	(436)
Revenue (expense) from interest	358	(1,129)	-	(771)
Foreign exchange gains (losses)	184	(293)	-	(109)
Revenue from realisation of derivatives	-	-	184	184
Expense from realisation of derivatives	-	-	(324)	(324)
Revenue from valuation of derivatives	-	-	(78)	(78)
Expense from valuation of derivatives	-	-	117	117
Creation of write-downs	(269)	-	-	(269)
Reversal of write-downs	730	-	-	730
Profit (loss) on foreign exchange spot transactions	84	-	-	84

The table below shows the fair value of financial instruments grouped according to a three-level hierarchy, where:

- Level 1 - fair value is based on (unadjusted) stock exchange prices for identical assets or liabilities in active markets;
- Level 2 - fair value is determined based on observable market data, but not direct market quotations (e.g. determined by direct or indirect reference to similar instruments available in the market);
- Level 3 - fair value is determined based on various valuation techniques that do not rely on observable market data.

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ITEM	as at 31 December 2025					as at 31 December 2024				
	Book value	Level 1	Level 2	Level 3	In total	Book value	Level 1	Level 2	Level 3	In total
Financial assets measured at fair value										
Derivatives	2	-	2	-	2	602	-	602	-	602
Financial assets measured at amortised cost										
Trade and other receivables	85,297	-	-	-	(*)	82,868	-	-	-	(*)
Cash and cash equivalents	9,930	-	-	-	9,930	2,040	-	-	-	2,040
Total assets	95,229	-	2	-	-	85,510	-	602	-	-
Financial liabilities measured at fair value										
Derivatives	1,188	-	1,188	-	-	35	-	35	-	-
Financial liabilities measured at amortised cost										
Trade liabilities and other liabilities	54,548	-	-	-	(*)	40,738	-	-	-	(*)
Liabilities due to credits	5,953	-	-	-	(*)	10,649	-	-	-	(*)
Total liabilities	61,689	-	1,188	-	-	51,422	-	35	-	-

(*) The book value of trade receivables, trade payables, and other liabilities is close to their fair value, particularly due to their short-term nature. The book value of liabilities due to credits is also close to their fair value, due to their short-term nature and variable interest rates.

In the periods ended 31 December 2025 and 31 December 2024 there were no transfers of financial instruments between Levels 1 and 2 of the fair value hierarchy.

The Company measures fx forward derivatives at fair value with the use of financial instrument valuation models, using publicly available exchange rates and volatility curves for currencies. The fair value of these instruments is determined based on future flows from concluded transactions calculated based on the difference between the forward price and the transaction price. Forward exchange rates are not modelled as a separate risk factor, but are derived from the spot rate for the foreign currency against the PLN.

6.27. Derivative financial instruments, hedge accounting

In Apator S.A., foreign exchange derivative contracts are entered into as part of the foreign exchange hedging policy. The Company hedges export inflows exceeding import outflows (EUR) and import outflows exceeding export inflows (USD).

As at 31 December 2025 and as at 31 December 2024, the Company applies cash flow hedge accounting.

As of 1 July 2011, the Company designated FX forward derivatives as hedge accounting instruments to hedge against the risk of cash flow volatility from future planned sales flows denominated in foreign currency.

As of 10 July 2015, the Company designated FX forward derivatives as hedge accounting instruments to hedge against the risk of cash flow volatility from future forecast purchase flows denominated in foreign currency.

With effect from 21 June 2023, the Company designated SWAP instruments to hedge accounting against the risk of volatility in copper raw material prices.

Due to the unstable macroeconomic and geopolitical situation, including the recently notable inflation factor, the credit risk associated with financial instruments has significantly increased since the initial recognition.

Foreign exchange inflow hedges are concluded over a time horizon of 12 consecutive months (at the turn of the year, the hedging period may cover three calendar years) and the sum of the hedges for 12 months may not exceed the export plan for the current year.

Foreign exchange outflow hedges are concluded over a rolling 12-month time horizon and the level of hedging over the period cannot exceed 50% of the annual foreign currency exposure.

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The table below presents details of the hedging relationship in cash flow hedge accounting.

Derivative type	Transaction notional amount	weighted average rate	settlement period	effect on the result	carrying value
Derivatives - foreign exchange (USD / PLN exchange rate)	USD 9,800,000	3.9386 PLN / USD	to 12/2026	from 01/2026 to 12/2026	(1,186)

The table below shows the fair value of the financial instruments as at 31 December 2025.

