



Report of the Management Board on the activity of the Apator Group in 2024

Including the Report of the Management Board on the activity of Apator S.A.

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Toruń, 25 April 2025

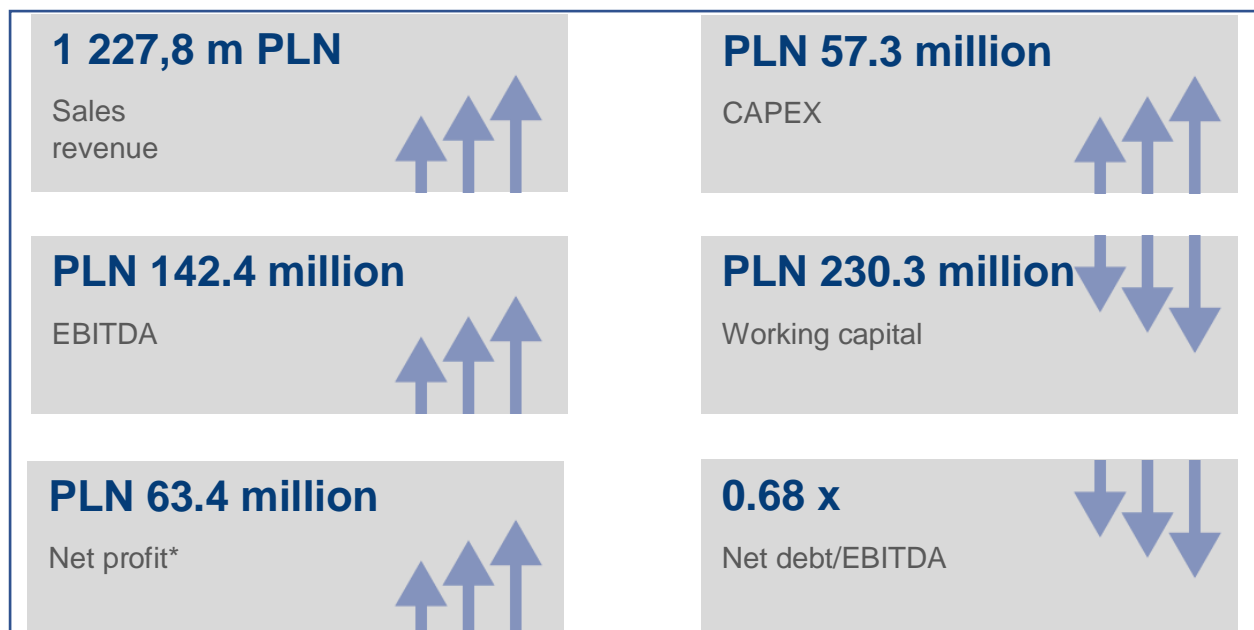


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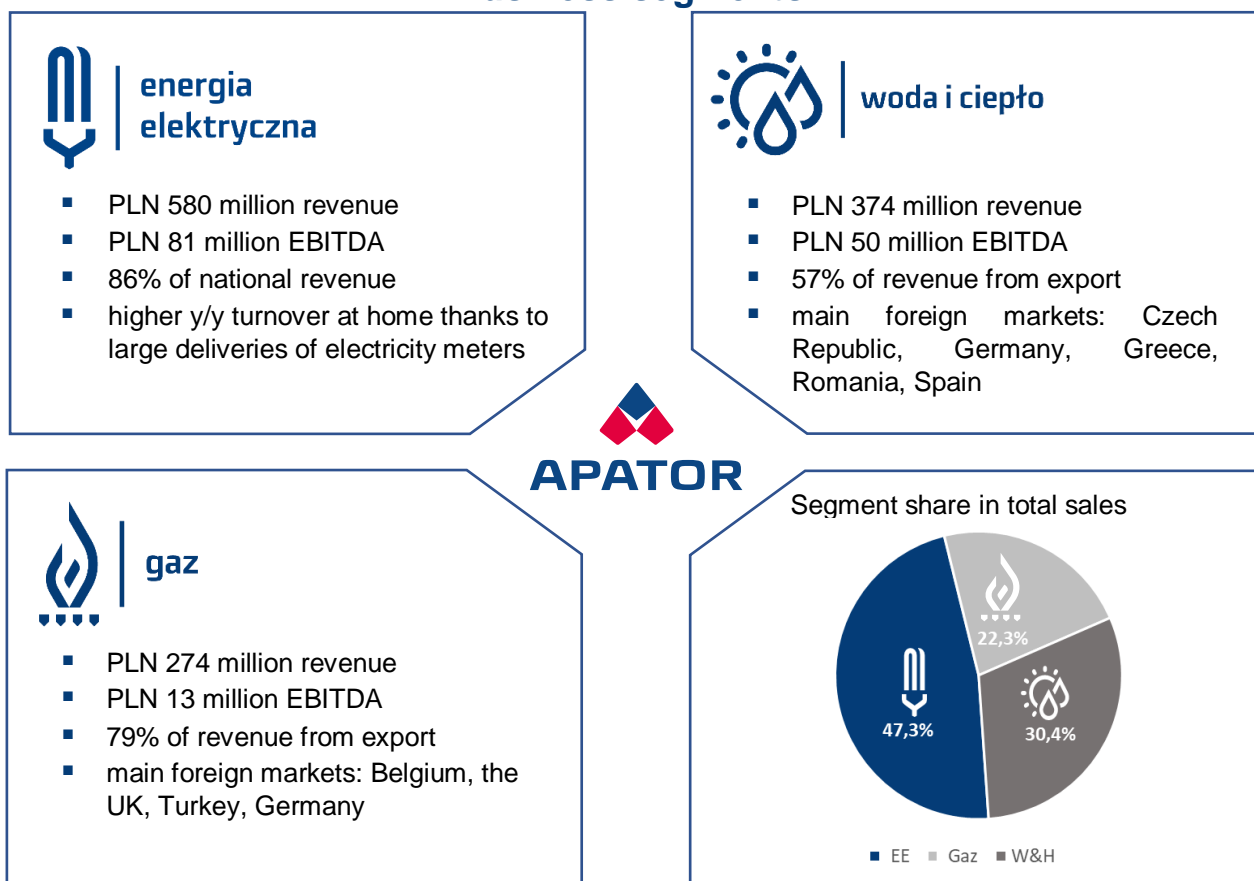
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Name of the organisational unit:	Apator Group		
Period covered by the financial statements:	1 January 2024 – 31 December 2024	Reporting currency:	Polish zloty (PLN)
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Apator Group as of 2024



Business segments



**) Net profit adjusted for the impact of one-off events (derecognition of the negative net asset value of GWi following the loss of control over the company in accordance with IFRS 10 (+PLN 4.3 million) and the adjustment of deferred income tax due to zone relief in Apator SA (+5.5 m PLN)*

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1. Business model and organisation of the group of companies

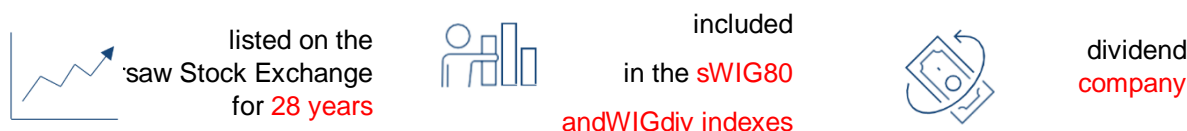
1.1. Organisation of the Apator Group

The Apator Group is an international group of manufacturers and distributors of measuring devices and systems and suppliers of innovative solutions for the automation of power, water and gas networks.



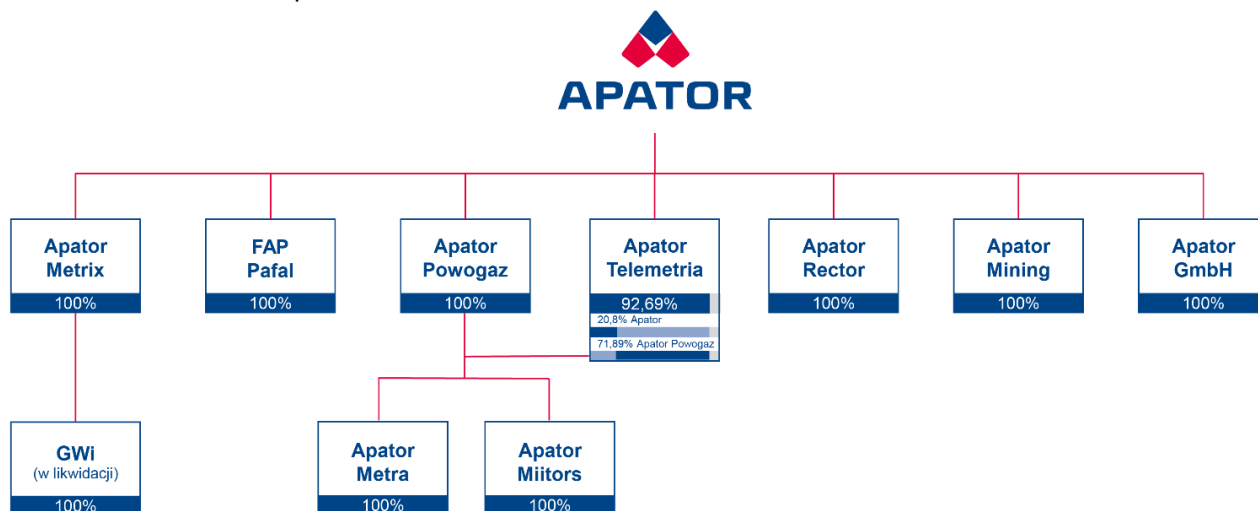
The companies of the Apator Group are part of the electromechanical sector and focus their activity on manufacturing and sales of measuring equipment (electricity meters, gas meters, water meters, and heat meters), control and measurement instruments, distribution and control equipment, IT systems of SCADA class and their supporting telemechanics devices, security and other network devices for distributed systems ensuring the possibility of remote control and supervision of the power grid in the full voltage range, as well as data reading and transmission devices. The Apator Group also implements solutions supporting energy transformation and the development of renewable energy (i.a. automation equipment, RES supervision systems, energy storage systems).

The parent entity of the Apator Group of Companies is Apator S.A. with its registered office in Toruń.



1.2. Composition of the Apator Group and its business segments

The structure of the Group as at 31 December 2024 was as follows:

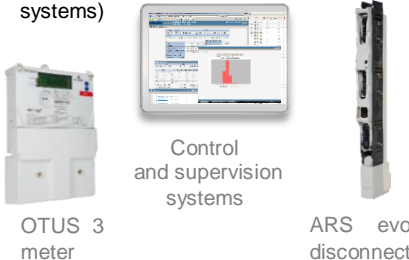




Control over GWi Ltd. has been lost (in accordance with IFRS 10), and as a result, as of 12 April 2024, it is no longer subject to consolidation.

1.3. Business model of the Apator Group

The operation of the Apator Group is organised into three segments:

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Business segments	electricity	gas	water and heat
Business Lines	<ul style="list-style-type: none"> electricity metering switchgear automation ICT 		
Companies forming the Segment	<ul style="list-style-type: none"> Apator S.A. (Toruń) Apator Rector (Zielona Góra) FAP Pafal (Świdnica) Apator GmbH (Germany) 	<ul style="list-style-type: none"> Apator Metrix (Tczew) Apator GmbH (Germany) GWi* (the UK) 	<ul style="list-style-type: none"> Apator Powogaz (Jaryszki) Apator Telemetry (Słupsk) Apator Metra (Czech Republic) Apator Miitors (Denmark)
Solutions	<ul style="list-style-type: none"> Electronic electricity meters (household, residential, industrial, prosumer), including smart class solutions (with remote reading function) Energy distribution devices Control and supervision systems Measurement data management systems Solutions for RES (automation, RES management systems, energy storage systems)  <p>OTUS 3 meter Control and supervision systems ARS eva disconnect</p>	<ul style="list-style-type: none"> Bellows gas meters (domestic, industrial), including smart class solutions (with remote reading function) Remote reading services, a system enabling stopping and resuming gas supply via the GSM network Production of machines for the automation of industrial processes  <p>iSMART 2 gas meter hybridSMART</p>	<ul style="list-style-type: none"> Mechanical water meters (residential, household, industrial), including smart class solutions (with remote reading function) Ultrasonic water meters Heat meter and heat cost allocators Remote reading and utility billing services, systems supporting network infrastructure management  <p>ULTRIMIS W water meter JS Smart + E-ITN allocator</p>
Main customers	<ul style="list-style-type: none"> electricity distribution network operators electricity grid wholesalers, electrical assembly, and electrical installation companies construction, industry and railway companies photovoltaic and wind farms, energy clusters and cooperatives, other RES sector entities 	<ul style="list-style-type: none"> gas companies/gas distributors and gas suppliers 	<ul style="list-style-type: none"> water, sewerage and heating companies housing cooperatives construction industry
Main markets	Poland, Germany, Brazil, Romania, Hungary, Lithuania	Belgium, Poland, United Kingdom, Turkey, Germany	Poland, Czech Republic, Germany, Greece, Romania, Spain, Italy
Sales volume in 2024	PLN 580.2 million	PLN 274.0 million	PLN 373.6 million
Share of exports in revenues in 2024	14.0%	77.0%	57.4%
Number of employees at the end of 2024 (FTEs)	1,062	458	774

* GWi Ltd. is not consolidated as of 12 April 2024.

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1.4. Changes in the organisation of the Apator Group

In 2024, there was a change in the organisation of the Apator Group:

GWi Ltd. in liquidation:

On 5 April 2024, the Management Board of Apator S.A. in the current report mode informed that GWi Ltd. with the registered seat in Coventry in UK (the company of the Gas Segment and 100% subsidiary of Apator Metrix S.A.) intends to terminate its activity as a result of unfavourable development of the situation on the British gas market.

