



R-2024



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 2024

Management Board

Maciej Wyczesany – President of the Management Board (since 1 March 2023)
Łukasz Zaworski – Member of the Management Board (from 22 November 2023)
Robert Kowalski – Member of the Management Board (from 19 December 2023 to 14 May 2024)

Supervisory Board

Janusz Niedźwiecki – Chairman of the Supervisory Board
Mariusz Lewicki – Deputy Chairman of the Supervisory Board
Janusz Marzygliński – Member of the Supervisory Board
Danuta Guzowska – Member of the Supervisory Board
Marcin Murawski – 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 ending on 31 December 2024 was prepared in accordance with International Financial Reporting Standards approved by the European Union and related interpretations announced in the form of regulations of the European Commission.

The annual separate financial statements of Apator S.A. covers the year 2024 and includes comparative data for the year 2023.

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2.2. Accounting principles

In the preparation of the annual separate financial statements for the period from 1 January 2024 to 31 December 2024, 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 2023, except for the application of new or amended standards and interpretations effective for annual periods beginning on or after 1 January 2024.

2.3. Applied International Financial Accounting Standards

CONSIDERATION OF STANDARDS, AMENDMENTS TO ACCOUNTING STANDARDS AND INTERPRETATIONS IN FORCE AS AT 1 JANUARY 2024

The following standards adopted by the European Union have been applied by the Company as at 1 January 2024:

- Amendments to IFRS 16 "Leases" – Lease obligations in sale and leaseback transactions;
- Amendments to IAS 1 "Presentation of Financial Statements" – Current and Non-current Classification Of Liabilities and Non-current Liabilities with Covenants;
- Amendments to IAS 7 "Statement of Cash Flows" and IFRS 7 "Financial Instruments: Disclosures" – Supplier Financing Agreements.

The above standards did not have a significant impact on the annual separate financial statements for 2024.

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 2024 and have not been applied in the annual consolidated financial statements:

- Annual Improvements to IFRSs - Volume 11 (issued 18 July 2024). This includes amendments to five standards under the annual improvement project issued by the IASB. The amendments apply to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7 and will be effective for annual periods beginning on or after 1 January 2026; 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 IAS 21 "The Effects of Changes in Foreign Exchange Rates" – Lack of Exchangeability (effective for annual periods beginning on or after 1 January 2025 – not yet approved by the EU as of the date of this financial statements); the amendment concerns the use of the spot exchange rate when translating foreign currency transactions in situations where the currency is non-convertible;
- 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 – not yet approved by the EU as of the date of this financial statements); 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 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;

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- IFRS 18 "Presentation and Disclosures in financial statements" (effective for annual periods beginning on or after 1 January 2027 – not yet approved by the EU as of the date of this financial statements); 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 – not yet approved by the EU as of the date of this financial statements); the amendment allows eligible subsidiaries to apply IFRS Accounting Standards with reduced disclosure requirements if certain conditions are met;
- 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.

Regarding IFRS 18, the Company is currently assessing its future impact 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 24 April 2025.

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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 2024	31 December 2023 (restated in ...)
		in thous. PLN	in thous. PLN
Fixed assets	-	350,252	336,423
Intangible assets	6.2	16,204	20,324
Goodwill	6.2	34,506	34,506
Tangible fixed assets	6.3	99,388	80,079
Right-of-use assets	6.4	15,125	15,196
Investment property	6.5	-	1,180
Other long-term financial assets	6.7	171,007	171,007
Other long-term assets	6.12	101	286
Deferred tax assets	6.20	13,921	13,845
Current assets	-	195,755	183,479
Inventory	6.8	84,562	110,906
Trade receivables	6.9	77,126	63,951
Other short-term receivables	6.9	5,979	218
Financial derivatives	6.7	602	185
Short-term loans granted	6.10	10,068	-
Cash and cash equivalents	6.11	2,040	3,298
Other short-term assets	6.12	7,308	4,921
Assets classified as held for sale	6.6	8,070	-
TOTAL ASSETS	-	546,007	519,902

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 2024	31 December 2023 (restated in accordance with)
		in thous. PLN	in thous. PLN
Equity	-	425,042	381,335
Equity attributable to the shareholders of the parent company	-	425,042	381,335
Share capital	6.13	3,265	3,265
Other capital	6.14	368,562	350,271
Capital from the revaluation of a defined benefit plan	-	(497)	(164)
Capital from valuation of hedging transactions	-	425	(122)
Undistributed financial result	6.15	53,287	28,085
- result for the current period	-	63,081	34,615
- write-downs from current year result	-	(9,794)	(6,530)
Liabilities	-	120,965	138,567
Long-term liabilities and provisions	-	13,962	15,866
Long-term contract liabilities	6.19	-	1,040
Long-term lease liabilities	6.18	10,434	11,385
Long-term liabilities due to employee benefits	6.17	3,528	3,441
Short-term liabilities and provisions	-	107,003	122,701
Short-term credits and loans	6.16	10,649	45,408
Trade liabilities	6.18	37,313	36,525
Short-term contract liabilities	6.19	3,222	1,568
Liabilities due to corporate income tax	6.18	2,424	1,511
Liabilities due to other taxes, customs duties, and social insurance	6.18	9,971	6,893
Other short-term liabilities	6.18	9,587	7,244
Short-term lease liabilities	6.18	4,354	3,097
Short-term liabilities due to employee benefits	6.17	10,886	11,178
Other short-term provisions	6.17	13,541	9,277
Liabilities related to assets classified as held for sale	6.6	5,056	-
TOTAL LIABILITIES	-	546,007	519,902

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 2024	from 1 January 2023
		to 31 December 2024	to 31 December 2023
		in thous. PLN	in thous. PLN
Sales revenue of products and services	6.22	536,578	479,177
- to related entities	-	52,362	59,846
- to other entities	-	484,216	419,331
Cost of goods sold	6.21	(394,861)	(373,458)
- to related entities	-	(42,412)	(51,700)
- to other entities	-	(352,449)	(321,758)
Gross profit from sales	-	141,717	105,719
Cost of sales	6.21	(19,843)	(16,236)
General administrative costs	6.21	(64,008)	(59,861)
Sales profit	-	57,866	29,622
Change in write-offs on receivables	6.9	461	(159)
Result on other operating activities	-	(4,901)	461
Revenue	6.23	1,533	1,871
Costs	6.23	(6,434)	(1,410)
Operating profit	-	53,426	29,924
Result on financial activities	-	13,137	9,254
Revenue	6.24	14,875	14,783
Costs	6.24	(1,738)	(5,529)
Profit before tax	-	66,563	39,178
Income tax	6.20	(3,482)	(4,563)
Net profit, of which attributable to:	-	63,081	34,615
the company's shareholders	-	63,081	34,615
Net profit per ordinary share:	-		
- basic	-	1.93	1.06
- diluted	-	1.93	1.06
Weighted average number of shares	6.13	32,647,073	32,647,073

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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ITEM	NOTE	for the period	
		from 1 January 2024 to 31 December 2024	from 1 January 2023 to 31 December 2023
		in thous. PLN	in thous. PLN
Other comprehensive income	-	214	57
Items that may be reclassified to the financial result in the future:			
Result on hedge accounting with tax effect	-	547	56
Items that will not be reclassified to profit or loss in the future:			
Actuarial gains and losses	-	(333)	1
Total comprehensive income	-	63,295	34,672
Total comprehensive income, of which attributable to:	-	63,295	34,672
the company's shareholders	-	63,295	34,672

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.

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
	in thous. PLN	in thous.	in thous. PLN	in thous.	in thous.	in thous.
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	-	-	-	-	63,081	63,081
Other comprehensive income:	-	-	(333)	547	-	214
Items that may be reclassified to the financial result in the future:						
Result on hedge accounting with tax effect	-	-	-	547	-	547
Items that will not be reclassified to the financial result in the future						
Revaluation of the defined benefit plan provision including tax effect	-	-	(333)	-	-	(333)
Comprehensive income recognised in the period	-	-	(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

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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.

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
	in thous. PLN	in thous. PLN	in thous. PLN	in thous. PLN	in thous. PLN	in thous. PLN
NOTE	6.13	6.14	-	-	6.14, 6.15	-
Balance as at 1 January 2023	3,265	334,472	(165)	(178)	25,593	362,987
Changes in equity from 1 January 2023 to 31 December 2023	-	15,799	1	56	2,492	18,348
Net profit for the period from 01.01.2023 to 31.12.2023	-	-	-	-	34,615	34,615
Other comprehensive income:	-	-	1	56	-	57
<i>Items that may be reclassified to the financial result in the future:</i>						
Result on hedge accounting with tax effect	-	-	-	56	-	56
<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	-	-	1	-	-	1
Comprehensive income recognised in the period	-	-	1	56	34,615	34,672
Transactions with owners recognised directly in equity	-	15,799	-	-	(32,123)	(16,324)
Dividends	-	-	-	-	(16,324)	(16,324)
Distribution of result to supplementary capital	-	15,799	-	-	(15,799)	-
Balance as at 31 December 2023	3,265	350,271	(164)	(122)	28,085	381,335