Derivative type	Financial assets		Financial liabilities		In total
	Long-term	Short-term	Long-term	Short-term	
Hedging instruments:	-	2	-	(1,188)	(1,186)
Derivatives - foreign exchange (USD / PLN exchange rate)	-	2	-	(1,188)	(1,186)
Total open derivatives	-	2	-	(1,188)	(1,186)

The table below shows the fair value of the financial instruments as at 31/12/2024.

Derivative type	Financial assets		Financial liabilities		In total
	Long-term	Short-term	Long-term	Short-term	
Hedging instruments:	-	602	-	-	602
Derivatives - foreign exchange (USD / PLN exchange rate)	-	602	-	-	602
Instruments excluded from hedge accounting	-	-	-	(35)	(35)
Derivatives - Copper (CU price)	-	-	-	(35)	(35)
Total open derivatives	-	602	-	(35)	567

The table below shows the effect of derivatives and hedging transactions on the result (excluding tax effect).

Statement of result	in the period	
	from 1 January 2025 to 31 December 2025	from 1 January 2024 to 31 December 2024
	Costs related to the realisation of the hedged item	525
Income / expenses related to the realisation of the hedging instrument	(2,068)	(139)
Income / expenses related to the valuation of the hedging position	(101)	77
Income / expenses from reclassification related to the realisation of the hedging position	(602)	358
Income / expenses from derivative instruments	-	529
In total	(2,246)	494

The table below presents the impact of hedging transactions (excluding the tax effect) on other comprehensive income.

Statement of comprehensive income	in the period	
	from 1 January 2025 to 31 December 2025	from 1 January 2024 to 31 December 2024
	Impact of hedging transactions (effective portion)	(1,085)
In total	(1,085)	525

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ITEM	in the period	
	2025	2024
As at 1 January	425	(122)
Hedging reserve (excluding tax effect) – FX	(1,085)	525
Tax effect	206	(100)
Hedging reserve (excluding tax effect) – FX – reclassification – settlement from opening balance	(525)	331
Tax effect	100	(63)
Reserve from the valuation of hedging transactions (excluding tax effect)-SWAP - settlement of the opening balance	-	(180)
Tax effect	-	34
Result on hedge accounting	(1,304)	547
Balance as at 31 December	(879)	425

ITEM	in the period	
	2025	2024
As at 1 January	525	(331)
Impact of hedging transactions (effective portion)	(1,085)	525
Reclassification to profit or loss due to the realisation of the hedged item	(525)	331
Balance as at 31 December	(1,085)	525

6.28. Objectives and principles of risk management

In addition to derivatives, the main financial instruments used by the Company include bank credits, including overdraft facilities. The company also holds financial assets such as trade receivables and cash and other receivables and loans granted.

The Company concludes transactions involving derivatives, which primarily comprise forward exchange contracts. The purpose of these transactions is to manage the foreign exchange risk arising in the course of the Company's business. Agreements for forward contracts are concluded on the basis of exchange rate forecasts, in accordance with a corporate guideline and a resolution of the Company's Management Board.

The risks to which Apator S.A. is exposed include market risk (primarily foreign exchange risk and interest rate risk), as well as credit risk and liquidity risk.

Foreign exchange risk

The Company is exposed to foreign exchange risk from commercial transactions. Such risk results from sales and purchases made by the companies in currencies other than the functional currency. Foreign exchange risk is associated with financial market volatility and high exchange rate volatility and differences. A change in exchange rates can permanently affect the competitiveness and market value of the Company (it can determine a significant increase in costs or a decrease in planned revenue from foreign trade operations).

In order to minimise foreign exchange risk, the Company uses natural hedging as well as hedging with financial instruments to hedge the EUR and USD exchange rates. However, from 2020 onwards, when financial markets were determined by the impact of the COVID-19 pandemic, resulting in high volatility and uncertainty, the Company has adopted a precautionary approach when entering into new forward contracts and primarily uses natural hedging.

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The status of forward contracts as of 31 December 2025 is presented in note 6.27 and the table below.

As at 31 December 2025, Apator S.A. held forward and SWAP currency contracts.

ITEM	Flows as at			
	31 December 2025		31 December 2024	
	in currency	in PLN at the date of the conclusion of the contract	in currency / in tonnes	in PLN at the date of the conclusion of the contract
Cash flow hedging instruments in USD	9,880	36,519	3,550	14,004
Instruments hedging copper price volatility	-	-	50 T	450

The degree of exposure of Apator S.A. to currency risk is presented in the table below.