Therefore:

- control over GWi Ltd. has been lost (in accordance with IFRS 10) and, as a result, this company is no longer subject to consolidation as of 12 April 2024;
- following a management procedure of the so-called “pre-pack insolvency strategy”, on 10 June 2024, the so-called administration of GWi Ltd. was announced by the British court, and two co-administrators conducting those proceedings were appointed,
- creditors of GWi Ltd., including Apator Metrix S.A., in accordance with the British law notified their claims against GWi Ltd,
- on 7 January 2025, the co-administrators prepared a report on their actions, including:
 - the sale of the company's assets up to the amount of GBP 600,000 (the final amount depends on the future results achieved by the new owner),
 - the takeover of all the company's employees by the new owner of the sold assets,
 - the allocation of funds obtained from the sale of the company's assets, in accordance with British law, primarily to repay privileged creditors (e.g. tax authorities),
- after completion of the administration proceedings, GWi Ltd. will be liquidated,
- Apator Metrix S.A. (by virtue of being a joint and several debtor) took over the credit of GWi Ltd. in the amount of GBP 4 million from the bank PKO BP S.A. under the Multi-Target Agreement concluded on 26 May 2023. This credit has been repaid by Apator Metrix S.A. .

In connection with the loss of control of GWi Ltd, the assets and liabilities of the entity were excluded from the consolidated financial statements as on the date of loss of control. Accordingly, the negative value of GWi Ltd.'s net assets was derecognised, which had the one-off effect of increasing the consolidated net result by PLN 4.3 million. The derecognised net asset value of GWi includes write-downs on assets recorded in the 2023 report. The detailed settlement is included in item 1.1.4 of the Consolidated Financial Statements (Annual Report RS-2024).

Intention to merge Apator SA with FAP Pafal SA

The Management Board of Apator S.A. informed that as part of the Strategy of the Apator Group, it made the decision about the intention to incorporate FAP Pafal SA (Świdnica) into Apator SA (Toruń). 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 is planned by transferring all assets of FAP Pafal SA to Apator SA as of 2 January 2026.

Due to the fact that Apator SA is the owner of 100% of shares of FAP Pafal SA, the merger will take place under simplified procedure based on Art. 516 sec. 6 of the Code of Commercial Companies, without the increase of the share capital of the Issuer and without the issue of new shares.

The final decision concerning the merger of the companies will be made at the Ordinary General Meeting of Apator SA in 2025.

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1.4.1. Events after the balance sheet date

Establishment of Apator Powogaz Italia Srl (Italy)

On 30 January 2025, the distribution company Apator Powogaz Italia Srl, with its registered office in Padua (Italy), 100% subsidiary of Apator Powogaz SA, was established. The company was established to strengthen Apator's position in the Italian market and develop sales, especially in ultrasonic water meters, due to the ongoing replacement of metering devices in Italy.

Sale of tangible and intangible assets and contractual relationships related to IT activities in the gas segment by Apator S.A. to Apator Rector sp. z o.o.

On 2 January 2025, Apator S.A. sold tangible and intangible assets related to IT solutions for the gas sector to Apator Rector sp. z o.o. for PLN 4 million. 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.

Apator Rector Sp. z o.o. will continue to develop the CSKDP (central measurement data collection system) for PSG sp. z o.o. z o.o. and the production and servicing of cathodic protection devices within its structures.

2. Business strategy

2.1. Mission, vision and goals

In June 2024, Apator published an update of the Apator Group Strategy and defined its new time horizon until 2028. The update and modification of the Strategy took place in response to dynamic changes taking place on the market, as well as to emerging opportunities and challenges related to the transformation of the electricity, water and heat and gas sectors. In previous years, the Apator Group implemented the strategy published in 2018, then revised in October 2022. The profound changes and perturbations that have taken place in recent years and continue to take place in, among other things, supply chains, the competitive structure of the markets, as well as the cost of conducting business, have limited the ability to implement the previous strategy in some of its areas, causing deviations, in particular from the assumed trajectory to reach the EBITDA target. Improving the profitability of the business is now a key area of focus for the future, as addressed in the updated Strategy for 2024–2028, which formally replaced the October 2022 document.

2024–2028 Strategy

The Group maintains its strong position as a European supplier of smart metering equipment and solutions for the management of energy, water and heat and gas distribution networks.

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VISION

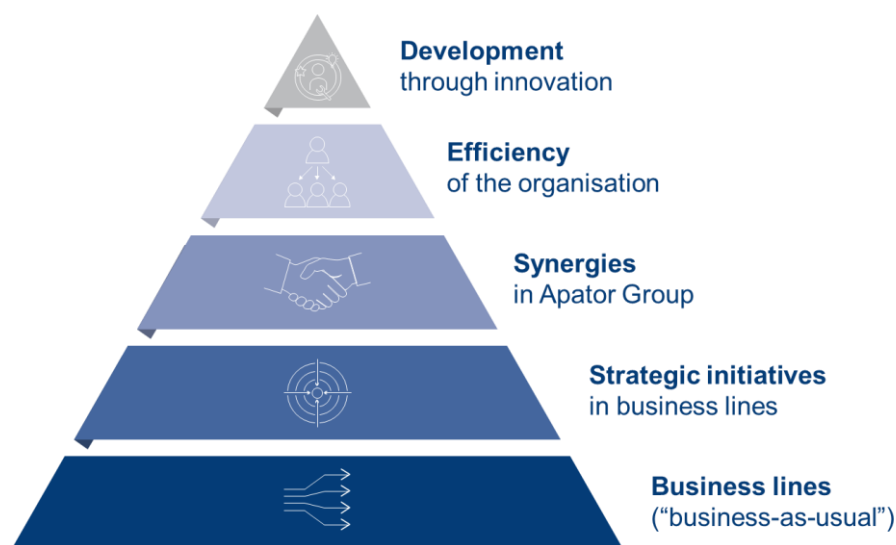
We are the first choice in providing integrated solutions of the future for the energy and water sectors.

MISSION

We create technologies to support customers in the responsible and sustainable management of energy utilities and water.

The foundation on which the Apator Group bases its Strategy are – unique in the CEE region and in the industry – broad technical competences in energy and water utilities management. The Group, as one of the few entities in Europe, has its own specialised R&D and engineering teams, extensive production facilities and marketing, sales and service departments operating with customers in many market segments. Its competences allow it to provide customers with a comprehensive value chain, covering design, construction and manufacturing of products (including manufacturing of key electronic components and software) and their delivery to customers in the form of advanced solutions, systems and services.

The value creation model of the Apator Group is based on five pillars:



1. Development of activities in business lines within existing operations (“business-as-usual”) – continuation of organic growth within existing products for established customers.
2. Strategic initiatives in business lines – development of current product lines in new directions based on existing competences in the organisation, including the use of new sales opportunities.
3. Synergies in the Apator Group – use of the potential for synergies mainly in the areas of sales, production, R&D and administrative processes.
4. Efficiency of the organisation – further integration of group processes, inter alia, in the area of development of current products and creation of comprehensive and integrated solutions, centralisation of key processes and resources (“competence centres”).
5. Development through innovation – actively seeking new directions for the development of the market offering that can support further business growth in the long term.

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The Group identifies the following main strategic opportunities for business development:

- a) Electricity Segment:
 - distributed microgeneration – industrial energy efficiency, IoT control, energy management, renewable energy,
 - large-scale macrogeneration – energy storage systems and grid stabilisation, increasing system flexibility, integrated management systems,
- b) water and Heat segment: water efficiency, service models/billing, generational change to ultrasonic equipment in Europe,
- c) Gas segment: hydrogen and biogas measurement.

Financial objectives for 2028:

1. Revenue from sales	annual growth rate of 8–10%*
2. EBITDA	improvement of 5–6 p.p.*
3. DN/EBITDA	ratio <2.0
4. CAPEX	5–7% of revenue
5. DIVIDEND	up to 75% of profit of Apator SA

* relative to 2023.

The strategy is mainly based on organic growth resulting from the planned strategic initiatives; nevertheless, the Management Board does not exclude M&A to complement competencies and take advantage of market opportunities.

2.2. Realisation of the strategy

The implementation of the strategy takes place in two stages. In the first stage (a period of approx. 2 years), the Group focuses on developing group solutions and implementing organisational initiatives. Their results will be visible in the second stage of the strategy (2026–28) as the achievement of the defined financial targets.

The implementation of the strategy beyond 2024 is as follows:

	2023 r.	2024 r.	
1. Revenue from sales	1 137 m PLN	1 228 m PLN (+8% r/r)	annual growth rate of 8–10%*
2. EBITDA	114 m PLN (10%)	141 m PLN (11,5%)	improvement of 5–6 p.p.*
3. DN/EBITDA	1,48x	0,69x	ratio <2.0
4. CAPEX	36,3 m PLN (3%)	57,3 m PLN (5%)	5–7% of revenue
5. DIVIDEND	0,5 zł (50%)	min. 0,3 zł** (16%)	up to 75% of profit of Apator SA

* in relation to 2023

** in 2024 an advance dividend payment of PLN 0.3 gross per share was made. The decision on the payment of the remaining part of the dividend will be made at the General Meeting of Apator S.A. scheduled for 25 June 2025.

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In 2024, revenues of the Apator Group were higher by 8% y/y, and sales increases were achieved due to dynamically growing turnover in the Electricity and Gas segments. Detailed information on the revenue analysis can be found in item 4.1 of this report. The strategy assumes that by 2028, the Group’s revenue growth drivers will be the Electricity and Water and Heat segments, where – in addition to the development of current products – the Group plans to implement new integrated solutions in the areas of utility and water management and RES, among others. The Group wants to offer value to customers in the form of a one-stop shop for energy transformation needs, optimisation of energy utilities and water consumption, billing and meeting climate targets.

The strategy also aims to significantly improve EBITDA profitability. In 2024, the Group implemented organisational initiatives aimed at streamlining the Group’s operations (including simplifying the Group’s structure and consolidating purchases) and better utilising the production potential of individual companies (production centres), which brought the first results in the form of an improvement in EBITDA and its profitability.

In line with the Management Board’s assumptions, the Group’s capital expenditures will be maintained at the level of 5–7% of the Group’s revenues, and a significant part of the investment funds will be allocated to the development of new technologies and products and investments in maintaining modern production potential. Capital expenditure incurred in 2024 mainly related to research and development expenses, the development of new or implementation of subsequent generations of software solutions, e.g. a remote reading system for water meters and heat meters, and a number of other solutions supporting management and improving the energy efficiency of customers. Information on capital expenditure in 2024 is presented in item 4.2.2 of this report.

Furthermore, Management Board’s objective is to keep the Net Debt to EBITDA (LTM) ratio below 2x. Thanks to the optimisation of working capital and the related reduction in the scale of borrowing, the Apator Group’s net financial debt at the end of 2024 was significantly lower compared to the end of 2023 and at the same time the level of credit utilisation decreased by PLN 77.2 million. Consequently, the net debt ratio/EBITDA LTM at the end of 2024 was at a low level of 0.69x.

3. Business segments of the Apator Group

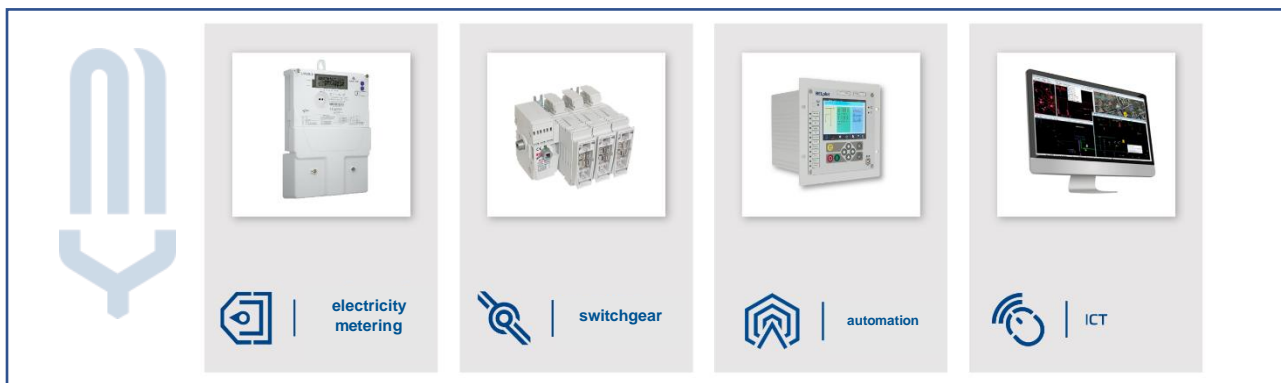
3.1. Electricity segment

Products

The segment focuses on providing a wide range of solutions for power grids. These include metering equipment: from electricity meters (predominantly advanced smart meters) to modern energy management systems. Due to the rapidly changing needs of customers, including comprehensive implementation of the transforming energy sector, solutions are offered to an increasing extent, including not only elements of Apator’s traditional offer (equipment) but also services of integration of various components covering, e.g., energy storage systems, scalable SCADA control systems for clusters and energy efficiency management systems (energy and utilities) along with comprehensive turnkey implementations. The offer of the segment also includes equipment used for electricity distribution and electrical circuit protection against short circuits and overloads. Additionally, the Apator Group provides systems and solutions to support the work of technical services in the field of management, operation and supervision of electricity grids and solutions for effective management of network assets, including network passporting services.

The segment consists of four business lines: electricity metering, switchgear, automation and ICT.

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The Electricity segment in the Apator Group is represented by the following companies: (Toruń), Apator Rector Sp. z o.o. (Zielona Góra), FAP Pafal S.A. (Świdnica) and Apator GmbH (Germany).

Market environment

The main customers of individual segment lines are:

- in the electricity metering line (Apator S.A.), most of the revenue is obtained through winning public tenders announced by DSOs; on foreign markets (mainly EMEA countries); it is a more dispersed group of customers,
- in the switchgear line (Apator S.A.), the largest group of customers are electrical wholesalers, electromechanical and electro-installation companies, which also directly cooperate with Distribution System Operators,
- in the automation line (Apator S.A.), most of the sales revenue is also obtained from the DSOs in the field of remote supervision and control of power grid elements; in the field of control equipment, the group of customers is numerous and dispersed (construction, metallurgy, industry, railway), similarly in the renewable energy segment, the customer base is diverse, and the Apator Group's offering is intended for photovoltaic farms, wind farms or other renewable sources, as well as for local energy management (used in energy clusters and cooperatives).
- ICT line (Apator Rector Sp. z o.o.) deals with the implementation of IT services - dedicated solutions for network enterprises such as DSOs, gas, telecommunications and water supply.