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 2024 to 31 December 2024	from 1 January 2023 to 31 December 2023 (restated in accordance with note 8)
		in thous. PLN	in thous. PLN
Cash flows from operating activities			
Profit before tax	-	66,563	39,178
Adjustments:	-	10,581	15,803
Amortisation of intangible assets	6.2	6,114	8,582
Amortisation of tangible fixed assets	6.3	13,336	14,048
Depreciation of right-of-use assets	6.4	4,129	2,294
Impairment losses on property, plant and equipment and intangible assets	6.2, 6.3	1,412	59
Profit on sale of tangible fixed assets and intangible assets	-	(526)	(1,501)
Profit on fair value measurement of investment property	6.5	(717)	(4)
(Profit) loss due to change in fair value of derivatives	6.25	(39)	70
Interest costs	-	1,322	4,901
Interest revenue	-	(134)	-
Revenue from dividends	6.25	(14,134)	(11,544)
Other adjustments	6.25	(182)	(1,102)
Cash from operating activity before changes in working capital	-	77,144	54,981
Change in inventories	6.25	26,187	(15,088)
Change in receivables	6.25	(18,938)	6,817
Change in other assets	6.25	(662)	(331)
Change in liabilities	6.25	5,126	(7,505)
Change in provisions	6.25	3,649	6,730
Cash generated in the course of operating activities	-	92,506	45,604
Tax return	-	-	1,548
Income tax paid	-	(2,696)	(1,539)
Net cash from operating activities	-	89,810	45,613
Cash flows from investment activities			
Expenditure on the acquisition of intangible assets	6.25	(3,957)	(3,322)
Expenditure on the acquisition of tangible fixed assets	6.25	(30,376)	(4,728)
Proceeds from the sale of tangible fixed assets	-	774	10,030
Investments in subsidiaries	-	-	(50)
Loans granted	6.10	(10,000)	-
Interest received on loan	-	66	-
Dividends received	6.24, 6.25	14,134	11,544
Other expenditure	6.25	(2,069)	(1,097)
Net cash used from investment activities	-	(31,428)	12,377
Cash flows from financial activities			
Repayment of credits and loans	6.25	(34,759)	(32,648)
Interest paid	-	(754)	(4,597)
Dividends paid	6.25	(19,588)	(16,324)
Repayment of lease liabilities	-	(3,969)	(2,594)
Other expenditure	6.25	(570)	(432)
Net cash from financial activities	-	(59,640)	(56,595)
Net increase (decrease) in cash and cash equivalents	-	(1,258)	1,395
Opening balance of cash	-	3,298	1,903
Closing balance of cash	-	2,040	3,298

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

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 recognised at purchase 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

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changes in the fair value of investment properties is recognised in the financial result in the period in which it arises.

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:

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- 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),
- 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.

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Impairment loss on trade receivables

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 write-off 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

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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.

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.

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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,
- 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.

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<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.
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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.

The transaction price may be fixed or variable, depending on the terms of the contract.

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.

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.

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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.

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.

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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 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 for a new investment to increase production capacity (expansion of an existing plant). The decision assumes that eligible costs of at least PLN 30 million (not more than PLN 39 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.

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.

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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

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.

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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),
- 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,

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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 2024.

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 2024.

6.2. Intangible assets

Data on intangible assets is presented in the tables below.

ITEM	as at	
	31 December 2024	31 December 2023
Customer relations	-	2,106
Patents, licences, computer software	2,456	2,908
Costs of development works	8,118	8,762
Other intangible assets	-	149
Unfinished investment in intangible assets	5,630	6,399
Total	16,204	20,324

ITEM	CUSTOMER RELATIONS	PATENTS AND LICENCES, COMPUTER SOFTWARE	DEVELOPMENT WORK COSTS	OTHER INTANGIBLE ASSETS (OTHER THAN DEVELOPMENT COSTS)	UNCOMPLETED INVESTMENTS IN INTANGIBLE ASSETS	TOTAL
Net value as at 1 January 2023	5,757	3,181	6,825	224	8,552	24,539
Increase due to acquisition	-	-	-	-	865	865
Increase on account of own production	-	-	-	-	3,242	3,242
Increase due to reclassification - other	-	-	-	-	260	260
Accounting for expenditure on intangible assets	-	1,311	5,209	-	(6,520)	-
Amortisation and depreciation	(3,651)	(1,584)	(3,272)	(75)	-	(8,582)
Decrease in existing depreciation due to liquidation	-	282	222	-	-	504
Net value as at 31 December 2023	2,106	2,908	8,762	149	6,399	20,324
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)

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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

ITEM	CUSTOMER RELATIONS	PATENTS AND LICENCES, COMPUTER SOFTWARE	DEVELOPMENT WORK COSTS	OTHER INTANGIBLE ASSETS (OTHER THAN DEVELOPMENT COSTS)	UNCOMPLETED INVESTMENTS IN INTANGIBLE ASSETS	TOTAL
As at 31 December 2023						
Gross value	29,809	19,492	34,417	865	6,399	90,982
Total accumulated depreciation and write-downs to date	(27,703)	(16,584)	(25,655)	(716)	-	(70,658)
Net value	2,106	2,908	8,762	149	6,399	20,324
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

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.

As at the balance sheet date, the Company reviewed open projects in terms of meeting the criteria for activation as development work in accordance with IAS 38. It was determined that one of the projects did not meet the commercialisation requirement due to the failure to conclude a commercial agreement with a significant customer within the period expected by the Company, as a result of which the project was written down by PLN 959 thousand. 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 2024	31 December 2023
Gross value of all fully amortised intangible assets still in use	62,114	59,737
Value of research and development expenditure recognised as an expense during the period	13,624	11,552
Amount of borrowing costs capitalised during the period	319	320

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

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As a result of the merger of Apator Elkomtech S.A. with Apator S.A. on 2 January 2022, customer relations previously presented in the consolidated financial statements were recognised in the separate financial statements of Apator S.A. These relations, with a gross value of PLN 26.8 million, were identified at the time of acquisition of the shares of Apator Elkomtech S.A. (Consolidated annual financial statements for 2014), and their economic useful life was assumed to be 10 years.

Similarly to customer relations, on 2 January 2022, as a result of the merger of Apator Elkomtech S.A. with Apator S.A., goodwill in the amount of PLN 34.5 million, previously presented in the consolidated financial statements of the Apator Group, was also 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.

6.3. Tangible fixed assets

The most significant expenditures on tangible fixed assets during 2024 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 2024	31 December 2023
Land, buildings and structures	34,430	34,114
Machinery and equipment	28,162	19,162
Means of transport	3,082	642
Tools and instruments	21,737	22,644
Unfinished investment in tangible fixed assets	11,977	3,517
Total	99,388	80,079

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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	TOTAL
Net value as at 1 January 2023	34,594	21,635	502	28,177	3,575	88,483
Increase due to acquisition	-	1,972	424	817	-	3,213
Increase due to modernisation	818	1,316	-	220	-	2,354
Increase on account of own production	-	136	-	88	-	224
Increase due to reclassification	35	-	305	-	-	340
Expenditures on tangible fixed assets	-	-	-	-	5,798	5,798
Decrease due to disposal	-	(99)	(236)	(17)	-	(352)
Decrease due to liquidation	-	(2,012)	(98)	(690)	-	(2,800)
Decrease due to reclassification	-	(124)	-	-	(261)	(385)
Settlement of expenditures for tangible non-current assets under construction	-	-	-	-	(5,595)	(5,595)
Other impairment write-downs on assets	-	(6)	-	(52)	-	(58)
Amortisation and depreciation	(1,354)	(5,757)	(352)	(6,584)	-	(14,047)
Increase in existing depreciation due to reclassification	-	-	(184)	-	-	(184)
Decrease in existing depreciation due to disposal	-	89	183	17	-	289
Decrease in existing depreciation due to liquidation	-	2,012	98	691	-	2,801
Other changes - depreciation	21	-	-	(23)	-	(2)
Net value as at 31 December 2023	34,114	19,162	642	22,644	3,517	80,079
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	TOTAL
As at 31 December 2023						
Gross value	47,111	79,739	7,023	94,575	3,517	231,965
Total accumulated depreciation and write-downs to date	(12,997)	(60,577)	(6,381)	(71,931)	-	(151,886)
Net value	34,114	19,162	642	22,644	3,517	80,079
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

Information on write-downs on tangible fixed assets

ITEM	MACHINERY AND EQUIPMENT	TOOLS AND INSTRUMENTS	TOTAL
Value of write-downs as at 1 January 2023	-	-	-
Increase - creation of a write-down charged against current result	6	52	58
Value of write-downs as at 31 December 2023	6	52	58
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

The table below provides additional information:

ITEM	as at	
	31 December 2024	31 December 2023
Reporting value of temporarily unused tangible fixed assets	7,724	6,724
Gross value of all fully amortised tangible fixed assets still in use	93,277	91,694
Amount of borrowing costs capitalised during the period	138	17
Capitalisation rate used to calculate the above amount	5.32%	6.98%

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%

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(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 2024	31 December 2023
Land, buildings and structures	13,055	13,863
Machinery and equipment	1,679	1,237
Means of transport	391	96
Total	15,125	15,196

ITEM	LAND, BUILDINGS AND STRUCTURES	MACHINERY AND EQUIPMENT	MEANS OF TRANSPORT	TOTAL
Net value as at 1 January 2023	9,195	1,267	309	10,771
Increase due to leasing acceptance	6,717	59	-	6,776
Increase due to reclassification - other	-	123	-	123
Decrease due to disposal	-	-	(102)	(102)
Decrease due to reclassification - from right to use leased assets to tangible fixed assets	-	-	(305)	(305)
Amortisation and depreciation	(2,049)	(212)	(33)	(2,294)
Decrease in existing depreciation due to disposal	-	-	42	42
Decrease in existing depreciation due to reclassification - from right to use leased assets to tangible fixed assets	-	-	185	185
Net value as at 31 December 2023	13,863	1,237	96	15,196
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

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ITEM	LAND, BUILDINGS AND STRUCTURES	MACHINERY AND EQUIPMENT	MEANS OF TRANSPORT	TOTAL
As at 31 December 2023				
Gross value	19,576	2,286	159	22,021
Total accumulated depreciation and write-downs to date	(5,713)	(1,049)	(63)	(6,825)
Net value	13,863	1,237	96	15,196
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

ITEM	as at	
	31 December 2024	31 December 2023
Long-term finance lease liabilities	10,434	11,385
Short-term finance lease liabilities	4,354	3,097
Total finance lease liabilities	14,788	14,482

The number of lease agreements concluded by Apator S.A. as at 31 December 2024 was 16, 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 2024	31 December 2023
Depreciation of right-of-use assets, including:	4,129	2,294
Buildings	3,547	2,049
Machinery and equipment	472	212
Means of transport	110	33
Interest costs (included in financial costs)	568	326
Costs associated with short-term leases (included in cost of goods sold and general administrative costs)	136	180
Costs associated with leases of low-value assets not shown above as short-term leases (included in general administrative costs)	280	302

6.5. Investment property

In 2024, Apator S.A. classified the purchased land and building as investment property. On 30 August 2018, Apator S.A. concluded a lease agreement under which it transferred part of its investment property to an unrelated entity for use. The lessee undertook to pay monthly rent based on VAT invoices issued by Apator S.A. The agreement was concluded for an indefinite period. In 2024, the decision was made to sell the property in question. On 5 September 2024, a preliminary contract for the sale of the investment property was concluded in the form of a notarial deed. On 30 September 2024, an agreement was concluded to terminate the lease agreement for the property, no later than 30 March 2025. In connection with the concluded sale agreement, the investment property was reclassified to assets held for sale.