ITEM	as at 31 December 2025		as at 31 December 2024	
	in currency	in PLN	in currency	in PLN
Items in euro (EUR)	495	2,100	2,039	8,719
Trade receivables	2,344	9,907	2,055	8,784
Other receivables	457	1,935	1,343	5,742
Advances provided for purchase of materials and	403	1,705	368	1,577
Cash and cash equivalents	206	870	-	-
Trade liabilities	(2,206)	(9,322)	(1,510)	(6,456)
Advances received for deliveries	(8)	(35)	(1)	(4)
Other liabilities	(701)	(2,960)	(216)	(924)
Items in US dollars (USD)	(2,237)	(8,057)	(2,244)	(9,241)
Trade receivables	60	217	15	63
Advances provided for purchase of materials and	40	147	21	87
Cash and cash equivalents	4	15	-	-
Trade liabilities	(2,281)	(8,219)	(2,273)	(9,361)
Advances received for deliveries	(1)	(4)	(7)	(30)
Other liabilities	(59)	(213)	-	-
Items in Czech crowns (CZK)	(2)	(1)	-	-
Trade liabilities	(2)	(1)	-	-
Items in Chinese yuan (CNY)	(3,861)	(1,988)	125	71
Advances provided for purchase of materials and	6	4	1,114	627
Cash and cash equivalents	3	1	-	-
Trade liabilities	(3,870)	(1,993)	(989)	(556)

At the reporting date of 31 December 2025, monetary assets and liabilities have been converted at an exchange rate which is the arithmetic mean of the closing rates (spot exchange rates at the end of the reporting period): the buying rate and the selling rate of the currency of the leading bank, i.e. ING.

ITEM	as at 31 December 2025
thousand	4.2261
USD	3.6003
CNY	0.5155
CZK	0.1744

In accordance with the "Forward Contracts Regulations" guideline adopted by Apator S.A., forward contracts and options are used to hedge export inflows exceeding import expenditure. For the conclusion of forward contracts, the approval of the Management Board in the form of a resolution is required; the resolution

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establishes the maximum denomination of the hedges, determined on the basis of the foreign trade balance plan and the level of existing hedges. The conclusion of a complex hedging structure follows the favourable opinion of the Supervisory Board, which makes its decision after the Management Board has presented the reasons for its intention to apply such hedging and its potential impact on the financial results.

The table below shows the sensitivity of the gross financial result and equity to reasonably possible exchange rate fluctuations. The Company expects that all currencies may fluctuate by 10% (in the absence of volatility in other parameters).

ITEM	in the period from 1 January 2025 to 31 December 2025		in the period from 1 January 2024 to 31 December 2024	
	Impact on gross financial result	Direct impact on equity	Impact on gross financial result	Direct impact on equity
EUR / PLN				
+10%	210	-	872	-
-10%	(210)	-	(872)	-
USD / PLN				
+10%	(806)	3,652	948	1,400
-10%	806	(3,652)	(948)	(1,400)
CNY / PLN				
+10%	(199)	-	7	-
-10%	199	-	(7)	-

Interest rate risk

Due to its liabilities in the form of credits bearing interest at variable rates, Apator S.A. is exposed to interest rate risk.

Financial instruments by interest rate are presented below.

ITEM	as at	
	31 December 2025	31 December 2024
Financial instruments with a variable interest rate	(10,283)	(13,329)
Financial assets	9,930	12,108
Loans granted	-	10,068
Cash and cash equivalents	9,930	2,040
Financial liabilities	(20,213)	(25,437)
Credits and loans	(5,953)	(10,649)
Lease liabilities	(14,260)	(14,788)

The table below shows the sensitivity of the gross financial result and equity to reasonably possible WIBOR fluctuations. For the purpose of the analysis, it is assumed that the amount of liabilities outstanding at the end of the reporting period was unpaid the entire year.

ITEM	in the period from 1 January 2025 to 31 December 2025	
	Impact on gross financial result	Impact on equity
WIBOR		
+ 100 basis points	(103)	-
- 100 basis points	103	-

As the debt instruments are based on WIBOR, Apator S.A. is not affected by the reform of the IBOR system.

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Credit risk

Credit risk is the risk that a counterparty will fail to meet its liabilities under a financial instrument or agreement, resulting in a financial loss for the other party. Apator S.A. is exposed to credit risk arising from its operating activities, primarily related to the collectability of trade receivables.