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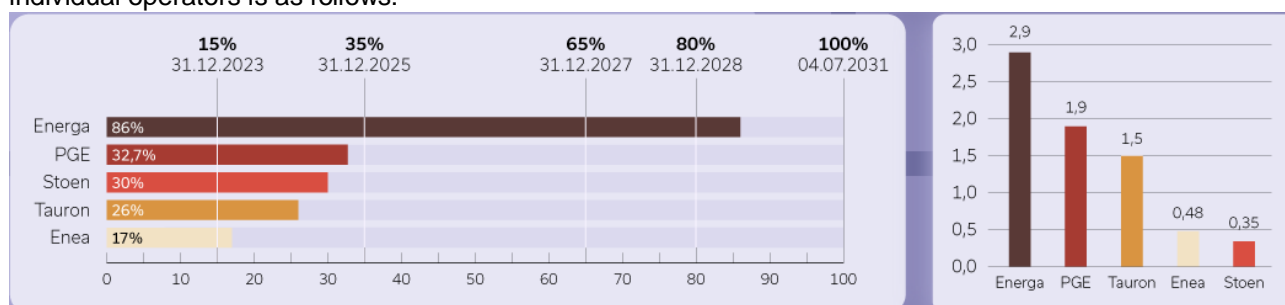
Most of the revenue of the Electricity (EE) segment is generated domestically (86% in 2024). One of the main customers of the electricity segment is Distribution System Operators. In Poland, the leading electricity distributors are: Enea Operator, PGE Dystrybucja, Tauron Dystrybucja, Energa Operator - Orlen Group and Stoen Operator (owned by E.ON).



The European Union's climate and energy policy has a significant impact on shaping the national energy strategy, including its long-term vision of moving towards climate neutrality by 2050. The Energy Policy of Poland until 2040 (PEP2040), adopted in May 2021, introduces a number of important solutions for the functioning of energy market participants. One of the key assumptions of PEP2040 is the implementation of smart electricity metering in Poland.

The share of smart meters will continue to grow as DSOs have started to replace their devices with smart meters, as required by the adopted schedule for the installation of remote reading meters at energy consumption points, which assumes their installation by at least 80% of recipients by 31 December 2028.

As of the end of 2024, the total number of remote reading meters installed in Poland amounted to approx. 7.13 million units. The current level of implementation of the statutory targets for smart meter installation by individual operators is as follows:



Source: wysokienapiecie.pl

By the end of 2025, distribution network operators are expected to reach the second milestone (35%) for the installation of remote reading meters.

The concentration of customers and the commoditisation of products are conducive to strong competition and cause the erosion of margins. The rollout in Poland massively attracts competition from Asia due to the extremely low barriers to entry and the treatment of price as one of the main determinants, which favours Asian suppliers. In addition, some DSOs do not require foreign suppliers to provide a product sample, so technical criteria are not verified in practice during the evaluation of bids and do not constitute a real market advantage. Furthermore, manufacturers are not subject to digital security checks. In view of the growing risk of cyber attacks on energy systems, Apator Group is taking steps to improve cyber security, in particular it strives to introduce to the Polish market a system of verification of suppliers and certification of devices with communication capabilities used in the energy sector. In Poland, foreign suppliers from outside the EU are not sufficiently verified for digital security, also basic precautionary requirements are not applied. Local supply chains and technological sovereignty are not sufficiently protected in the EU. Too little attention is paid to unfair

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competition from countries subsidising their exports. Apator, together with industry organisations, is striving to improve the situation in this respect.

In Poland, 2023 was another year for the development of renewable energy sources (RES). The Polish energy sector is undergoing dynamic changes related to the energy transition. One of the positive long-term changes is the transition from a centralised grid model to a decentralised system.



However, this means that the grid is becoming more unstable, more difficult to manage and more vulnerable to new threats, such as cyber threats. The emergence of many distributed energy sources, such as photovoltaic and wind farms, is forcing new solutions in grid management. Grid development is not keeping pace with the growth of new alternative energy sources. According to an analysis by Forum Energii, in 2024 almost 30% of installed capacity will be based on renewable energy sources

(RES). The installation of a large number of solar energy sources results in changes in power flows, which causes disturbances in the operation of transformers, problems with electrical protection settings, and imbalances in the low voltage (LV) and medium voltage (MV) networks. To meet these challenges, it is necessary to implement smart systems and devices on a large scale to support the functioning of dynamic markets and transactions. An integral part of this development will be energy storage systems, which will enable effective management of energy production and consumption, and will also significantly contribute to the energy independence of entities that choose to adopt them. Energy storage systems can assist in balancing active power by storing surplus energy during periods of low demand and releasing it during peak consumption periods. In addition, they can compensate for reactive power and higher harmonics, helping to improve the quality of supplied energy. In view of the growing problems in the electricity grid, energy clusters, energy cooperatives and self-consumption of locally produced energy will become increasingly important.

Today, the Apator Group is one of the largest suppliers to the Polish market of prosumer bi-directional electricity meters (with and without remote communication capability) used in RES micro-installations, as well as specialised apparatus for connecting and protecting electrical circuits in PV and wind farms. Currently, smart devices already constitute a significant part of Apator's sales. The Apator Group also implemented numerous solutions to manage energy flows in internal systems and grids featuring PV generation and integrating distributed PV energy sources into a modern large-scale power grid. The Group implemented the EKTIN PV system for monitoring and managing photovoltaic sources and the EKTIN WT system for wind farms and continues



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the development of its offer of solutions for RES. As a manufacturer of energy storage devices, the Apator Group

also addresses issues related to grid stabilisation and the efficient use of generated energy. All the above-mentioned devices can be used independently or through integration into one system constituting a comprehensive offer. Such an approach allows the offer to be shaped according to individual customer needs.

The ongoing transformation and digitisation of the Energy & Utilities sector is driving the growth of sales of remote reading and energy management solutions. The high growth rate of the RES sector in Poland is generating interest in the Group's offer of protection, controllers, control and supervision systems designed for photovoltaic farms, wind farms or other renewable sources, as well as those applicable to local energy management (used in energy clusters and cooperatives). There is also a growing number of customers outside the professional energy sector who want to manage all types of energy media efficiently in order to optimise expenditure and offset high energy costs. Market opportunities are emerging for the business lines related to switching equipment, ICT, and control and supervision systems, driven by announcements from DSOs regarding investment outlays for the modernisation of energy infrastructure aimed at improving supply quality and security. These developments are a result of the release of funding under the National Recovery and Resilience Plan, which allocates a significant portion of resources to the green transition - including further development of renewable energy sources, modernisation and expansion of electricity grids, energy efficiency, and energy storage.

Segment financial results

Item	2024 (PLN thousand)	2023 (PLN thousand)	Change y/y (PLN thousand)	Growth rate (%)
Sales revenue, including:	580,199	514,978	65,221	112.7%
<i>domestic</i>	498,860	417,708	81,152	119.4%
<i>export</i>	81,339	97,270	-15,931	83.6%
Cost of goods sold	427,639	400,975	26,664	106.6%
Gross sales result	152,560	114,003	38,557	133.8%
Cost of sales	23,001	18,951	4,050	121.4%
General administrative costs	69,466	61,735	7,731	112.5%
Profit (loss) on sales	60,093	33,317	26,776	180.4%
Change in write-offs on receivables and loans (IFRS 9)	419	-139	558	-
Result on other operating activities	-4,682	920	-5,602	-
Share in profit of entities consolidated using the equity method	0	0	0	0.0%
Profit (loss) on operating activity	55,830	34,098	21,732	163.7%
EBITDA	81,107	60,921	20,186	133.1%
Profitability ratios:				
Gross profit margin on sales	26.3%	22.1%		
Sales profit margin	10.4%	6.5%		
EBITDA margin	14.0%	11.8%		

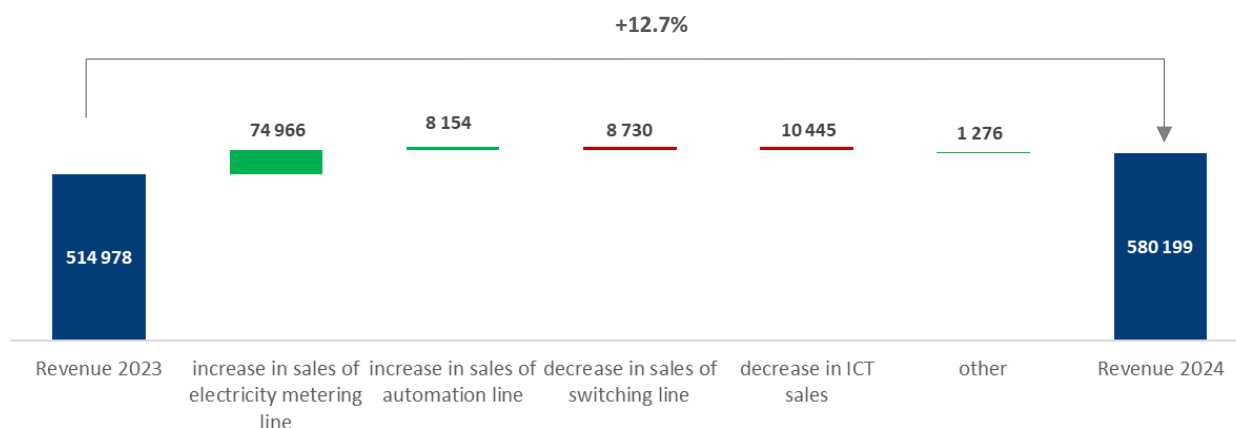
Sales revenue

In the Electricity segment, a marked increase in sales was recorded (12.7% y/y), driven by dynamically growing domestic market turnover (+19.4% y/y). Changes for individual lines were as follows:

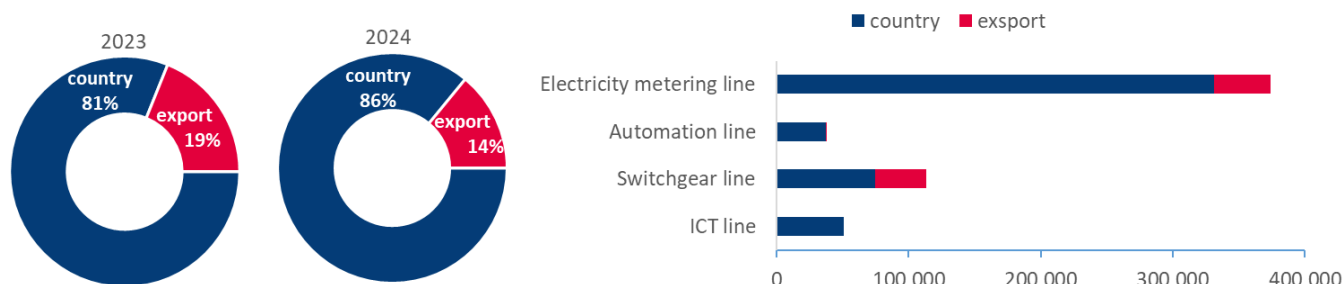
- an increase in domestic sales of meters (the largest business line of the segment) by 31.7% y/y, driven by the execution of Apator's contracts for the supply of meters as part of the ongoing smart metering rollout, and deliveries of solutions in the area of medium-voltage substation balancing and communication with remote-reading meters. Lower exports were related to the y/y drop in meter deliveries to the German market,

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- lower sales results in the Switchgear line (the second largest business line of the segment) providing solutions for the modernisation and expansion of electricity distribution networks. The decline in export sales (-22.6%) was due to increasing price competition and a high base effect from 2023 (stocking up of some markets for fear of expected restrictions on the availability of goods due to the ongoing war in Ukraine). Domestic sales in this line increased (+3.5% y/y) thanks to a visible market rebound in the last quarter of 2024.
- lower turnover in the ICT line (accounting for nearly 9% of the electricity segment's revenue, focused on the sale of software and IT solutions), alongside increased sales in the Automation line (accounting for over 6% of the segment's revenue).

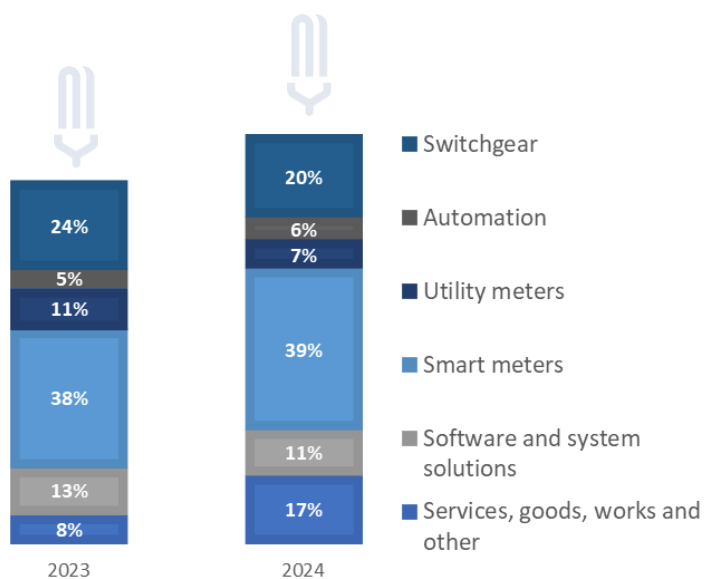


Most (86%) of the segment's sales are realised in Poland. The next key sales market is Germany, where in 2024, following previous increases, a y/y decline in turnover was recorded, resulting from reduced demand and deferred orders from some customers. Exports to other countries within the segment were also lower compared to 2023, primarily due to reduced sales of switching equipment. This was caused by intensified price competition and prior stockpiling by customers, which led to a decline in sales volumes in some of the segment's existing export markets (including Israel and the United Kingdom).



Thanks to the good sales results in the electricity metering line, especially the large deliveries of smart meters their share in the segment's product mix was higher in 2024 than higher than last year. The growth in the services, goods, works and other category is related to the supply of solutions in the area of medium-voltage station balancing and ensuring communication with remote reading meters.