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ITEM	in the period	
	from 1 January 2024	from 1 January 2023
	to 31 December 2024	to 31 December 2023
Value — opening balance	1,180	1,176
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	4
Value at the end of the period	-	1,180

The properties were valued at fair value by an independent valuer with a recognised professional qualification. Income and expenses from the investment property are presented in the table below

ITEM	in the period	
	from 1 January 2024	from 1 January 2023
	to 31 December 2024	to 31 December 2023
Rental income included in current result	17	17
Direct operating costs relating to an investment property that generated rental income during the period	15	13

6.6. Assets classified as held for sale

As at 31 December 2024, the Company classified an investment property, land in perpetual usufruct and part of the assets constituting the IT Department as assets held for sale, due to the fulfilment of the criteria for classifying assets in accordance with IFRS 5.

The prerequisites for qualifying the assets as held for sale were the conclusion of sale agreements. 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 date of sale resulting from the deed in question was set for June 2025. On 12 March 2025, an agreement was signed amending the preliminary agreement for the sale of the property, as a result of which the sale date was changed from June to October 2025.

Another asset sale agreement was concluded on 30 December 2024 with the subsidiary Apator Rector Sp. z o.o. The date of transfer of ownership of the assets was set for 2 January 2025. The subject of the transaction were components 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 book value of assets classified as held for sale is presented below.

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

ITEM	REPORTING VALUE
Assets classified as held for sale as at 31 December 2024, including:	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

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 2024	31 December 2023
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 2024	from 1 January 2023
	to 31 December 2024	to 31 December 2023
Value — opening balance	-	12,863
Increase due to reclassification	8,070	(35)
Decrease due to disposal	-	(12,610)
Other	-	(218)
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 2024	from 1 January 2023
	to 31 December 2024	to 31 December 2023
Value of write-downs at the beginning of the period	-	-
Change due to reclassification	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.

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Period covered by the financial statements:	1 January 2024 – 31 December 2024	Reporting currency:	Polish zloty (PLN)
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ITEM	as at	
	31 December 2024	31 December 2023
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	602	185
Derivatives	602	185
Total other financial assets, including:	171,609	171,192
- in related entities	171,007	171,007
- in other entities	602	185

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

ITEM	as at	
	31 December 2024	31 December 2023
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. (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	Book value	Equity	% of share *equity
Shares in Apator Telemetria Sp. z o.o. (Słupsk)*	Water and Heat	20.80%	12,236	35,487	7,381
Shares in Apator Metrix S.A. (Tczew)	Gas	100.00%	8,935	33,539	33,539
Shares in Apator Mining Sp. z o.o. (Katowice)	Electricity	100.00%	4,747	54,144	54,144
Shares in Apator Powogaz S.A. (Jaryszki)	Water and Heat	100.00%	68,647	184,428	184,428
Shares in Apator Rector (Zielona Góra)	Network Automation Centre	100.00%	74,287	11,708	11,708
Shares in FAP Pafal S.A. (Świdnica)	Electricity	100.00%	565	4,951	4,951
Shares in Apator GmbH (Berlin)	Electricity, Gas	100.00%	1,590	2,626	2,626
Total			171,007	326,883	298,777

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

As at 31 December 2024, the Company performed impairment tests on its shares in subsidiaries Apator Telemetria Sp. z o.o. and 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 these entities. 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. (former Apator Elkomtech S.A.) and Apator Rector Sp. z o.o., which are hereinafter referred to collectively 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.

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

ITEM	A.P.S. Centre	Apator Telemetry Sp. z o.o.
Shares	74,287	12,236
Goodwill	34,506	-
Fixed assets	8,914	-
Current assets	33,842	-
Liabilities	(1,854)	-
Value to be tested	149,695	12,236

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 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 2024 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 11.7%
- Average annual growth rate for the residual value beyond the projection period (2025-2029): 3% - safe value for future infinite residual periods, referenced from historical minimum growth periods,
- The projection for 2025 is based on the budgets of the entities of the Apator group of companies approved by resolutions. In turn, the years 2026–2028 are based on the current updated business strategy of the Apator Group for the period until 2028 (Resolution No. 33/2024 of the Supervisory Board of Apator SA of 10 June 2024), the forecast for 2029 is based on minimum increases in relation to the adopted year 2028,
- The assumptions adopted for the APS Centre regarding the development of this CGU are based on significant increases in both revenues (assumed CAGR of 22.2%) 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.

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

6.8. Inventory

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

ITEM	as at	
	31 December 2024	31 December 2023 (restated in accordance with note)
Materials	51,359	64,568
Work in progress	19,690	24,325
Finished products	11,800	20,180
Goods	1,713	1,833
Total value of inventory	84,562	110,906

Inventory write-downs are included below.

ITEM	in the period	
	from 1 January 2024 to 31 December 2024	from 1 January 2023 to 31 December 2023
	Value of write-downs at the beginning of the period	17,957
Change due to reclassification to assets held for sale	(72)	-
Increase - creation of a write-down charged against current result	18,231	4,452
Decrease- as a reduction of cost of sales	(11,539)	(1,054)
Exercise of a write-down - write-off	(8,579)	(952)
Value of write-downs at the end of the period	15,998	17,957

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 2024, the Company recognised write-downs on non-rotating inventories in the amount of PLN 18,231 thousand, the majority of which relates to materials and semi-finished products. A portion of the previously established write-downs, amounting to PLN 8.579 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 2024	31 December 2023
Value of inventory at fair value less costs of sale	84,562	110,906
Inventory recognised as costs in the period	391,090	365,037

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

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 2024	31 December 2023 (restated in accordance with note)
Short-term receivables, including:	83,105	64,169
Trade receivables	77,126	63,951
Gross trade receivables	79,161	66,447
Impairment loss on trade receivables	(2,035)	(2,496)
Other short-term receivables	5,979	218
Receivables from sold tangible fixed assets and intangible assets	5,742	3
Deposits, bid bonds, sureties	227	188
Other receivables	11	28
Impairment loss on other short-term receivables	(1)	(1)
Total receivables, including:	83,105	64,169
- from affiliated entities	2,110	1,566
- from other entities	80,995	62,603

As at 31 December 2024, receivables from the sale of investments in tangible fixed assets amounted to PLN 5,742 thousand. This receivable results from the signing of a technology 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 2024		31 December 2023	
	Gross value	Impairment loss on financial assets	Gross value	Impairment loss on financial assets
Not due	69,074	(33)	61,516	-
Overdue from 0 to 30 days	6,681	(1)	1,405	-
Overdue from 31 to 180 days	1,415	(10)	1,082	(52)
Overdue from 180 days to one year	59	(59)	377	(377)
Overdue more than 1 year	1,932	(1,932)	2,067	(2,067)
Total	79,161	(2,035)	66,447	(2,496)

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

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

ITEM	as at	
	31 December 2024	31 December 2023
Value of write-downs at the beginning of the period	2,497	2,341
Creation of individual write-downs (step 3 of the impairment model)	269	408
Reversal of individual write-downs	(269)	(240)
Exercise of individual write-downs	(461)	(12)
Value of write-downs at the end of the period	2,036	2,497
Individual write-down	1,983	2,449
Write-down calculated based on matrix	53	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 2024	from 1 January 2023
	to 31 December 2024	to 31 December 2023
Release of impairment losses on principal receivables	717	-
Release of impairment losses on interest receivables	13	31
Creation of impairment losses on principal receivables	(248)	(190)
Creation of impairment losses on interest receivable	(21)	
Change in write-offs on receivables recognised in the statement of profit or loss	461	(159)

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.

6.10. Loans granted

The table below shows loan receivables:

ITEM	as at	
	31 December 2024	31 December 2023
Short-term loans granted	10,068	-
Gross value	10,068	-
Total loans granted, of which:	10,068	-
- to related parties	10,068	-

On 29 October 2024, Apator S.A. concluded an agreement with its subsidiary Apator Powogaz S.A. 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 will be repaid in 10 equal monthly instalments starting on 30 January 2025.

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

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 2024.

ITEM	as at	
	31 December 2024	31 December 2023
Cash at bank	615	1,009
Cash in VAT accounts (split payment)	1,425	2,289
Total cash and cash equivalents	2,040	3,298

6.12. Other assets

Information on other assets is presented in the table below.