The Company concludes transactions only with reputable companies with good credit ratings in order to mitigate this risk. All customers who wish to take advantage of deferred payment terms are subject to an initial verification. The Company also uses the services of a credit bureau.

The Company has financial control instructions for sales orders. The Company aims to work with all customers on the basis of trade agreements. In addition, thanks to the ongoing monitoring of receivables, the Company's exposure to the risk of uncollectible receivables is negligible.

Trade receivables consist of amounts owed by a large number of customers, spread across different industries and geographical areas. Apator S.A. also makes sales to non-EU entities such as the UK or Brazil, among others.

At the end of 2025, one customer – PGE Dystrybucja S.A. – had a receivables balance of more than 10% of the total trade receivables balance (18%).

Credit risk related to cash and derivatives is limited as the counterparties of Apator S.A. are banks with high ratings assigned by international rating agencies.

In respect of receivables from financial institutions, including cash held in bank accounts and bank deposits, the security of such transactions is ensured by the Company's policy of cooperating exclusively with counterparties that meet high creditworthiness criteria and have a well-established reputation in the banking market.

With regard to other assets, such as loans granted, the Management Board assesses the credit risk by performing an individual assessment of the counterparties' payment capacity. Loans are granted mainly to subsidiaries; the loan was granted in 2024 to the subsidiary Apator Powogaz S.A. (note 6.10) and was fully repaid in 2025.

Liquidity risk

Liquidity risk is understood as the risk that the Apator S.A. may be unable to meet its financial liabilities as they fall due. The Company monitors liquidity risk on a weekly basis through net liquidity reports and on a monthly basis through half-yearly cash flow compilations. Comprehensive, aggregate information is reported to the level of directors and Management Board. Apator S.A. uses an overdraft facility to finance day-to-day operations.

In order to enhance financial security and diversify risk, Apator S.A. has concluded agreements with two banks for an umbrella credit facility intended for ongoing business financing, as well as guarantee and letter of credit limits, and receivables factoring by the bank. The facility enables flexible liquidity management, standardisation of pricing conditions for ongoing banking operations, and the use of a virtual cash pooling service, which provides additional financial benefits. Moreover, to prevent potential irregularities in the management of financial resources, the rules of conduct in such areas as sales, trade credit, monitoring of receivables and current information of the management boards of individual companies about the financial situation are determined.

In order to ensure proper coordination of activities in the area of finance, there is a Finance Committee, which consists primarily of chief accountants and financial directors of individual companies of the Apator Group. The tasks of the Committee include the analysis of the development needs of the financial area, the analysis and monitoring of the regulatory environment and the development of uniform standards for financial

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processes. In addition to the Finance Committee, a Financial Risk Committee has also been established, the main objective of which is to support the control mechanisms for uniform financial risk management within the Group. The Committee is composed of the employees of financial divisions of Apator S.A. and subsidiaries. The tasks of the Committee are, in particular:

- monitoring the hedging of foreign exchange exposure, interest rate exposure and hedging policy,
- recommending the level of budget exchange rates together with the analysis of changes in spot exchange rates,
- analysis of the risks when hedging IRS rates,
- analysis of the trends and situations in currency markets.

Apator S.A. monitors the values influencing the level of their financial resources on an ongoing basis, with the purpose of maximum acceleration of the cash flow, both by the assessment of the inventory turnover cycles and the fastest possible collection of receivables.

The table below provides information on the contractual due dates of liabilities.

ITEM	Value as at the reporting date	Contractual cash flows					
		over 6 months	from 6 to 12 months	from 1 to 2 years	from 2 to 5 years	over 5 years	IN TOTAL
As at 31 December 2025	75,949	63,970	2,528	4,457	3,518	2,315	76,788
Credits and loans	5,953	5,953	-	-	-	-	5,953
Lease liabilities	14,260	2,379	2,430	4,457	3,518	2,315	15,099
Derivative payments	1,188	1,090	98	-	-	-	1,188
Trade liabilities	47,729	47,729	-	-	-	-	47,729
Investment liabilities	6,819	6,819	-	-	-	-	6,819
As at 31 December 2024	66,210	53,755	2,448	4,333	4,085	2,691	67,312
Credits and loans	10,649	10,649	-	-	-	-	10,649
Lease liabilities	14,788	2,333	2,448	4,333	4,085	2,691	15,890
Derivative payments	35	35	-	-	-	-	35
Trade liabilities	37,313	37,313	-	-	-	-	37,313
Investment liabilities	3,383	3,383	-	-	-	-	3,383
Other financial liabilities	42	42	-	-	-	-	42

Capital management

The main objective of Apator S.A.'s capital management is to maintain a good credit rating and safe capital ratios that would support the Company's operating activity and increase the value for its shareholders.