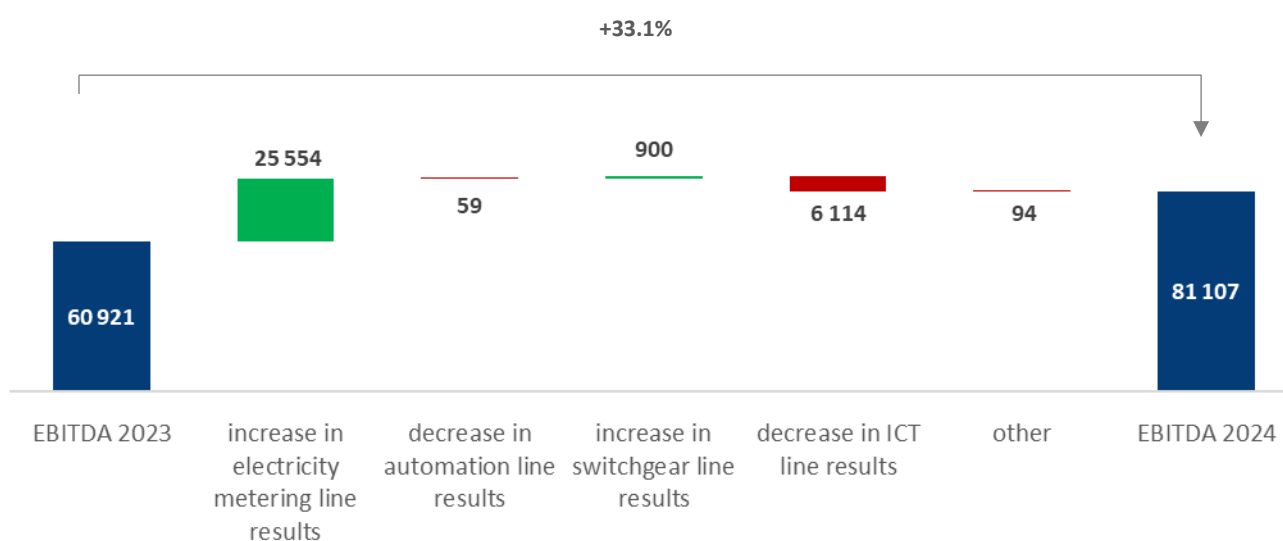
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EBITDA

After a strong performance in 2023, the year 2024 brought further improvement in results. Despite a significantly lower result on other operating activities (by PLN 5.6 million y/y, and by PLN 5.0 million y/y including changes in impairment allowances on receivables and loans) – due mainly to provisions for liabilities and revaluation of fixed assets, partially offset by a positive result on property valuation – the segment's EBITDA increased by over 33% y/y, exceeding PLN 81 million. This was due to a simultaneous significant increase in turnover and improved profitability (EBITDA margin higher y/y by 2.1 percentage points, at 14.0%) as a result of:

- a change in the sales mix to a more favourable one thanks to the addition of new product families to the meter offering, as well as solutions in the area of balancing of medium-voltage substations and ensuring communication with remote reading meters,
- optimisation of the TMC, resulting, among other things, from systematic work in the area of operational efficiency and group purchasing policy (purchasing integration), as well as operating leverage accompanying the increasing scale of operations.



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Prospects

The segment's development prospects in the electricity market depend primarily on the pace of energy transformation. The rapid development and increase in the volume of tasks related to the construction and integration of complex solutions. The Apator Group is adapting its offer, gradually transforming from a supplier of equipment into a provider of comprehensive solutions based on its own technology and technical thought. At the same time, the Group continues to optimise manufacturing costs and improve the efficiency of operations in response to further cost and competitive pressures. Due to the current geopolitical turmoil, the situation regarding components is being continuously monitored, and actions are being adjusted in line with current orders and new sales opportunities arising from ongoing smart meter rollouts in Poland and across Europe.

The main factors affecting the segment's operation in Poland include:

- the focus of EU policy on supporting and shifting European economies towards climate neutrality (The European Green Deal, Blue Deal, Fit for 55 and REPowerEU) is redirecting funding toward
- environmentally sustainable technologies and innovations, increasing demand for green energy, pressure to conserve natural resources and increasing environmental awareness of societies;
- positive effects resulting from the unblocking of funding under the National Recovery and Resilience Facility, which provides for a significant part of the funds to be allocated to the green transition, e.g. to the further development of RES, the modernisation and expansion of electricity grids, energy efficiency, energy storage, the development of the gas distribution system in the provision of alternative gas supply sources and the transformation of the heating sector, among other things. According to the Ministry of Climate and Environment, a total of EUR 28 billion is earmarked for energy and climate-related investments under the Recovery and Resilience Plan (RRP). To date, Polish electricity and gas companies have received record funding for smart grids, telemetry and the development of a zero-carbon economy. In June 2024, dynamic tariffs were allowed in the market and new balancing market rules were introduced that require the use of smart meters for billing in 15-minute periods;
- the digitisation of all sectors of the economy, including the energy sector, related, among others, to the collection and processing of huge amounts of data, as well as the need for high-quality digital security and automation of processes;
- the gradual decentralisation of the energy sector and the growing participation of new market participants: RES power generators and prosumers, which necessitates the need to ensure system balancing with a dynamically increasing share of distributed generation on the part of DSOs, and generates demand for new products and services for RES energy management on the part of business and individual customers;
- increasing demand for energy flexibility (consumption, generation, energy storage systems) caused by reaching a tipping point in the share of unstable RES energy sources;
- new EU regulations aimed at improving the digital security of devices (NIS 2 directive, new cyber security requirements in the RED directive, and the CRA directive);
- the acceleration of regulatory efforts to foster the return of supply chains to Europe, which has been supported by regulations at the EU level (the European Chips Act, the EU's Net-Zero Industry Act – NZIA, and the European Critical Raw Materials Act – CRMA);
- announcements by new members of the European Commission on strengthening Europe's technological sovereignty and protection against cyber threats, backed up by first measures against unfair competition (tariffs on electric vehicles from Asia). A review and revision of the European public procurement directives has been announced to ensure that preference is given to European suppliers in strategic sectors and technologies and that non-price and environmental criteria are given greater weight, as well as strengthening EU regulations on foreign subsidies;
- performance of activities to strengthen the development of power grids and automation mechanisms,
- ensuring a high level of cyber security, to which the Apator Group has been paying attention for years striving to introduce to the Polish market the system of verification and certification of devices with a

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communication ability applied in the power sector, temporary suspension of supplies to high-risk geographical areas (till the moment of establishment of stable verification and certification system)

- the roll-out of meters in Poland - fast pace of meter commoditisation, increased competition due to low entry barriers, no requirements for providing the sample, verification of suppliers in terms of digital security - focus of the Apator Group on specific tenders and solutions with an acceptable margin,
- persistently low prices for measuring equipment as a result of the aggressive and increased competition from Asia,
- the expected increase in interest in advanced distribution network management solutions (as a result of the increasing share of "green energy" in the system),
- further product standardisation of switchgear and its dynamic market development,
- growing demand of distribution companies (from the area of energy, water and gas) for network asset register services and construction of digital network models in the GIS class systems,
- demand for new functionalities and applications in the area of network asset management, the natural development of systems related to the development and changes in business models of DSOs,
- the growing demand of local governments for services and systems for recording and managing network assets; systems of that type are an essential element of the IT infrastructure of the "Smart City", which is currently one of the most promising areas for the implementation of such IT projects.

The prospects for the activity of the Apator Group in the key export markets for the Electricity segment are shaped primarily by:

- development of the offer in the field of electronic meters for foreign markets, in particular, for one of the key markets - Germany,
- accelerating the development of telecommunication technologies in the energy sector,
- development of export markets for switchgear, the conclusion of a partnership with Rittal and cooperation in the production of an innovative fuse switch disconnecter designed by Apator, a product used in Rittal's comprehensive solutions.
- the announced development of smart grids in eastern markets,
- fading demand for induction-type and static meters without communication capability,
- European Parliament's "Clean Energy for All Europeans" package and RePowerEU regulations, acceleration of the EU's independence from fossil fuels and the growing share of energy generated from RES sources in the EU's energy mix,
- implementation of new EU legislation related to cyber security.

The very important element raised by the Group both at domestic and European forums was maintaining technological sovereignty and preventing further dependence of Poland and Europe, for example, in the photovoltaics sector, where over 90% of the equipment comes from Asian producers. An important element will also be the rebuilding of local supply chains, in which equipment components and production materials in some branches of the energy sector imported from Asia already account for several dozen per cent. The rebuilding of *Local Content*, emphasised by Apator, is an important element that should be addressed at the level of national and EU policies.

3.2. Gas segment

Products

The Gas segment specialises in the design and manufacture of gas meters. The product range consists of domestic and industrial bellows gas meters, as well as the latest class of smart gas meters with a remote data reading function. Apator Metrix S.A. (Tczew), is one of the largest manufacturers and suppliers of gas meters in Poland and Europe. Over the course of more than 75 years of operations, the company has manufactured nearly 27.5 million residential gas meters and approximately 520,000 industrial gas meters, which are in use both domestically and abroad. Today, it holds a leading position in the industry in Europe. The company's gas meters are delivered to almost all European countries, as well as to numerous regions around the world. The

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segment sells its products under its own brand, as well as under the OEM (*original equipment manufacturer*) model, i.e. under brands of other manufacturers.

In recent years, the company has expanded its operations by developing the production of machines for industrial process automation. Its modern solutions in the field of robotics and automation help increase production efficiency and meet the growing market demand for advanced technologies.



Market environment

The structure of the gas segment is highly concentrated. On the Polish market, this is mainly due to the dominance of a single group of companies, PGNiG (which includes Apator Metrix S.A.'s main customer, PSG). As in Poland, the customers on export markets are system operators and their subsidiaries.

The gas meter market in Europe is undergoing a transformation – Europe is moving away from traditional gas meters with mechanical counters in favour of smart gas metering. Consequently, in the countries of the European Union, there is a noticeable growing demand for such gas meters. According to the report Smart Metering in Europe – 19th Edition (published in March 2025), by the end of 2023, around 44% of natural gas consumers in the EU-27+3 were equipped with a smart gas meter. The report indicates that the number of natural gas customers with a smart meter will increase to 76.8 million by 2029, corresponding to a penetration rate of approximately 61%.

At the same time, until the outbreak of the war in Ukraine, gas was an important component of the energy mix. The European Union's REPowerEU strategy and Net Zero Industry Act on becoming independent from gas supplies, especially those from Russia, have caused a radical shift in heating sources, particularly in households. The gradual switch of the economy and consumers to other fuels (fuel switching) is visible in EU countries. The industry emphasises that the future of the energy sector is gaseous fuels, which are a mixture of natural gas and renewable gases, including hydrogen and biomethane. Hydrogen remains a key energy medium that will enable both energy supply and storage. Polska Spółka Gazownictwa fits into this narrative with its InGrid Power to Gas project. As part of the research programme, the company has launched trial production of green hydrogen using electricity from a photovoltaic farm (project launched at the PGNiG branch in Odolanów). As the first manufacturer of bellows gas meters in Poland, Apator Metrix SA company can boast a certificate authorising it to sell devices adapted to measure 100% hydrogen. However, due to geopolitical changes and the election of a new President of the United States, the outlook for the segment is not entirely stable at present.

The size and volatility of the gas meter market in Europe are determined by large public tenders and agreements concluded for several years. The Gas segment currently participates in the replacement of appliances with smart meters mainly in Belgium and several European countries. However, the concentration of the market of gas metering equipment suppliers and large public tenders for long-term supplies result in strong competitive pressure and growing price pressure. At the same time, Germany, Spain and Central and Eastern Europe (Turkey, Ukraine) are very important and strategic markets for the Gas Segment.

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Although the segment is dominated by exports (77% in 2024), the Polish market is still a very important sales market with predictable and stable volume potential, where the Group has an established position as one of the market leaders. The main customer in the Polish market is Polska Spółka Gazownictwa Sp. z o.o. (PSG) - the only operator of the gas distribution system in the country. At the end of 2024, PSG launched the eGazomierz project, which envisages the replacement of more than 1.38 million gas meters at Customers classified in tariff group 3. Currently, gas meter readings in tariff group 3 are carried out using a collection system - which requires the physical presence of an employee at the customer's premises to read the meter readings. The tender was announced for Q1 2025 and concerns the implementation of smart gas meters, which will not only streamline processes but also contribute to faster access to measurement data indicating possible failures or other irregularities. As part of the eGazomierz project, work has also begun on upgrading the CSKDP (central measurement data collection system) implemented at PSG to a new version supporting smart gas meter communication, which is being developed by Apator Rector sp. z o.o.

In recent years, Apator Metrix SA has expanded its operations to include robotisation and automation of industrial processes. The growing need to improve production efficiency and reduce costs means that more and more companies are deciding to implement solutions that automate production processes.

Segment financial results

Item	2024 (PLN thousand)	2023 (PLN thousand)	Change y/y (PLN thousand)	Growth rate (%)
Sales revenue, including:	273,952	242,576	31,376	112.9%
<i>domestic</i>	63,028	71,294	-8,266	88.4%
<i>export</i>	210,924	171,282	39,642	123.1%
Cost of goods sold	224,142	213,313	10,829	105.1%
Gross profit from sales	49,810	29,263	20,547	170.2%
Cost of sales	6,366	6,829	-463	93.2%
General administrative costs	29,511	31,279	-1,768	94.3%
Sales profit	13,933	-8,845	22,778	257.5%
Change in write-offs on receivables and loans (IFRS 9)	-775	-1,697	922	45.7%
Result on other operating activities	-10,885	-12,877	1,992	84.5%
Share in profit of entities consolidated using the equity method	0	0	0	0.0%
Operating profit	2,273	-23,419	25,692	109.7%
EBITDA	13,045	-11,151	24,196	217.0%
<i>EBITDA without R&D write-offs and goodwill*</i>	13,045	1,781	11,264	732.5%
Profitability ratios:				
Gross profit margin on sales	18.2%	12.1%		
Profit margin on sales	5.1%	-3.6%		
EBITDA margin	4.8%	-4.6%		
<i>EBITDA margin without R&D write-offs and goodwill*</i>	4.8%	0.7%		

*) EBITDA adjusted for: write-downs of intangible assets and other assets as well as by write-downs of inventory (increasing the cost of sales item) for GWi for 2023.