ITEM	as at	
	31 December 2024	31 December 2023
Other long-term assets, settled over time	101	286
Insurance	10	-
IT services	25	131
Other	66	155
Other short-term assets, settled over time	3,193	3,294
Subscription	16	4
Marketing services	7	11
Trade fairs	80	79
Business trips	20	34
Car insurance policies	126	97
Trainings	39	28
Membership fees	18	30
Insurance	581	464
IT services	1,941	2,075
Other	365	472
Short-term advances for purchases	4,115	1,627
Advances for the purchase of services	196	131
Advances on tangible fixed assets	2,847	1,308
Advances for inventories	1,072	188
Total other assets, including	7,409	5,207
long-term	101	286
short-term	7,308	4,921
Total other assets, including	7,409	5,207
- from affiliated entities	329	528
- from other entities	7,079	4,679

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

The increase in advances for tangible fixed assets is related to the investment process in new technical infrastructure – moulds and tooling. The investment process is ongoing from autumn 2024. Depending on the investment task, the Company identifies the following investment stages:

- acceptance of finished equipment from contractors,
- testing of moulds,
- production corrections at the equipment manufacturing stage.

The Company estimates that all investment in new tooling will be completed in Q3 2025.

The increase in advances for inventories is related to the need to purchase electronic components for the production of electricity meters, for the supply of which the Company has signed commercial contracts.

6.13. Share capital

The share capital 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.

On 31 December 2024, 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 2024	31 December 2023
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

The shareholder structure as at 31 December 2024 is shown in the table below

First and last name	Registered shares	Bearer shares	Number of shares	Number of votes	Share in capital	Share of votes
Mariusz Lewicki	1,187,376	1,150,624	2,338,000	5,900,128	7.16%	10.80%
Tadeusz Sosgórnik with a closely associated person*	1,555,000	335,500	1,890,500	6,555,500	5.79%	12.00%
Danuta Guzowska	954,214	566,065	1,520,279	4,382,921	4.66%	8.02%
Zbigniew Jaworski	766,348	779,200	1,545,548	3,844,592	4.73%	7.04%
Apator Mining Sp. z o.o.	-	3,600,000	3,600,000	3,600,000	11.03%	6.59%
Aviva OFE Aviva Santander SA/PTE Allianz Polska**	-	4,545,864	4,545,864	4,545,864	13.92%	8.32%
Kazimierz Piotrowski with a closely associated person	664,774	159,181	823,955	2,818,277	2.52%	5.16%
Others	2,198,803	14,184,124	16,382,927	22,979,336	50.18%	42.07%
Total	7,326,515	25,320,558	32,647,073	54,626,618	100.00%	100.00%

*) The shareholding of Tadeusz Sosgórnik is presented together with the shareholding of a person closely associated with him. The total shareholding of Tadeusz Sosgórnik is effective as of 2 July 2020, i.e. from the day of becoming a member of the Supervisory Board of Apator SA.

**) Shares held by PTE Allianz Polska S.A. determined based on a notification from PTE Allianz Polska S.A. of 5 January 2023. The balance includes shares credited to the account of Allianz OFE (due to the liquidation of Drugi Allianz OFE and the transfer of its assets to Allianz OFE) and Allianz DFE. In addition, according to information from PTE Allianz Polska S.A. of 12 May 2023, after the liquidation

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

6.15. Undistributed financial result

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

ITEM	as at	
	31 December 2024	31 December 2023
Undistributed financial result	53,287	28,085
- result for the current period	63,081	34,615
- write-downs from current year result	(9,794)	(6,530)

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 2024. 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 2024	31 December 2023
Short-term credits and loans	10,649	45,408
Total credits and loans, including	10,649	45,408
- from other entities	10,649	45,408

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

As at 31 December 2024, Apator S.A. had a total credit debt of PLN 10,649 thousand. The terms of the credit agreements are presented below.

ITEM	LIABILITY	COSTS	LIABILITY	COSTS
	as at	from 1 January 2024	as at	from 1 January 2023
	31 December 2024	to 31 December 2024	31 December 2023	to 31 December 2023
Credits	10,649	756	45,408	4,682
Kredyt 1	479	402	25,237	3,493
Credit 2	10,170	352	20,171	847
Credit 3	-	-	-	259
Credit 4	-	-	-	1
Credit 5	-	2	-	82
Total	10,649	756	45,408	4,682

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. 18 of 28 October 2024
Amount of credit granted	Limit up to PLN 250 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 135 million.
Credit repayment date	30 June 2025

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

Credit (1)

	Contractual mortgage on the real estate of Apator S.A. in Ostaszewo of up to PLN 40 million,
Type of security	Registered pledge over inventory of PLN 73.3 million, Registered pledge over fixed assets of PLN 20.6 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

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 135 million.
Interest rate: EURIBOR 1M + margin per annum.

Credit (3)

Bank name	CITI Bank Handlowy S.A.
Date of conclusion of the agreement and any annexes thereto	13 August 2021, latest annex no. 4 of 30 November 2023
Amount of credit granted	PLN 13 million - long-term credit for the purchase of shares in Apator Telemetria Sp. z o.o., the credit was converted to EUR by virtue of an annex of 29 June 2022,
Credit repayment date	15 December 2023; credit repaid
Type of security	Registered pledge on acquired shares with a value of PLN 12.1 million and on fixed assets with a value of PLN 2.8 million - collateral released on 26 January 2024. Declaration of submission to enforcement up to PLN 15.6 million – expired due to lack of liability,
Interest rate	WIBOR 3M + margin per annum

Credit (4)

Bank name	CITI Bank Handlowy S.A.
Date of conclusion of the agreement and any annexes thereto	13 January 2017, last annex of 5 April 2022
Amount of credit granted	PLN 10 million – overdraft facility
Credit repayment date	22 March 2023; loan repaid
Type of security	Registered pledge on fixed assets worth PLN 8.4 million - pledge released on 10 and 12 May 2023,
Interest rate	WIBOR 3M + margin per annum

Credit (5)

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Period covered by the financial statements:	1 January 2024 – 31 December 2024	Reporting currency:	Polish zloty (PLN)
Rounding level:	all amounts are expressed in PLN thousand (unless otherwise indicated)		

Bank name	Powszechna Kasa Oszczędności Bank Polski S.A.
Date of conclusion of the agreement and any annexes thereto	26 May 2023, annex no. 1 of 23 November 2023
Amount of credit granted	Limit up to PLN 80 million (maximum limit for the Apator Group)
Credit repayment date	26 May 2025
Type of security	Registered pledge on fixed assets PLN 9.6 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		TOTAL
	RETIREMENT BENEFITS, JUBILEE AWARDS	BONUSES	LEAVES	WARRANTIES	OTHER	
Value of provisions as at 1 January 2023	3,947	1,997	2,272	6,783	2,167	17,166
Increase – creation of a provision charged against the current result	743	8,885	344	1,314	4,517	15,803
Decrease — write-down of unused amounts as income	-	-	-	(42)	-	(42)
Exercise of a provision – cost settlement	(752)	(2,423)	(393)	(1,339)	(4,123)	(9,030)
Revaluation of a provision recognized in other comprehensive income	(1)	-	-	-	-	(1)
Value of provisions as at 31 December 2023, including:	3,937	8,459	2,223	6,716	2,561	23,896
- long-term provisions	3,441	-	-	-	-	3,441
- short-term provisions	496	8,459	2,223	6,716	2,561	20,455
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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Period covered by the financial statements:	1 January 2024 – 31 December 2024	Reporting currency:	Polish zloty (PLN)
Rounding level:	all amounts are expressed in PLN thousand (unless otherwise indicated)		

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

Employee benefits – actuarial assumptions

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

▪ Discount rate at 31 December 2024	5.5 %
▪ Wage growth rate	2.7 %
▪ Future increase in the rate of revalorisation of the basis for calculating jubilee awards	0%
▪ Number of employees	894

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 2024	from 1 January 2023
	to 31 December 2024	to 31 December 2023
Interest expenses	196	261
Costs of current employment	204	168
Actuarial gains and losses arising from demographic changes	29	33
Actuarial gains and losses arising from financial changes	12	481
Costs of past employment	-	-

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Period covered by the financial statements:	1 January 2024 – 31 December 2024	Reporting currency:	Polish zloty (PLN)
Rounding level:	all amounts are expressed in PLN thousand (unless otherwise indicated)		

6.18. Liabilities

Information on liabilities is presented in the table below.

ITEM	as at	
	31 December 2024	31 December 2023 (restated in accordance with note 8)
Long-term liabilities	10,434	11,385
Long-term lease liabilities	10,434	11,385
Short-term liabilities, including:	63,649	55,270
Trade liabilities	37,313	36,525
Current liabilities	30,211	29,831
Overdue liabilities	7,102	6,694
Liabilities due to corporate income tax	2,424	1,511
Liabilities due to other taxes, customs duties, and social insurance	9,971	6,893
Other short-term liabilities	9,587	7,244
Payroll liabilities	4,852	4,592
Dividend liabilities	42	42
Derivative liabilities	35	332
Investment liabilities	3,383	794
Prepayments - advances received for deliveries	1,017	1,101
Other liabilities	258	383
Short-term lease liabilities	4,354	3,097
Total liabilities, including:	74,083	66,655
- to related entities	1,930	3,449
- to other entities	72,153	63,206

In 2024, there is an increase in total liabilities of almost PLN 7.5 million, compared to 2023. The increase in liabilities is related to the investment process in property, plant and equipment, automation and new product development.

6.19. Contract liabilities

The following table presents contract liabilities.

ITEM	as at	
	31 December 2024	31 December 2023 (restated in accordance with note 8)
Long-term contract liabilities:	-	1,040
- arising from software development and implementation agreements	-	1,040
Short-term contract liabilities:	3,222	1,568
- arising from software development and implementation agreements	1,824	1,568
- on account of deliveries of equipment	1,398	-

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Period covered by the financial statements:	1 January 2024 – 31 December 2024	Reporting currency:	Polish zloty (PLN)
Rounding level:	all amounts are expressed in PLN thousand (unless otherwise indicated)		

Total contract liabilities, of which:	3,222	2,608
- to other entities	3,222	2,608

Contract revenues are defined as subsequent milestones arising from the work schedule or directly from the contract. These contracts are accounted for over time using the percentage of completion method. The degree of completion is measured by comparing the actual incurred costs to the costs assumed for the project.