Apator S.A. manages the capital structure and makes changes to it as a result of changes in economic conditions. In order to adjust the capital structure, the Company may pay dividends to shareholders, return capital to shareholders or issue new shares.

Apator S.A. monitors capital using the leverage ratio, which is calculated as the ratio of net debt to total capital plus net debt.

The Company's net debt includes interest-bearing credits and loans, trade liabilities and other liabilities excluding derivatives, less cash and cash equivalents. Equity comprises the equity disclosed in the statement of financial position.

Leverage ratios are included in the table below.

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ITEM	as at	
	31 December 2025	31 December 2024
Net debt	83,688	82,657
Debt	93,618	84,697
Cash and cash equivalents	(9,930)	(2,040)
Equity	462,078	425,042
Equity and net debt	545,766	507,699
Leverage ratio	15.00%	16.00%

Climate risk

Climate changes affect the activity of enterprises in all sectors of the economy, including Apator S.A. These changes increase the risk of both sudden and long-term physical weather-related events. Environmental disasters, particularly in highly exposed regions (such as Asia), may result in longer lead times for component deliveries, higher production costs, and abrupt changes in demand. The Company mitigates this risk by developing dual sourcing strategies, leveraging purchasing synergies within the Group, and continuously monitoring the geopolitical situation.

The impact of climate change may also include the physical deterioration of the Company's assets as a result of extreme weather events, temporary disruptions to business continuity (e.g. power outages, equipment failures), as well as worsening working conditions due to rising temperatures. The Company has conducted a physical risk analysis for its own operations in terms of threat, vulnerability, and exposure. The analysis, carried out based on climate models (including Klimada), did not identify any significant risks related to fires caused by the proximity of meadows, forests, other facilities, droughts, heatwaves, cold spells/frost, floods, or long-term water shortages. Apator S.A. has launched its own renewable energy installation, which supplies power to the production plant in Ostaszewo. The companies are carrying out modernisation efforts and investing in infrastructure to optimise operational processes and improve the efficiency of raw material and energy management.

Climate change is driving political, legislative, and financial initiatives within the EU aimed at steering the economy and investments toward climate neutrality, resource conservation, and adapting infrastructure to climate challenges. Apator S.A. develops and delivers solutions for efficient management of energy media and water, as well as renewable energy solutions. Consequently, the company identifies opportunities to increase its market share and sales of solutions aligned with the energy transition and the EU's climate policy focused on improving energy efficiency and expanding renewable energy sources. At the same time, the company recognises risks related to intensified competitive and price pressure—primarily from Asian suppliers—resulting from the growing demand for transition-supporting solutions and increased funding from EU sources. The Company is gradually expanding its product portfolio and working on improving operational efficiency. Regulatory changes in the area of climate impose reporting obligations on enterprises — failure to comply with these entails the risk of administrative penalties. The growing impact of climate risks makes it crucial to integrate this area into the organisation's risk management process. In 2025, the Apator S.A. incorporated climate risks (both physical and transition risks) into its risk management process, monitors and reports its carbon footprint across scopes 1, 2, and 3, actively tracks evolving legal and market requirements regarding climate protection, and adapts its products accordingly. In 2025, a project to develop a decarbonisation plan for the Apator Group was initiated, and the work will be continued in 2026. The process of successive operationalisation of the decarbonisation plan is scheduled from 2027.

6.29. Information about related entities

The Company includes top-level management personnel, who have the authority and responsibility for planning, directing, and controlling the Company's activities, whether directly or indirectly, as key management personnel. Key management personnel comprises Members of the Management Board, Commercial Proxies, and directors of key areas, provided they have a significant impact on management.

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Information on benefits for key managerial staff is presented in the table.

ITEM	for the period	
	from 1 January 2025	from 1 January 2024
	to 31 December 2025	to 31 December 2024
Short-term employee benefits	3,924	4,778
Post-employment benefits	41	
In total	3,965	4,778

The table below presents information on outstanding liabilities as at 31 December 2025 in respect of employee benefits to key personnel.