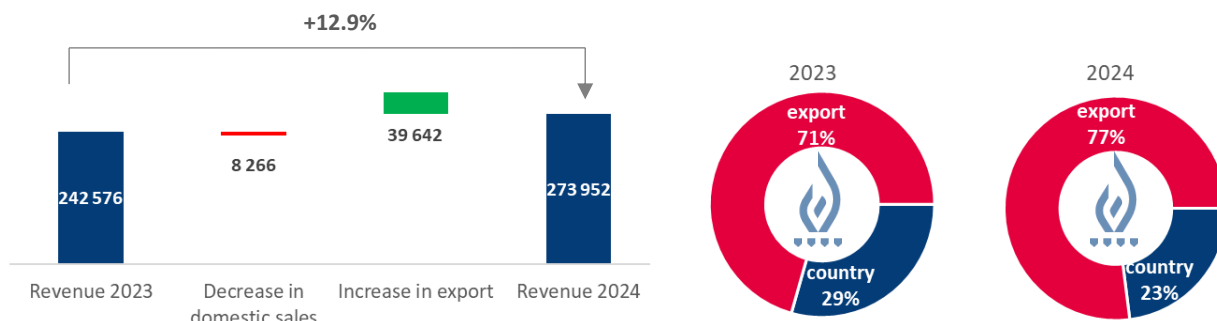
Sales revenue

The segment recorded a 13% increase in sales y/y, thanks to strong export growth (+23% y/y), despite the continuing negative impact of exchange rate fluctuations (strengthening of the PLN against the euro). The significant improvement in foreign markets is primarily due to continuing gas meter deliveries under a contract in the Belgian market. In the domestic market, deliveries are made under a tender from the main gas network operator in Poland. Beyond already signed contracts, new sales in the Gas segment in 2024 continued to be influenced by high uncertainty and anticipation of binding decisions regarding the sector's future. In addition,

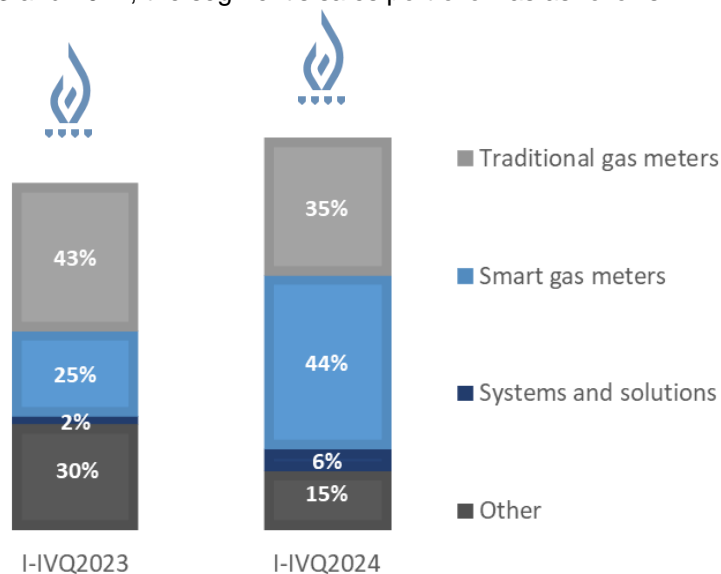
Name of the organisational unit:	Apator Group		
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there was a reduction in sales in the UK market due to the liquidation process of the GWi subsidiary. At the same time, the segment consistently works on sales development and searches for new export opportunities, which has resulted in higher turnover in Ukraine, the Czech Republic, Spain, Lithuania, and Ireland (new market), among other places.

As a result of high export growth, foreign trade accounted for 77% of total turnover in 2024.



In 2023 and 2024, the segment's sales portfolio was as follows:



EBITDA

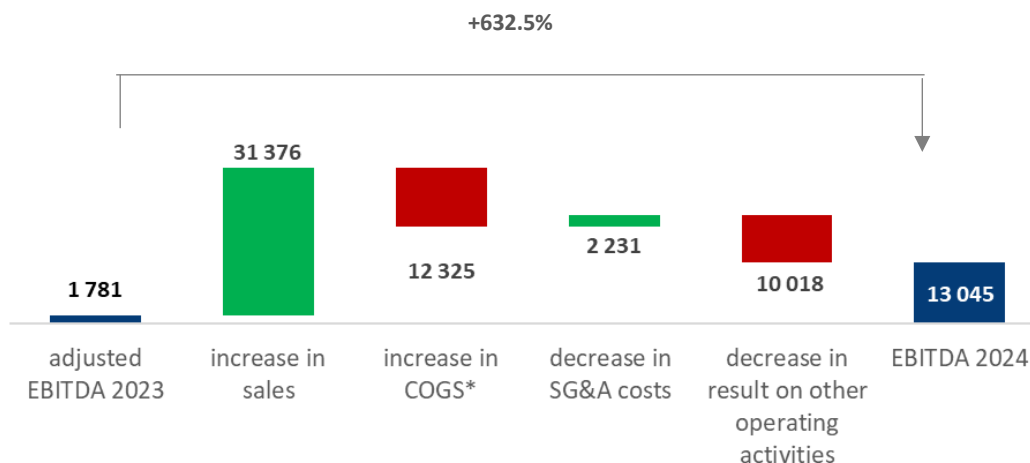
After a less dynamic period in 2023, the segment's EBITDA amounted to PLN 13.0 million (up by PLN 24.2 million y/y), which was influenced by:

- higher turnover (+13% y/y) and consistent work on operational efficiency (lower growth in production costs), despite less favourable exchange rates,
- savings in SG&A costs (by over 6% for sales costs and nearly 6% for general costs) – measures implemented last year allowed resources and costs to be adjusted to the demanding and uncertain situation in the sector,

- loss on other operating activities (PLN -10.8 million in 2024) and the reorganisation ongoing throughout 2024 (manifested, among other things, in the liquidation of the British company GWi) - the segment's situation is now relatively stable, both in terms of turnover and margins, against the backdrop of a demanding and still uncertain market. The negative result on other operating activities of the segment in 2024 is mainly due to

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provisions for liabilities and complaints (partly as a consequence of the situation in the liquidated British company GWi).



*) COGS (cost of goods sold) less depreciation

**) EBITDA adjusted by write-downs

Prospects

The development prospects of the gas metering segment currently depend on geopolitical decisions and the pace of smart metering deployment in Europe and globally. The need to diversify the gas energy mix as part of the EU's energy transition - by replacing natural gas demand with so-called decarbonised and renewable gases - presents, on the one hand, an opportunity for further development of the Gas segment in the field of hydrogen, biomethane, and biogas metering. On the other hand, the continuing uncertainty in the gas segment, driven by structural changes in the gas market, results in significant market volatility and temporary suspension of investments in gas infrastructure, as well as reduced order volumes in some markets. The dynamics of cost inflation (materials, components, remuneration) and the situation in global supply chains will have an equally important impact on the prospects.

The domestic business prospects for the Gas segment are as follows:

- current order portfolio, including: tender for the supply of bellows gas meters for Polska Spółka Gazownictwa Sp. z o.o., for period from March 2024 to March 2026,
- expected increase in orders for smart gas meters in Poland in the following years, acceleration of the deployment of PSG's smart gas meters, as a result of the RRP grant obtained,
- expansion of the software offer for the gas sector,
- introduced under the Regulation of the Minister of Entrepreneurship and Technology (Regulation on the legal metrological control of measuring instruments of 22 March 2019) the possibility of legalising gas meters using the statistical method; however, this method is not popular in Poland yet.

The situation of the Gas segment in the key export markets is mainly shaped by the following factors:

- won roll-out for nearly 1 million smart gas meters in the Belgian market worth approximately EUR 65 million, with the delivery in the period from 2023 to 2031, a significant part of which will be delivered by the end of 2026,
- planned roll-outs of smart gas meters in other European markets: Spain, Germany, Austria, Romania, Slovakia,
- product development plan for specific markets, including supplementing the portfolio with new types of industrial gas meters and an ultrasonic gas meter,

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- ongoing relatively high demand for gas meters with mechanical counters, due to constant delays in the implementation of smart gas meters in some European countries,
- electronic auctions and the consolidation of orders by several customers within a single tender, which negatively affects the level of final prices,
- the need to obtain additional certificates confirming the security of data transmission and the interoperability of gas meters,
- high price competition in markets outside Europe, mainly in the fastest-growing Asian markets.
- the potential costs and risks associated with the liquidation of GWi Ltd, which are difficult to assess at the date of publication of this report. For more information, see item 1.4.1 of this report.

3.3. Water and Heat segment

Products

The Water and Heat segment (W&H) specialises in the manufacture of residential, domestic and industrial water meters (ultrasonic and traditional - mechanical), heat meters and heat cost allocators. It offers services of remote reading, settlement of utility consumption, as well as management of water and heat distribution systems. Apator Powogaz S.A., the leading company in the Water and Heat segment, is one of the largest manufacturers and suppliers of water meters in Poland and Europe. The following companies are included in the Water and Heat segment: Apator Metra s.r.o (Czech Republic), Apator Miitors A/S (Denmark-R&D) and Apator Telemetry Sp. z o.o. (Słupsk, Gdańsk-R&D).



Market environment

The Water and Heat segment, unlike the other segments, delivers products and services to a large, dispersed group of customers. Most often, the customer market is divided into two profiles: professional (water mains) and residential (cooperatives, distributors, wholesalers), to which separate product lines are sold. The sales model in the Water & Heat segment, quite different from that of the electricity and gas segments, is based mainly on an active search for customers worldwide and building relationships with them, which requires a correspondingly larger sales force, a wider range of products with adequate information material, an extensive service network and adequate technical support that is able to implement the modifications expected by the customers, according to the requirements of the given operating area. The industry is characterised by a fairly flexible product specification and a customised approach to customer requirements. Some of the legal requirements governing water and heat metering, as well as trends and new technologies, depend on the specific demands of each market. Approximately 60% of the segment's revenue is generated in foreign markets, with the remainder of the sales realised domestically.

In the residential segment, the number of installed water meters is influenced by the construction market conditions. In 2024, based on Statistics Poland data, 200 thousand flats were put into use in Poland, i.e., approximately 10% less than the year before. There were also fewer new building permits. The most frequently installed devices in newly constructed buildings are water meters with remote reading, and the water meter with a radio module is the most popular type. Also in the old type of houses, *smart* water meters play a more

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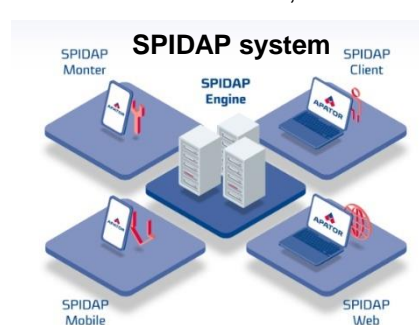
and more important role, replacing the old-generation products without the possibility of remote reading, which has also been accelerated by the Act on energy efficiency, which makes the installation of remote reading devices mandatory by 2027.

The global demand for water metering services is growing with unprecedented dynamics. Rapidly growing population, the industrialisation of developing countries, diverse and often inconsistent legislation related to the protection of the environment, including drinking water resources, are the reasons for the dramatic speeding up of global water consumption and the exploitation of natural sources. Those factors are accelerating the development of the smart water management market to optimise water consumption and provide more and more accurate measurement methods. Therefore, the industry is undergoing intensive development of comprehensive systems for handling and effective data delivery using modern IoT communication technologies. Increased consumer awareness, both individual and manufacturing (industrial) entities that use smart metering solutions, is resulting in greater interest in economical and rational water management. Water losses from pipelines during distribution are very high; therefore, manual measurement and water balancing are no longer sufficient given the steadily increasing tariffs for drinking water and sewage. Metering systems should additionally signal leaks and other disturbances in the network and have remotely controlled valves to cut off water supply or limit consumption on demand.

One of the products that the W&H segment is intensively implementing on the market and constantly developing are ultrasonic water meters with a wide range of remote communication options (including (e.g. LoRaWAN). Ultrasonic water meters have stable metrological parameters, longer operation time, remote reading capabilities and advanced functions/ Current solutions provide static water measurement without moving parts, improved network balancing, and leak detection, ensuring durability of over 10 years, resistance to weather conditions, and a compact size. However, due to the widespread adoption of ultrasonic technology and increasingly aggressive competition, especially in foreign markets, pricing is becoming a key factor. Therefore, it is necessary to continue maintaining cost control in manufacturing while simultaneously expanding the range of ultrasonic products, not only for industrial diameters, alternative communication (NB-IoT), but



Ultrasonic water meters Ultrimis W offered by Apator Powogaz



also ensuring full compatibility of ultrasonic water meters with remote reading services, billing systems, and on-demand data delivery. The Group is introducing a new sales model based on installment or subscription plans covering equipment sales, reading services, and settlements, with the possibility of data sharing via the SPIDAP system. SPIDAP is a multifunctional, universal reading system for water meters, heat meters, and heating cost allocators, featuring an open architecture that allows implementation of various functionalities according to Customer needs.

The water metering market still has significant potential thanks to a number of EU initiatives and government support, both in European countries (e.g. Italy, Spain, Germany) and in African countries (e.g. Namibia), where national investments in water metering are beginning.

In response to sales opportunities, the Group established Apator Powogaz Italia, which was created to strengthen its position on the Italian market and develop sales, particularly in the field of ultrasonic water meters. It is also changing its sales strategy on the German market and shifting its sales model towards geographical regionalisation of sales hubs, taking into account all companies in the Water and Heat Segment.

However, despite the surge in demand for ultrasonic water meters and new, increasingly sophisticated, solutions in line with global trends, mechanical water meters will not disappear from manufacturers' offer in the

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coming years. This is due to the significant price difference between the two solutions, the cost of water in a given country, the existing infrastructure closely related to the old type of housing, as well as the needs of the target customer in terms of expectations regarding the accuracy of a water meter (its class). Also foreign markets, in terms of the development of their water supply and heating networks, have different needs for products of certain classes.

There is also an upward trend on the heat metering market. This is due to the increase in heating costs, greater awareness of users, as well as legislative changes introducing mandatory heat metering. As in the case of water meters, in the heating sector, there is a great interest in remote reading systems and ultrasonic technology, which contributes to an intensive increase in competitiveness and affects the level of offered prices. Demand for water meters, heat meters and smart cost allocators in Poland is additionally driven by the Act amending the Energy Efficiency Act, which obliges owners or managers of multi-unit buildings to install, by 1 January 2027, heat meters, water meters and heat allocators with remote reading.