In December 2023, Apator S.A. signed a total of three contracts for the supply of software licenses together with implementation services.

These contracts cover the implementation and launch of the software, including the necessary configuration work in the system environment, testing, user and administrator training, and the provision of documentation, as well as post-implementation support in the area of operational analysis. The implementation work under the contracts is expected to be completed by 31 March 2026. Revenue from these three contracts is recognised in accordance with the successive stages of work defined for these contracts, which corresponds to the degree of progress of the work.

In December 2024, Apator S.A. concluded a contract for the supply of equipment in the field of industrial automation. The planned completion of the works is 31 May 2025. Revenue from this contract is recognised in accordance with the schedule, which corresponds to the stage of progress of the works.

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 2024	from 1 January 2023
	to 31 December 2024	to 31 December 2023
<i>Profit and loss account</i>		
Current income tax	3,608	2,847
Current income tax burden	3,608	2,847
Deferred income tax	(126)	1,716
Related to the emergence and reversal of temporary differences	(5,933)	(2,994)
Tax relief for activities in the special economic zone	5,807	4,710
Tax burden recognised in the statement of comprehensive income	3,482	4,563
<i>Other comprehensive income</i>		
Deferred income tax	50	14
Net deferred income tax on cash flow hedges settled during the financial year	128	13
Deferred income tax on actuarial provision revaluation	(78)	1
Tax benefit recognised in equity	50	14

Name of the organisational unit:	Apator S.A.		Page 50
Period covered by the financial statements:	1 January 2024 – 31 December 2024	Reporting currency:	Polish zloty (PLN)
Rounding level:	all amounts are expressed in PLN thousand (unless otherwise indicated)		

ITEM	Assets		Provisions		Net value	
	31	31	31	31	31	31
Tangible fixed assets	279	11	2,019	1,860	(1,740)	(1,849)
Investment property	-	-	151	15	(151)	(15)
Financial assets	268	268	114	34	154	234
Derivatives	7	64	-	1	7	63
Inventory	3,053	3,412	-	-	3,053	3,412
Liabilities arising from employee benefits	2,777	2,823	-	-	2,777	2,823
Provisions	3,583	2,290	-	-	3,583	2,290
Write-downs on receivables	384	473	-	-	384	473
Tax relief under the Special Economic Zone to be settled in future periods	5,500	5,807	-	-	5,500	5,807
Other	503	714	149	107	354	607
Total	16,354	15,862	2,433	2,017	13,921	13,845
Netting of assets and provisions	(2,433)	(2,017)	(2,433)	(2,017)	-	-
Deferred tax assets / liabilities recognised in the statement of financial position	13,921	13,845	-	-	13,921	13,845

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. As at 31 December 2024, 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 5,500 thousand. The value of the available tax relief for which an asset was not created amounts to PLN 216 thousand.

Presentation of the effective tax rate:

ITEM	in the period	
	from 1 January 2024	from 1 January 2023
	to 31 December 2024	to 31 December 2023
Profit before tax	66,563	39,178
Tax rate applied	19.00%	19.00%
Income tax calculated at the applicable rate	12,647	7,444
Adjustments	(9,165)	(2,880)
Special Economic Zone tax credit recognised outside the tax asset*	(1,353)	-
Tax on other tax-exempt income**	(2,685)	(2,197)
Tax on customer relationships recognized on the acquisition of Apator Elkomtech S.A. (permanent differences)	-	637
Tax on non-tax-deductible expenses (permanent differences)	378	648

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

Tax asset for SEZ activities	(5,500)	(2,000)
Adjustment of tax loss from previous years	-	33
Other tax deductions	(5)	(1)
Income tax reported in the statement of comprehensive income	3,482	4,563
Effective tax rate	5.23%	11.65%

*) The amount corresponds to the tax exemption on income earned from activities in the SEZ 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 2024	from 1 January
	to 31 December 2024	to 31 December
Cost of products and services sold, including:	380,829	356,826
<i>cost of manufacturing</i>	375,970	353,308
<i>write-down</i>	(448)	225
<i>breaking</i>	2,905	1,737
<i>inventory differences</i>	304	217
<i>warranty repairs</i>	2,098	1,339
Cost of goods and materials sold, including:	14,032	16,632
<i>purchase price</i>	11,078	13,358
<i>write-down</i>	(1,439)	2,584
<i>breaking</i>	5,399	647
<i>inventory differences</i>	(1,006)	43
Total cost of sales	394,861	373,458
Cost of sales	19,843	16,236
General administrative costs	64,008	59,861
Total costs by function	478,712	449,555

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

ITEM	for the period	
	from 1 January 2024	from 1 January
	to 31 December 2024	to 31 December
Amortisation and depreciation	23,579	24,924
Consumption of materials and energy	242,415	238,762
External services	68,457	67,503
Employee benefits	107,141	90,437
Other costs	14,831	11,755
Manufacturing costs of products for entity's own purposes	(5,896)	(3,831)
Change in finished goods and work in progress	14,153	3,373
Cost of goods and materials sold	14,032	16,632
Name of the organisational unit:	Apator S.A.	
Period covered by the financial statements:	1 January 2024 – 31 December 2024	Reporting currency: Polish zloty (PLN)
Rounding level:	all amounts are expressed in PLN thousand (unless otherwise indicated)	

Total costs by nature	478,712	449,555
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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 measuring instruments) - 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. 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 2024, 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 2024	from 1 January 2023
	to 31 December 2024	to 31 December 2023
Total sales revenue in line with the statement of comprehensive income, including:	536,578	479,177
<i>revenue recognised at point in time</i>	519,998	462,416
<i>revenue recognised over time</i>	16,580	16,761

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

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 2024	from 1 January 2023
	to 31 December 2024	to 31 December 2023
Switchgear, including:	123,435	131,742
<i>domestic</i>	84,809	82,164
<i>export</i>	38,626	49,578
Measuring equipment, including:	357,598	286,328
<i>domestic</i>	316,283	240,186
<i>export</i>	41,315	46,142
Automation, including:	55,546	61,107
<i>domestic</i>	55,546	61,107
Total revenue	536,578	479,177

Contract settlement

The value of deferred income from contracts presented in the balance sheet as at 31 December 2024 amounts to PLN 3.2 million. Details of the contracts can be found in explanatory note 6.19.

The following table presents the revenue recognised in 2024, which was included in the balance of contract liabilities as at 31 December 2023.

ITEM	as at	
	31 December 2024	31 December 2023
Contract liabilities - opening balance	2,608	-
Previous year's contract liabilities included in current period's total income	(784)	-
Contracts concluded in the current year	1,398	2,608
Contract liabilities - closing balance	3,222	2,608

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

6.23. Other operating revenues and expenses

ITEM	in the period	
	from 1 January 2024	from 1 January 2023
	to 31 December 2024	to 31 December 2023
Operating revenue	1,533	1,871
Result on sales of fixed tangible assets	526	248
Compensations received for property, plant and equipment	-	1,116
Valuation of investment property	717	4
Compensation received for tangible fixed assets	143	80
Compensation and contractual penalties received	84	355
Donations received	37	6
Reimbursement of costs of court proceedings, representation in proceedings	-	3
Other revenue	26	59
Operating expenses	(6,434)	(1,410)
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	(453)	(59)
Creation of write-downs on intangible assets	(959)	-
Creation of provisions for liabilities	(3,438)	(192)
Fortuitous loss and other damage to assets	(45)	(440)
Discontinued investments	(194)	(24)
Donations made	(33)	(19)
Penalties, fines, compensation paid	(154)	(637)
Court fees, bailiff's fees, representation in court	(24)	-
Other costs	(480)	(39)
Result on other operating activities	(4,901)	461

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

6.24. Financial revenues and expenses

ITEM	in the period	
	from 1 January 2024	from 1 January 2023
	to 31 December 2024	to 31 December 2023
Financial revenue	14,875	14,783
Dividends and share in profits	14,134	11,544
Interest on loan	134	-
Interest on funds in bank accounts	62	12
Interest on receivables	162	136
Positive exchange differences	-	2,469
Revenue from foreign exchange transactions (including derivatives)	-	545
Guarantees provided	57	77
Other revenue	326	-
Financial expenses	(1,738)	(5,529)
Interest and commissions on loans and borrowings	(207)	(4,211)
Interest payable to the budget	(274)	(39)
Interest on liabilities	(1)	(1)
Interest on lease liabilities	(568)	(326)
Other interest	(81)	(144)
Negative exchange differences	(109)	-
Expenses on foreign exchange transactions (including derivatives)	(17)	-
Bank guarantees and commissions (excluding credit commissions)	(481)	(477)
Other costs	-	(331)
Result on financial activities	13,137	9,254

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

ITEM	in the period	
	from 1 January 2024	from 1 January 2023
	to 31 December 2024	to 31 December 2023
Revenue	273	889
Execution of foreign exchange spot transactions	166	335
Execution of forward transactions	184	466
Closing valuation	91	168
Opening valuation	(168)	(80)
Costs	(290)	(344)
Execution of foreign exchange spot transactions	(83)	(69)
Execution of forward transactions	(324)	(117)
Closing valuation	(48)	(165)
Opening valuation	165	7
Net revenue/expense from foreign exchange transactions (including derivatives)	(17)	545