ITEM	as at	
	31 December 2025	31 December 2024
Payroll liabilities	296	245
Provision for bonuses	1,103	1,522
Other	130	-
Employee benefits payable to key personnel	1,529	1,767

The Company identified related entities. The following were recognised as related entities:

a. Subsidiaries

- Apator Mining Sp. z o.o. (Katowice)
- FAP Pafal S.A. in liquidation (Świdnica)
- Apator Metrix S.A. (Tczew)
- Apator GmbH (Berlin, Germany)
- Apator Rector Sp. z o.o. (Zielona Góra)
- Apator Powogaz S.A. (Jaryszki)
- Apator Telemetria Sp. z o.o. (Słupsk) – a subsidiary of Apator Powogaz S.A. (71.89% of shares); Apator S.A. holds 20.8% of shares in Apator Telemetria Sp. z o.o.
- Apator Powogaz Czechia s.r.o. (Šumperk, Czech Republic) – a subsidiary of Apator Powogaz S.A.
- Apator Powogaz Italia (Padova, Spain) – a subsidiary of Apator Powogaz S.A.
- Apator Miitors ApS. (Horsens, Denmark) – a subsidiary of Apator Powogaz S.A.

b. Members of the Supervisory Board

c. Members of key management personnel

d. Close family members of members of the Supervisory Board and management personnel living in the same household

e. Entities controlled by the persons referred to in point b and c.

the Management Board of Apator S.A. stated that the top management of Apator S.A. consists of the following persons:

- Maciej Wyczesany – President of the Management Board
- Łukasz Zaworski – Member of the Management Board

Other members of the management:

- Małgorzata Mazurek - Chief Accountant, Proxy

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- Jolanta Dombrowska – Representative for Integrated Management Systems at Apator Group, Proxy
- Artur Bratkowski – Metering Equipment & Systems Director, Proxy
- Krzysztof Kluszczyński – Power and Industrial Automation Director, Proxy
- Robert Łuczak – Switchgear Director, Proxy
- Stanisław Baluk – Automation and ICT Solutions Director, Proxy
- Marcin Dolny – Finance Director.

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Transactions with related entities were carried out at arm's length. Data on transactions with related entities and information on unsettled balances are presented in the table below.

ITEM	Apator GmbH	Apator Metrix S.A.	Apator Mining Sp.z o.o.	Apator Powogaz S.A.	Apator Telemetry Sp.z o.o.	Apator Powogaz Czechia s.r.o.	Apator Rector Sp. z o.o.	FAP Pafal S.A. in liquidation	W.WYCZE SANY SP. K.	DG Marcin Dolny	IN TOTAL
Balance as on 31 December 2025											
Trade receivables	2,625	747	-	-	29	10	120	36	-	-	3,567
Investment receivables	-	-	-	-	-	-	3,690	-	-	-	3,690
Other assets (advances)	-	209	-	-	-	-	-	-	-	-	209
Trade liabilities	452	43	9	146	1,163	-	466	3	73	45	2,400
Investment liabilities	-	58	-	-	-	-	-	-	-	-	58
Balance as at 31 December 2024											
Trade receivables	922	234	-	531	60	-	325	38	-	-	2,110
Other assets (advances)	-	329	-	-	-	-	-	-	-	-	329
Loans granted during the period	-	-	-	10,068	-	-	-	-	-	-	10,068
Trade liabilities	24	21	15	11	-	-	943	156	-	-	1,170
Investment liabilities	-	760	-	-	-	-	-	-	-	-	760

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ITEM	Apator GmbH	Apator Metrix S.A.	Apator Mining Sp.z o.o.	Apator Powogaz S.A.	Apator Telemetry Sp.z o.o.	Apator Powogaz Czechia s.r.o.	Apator Rector Sp. z o.o.	FAP Pafal S.A. in liquidation	W.WYCZESANY SP. K.	DG Marcin Dolny	IN TOTAL
<i>Transactions in the period from 1 January 2025 to 31 December 2025</i>											
Sales of products and services	27,949	3,941	2	7,442	113	11	1,875	125	-	-	41,458
Sales of goods and materials	98	5	-	1	81	-	1	11	-	-	197
Sale of tangible and intangible assets (related to the sale agreement with Apator Rector Sp. z o.o. in accordance with note 6.6)	-	-	-	-	-	-	4,000	-	-	-	4,000
Cost relating to sales transactions of products and services	25,854	1,551	(7)	2,146	144	1	830	84	-	-	30,603
Cost relating to sales transactions of goods and materials	80	3	-	1	78	-	1	10	-	-	173
Cost related to the sale of tangible and intangible assets (related to the sale agreement with Apator Rector Sp. z o.o. in accordance with note 6.6)	-	-	-	-	-	-	2,161	-	-	-	2,161
Financial revenue from dividend	-	-	2,104	5,000	208	-	1,000	1,000	-	-	9,312
Other revenue	-	85	-	50	4	-	9	-	-	-	148
Interest received on loans granted	-	-	-	347	-	-	-	-	-	-	347
Purchase of products, services, goods and materials	3,280	181	-	2,182	15,419	-	2,335	329	1,206	444	25,376
Purchase of fixed assets and intangible assets	-	3,557	-	-	-	-	-	175	-	-	3,732
Distribution of the result of Apator S.A. attributable to Apator Mining Sp. z o.o.	-	-	2,160	-	-	-	-	-	-	-	2,160