The W&H segment, based on market analyses and tracking global trends and regardless of the introduced legislative changes, constantly adapts its offer to the currently required solutions, thanks to which it increases its share in the sale of smart devices every year.

Segment financial results

Item	2024 (PLN thousand)	2023 (PLN thousand)	Change y/y (PLN thousand)	Growth rate (%)
Sales revenue, including:	373,648	379,620	-5,972	98.4%
<i>domestic</i>	159,176	151,511	7,665	105.1%
<i>export</i>	214,472	228,109	-13,637	94.0%
Cost of goods sold	261,284	267,058	-5,774	97.8%
Gross profit from sales	112,364	112,562	-198	99.8%
Cost of sales	18,742	18,851	-109	99.4%
General administrative costs	61,225	55,846	5,379	109.6%
Sales profit	32,397	37,865	-5,468	85.6%
Change in write-offs on receivables and loans (IFRS 9)	76	-296	372	-25.7%
Result on other operating activities	-3,612	-3,018	-594	119.7%
Share in profit of entities consolidated using the equity method	0	0	0	0.0%
Operating profit	28,861	34,551	-5,690	83.5%
EBITDA	50,124	51,874	-1,750	96.6%
Profitability ratios:				
Gross profit margin on sales	30.1%	29.7%		
Profit margin on sales	8.7%	10.0%		
EBITDA margin	13.4%	13.7%		

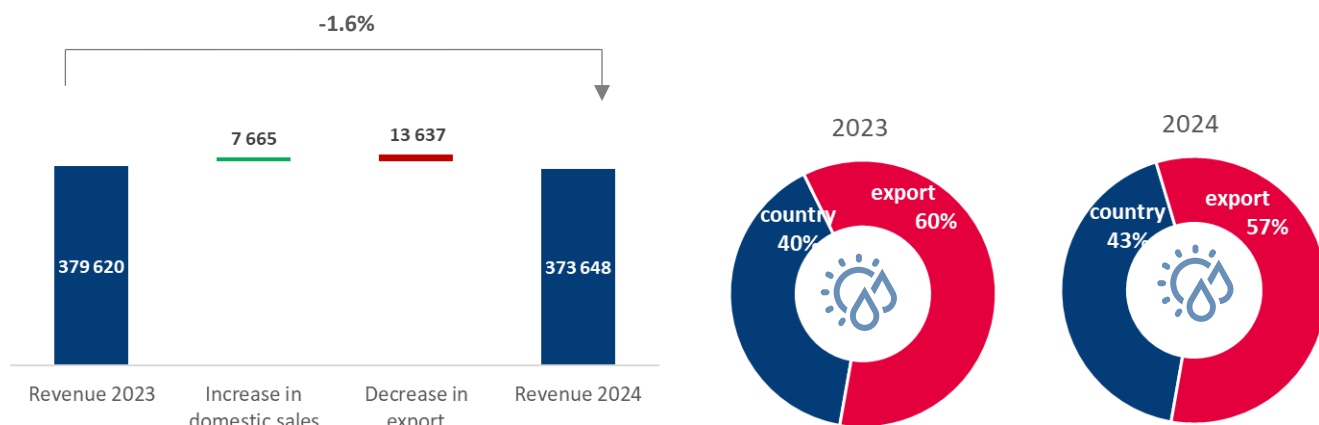
Sales revenue

In 2024, the segment achieved comparable y/y revenues (a decline in exports was partially offset by higher domestic sales). The segment's lower foreign sales are due, among other things, to the unfavourable impact of the strong PLN (nearly 60% of revenues come from exports), shifts in the schedules of planned investments at customers and temporary difficulties in the availability of certain components.

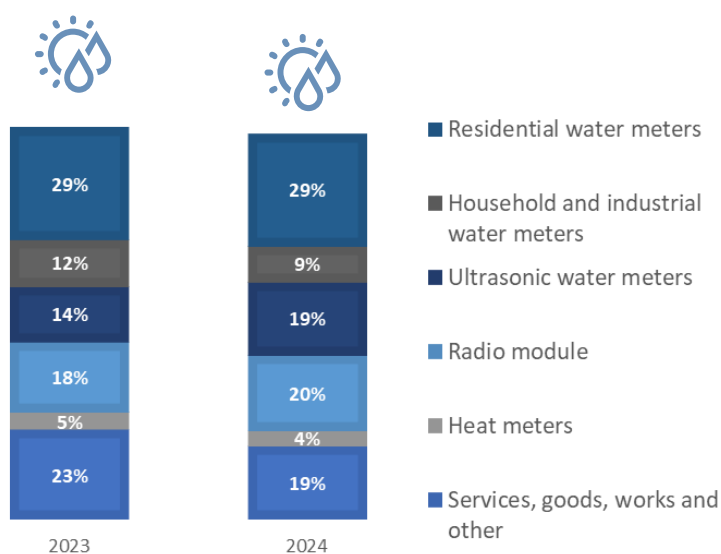
Nevertheless, higher sales (domestic and exports) were recorded primarily in the ultrasonic water meters and remote access devices. A noticeable decline in turnover affected the heat metering market (the scale of replacement of this type of equipment, for example in the Spanish market, was significantly lower compared to 2023). Thanks to a dispersed and diverse customer base, lower y/y turnover in some of the segment's

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existing export markets (e.g. Eastern markets) is increasingly offset by higher sales in other countries, resulting in revenue growth in Italy, Norway, Bulgaria and the German market, among others.



In the product mix, residential water meters and radio modules still have the largest share in sales. In 2024, the importance (and consequently the share in total revenue) of ultrasonic water meters sold mainly for export increased.



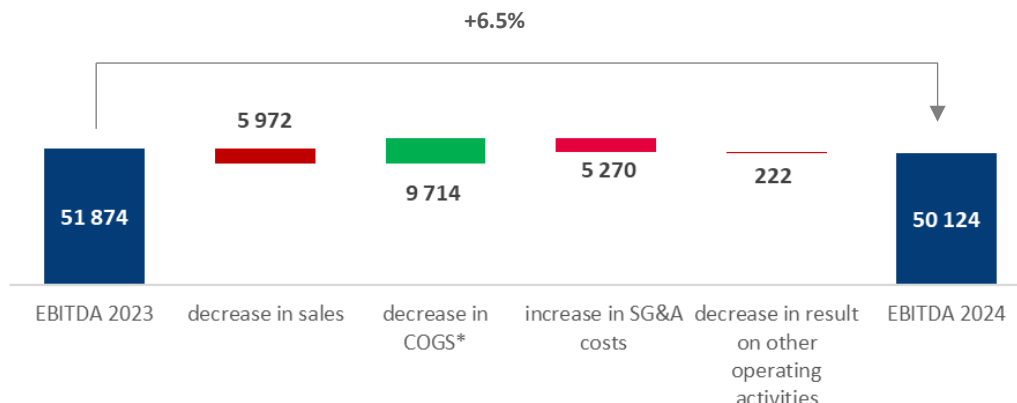
EBITDA

In 2024, the segment's EBITDA amounted to PLN 50.1 million and was thus slightly lower compared to the result for 2023:

- year-on-year increase in gross sales margin with higher profitability (cumulative margin above 30%) at a comparable level of turnover, despite less favourable exchange rates (high share of exports),
- higher SG&A costs due to cost inflation (services and wages),
- negative (and worse compared to 2023) result on other operating activities, mainly due to provisions for development projects.

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Notwithstanding the above factors, thanks to the high diversification of customers, the segment's margins in 2024 shaped at a high level, the highest among the Apator Group segments.



*) COGS (cost of goods sold) less depreciation

Prospects

The prospects for Water and Heat are very good, and the Apator Group has high expectations for this part of the business, related to, among other things, favourable market trends and readiness to provide customers with advanced solutions, both in existing markets and in new areas and geographical directions. The Water and Heat segment is finalising development work on a full line of Ultrimis water meters and is consistently changing its product mix – sales of ultrasonic meters and remote communication devices are growing. At the same time, the dynamics of cost inflation (materials, components, remuneration) and the situation in global supply chains will have an equally important impact on the prospects.

Prospects affecting the operation of the Water & Heat segment in Poland are as follows:

- high demand for smart class solutions due to the introduced amendment to the Energy Efficiency Act imposing on owners or management of multi-unit buildings the obligation to install, by 1 January 2027, heat meters, water meters and heat allocators with remote reading,
- development of a full offer for the construction of reading networks and the provision of remote reading services for water and heat - introduction of the end-to-end concept, i.e. a comprehensive service for end customers,
- introduction of new overlays for industrial water meters - the potential to increase the presence in the water supply market,
- development of the billing services market,
- noticeable weaker financial condition of local governments and housing cooperatives as a result of persistently high inflation, which accelerated again after energy, gas, and heat prices were deregulated at the end of Q2 2024, especially in the energy utilities, affecting reduced demand for new metering solutions (particularly in the area of water and sewerage and district heating). The industry is looking forward to the distribution of funds under the RRP, as well as the greater marketisation of energy and the willingness to embrace new technologies;
- growing importance of the need to save water resources and the development of devices related to the precise metering and rational management of that precious resource - an important opportunity for the growth of sales of ultrasonic water meters,
- refining and expanding the offer of ultrasonic flow meters,
- economic situation in construction.

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The situation of the Water & Heat segment on export markets is shaped by the following factors:

- expected increase in sales to European Union countries by expanding the customer base and the product portfolio,
- development of exports on the Western European markets as one of the key strategic directions of the segment,
- searching for new sales directions outside the EU due to the need to replace suspended sales to eastern markets as a result of the war (Russia, Belarus, Ukraine),
- upward trend in the heat metering market - the introduction of mandatory heat metering by the EU,
- increasing demand for ultrasonic water meters, with an increasing focus on LoRaWAN and NB-IoT communication,
- growing interest in smart technology for both water and heat meters,
- growing demand for remote control systems, leakage location and autonomous water loss (leakage) reduction systems,
- government subsidies for local water protection projects for regions with water shortages (Spain, Italy, Greece),
- aid programmes of the EU and the World Bank for African countries to improve access to drinking water.

4. Consolidated results of the Apator Group

4.1. Analysis of financial performance

In 2024, the financial result of the Apator Group achieved the following financial results:

Item	2024	2023	Change	Growth rate
Sales revenue, including:	1 227 779	1 137 174	90,625	108.0%
<i>domestic</i>	721,064	640,513	80,551	112.6%
<i>export</i>	506,735	496,661	10,074	102.0%
Cost of goods sold	913,065	881,346	31,719	103.6%
Gross profit from sales	314,734	255,828	58,906	123.0%
Cost of sales	48,381	44,903	3,478	107.7%
General administrative costs	162,894	153,655	9,239	106.0%
Sales profit	103,459	57,270	46,189	180.7%
Change in write-offs on receivables	-280	-2,132	1,852	-
Result on other operating activities	-18,045	-14,975	-3,070	-
Share in profit of entities consolidated using the equity method	0	0	0	-
Operating profit	85,134	40,163	44,971	212.0%
EBITDA	142,446	96,577	45,869	147.5%
<i>EBITDA adjusted by the impact of one-off events*</i>	<i>142,446</i>	<i>114,094</i>	<i>28,352</i>	<i>124.8%</i>
Result on financial activities	-7,599	-12,619	5,020	-
Profit before tax	81,818	27,544	54,274	297.0%
Current income tax	-12,719	-7,326	-5,393	-
Deferred income tax	4,115	-11,714	15,829	-
Net profit	73,214	8,504	64,710	860.9%
<i>Net profit adjusted by the impact of one-off events*</i>	<i>63,431</i>	<i>35,866</i>	<i>27,565</i>	<i>176.9%</i>
Profitability ratios:				
Gross profit margin on sales	25.6%	22.5%		
Profit margin on sales	8.4%	5.0%		
EBITDA profit margin*	11.6%	10.0%		
Net profit margin*	5.2%	3.2%		

**) In 2023, EBITDA, adjusted by write-downs of intangible assets and other assets (PLN -12.9 million) as well as by write-downs of inventory (increasing the cost of sales item, PLN -4.6 million), net profit in 2023 additionally adjusted for the write-down of an asset caused by a tax loss related to GWi (PLN -9.8 million). Net profit for 2024 adjusted by deferred tax due to the zone tax credit at Apator SA (PLN*

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5.5 million) and the derecognised negative value of GWi's net assets (due to the loss of control over the company within the meaning of IFRS 10; PLN 4.3 million). The derecognised net asset value of GWi includes write-downs on assets recorded in the 2023 report.

Key performance drivers in 2024:

- very good results in the Electricity segment thanks to the utilisation of sales opportunities and work on operational efficiency, resulting in improved profitability at all levels;
- stabilisation in the Gas segment (with an improvement year-on-year) due to the recovery of sales volumes and consistent cost control in a continuously uncertain political and economic environment;
- maintenance of good results in Water and Heat, and traditionally the highest margins among the segments due to work on operational efficiency. Comparable y/y gross margin despite the adverse impact of the strong PLN on the translation of export revenues;
- consistent work on cost efficiency in all areas of the Group's operations in response to persistently high inflation (among others, strong upward pressure on the cost of services, including subcontracting and co-operation, and wage increases);
- lower year-on-year result on other operating activities due to provisions for liabilities (mostly in the Gas segment), write-offs for development projects, intangible assets and fixed assets;
- an improvement in the financial result driven by lower debt servicing costs (resulting from the continued reduction of debt used to finance the optimised NWC).
- the one-off factor (with a positive impact on the net result 2024 of PLN 4.3 million) related to the derecognition of the negative value of net assets belonging to the UK company GWi (due to the loss of control of the company under IFRS 10);
- the one-off impact of the creation of deferred income tax (increasing the 2024 net result by 5,5 million PLN) related to the zone tax credit at Apator SA.