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

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 2024	from 1 January 2023
	to 31 December 2024	to 31 December 2023
Change in inventories		
Change in inventories	26,343	(15,088)
Other changes	(156)	-
Change in the balance shown in the cash flow statement	26,187	(15,088)
Change in receivables		
Change in trade receivables	(13,174)	6,030
Change in corporate tax receivables	-	1,344
Change in receivables from other taxes, customs duties and social insurances	-	1
Change in other receivables	(5,762)	197
Advances on tangible fixed assets settled with the opening balance	-	617
Adjustment for income tax receivables	-	(1,344)
Adjustment for investment receivables	(2)	(28)
Change in the balance shown in the cash flow statement	(18,938)	6,817
Change in other assets		
Change in other long-term assets	186	(286)
Change in other short-term assets	(2,386)	(140)
Advances on tangible fixed assets settled with the opening balance	1,538	95
Change in the balance shown in the cash flow statement	(662)	(331)
Change in liabilities		
Change in long-term lease liabilities	(951)	3,451
Change in trade liabilities	787	(14,375)
Change in contract liabilities	614	2,608
Change in corporate tax liabilities	912	1,511
Change in liabilities from other taxes, customs duties and social insurances	3,079	602
Change in other liabilities	2,342	135
Change in short-term lease liabilities	1,257	731
Liabilities related to assets classified as held for sale	5,056	-
Adjustment for lease liabilities	(306)	(4,182)
Adjustment for derivative liabilities	298	(167)
Adjustment for income tax liabilities	(912)	(1,511)
Adjustment for investment liabilities	(1,994)	(508)
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)	-
Other changes	-	4,200
Change in the balance shown in the cash flow statement	5,126	(7,505)
Change in provisions		
Change in long-term provisions for employee benefits	87	338
Change in short-term provisions for employee benefits	(292)	6,065
Change in other short-term provisions	4,265	327
Other changes	(411)	-
Change in the balance shown in the cash flow statement	3,649	6,730

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

ITEM	in the period	
	from 1 January 2024	from 1 January
	to 31 December	to 31 December
Profit/loss due to change in fair value of derivatives		
Income / expenses related to the valuation of the hedging position as at the end of the reporting period	77	3
Income / expenses related to the valuation of the hedging position as at the beginning of the reporting period	(3)	(73)
Valuation of SWAP-CU transaction	(35)	-
Total	(39)	70

ITEM	in the period	
	from 1 January 2024	from 1 January 2023
	to 31 December 2024	to 31 December 2023
Expenditure on the acquisition of tangible fixed assets		
Purchase of tangible fixed assets	(33,188)	(5,869)
Change in inventory for internal projects	(636)	71
Change in investment liabilities	2,140	380
Other	1,308	690
Total	(30,376)	(4,728)

ITEM	in the period	
	from 1 January 2024	from 1 January 2023
	to 31 December 2024	to 31 December 2023
Expenditure on the acquisition of intangible assets		
Purchase of intangible assets	(4,689)	(4,718)
Change in development work under construction	878	1,267
Change in investment liabilities	(146)	129
Total	(3,957)	(3,322)

ITEM	in the period	
	from 1 January 2024	from 1 January 2023
	to 31 December 2024	to 31 December 2023
Other adjustments to cash flows from operating activity		
Liquidation of tangible fixed assets and intangible assets	571	-
Discontinued investments	194	24
Grant settlement	(1,089)	(488)
(Profit) loss on settlement of derivatives	140	(349)
Commissions and fees on credits and loans	2	107
Exchange rate differences on credits and dividend	-	(396)
Total	(182)	(1,102)

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Period covered by the financial statements:	1 January 2024 – 31 December 2024	Reporting currency:	Polish zloty (PLN)
Rounding level:	all amounts are expressed in PLN thousand (unless otherwise indicated)		

ITEM	in the period	
	from 1 January 2024	from 1 January 2023
	to 31 December 2024	to 31 December 2023
Other expenses from investing activity		
Proceeds and expenses related to forward contracts and options	(140)	349
Payment of commissions and other costs related to the sale and disposal of property, plant and equipment	(82)	(138)
Advances on tangible fixed assets	(2,847)	(1,308)
Other	1,000	-
Total	(2,069)	(1,097)
Other expenses from financing activity		
Lease interest	(568)	(326)
Commissions and fees on credits and loans	(2)	(106)
Total	(570)	(432)

ITEM	in the period	
	from 1 January 2024	from 1 January 2023
	to 31 December 2024	to 31 December 2023
Dividend income from related entities		
FAP Pafal S.A.	(3,532)	(5,000)
Mining Sp. z o.o.	(602)	(1,105)
Apator Powogaz S.A.	(10,000)	(5,000)
Apator Telemetry Sp. z o.o.	-	(312)
APATOR GmbH	-	(127)
Total	(14,134)	(11,544)

ITEM	in the period	
	from 1 January 2024	from 1 January 2023
	to 31 December 2024	to 31 December 2023
Cash inflows / outflows from credits		
Balance sheet change in long-term credits	-	(3,119)
Balance sheet change in short-term credits	(34,759)	(29,947)
Accrued interest	-	22
Other	-	396
Total	(34,759)	(32,648)

ITEM	in the period	
	from 1 January 2024	from 1 January 2023
	to 31 December 2024	to 31 December 2023
Dividends paid		
Dividend from profit distribution for the previous year	(9,794)	(9,794)
Advance dividend on the current year's result	(9,794)	(6,530)
Total	(19,588)	(16,324)

ITEM	in the period	
	from 1 January 2024	from 1 January 2023
	to 31 December 2024	to 31 December 2023
Interest expense in operating activities		
Interest on credits and loans	754	4,597
Interest on lease liabilities	568	304

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

Total	1,322	4,901
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ITEM	in the period	
	from 1 January 2024	from 1 January 2023
	to 31 December 2024	to 31 December 2023
Interest paid in financing activities		
Interest on credits and loans	(754)	(4,597)
Total	(754)	(4,597)

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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Period covered by the financial statements:	1 January 2024 – 31 December 2024	Reporting currency:	Polish zloty (PLN)
Rounding level:	all amounts are expressed in PLN thousand (unless otherwise indicated)		

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	Total
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
Total	602	84,908	35	66,175	151,720
Carrying amount as at 31 December 2023					
Derivatives	185	-	-	-	185
Trade and other receivables	-	63,954	-	-	63,954
Cash and cash equivalents	-	3,298	-	-	3,298
Derivative liabilities	-	-	332	-	332
Trade liabilities and other liabilities	-	-	-	37,361	37,361
Lease liabilities	-	-	-	14,481	14,481
Liabilities due to credits	-	-	-	45,408	45,408
Total	185	67,252	332	97,250	165,019

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Period covered by the financial statements:	1 January 2024 – 31 December 2024	Reporting currency:	Polish zloty (PLN)
Rounding level:	all amounts are expressed in PLN thousand (unless otherwise indicated)		

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	Total
As at 31 December 2024	1,087	(1,422)	(101)	(436)
Revenue (expense) from interest	358	(1,129)	-	(771)
Profit (loss) due to exchange rate differences	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
As at 31 December 2023	574	(2,484)	280	(1,630)
Revenue (expense) from interest	148	(4,575)	-	(4,427)
Profit (loss) due to exchange rate differences	378	2,091	-	2,469
Revenue from realisation of derivatives	-	-	466	466
Expense from realisation of derivatives	-	-	(117)	(117)
Revenue from valuation of derivatives	-	-	88	88
Expense from valuation of derivatives	-	-	(157)	(157)
Creation of write-downs	(249)	-	-	(249)
Reversal of write-downs	31	-	-	31
Profit (loss) on foreign exchange spot transactions	266	-	-	266

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

ITEM	as at 31 December 2024					as at 31 December 2023				
	Book value	Level 1	Level 2	Level 3	Total	Book value	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value										
Derivatives	602	-	602	-	602	185	-	185	-	185
Financial assets measured at amortised cost										
Trade receivables	82,868	-	-	-	(*)	63,954	-	-	-	(*)
Cash and cash equivalents	2,040	-	-	-	2,040	3,298	-	-	-	3,298
Total assets	85,510	-	602	-	-	67,437	-	185	-	-
Financial liabilities measured at fair value										
Derivatives	35	-	35	-	-	332	-	332	-	-
Financial liabilities measured at amortised cost										
Trade liabilities	40,738	-	-	-	(*)	37,361	-	-	-	(*)
Liabilities due to credits	10,649	-	-	-	(*)	45,408	-	-	-	(*)
Total liabilities	51,422	-	35	-	-	83,101	-	332	-	-

(*) 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.

For the periods ended 31 December 2024 and 31 December 2023, 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 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 24 consecutive months (at the turn of the year, the hedging period may cover three calendar years) and the sum of the hedges for 24 months may not exceed the export plan for the current year.

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

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.

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 3,550,000	USD/PLN 3.9447	to 07/2025	01/2025 to 07/2025	602
Derivatives - Copper (CU price)	50 T	USD 9000.50/T	until 03/2025	02/2025 to 03/2025	(35)

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

Derivative type	Financial assets		Financial liabilities		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 fair value of the financial instruments as at 31 December 2023.