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ITEM	Apator GmbH	Apator Metrix S.A.	George Wilson Industries Ltd.	Apator Mining Sp.z o.o.	Apator Powogaz S.A.	Apator Telemetry Sp.z o.o.	Apator Rector Sp. z o.o.	FAP Pafal S.A. in liquidation	IN TOTAL
Transactions from 1 January 2024 to 31 December 2024									
Sales of products and services	37,723	3,941	2	6	7,884	632	1,878	176	52,242
Sales of goods and materials	11	64	-	-	-	-	43	2	120
Sales of tangible and intangible assets	-	-	-	-	211	-	-	-	211
Sale of stocks and shares	37,637	938			2,496	56	994	191	42,312
Cost relating to sales transactions of products and services	8	61	-	-	-	-	29	2	100
Cost related to transactions of sale of tangible and intangible assets	-	-	-	-	4	-	-	-	4
Financial revenue from dividend	-	-	-	602	10,000	-	-	3,532	14,134
Other revenue	-	29	8	-	14	-	5	-	56
Other costs	-	-	-	-	134	-	-	-	134
Purchase of products, services, goods and materials	47	89	-	-	29	12,500	6,000	3,250	21,915
Purchase of fixed assets and intangible assets	-	6,296	-	-	-	22	-	-	6,318
Distribution of the result of Apator S.A. attributable to Apator Mining	-	-	-	-	-	1,080	-	-	1,080

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6.30. Contingent items and other items not included in the statement of financial position

Warranties

As at 31 December 2025, Apator S.A. held active guarantees issued by:

TU Hermes S.A.:

- For warranty and defect removal in the amount of PLN 7.6 million, valid until 29 June 2029.

ING Bank Śląski S.A.:

- For performance bond in the amount of PLN 9.8 million, valid until 24 October 2028;
- For warranty and defect removal in the amount of PLN 2.4 million, valid until 1 April 2030;
- From the performance of contract payments in the amount of PLN 463 thousand until 17 November 2028 at the latest;
- Under a bid bond in the amount of PLN 1.4 million until 23 March 2026.

PZU S.A.:

- For the removal of defects and faults in the amount of PLN 321 thousand, until 17 January 2028 at the latest.

KUKE S.A.:

- For performance bond in the amount of PLN 12 thousand, valid until 15 June 2026.

PKO BP S.A.:

- Under a performance bond in the amount of PLN 18.2 million, up to 30 January 2027;
- For warranty and defect removal in the amount of PLN 1.4 million, valid until 30 October 2030;
- For bid bond in the amount of PLN 0.2 million, valid until 18 March 2026.

Additionally, as of 31 December 2025, Apator S.A. was the beneficiary of payment guarantee for the amount of PLN 68,1 thousand.

Promissory notes

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

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6.31. Employment structure

Employment at Apator S.A. is presented in the table.

ITEM	period	
	from 1 January 2025	from 1 January 2024
	to 31 December 2025	to 31 December 2024
Average employment in full-time positions for the period	896	882
Blue-collar workers	518	528
White-collar workers	378	354
Employment in full-time positions at the end of the period	933	894
Blue-collar workers	550	516
White-collar workers	383	378

In addition to workers employed at Apator S.A. under an employment contract, the Company also uses the services of a temporary employment agency. On average, 58 people were employed on a temporary basis in 2025.

6.32. Amount of remuneration for the entity authorised to audit the financial statements

On 15 July 2024, Apator S.A. signed with KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp.k. a contract for the audit of the condensed semi-annual separate financial statements, review of the condensed half-yearly consolidated financial statements and audit of the annual separate and consolidated financial statements for 2024-2025.