Sales revenue

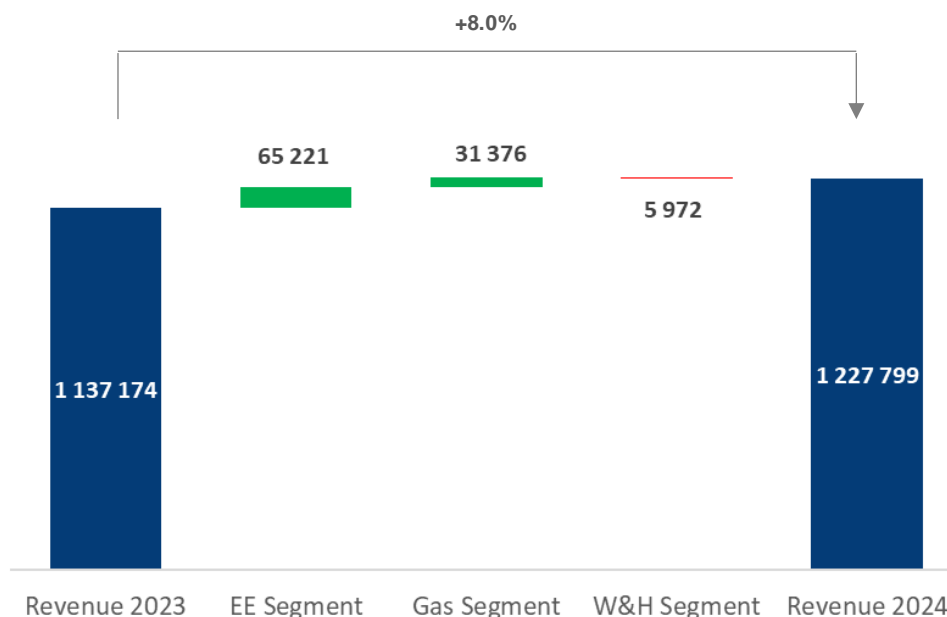
The Apator Group generated revenues higher by 8.0% y/y, and the total annual turnover exceeded PLN 1.2 billion (PLN 1,227.8 million). Sales increased in the Electricity and Gas segments, while turnover in the Water and Heat segment remained at a similar level y/y. Considering the directions of sales, domestic sales performed significantly better, growing at a double-digit rate, while the Group's exports increased relatively slightly (by 2% y/y).

A detailed description of the sales of individual segments is included in part 3 of this report.

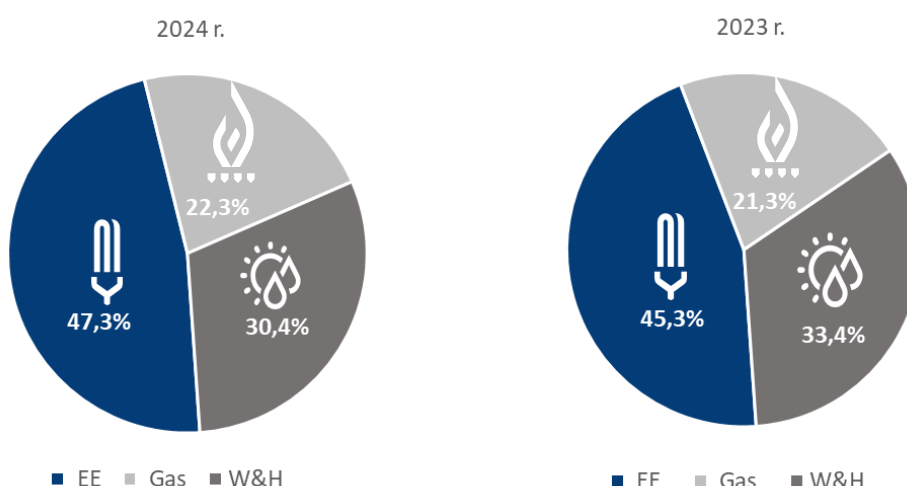
Item	2024 (PLN thousand)	2023 (PLN thousand)	Change y/y (PLN thousand)	Growth rate (%)
Electricity (EE) segment	580,199	514,978	65,221	112.7%
<i>domestic</i>	498,860	417,708	81,152	119.4%
<i>export</i>	81,339	97,270	-15,931	83.6%
<i>share of exports in segment revenue</i>	14.0%	18.9%		
<i>share of exports of the Gas segment Electricity (EE) segment in total sales revenue</i>	6.6%	8.6%		
Gas segment	273,952	242,576	31,376	112.9%
<i>domestic</i>	63,028	71,294	-8,266	88.4%
<i>export</i>	210,924	171,282	39,642	123.1%
<i>share of exports in segment revenue</i>	77.0%	70.6%		
<i>share of exports of the Gas segment in total sales revenue</i>	17.2%	15.1%		
Water and Heat (W&H) segment	373,648	379,620	-5,972	98.4%
<i>domestic</i>	159,176	151,511	7,665	105.1%
<i>export</i>	214,472	228,109	-13,637	94.0%
<i>share of exports in segment revenue</i>	57.4%	60.1%		

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<i>share of exports of the Gas segment W&H segment in total sales revenue</i>		17.5%	20.1%		
Total sales revenue		1 227 799	1 137 174	90,625	108.0%
	<i>domestic</i>	721,064	640,513	80,551	112.6%
	<i>export</i>	506,735	496,661	10,074	102.0%
	<i>share of total exports in total revenue</i>	41.3%	43.7%		



Although in 2024 the Electric Power and Gas segments increased their shares in the Apator Group's sales structure, in terms of absolute turnover, Electric Power and Water and Heat remained in the top two positions, accounting for nearly 78% of the total turnover of the Group of Companies.

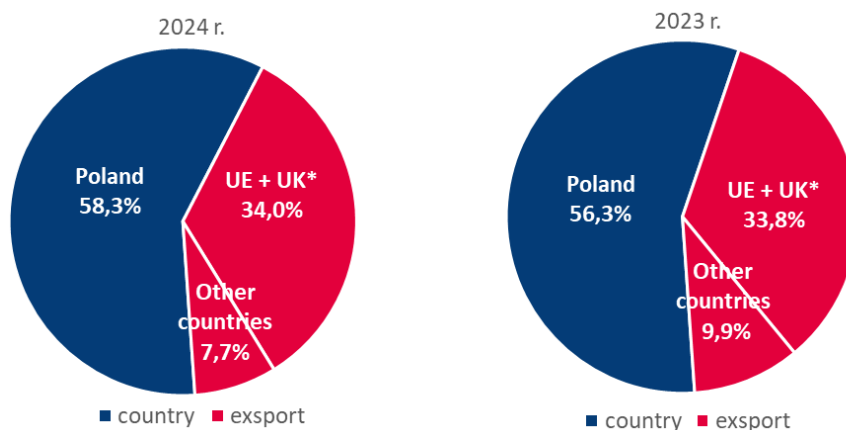


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Geographical sales structure

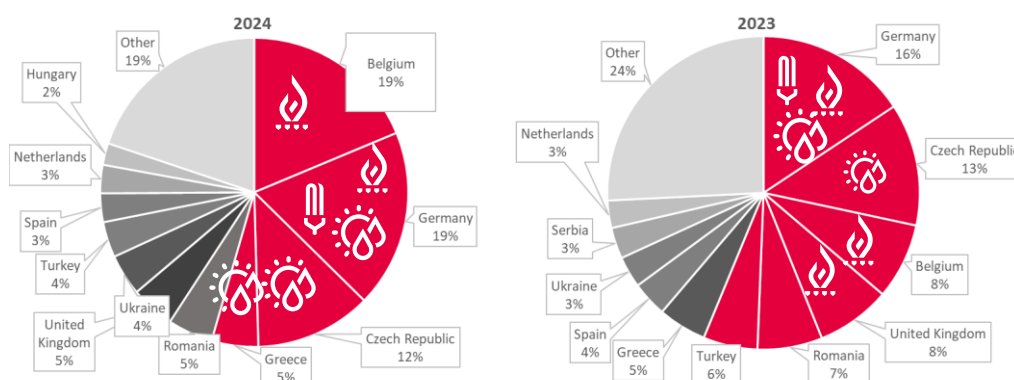
As a consequence of the high dynamics of domestic turnover, the geographic sales structure of the Apator Group changed in favour of the domestic market in 2024. Its share in the total revenue of the Group of Companies was 2.4% higher compared to 2023. Nevertheless, the sales structure of the Group remains balanced and the revenues generated in Poland and in export still represent a comparable share in sales. This ensures stable diversification of operations and greater predictability of future sales results regardless of changes in the respective sales markets.

**EU + the UK = European Union including the United Kingdom*



The main sales market for the Apator Group is Poland. The European Union (with the largest shares of the following markets: Belgian, German, Czech, Greek, Romanian, Spanish) and UK remain on the second place among the Group's trade directions. In the Group's sales structure after 2024 (compared to 2023), the Belgian market took the top spot among export destinations, recording by far the largest increase in its share of the Group's total exports (by 11 percentage points y/y, to 19% in 2024). The surge in turnover in Belgium is related to ongoing deliveries under a Gas segment contract initiated at the end of 2023. Among export destinations, the importance of the German market also increased (share in the Group's total exports after 2024 at 19%, compared to 16% a year earlier), which in turn is related to the dynamic growth of turnover in Water and Heat. The products sold on the German market are chiefly ultrasonic water meters, which currently constitute the fastest developing product group in the segment. At the same time, despite the ongoing war in Ukraine, the Group continues to operate in this market, maintaining Ukraine as an important export destination (and increasing its share in exports y/y).

Export breakdown by country



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Foreign sales - countries with a share of more than 5% in exports	Share in exports in 2024	Sold products
Belgium	19%	gas meters
Germany	19%	electricity meters, gas meters and water meters
Czech Republic	12%	mainly water meters and cost allocators
Greece	5%	mainly water meters

In 2024, no customer exceeded the share of 10% in total sales revenue of the Apator Group.

Operating costs by function and nature

Item	2024 (PLN thousand)	2023 (PLN thousand)	Change y/y (PLN thousand)	Growth rate (%)
Costs by function				
Cost of goods sold (COGS)	913,065	881,346	31,719	103.6%
Selling, general and administrative expenses (SG&A)	211,275	198,558	12,717	106.4%
Total	1,124,340	1,079,904	44,436	104.1%
Costs by nature				
Amortisation and depreciation	57,312	56,414	898	101.6%
Consumption of materials and energy	558,392	534,846	23,546	104.4%
External services	144,826	126,093	18,733	114.9%
Employee benefits	278,807	253,362	25,445	110.0%
Other	32,417	38,545	-6,128	84.1%
Change in finished goods, work in progress and accruals, cost of production for own use	-6,258	8,057	-14,315	-
Cost of goods and materials sold	58,844	62,587	-3,743	94.0%
Total	1,124,340	1,079,904	44,436	104.1%

The apparent increase in operating costs is linked to the increase in the scale of revenue and results from macroeconomic reasons. However, the dynamics of cost changes across the Apator Group remained at a lower level throughout 2024 compared to the dynamics of revenues, which translated into an improvement in profitability ratios y/y at all income statement levels. The effect of higher margins was related to the systematic work carried out in all segments to improve operational efficiency (including material efficiency) and effective cost control.

The impact of macroeconomic conditions on operating costs was visible in 2024 across the entire Apator Group and translated into year-on-year changes in costs in the items of employee benefits (due to a significant increase in the minimum wage) and external services (as a result of the still relatively high level of inflation in Poland and also due to the increase in personnel costs).

The cost level is constantly controlled and optimised by measures aimed, among other things, at further improving operational efficiency. The share of SG&A costs in revenue was 17.2% in 2024 compared to 17.5% a year earlier.

EBITDA

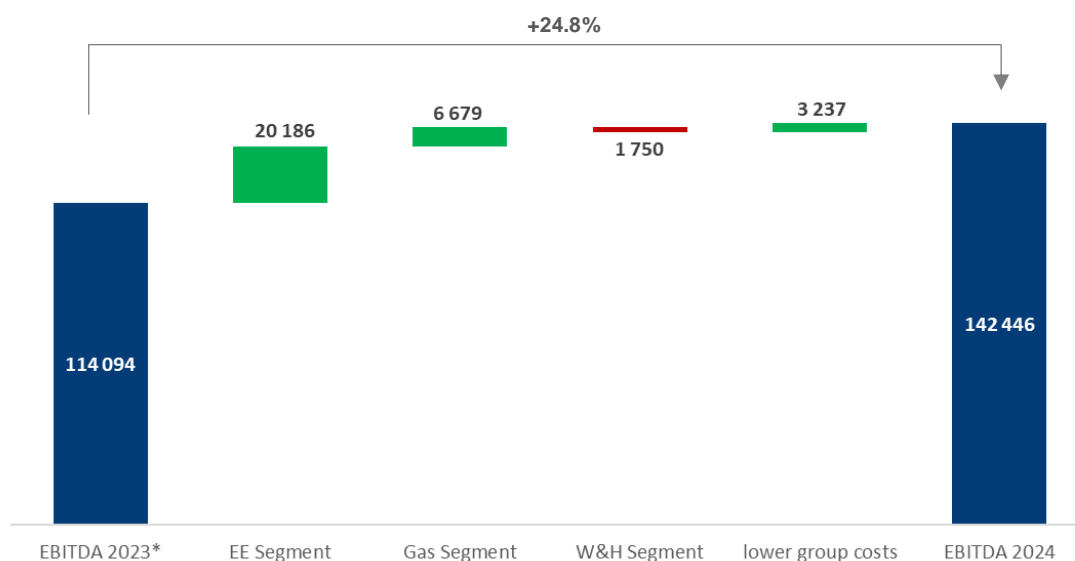
The EBITDA of the Apator Group in 2024 amounted to PLN 142.4 million, which was PLN 45.9 million higher than in 2023 (and PLN 28.4 million higher than the adjusted EBITDA for 2023). The EBITDA margin improved by 1.6 pp y/y (compared to the adjusted result for 2023), mainly due to consistent improvement in the results

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of the Electricity and Gas segments. On the other hand, EBITDA was impacted by the loss on other operating activities, which consisted of negative results in all segments. These results were determined primarily by:

- provisions for liabilities and warranty claims (PLN 10.8 million), partly stemming from the situation related to the liquidation of the UK-based company GWi in the Gas segment,
- impairment losses on development projects and intangible assets in the Water and Heat segment,
- provisions for liabilities and revaluation of fixed assets in the Electricity segment.