Derivative type	Financial assets		Financial liabilities		Total
	Long-term	Short-term	Long-term	Short-term	
Hedging instruments:	-	185	-	(332)	(147)
Derivatives - foreign exchange (USD / PLN exchange rate)	-	5	-	(332)	(327)
Derivatives - Copper (CU price)	-	180	-	-	180
Total open derivatives	-	185	-	(332)	(147)

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 2024	from 1 January 2023
	to 31 December 2024	to 31 December 2023
Costs related to the realisation of the hedged item	(331)	(220)
Income / expenses related to the realisation of the hedging instrument	(139)	349
Income related to the valuation of the hedging instrument	77	3
Income from reclassification related to the realisation of the hedging instrument	358	148
Income / expenses from derivative instruments	529	(114)
Total	494	166

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

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Period covered by the financial statements:	1 January 2024 – 31 December 2024	Reporting currency:	Polish zloty (PLN)
Rounding level:	all amounts are expressed in PLN thousand (unless otherwise indicated)		

Statement of comprehensive income	in the period	
	from 1 January 2024	from 1 January 2023
	to 31 December 2024	to 31 December 2023
Impact of hedging transactions (effective portion)	525	(331)
Total	525	(331)

ITEM	in the period	
	2024	2023
As at 1 January	(122)	(178)
Hedging reserve (excluding tax effect) – FX	525	(331)
Tax effect	(100)	63
Hedging reserve (excluding tax effect) – FX – reclassification – settlement from opening balance	331	220
Tax effect	(63)	(42)
Hedging reserve (excluding tax effect) – SWAP – de-designated from hedge accounting	-	180
Tax effect	-	(34)
Hedging reserve (excluding tax effect) – SWAP – de-designated from hedge accounting – settlement from opening balance	(180)	-
Tax effect	34	-
Result on hedge accounting	547	56
Balance as at 31 December	425	(122)

ITEM	in the period	
	2024	2023
As at 1 January	(331)	(220)
Impact of hedging transactions (effective portion)	525	(331)
Reclassification to profit or loss due to the realisation of the hedged item	331	220
Balance as at 31 December	525	(331)

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.

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

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.

The status of forward contracts as of 31 December 2024 is presented in note 6.27 and the table below.

As at 31 December 2024, Apator S.A. held forward and SWAP currency contracts.

ITEM	Flows as at			
	31 December 2024		31 December 2023	
	in currency / tonnes	in PLN at the date of the conclusion of the contract	in currency	in PLN at the date of the conclusion of the contract
Cash flow hedging instruments in USD	3,550	14,004	5,250	21,068
Instruments hedging copper price volatility	-	450	-	1,023

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

ITEM	as at 31 December 2024		as at 31 December 2023	
	in currency	in PLN	in currency	in PLN
Name of the organisational unit:	Apator S.A.		Page 66	
Period covered by the financial statements:	1 January 2024 – 31 December 2024	Reporting currency:	Polish zloty (PLN)	
Rounding level:	all amounts are expressed in PLN thousand (unless otherwise indicated)			

Items in euro (EUR)	2,039	8,719	(3,996)	(17,348)
Trade receivables	2,055	8,784	2,036	8,842
Other receivables	1,343	5,742	-	-
Advances provided for purchase of materials and services	368	1,577	-	-
Cash and cash equivalents	-	-	1	4
Trade liabilities	(1,510)	(6,456)	(1,307)	(5,677)
Advances received for deliveries	(1)	(4)	(6)	(27)
Other liabilities	(216)	(924)	(74)	(319)
Credit	-	-	(4,646)	(20,171)
Items in US dollars (USD)	2,302	9,481	(1,756)	(6,916)
Trade receivables	15	63	20	80
Advances provided for purchase of materials and services	21	87	262	1,042
Cash and cash equivalents	-	-	2	8
Trade liabilities	2,273	9,361	(2,039)	(8,043)
Advances received for deliveries	(7)	(30)	(1)	(3)
Items in Czech crowns (CZK)	-	-	(7)	(1)
Trade liabilities	-	-	(7)	(1)
Items in CNY	125	71	(1,894)	(1,053)
Advances provided for purchase of materials and services	1,114	627	38	25
Trade liabilities	(989)	(556)	(1,902)	(1,061)
Other liabilities	-	-	(30)	(17)

At the reporting date of 31 December 2024, 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 2024
EUR	4.275
USD	4.1178
CNY	0.5616
CZK	0.1698

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 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).

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

ITEM	in the period from 1 January 2024 to 31 December 2024		in the period from 1 January 2023 to 31 December 2023	
	Impact on gross financial result	Direct impact on equity	Impact on gross financial result	Direct impact on equity
EUR / PLN				
+10%	872	-	(1,735)	-
- 10%	(872)	-	1,735	-
USD / PLN				
+10%	948	1,400	(692)	2,107
- 10%	(948)	(1,400)	692	(2,107)
CNY / PLN				
+10%	7	-	(105)	-
- 10%	(7)	-	105	-

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 2024	31 December 2023
Financial instruments with a variable interest rate	(13,329)	(31,355)
Financial assets	12,108	3,298
Loans granted	10,068	-
Cash and cash equivalents	2,040	3,298
Financial liabilities	(25,437)	(34,653)
Credits and loans	(10,649)	(20,171)
Lease liabilities	(14,788)	(14,482)

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 2024 to 31 December 2024	
	Impact on gross financial result	Impact on equity
WIBOR		
+ 100 basis points	(133)	-
- 100 basis points	133	-

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

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.

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

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 2024, one customer – PGE Dystrybucja S.A. - had a receivables balance of more than 10% of the total trade receivables balance (22%).

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 primarily granted to subsidiaries; as at 31 December 2024, a loan had been granted to the subsidiary Apator Powogaz S.A. (see Note 6.10).

Liquidity risk

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

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 the proper coordination of the activities in the financial area, the Financial Committee is established, which is composed mainly of chief accountants and financial directors of individual companies in 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 processes. In addition to the Financial Committee, the Financial Risk Committee is also established, the main goal of which is to support the control mechanisms of uniform financial risk management in 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					TOTAL
		over 6 months	from 6 to 12 months	from 1 to 2 years	from 2 to 5 years	over 5 years	
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
As at 31 December 2023	97,583	87,855	1,593	2,220	4,203	5,483	101,354
Credits and loans	45,408	48,314	-	-	-	-	48,314
Lease liabilities	14,482	1,881	1,560	2,220	4,203	5,483	15,347
Derivative payments	332	299	33	-	-	-	332
Trade liabilities	36,525	36,525	-	-	-	-	36,525
Investment liabilities	794	794	-	-	-	-	794
Other financial liabilities	42	42	-	-	-	-	42

Capital management

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

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.

ITEM	as at	
	31 December 2024	31 December 2023
Net debt	82,657	112,118
Debt	84,697	115,416
Cash and cash equivalents	(2,040)	(3,298)
Equity	425,042	379,336
Equity and net debt	507,699	491,454
Leverage ratio	16.00%	23.00%

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

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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.

6.29. Information about related entities

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

ITEM	for the period	
	from 1 January 2024	from 1 January 2023
	to 31 December 2024	to 31 December 2023
Short-term employee benefits	4,778	4,181
Post-employment benefits	-	650
Termination benefits	-	270
Total benefits for key personnel	4,778	5,101

The following table provides information on the outstanding liabilities as at 31 December 2024 for employee benefits to key personnel.

ITEM	as at	
	31 December 2024	31 December 2023
Payroll liabilities	245	796
Provision for bonuses	1,522	1,267
Employee benefits payable to key personnel	1,767	2,063

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. (Świdnica)
- Apator Metrix S.A. (Tczew)
- Apator GmbH (Berlin, Germany)
- Apator Rector Sp. z o.o. (Zielona Góra)
- Apator Powogaz S.A. (Poznań)
- 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 METRA S.R.O. (Šumperk, Czech Republic) – a subsidiary of Apator Powogaz S.A.
- APATOR Miitors ApS. (Horsens, Denmark) – a subsidiary of Apator Powogaz S.A.
- George Wilson Industries Ltd. (Coventry, United Kingdom) - former subsidiary of Apator Metrix S.A., in liquidation.

b. Members of the Supervisory Board

c. Members of key management personnel (Members of the Management Board and Proxies)

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:

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- Maciej Wyczesany – President of the Management Board (since 1 March 2023)
- Łukasz Zaworski – Member of the Management Board (from 22 November 2023)
- Robert Kowalski – Member of the Management Board (from 19 December 2023 to 14 May 2024)

Other members of the management:

- Małgorzata Mazurek - Chief Accountant, Proxy
- Jolanta Dombrowska - Authorised 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

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.

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ITEM	APATOR GmbH	Apator Metrix S.A.	Apator Mining Sp.z o.o.	Apator Powogaz S.A.	Apator Telemetria Sp.z o.o.	Apator Rector Sp. z o.o.	FAP Pafal S.A.	TOTAL
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
Balance as at 31 December 2023								
Trade receivables	723	-	-	693	78	59	13	1,566
Other assets (advances)	-	528	-	-	-	-	-	528
Trade liabilities	1	1,316	6	-	11	1,146	969	3,449

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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 Telemetria Sp.z o.o.	Apator Rector Sp. z o.o.	FAP Pafal S.A.	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
Cost relating to sales transactions of products and services	37,637	938	-	-	2,496	56	994	191	42,312
Cost relating to sales transactions of goods and materials	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
Interest on granted loans	-	-	-	-	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
Advance dividend payable to Apator Mining Sp. z o.o.	-	-	-	1,080	-	-	-	-	1,080
Transactions from 1 January 2023 to 31 December 2023									
Sales of products and services	48,377	2,827	-	13	6,761	165	1,103	192	59,438
Sales of goods and materials	130	173	-	-	-	2	45	58	408
Cost relating to sales transactions of products and services	47,877	837	-	-	1,937	71	446	180	51,348
Cost relating to sales transactions of goods and materials	99	163	-	-	-	2	31	57	352
Financial revenue from dividend	127	-	-	1,105	5,000	312	-	5,000	11,544
Other revenue	-	53	-	-	21	-	2	-	76
Purchase of products, services, goods and materials	161	101	-	-	1	1,286	4,660	5,129	11,338
Purchase of fixed assets and intangible assets	-	540	-	-	-	-	-	-	540

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Advance dividend payable to Apator Mining Sp. z o.o.	-	-	-	720	-	-	-	-	720
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6.30. Contingent items and other items not included in the statement of financial position

Warranties

As at 31 December 2024, Apator S.A. had active guarantees issued by:

TU Hermes S.A.:

- Under a performance bond in the amount of PLN 6.5 million, up to 22 June 2025;
- Under a warranty for the removal of defects and faults in the amount of PLN 6.1 million, up to 29 June 2029.