On 4 November 2025, Apator S.A. signed an agreement with PKF Consult sp. z o.o. sp.k., the subject of which is the performance of an ESG Assurance service, in the scope of the assurance of sustainability reporting (the "ESG Report"), covering the financial year ending 31 December 2025.

The expert auditor's remuneration is presented in the table below.

ITEM	VALUE	
	2025 year	2024 year
Survey/review of interim reports	166	166
Audit/review of annual reports	260	260
Remuneration report audit	15	15
Attestation of the ESG report	129	225
In total	570	666

In addition to the above remuneration, Apator S.A. covers also documented costs of the audit team's stay outside the Auditor's seat (travel, accommodation).

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7. Impact of the environment on the financial position of Apator S.A.

The key risk factors that may have a material impact on the results in the near future are presented below:

- EU and Polish regulations supporting smart metering, supply chain security and government initiatives regarding local content;
- subsidies to support energy transitions in Poland, as well as in other EU countries;
- roll-outs of smart metering systems in selected EMEA markets (new roll-outs, second-generation solutions – development of remote communication systems);
- the critical importance of network infrastructure security (physical and digital);
- growing demand for integrated metering solutions, advanced features and communication technologies;
- price pressure from Asian manufacturers (mainly Chinese) supported by targeted state subsidies and legal actions aimed at their own economic expansion in Europe at the expense of European industrial companies;
- the tightening of China's trade policy in response to US restrictions, which may result in disruptions in the supply chains of components and raw materials, including integrated circuits, rare earth metals and neodymium magnets. The Company monitors the situation regarding the availability of components on an ongoing basis and takes measures to minimise the impact of these factors on supply chains;
- the persisting negative effects of the war in Ukraine and their potential impact on the prices of components, fuels and transport,
- the unstable situation on the financial markets, elevated interest rates, exchange rate volatility. The Company, striving to minimise its exposure to financial risks, hedges currency positions and changes in the prices of key raw materials, effectively manages working capital and strives to minimise debt servicing costs;
- unstable situation on raw material price markets (especially copper and silver), which may create a risk of cost pressure;
- the risk of geoeconomic confrontation for EU countries, i.e. the possibility of using economic tools such as sanctions, selective imposition of increasingly higher customs tariffs, introduction of barriers to international trade, controlling supply chains of strategic raw materials, or government interference in shaping investment flows and the gradual move away from the principles of free trade worldwide. Geoeconomic confrontation could cause a slowdown in the global economy, a decline in the pace of economic exchange, an increase in the prices of advanced multi-component devices, longer order lead times and a slowdown in financial flows;
- inflation, rising labour costs, unstable prices of energy carriers (coal, gas, district heating, etc.), high electricity and energy media prices in Europe and Poland, and increasing risk of unexpected supply interruptions due to the slow pace of automation and modernisation of distribution and transmission networks in the context of rapid renewable energy expansion and growing threats of cyber attacks on critical infrastructure. In order to mitigate the negative effects of the increase in these prices, Apator S.A. continuously works on cost optimisation and implements a number of measures improving efficiency, such as, among others, the optimisation/automation of production, changes in the product mix aimed at improving profitability and dynamic pricing policies;
- the geopolitical situation in the Middle East, especially in the longer term, may affect the Company indirectly through the risk of disruptions in supply chains (sea freight costs, extended delivery times), greater exchange rate volatility and the potential risk of an increase in the costs of energy and components.

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8. Events after the balance sheet date

On 27 February 2026, a settlement was reached in connection with the submitted warranty claim for devices from the Electricity Segment. A subsidiary of Apator received a warranty claim submitted by a foreign customer in connection with products delivered in the years 2021–2025 under framework cooperation agreements. The claim relates to one type of device, which was specially designed and offered exclusively on a foreign market. It was agreed that the devices would be replaced with new ones and the costs of their replacement would be covered; in accordance with the schedule, these costs will be incurred successively based on evidence presented by the customer confirming the occurrence and cost of the replacement. The settlement reached fully satisfies the customer's claims and concludes the dispute between the parties. The Company holds a third-party liability insurance policy for the Apator Group companies in respect of the devices supplied. As a result of this claim, a warranty provision was created in the amount of PLN 20.8 million (note 6.17).

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9. Signatures

Management Board

2026-04-28

Maciej Wyczesany

President of the Management Board, General Director

Łukasz Zaworski

Member of the Management Board, Product Development Director

The person responsible for maintaining the accounting records

2026-04-28

Małgorzata Mazurek

Chief Accountant

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