ING Bank Śląski S.A.:

- Under a performance bond in the amount of PLN 3.64 million, up to 30 January 2026;
- Under a warranty for the removal of defects and faults in the amount of PLN 1.9 million, up to 17 July 2028;
- For payments under the lease agreements, in the amount of PLN 0.5 million, up to 17 November 2028;
- For the payment of a bid bond in the amount of PLN 17,000 until 13 June 2025.

PZU S.A.:

- Under a guarantee for removal of defects and faults in the amount of PLN 0.4 million, up to 17 January 2028.

KUKE S.A.:

- For a performance bond in the amount of PLN 12,000, up to 15 June 2026.

PKO BP S.A.:

- For a performance bond in the amount of PLN 17 million, up to 24 October 2026;
- For the payment of a bid bond in the amount of PLN 1.3 million, up to 17 April 2025.

Additionally, as at 31 December 2024, Apator S.A. was the beneficiary of payment guarantee for the amount of PLN 4.9 million.

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 2024	from 1 January 2023
	to 31 December 2024	to 31 December 2023
Average employment in full-time positions for the period	882	887
Blue-collar workers	528	579
White-collar workers	354	308
Employment in full-time positions at the end of the period	894	879
Blue-collar workers	516	530
White-collar workers	378	349

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, in 2024, 55 people were employed on a temporary basis.

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. The financial statements for 2023 were audited by PricewaterhouseCoopers Polska Spółka z ograniczoną odpowiedzialnością Audyt sp. k.

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

ITEM	VALUE	
	2024	2023
Audit/review of interim statements	166	100
Audit of annual statements	260	190
Remuneration report audit	15	24
Attestation of the ESG report	225	-
Total remuneration of the auditor	666	314

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.

Factors that will influence results in the coming years are global trends and geopolitical environment conditions. Key risk factors that may negatively impact results in the near term are presented below:

- the tightening of U.S. trade policy towards, among others, the European Union and China, and the expected retaliatory measures by these governments, which may cause disruptions in supply chains for components and raw materials, including rare earth metals. This, in turn, may directly affect major producers of advanced semiconductor systems used in the production of measuring devices. The U.S. administration, under the leadership of Donald Trump, announced increased tariffs on imports from several countries. In response, the European Union announced retaliatory actions, condemning the protectionist moves of the U.S. and declaring the implementation of appropriately adjusted tariffs. The introduction of new trade barriers may cause, in the short term, chaos in international trade, interruptions in supply chains, extended delivery times, increased production costs, and sudden changes in demand structure.

In the longer term, it may be necessary to change suppliers, reorganise logistics, and face a permanent increase in operating costs.

- increasing 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 negative impact of the war in Ukraine and the conflict in the Middle East;
- unstable situation on financial markets, high interest rates and significant fluctuations in exchange rates and raw material prices. The Company strives to minimise financial risks by securing currency positions and commodity price fluctuations, managing working capital, and reducing debt servicing costs;
- inflation, increases in labour costs, unstable prices of energy carriers. In order to mitigate the negative effects of price increases, the Company continuously works on cost optimisation and implements a number of efficiency-improving measures such as production optimisation/automation, improved profitability and dynamic pricing policies;
- climate change and global warming caused by greenhouse gas emissions related to human activity. These changes lead to regulatory and technological shifts, as well as increased reporting obligations imposed on companies. The impact of climate change on a business may include physical deterioration of assets due to extreme weather events, temporary disruptions to business continuity (e.g. energy outages, breakdowns), and deterioration of working conditions due to rising temperatures. The Company has implemented an ESG reporting system where climate-related risks associated with current and future operations have been identified:
 - legal regulations,
 - increasing customer expectations regarding ESG issues.

Following these requirements, the Company is adjusting internal regulations and implementing mechanisms for conscious environmental risk management. The Company aims to increase process automation. Automation serves to streamline manufacturing processes and optimise them in terms of productivity, costs, quality and work safety. When investing in new machines and technologies, each time pro-environmental premises are also taken into account as very important, i.e. reduced consumption of raw materials, minimisation of manufacturing waste (including elimination of hazardous waste), reduced consumption of utilities. Modernisation of manufacturing technology also affects the reduction of environmental inconvenience of implemented processes and supplied products. This involves the consistent optimisation of manufacturing processes and successive replacement of worn-out, less efficient machinery and equipment.

In addition, the high standards implemented in the Company with regard to the efficient use of resources, raw materials and utilities make it possible to minimise the negative impact on the environment, and also translate into improved business efficiency. The Company uses and successively implements new technologies and processes that are optimised in terms of the consumption of raw materials and utilities, as well as the amount of pollution and waste generated. In the preparation of these condensed semi-annual separate financial statements, the Company's Management Board has assessed the impact of these issues on asset and liability values as of the reporting date, including, among others, reviewing

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depreciation rates and factors that may indicate potential impairment of significant assets. No significant adjustments were deemed necessary.

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8. Adjustment of errors in comparative data

In preparing the condensed semi-annual separate financial statements for the first half of 2024 and during the auditor's examination of the semi-annual financial statements, the Company identified errors in the recognition of advances for deliveries of inventories, services, property, plant, and equipment, as well as contract liabilities.

- 1) In the separate financial statements for 2023, advances for inventory supplies were recognised under the balance sheet item "Inventories", while advances for services and tangible fixed assets were recognised under "Other receivables". Due to the incorrect classification of these items, the comparative data for 2023 has been restated by decreasing the inventory value by the advances paid for inventory supplies and decreasing "Other receivables" by the advances paid for services and tangible fixed assets. These advances have been reclassified to "Other short-term assets".
- 2) Liabilities from agreements settled over time were recognised under short-term liabilities. After analysing the related agreements, it was determined that these liabilities should be reported in a separate balance sheet item "Contract liabilities". Consequently, it was decided that the comparative data should be adjusted. The presentation of contract liabilities was changed, moving them to a separate line item. The presentation of contract liabilities in the statement of cash flows for 2023 was also changed.
- 3) Additionally, the balances of VAT receivables and payables were adjusted. The adjustment of VAT settlements reduced the balance sheet total in the separate and consolidated statements for 2023.

The presentation adjustments had no effect on the financial result for the comparative period in the separate financial statements. The implications of the adjustments for the financial statements are presented in the tables below.

Annual separate statements of financial position as at 31 December 2023

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Financial statements item	Value before adjustment	Adjustment No. 1	Adjustment No. 2	Adjustment No. 3	Value after adjustment
		Transfer of advances to other assets	Transfer of contract liabilities to a separate item	VAT balancing	
Fixed assets	336,423	-	-	-	336,423
Current assets	184,556	-	-	(1,077)	183,479
Inventory	111,094	(188)	-	-	110,906
Receivables from taxes, customs duties	1,077	-	-	(1,077)	-
Other short-term receivables	1,657	(1,439)	-	-	218
Other short-term assets	3,294	1,627	-	-	4,921
Other items	67,434	-	-	-	67,434
TOTAL ASSETS	520,979	-	-	(1,077)	519,902
Equity	381,335	-	-	-	381,335
Liabilities	139,644	-	-	(1,077)	138,567
Long-term liabilities and provisions	14,826	-	1,040	-	15,866
Long-term contract liabilities	-	-	1,040	-	1,040
Other items	14,826	-	-	-	14,826
Short-term liabilities and provisions	124,818	-	(1,040)	(1,077)	122,701
Short-term contract liabilities	-	-	1,568	-	1,568
Liabilities from taxes, customs duties and social insurance	7,970	-	-	(1,077)	6,893
Other short-term liabilities	9,852	-	(2,608)	-	7,244
Other items	106,996	-	-	-	106,996
TOTAL LIABILITIES	520,979	-	-	(1,077)	519,902

Annual separate statements of cash flows for 2023

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Financial statements item	Value before adjustment	Adjustment No. 1	Adjustment No. 2	Adjustment No. 3	Value after adjustment
		Transfer of advances to other assets	Transfer of contract liabilities to a separate item	VAT balancing	
Cash from operating activity before changes in working capital	54,981	-	-	-	54,981
Change in inventories	(14,362)	(726)	-	-	(15,088)
Change in receivables	6,148	631	-	38	6,817
Change in other assets	(426)	95	-	-	(331)
Change in liabilities	(7,467)	-	-	(38)	(7,505)
Other items	6,730	-	-	-	6,730
Cash generated in the course of operating activities	45,604	-	-	-	45,604

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9. Events after the balance sheet date

On 1 January 2025, Marcin Dolny joined the key management personnel of Apator S.A. as Chief Financial Officer

On 2 January 2025, assets were sold to the subsidiary Apator Rector Sp. z o.o. The transaction involved tangible and intangible assets as well as contractual relationships related to IT activities in the gas segment (Note 6.6).

On 12 March 2025, an agreement was signed amending the preliminary agreement for the sale of investment property and land in perpetual usufruct, as a result of which the sale date was changed from June to October 2025. Details are set out in Note 6.6.

On 25 March 2025, a resolution was signed by the Management Board of Apator S.A. on the intention to merge FAP Pafal S.A. into Apator S.A. A plan and schedule for the merger were adopted, and the merger date was set for 1 January 2026. This merger aims to simplify the structure of the Apator Group by concentrating manufacturing competencies and strengthening synergies, which will enhance management efficiency and optimise costs. The merger of FAP Pafal S.A.'s assets into Apator S.A.

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10. Signatures

Management Board

2025-04-24

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

2025-04-24

Małgorzata Mazurek

Chief Accountant

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