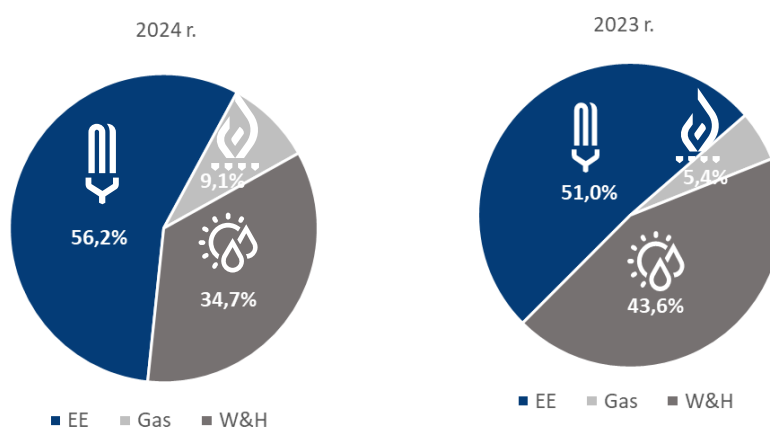
A detailed description of the EBITDA profit in individual segments is included in part 3 of this report.



*) EBITDA for 2023 adjusted for write-downs of intangible assets and other assets as well as by write-downs of inventory (increasing the cost of sales item) related to GWi.

Share of Segments in EBITDA

Significant improvement of the situation (resulting in higher EBITDA results y/y) in the Electricity and Gas segments caused that – with comparable y/y results in Water and Heat – in the EBITDA structure of the Apator Group both segments increased their shares. However, taking into account absolute values, the Water and Heat sector remains in second place after Electricity, accounting for nearly 35% of the Group's EBITDA in 2024.



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*) EBITDA allocation to segments - figures for both years do not include costs not allocated to segments

Net result

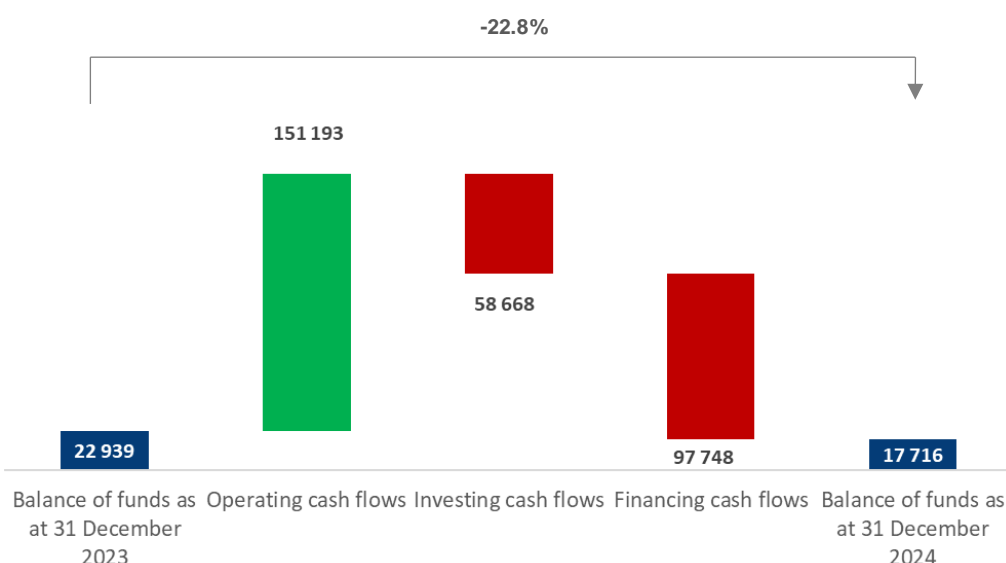
The Group's consolidated net result stood at PLN 73.2 million and was influenced, in addition to the aforementioned factors, by:

- loss on financing activity (PLN 7.6 million), which consisted of:
 - lower costs of servicing credit debt (PLN 7.2 million), a decrease of PLN 6.7 million y/y thanks to a systematically lower lending and a decrease in other interest costs (PLN 3.5 million, down by PLN 0.7 million y/y);
 - negative exchange rate differences (PLN -3.2 million) fully offset by positive result on foreign exchange transactions (PLN 5.7 million);
- a non-recurring factor (with a positive impact on the result in 2024 of PLN 4.3 million) related to the derecognition in the 2024 financial statements the negative net value of assets belonging to the British company GWi in connection with the loss of control over the company within the meaning of IFRS 10. The derecognised net asset value includes asset write-downs recorded in the 2023 annual report;
- a non-recurring factor deferred tax on zone relief enjoyed by Apator SA (with a positive impact on the 2024 result of PLN 5.5 million).

4.2. Assessment of the financial position

Cash balance as at 31 December 2024 was by PLN 5.2 million lower in relation to the end of 2023 and amounted to PLN 17.7 million, with the balance of loans and borrowings lower by PLN 77.2 million. Cash levels were affected by the following factors:

- high positive cash flows from operating activity related to improved EBITDA-to-cash conversion ratio as a result of consistent working capital optimisation in an environment of growing sales, including a reduction in the level of inventories (by PLN 16.4 million y/y) while maintaining provision for the needs of increased production and planned deliveries;
- negative cash flows from investment activities are mainly due to capital expenditures on fixed assets and intangible assets (including expenditures on new machinery and equipment and R&D). CAPEX in 2024 amounted to PLN 57.3 million compared to PLN 36.3 million in 2023;
- the negative cash flow balance related to repayment of credit debt (balance of credit liabilities including interest costs paid of PLN -65.6 million), repayment of liabilities finance lease liabilities (PLN -13.3 million) and dividends paid, including advance dividend from profit for 2024 (PLN -17.4 million).



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4.2.1. Evaluation of financial resources

In 2024, The Apator Group financed its activity mostly with equity, and its share in the balance sheet total decreased by 6.1 pp This is the result of a decrease in the level of liabilities, mainly lower loans.

The financing structure of the Apator Group's activity is presented in the table below:

Item	2024	2023	Change
	%	%	pp -
Share of equity in the balance sheet total	61.4%	55.3%	+6.1
Share of foreign capital in the balance sheet total	38.6%	44.7%	-6.1

Other key indicators	2024	2023	Formula
Current liquidity ratio	1.51	1,36	current assets/short-term liabilities
Quick ratio	0.78	0.68	(current assets – inventories) /short-term liabilities
Return on asset (ROA)*	6.54%	3.56%	net profit for the last 12 months/average total assets, calculated as an average of the opening and closing balances
Return on equity (ROE)*	11.21%	6.65%	net profit for the last 12 months/average equity calculated as the average of the opening and closing balances
Net debt (in PLN thousand)	97,131	169,117	credits and loans – cash and cash equivalents – granted loans
Net debt / LTM EBITDA*	0.68	1.48	(credits and loans – cash and cash equivalents – granted loans) / EBITDA profit level for the last 12 months
CAPEX (in PLN thousand)	57,322	36,302	tangible and intangible investment expenditure
Working capital (PLN thousand)	230,339	267,094	(current assets – cash) – (short-term liabilities – short-term credits and loans)

**) LTM EBITDA for 2023 adjusted for the impact of write-downs (PLN 17.5 million) and net profit adjusted for the impact of write-downs and the derecognised value of GWI's net assets and the adjustment for deferred tax (PLN 27.4 million in total). Net profit for 2024 adjusted by deferred tax due to the zone tax credit at Apator SA (PLN 5.5 million) and the derecognised negative value of GWI's net assets (due to the loss of control over the company within the meaning of IFRS 10; PLN 4.3 million).*

****) Change in CAPEX for 2023 compared to the 2024 annual report. is related to the change in the presentation of capital expenditures in the Apator Group (transition from the controlling method to accounting recognition, in accordance with CF).*

Net working capital (NWC) at the end of 2024 was PLN 36.8 million lower than at the end of 2023.

The lower working capital in 2024 was driven by lower inventories (by PLN 16.4 million) and receivables (by PLN 2.6 million) and higher (by PLN 4.2 million) trade liabilities. Despite the increasing scale of operations, lower inventories result from consistent work on their optimisation. Individual companies of the Apator Group are systematically implementing measures initiated in 2023 to reduce the costs of maintaining increased inventory levels and the debt financing them, while maintaining safety and continuity of production and deliveries.

Thanks to the optimisation of working capital and the related reduction in the scale of borrowing, the Apator Group's net financial debt at the end of 2024 was PLN 72.0 million lower than at the end of 2023, and the level of loan utilisation decreased by PLN 77.2 million. As a result of the reduction in debt and higher EBITDA, the net debt/EBITDA LTM ratio at the end of 2024 was low, at 0.68x (compared to 1.48x at the end of last year).

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The Apator Group maintains its previous declaration to maintain a safe borrowing scale and a net debt/EBITDA ratio below 2x. The priority remains to ensure the safety of production and deliveries, which will ultimately enable the execution of further (including the largest) contracts. The second important assumption of the Group is the increase of CAPEX (according to the assumptions of the updated strategy until 2028 at the level of 5–7% of revenues), which may result in a higher use of external capital and a relatively higher DN/EBITDA ratio (however, still within safe limits).

4.2.2. Description of the structure of main capital investments or capital deposits made within the Apator Group in 2024

Investments in non-financial assets:

In 2024, the Apator Group's investments amounted to PLN 57.3 million (an increase of PLN 21 million year-on-year). Capital expenditure mainly related to research and development expenses incurred throughout the Group (work continued, among other things, on the development of the Ultrimis water meter family – new applications, measurement ranges and accuracy classes, new types of electricity meters, new software solutions were developed or implemented, e.g. a remote reading system for water meters and heat meters, as well as a number of other solutions supporting management and improving energy efficiency for customers).

Investment in financial assets:

The Apator Group analyses on an ongoing basis the new acquisition opportunities, however, in 2024, no investments in financial assets were made.

4.2.3. Description of significant off-balance sheet items

The information on significant off-balance sheet items of the Apator Group was included in the consolidated financial statements (Annual Report 2024).

4.2.4. Evaluation of financial resources management

The management of financial resources in the Apator Group is based on the following criteria:

- verification of the financial situation of current and potential customers (using information published in "Monitor Sądowy i Gospodarczy" and business intelligence reports),
- trade credit management based on the adopted rules,
- monitoring the status of settlements with contractors,
- applying the procedure for the recovery of overdue debts,
- determining the most favourable contractual deadlines for settling liabilities,
- optimal management of the area of financing suppliers and receivables (including guarantees of the proper performance of agreements and removal of defects and faults, factoring).

To increase the financial security of the Apator Group, in the majority of domestic companies of the Group there is an umbrella loan facility for current financing of operations, limits for guarantees and letters of credit and bank redemption of receivables. The loan made it possible to flexibly manage liquidity in the Group, unify the price conditions of current banking operations and use the effects of the virtual balance netting service, which brings additional financial benefits. Moreover, to prevent potential irregularities in the management of financial resources, in the companies of the Apator Group, 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.

Furthermore, to ensure the proper coordination of the activities in the financial area of the Apator Group, 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

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needs of the financial area in the Group, 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.

The basic assumption concerning the management of financial resources of the Apator Group is to maintain a strong and safe position in terms of the financial liquidity of individual companies. Maintaining financial liquidity is the basis of trust on the part of trading partners, lenders and the market, and makes it possible to implement the assumed plans. It is also the basis for the future development of each company and the entire Apator Group. The companies monitor 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.

In the Group, there is a management model in the area of finance, which is conducive to the development of the finance process as a support function, also, an internal auditor of the Apator Group has been appointed. The essential objective of the functioning of the internal audit is to support the Management Board in the management of risks, to improve the activity of the companies in the Group and to bring the added value directed at the performance of the strategy of the Apator Group and increasing its value. That objective is achieved by audit and advisory activities performed by the auditor (with the consent of the Audit Committee). The internal auditor is entitled to perform audits of various nature (including financial audits) in the companies of the Apator Group. The reports from the audits are submitted to the President of the Management Board of Apator S.A., the Audit Committee of Apator S.A., the Supervisory Board and President of the Management Board of the company subjected to the audit. The annual internal audit plan is approved each time by the Audit Committee of the Supervisory Board of Apator S.A.

4.2.5. Factors that will determine the activity and results of the Apator Group

1) Among the key internal factors, the following should be highlighted:

- reorganisation and integration of the Group's operations – simplification of its structure, consolidation of key processes within the Group,
- increasing operational efficiency and profitability,
- development of the offer and product lines (energy storage systems, development of the portfolio of ultrasonic water meters, smart prepayment meters),
- sales development in new markets (changes in the sales model, establishment of a distribution company in Italy),
- new contracts and partnerships (partnership with Rittal and cooperation in the manufacture of switchgear, innovation partnership with Enea Operator Sp. z o.o. to design and supply of an innovative smart meter),
- optimisation of working capital and debt levels, and continuation of investment activities – ongoing efforts to optimise production costs and improve operational efficiency in response to continued cost and competitive pressures.
- implementation of the business strategy;

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2) Among the key external factors, the following should be highlighted:

- 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 unstable trade policy of the United States towards, among others, the European Union and China, as well as expected retaliatory measures by governments, which may lead to disruptions in the supply chains of components and raw materials. This, in turn, could directly affect major producers of advanced semiconductor systems, which are used by Apator Group in the production of metering devices;
- gradual loss of technological sovereignty in particular areas of the EU economies and import of technology and products from outside the EU, in particular from China;
- negative consequences of the war in Ukraine and the conflict in the Middle East, as well as more and more pronounced catastrophic effects of climate change;
- technological changes and energy transition in response to EU climate policy measures and changes forced by the war in Ukraine:
 - increase in importance of energy efficiency and active control of energy flows,
 - increase in the share of devices with remote reading and remote control functions and autonomous algorithms and systems,
 - increase in the importance of remote communication and technical solutions in that area,
 - increased importance of renewable energy sources and energy security, growing demand for energy flexibility,
 - decarbonisation of natural gas and diversification of supplies,
 - digitalisation of all sectors of the economy,
- unstable situation on financial markets, high interest rates and significant fluctuations in exchange rates and raw material prices. The Apator Group companies strive to minimise financial risks by securing currency positions and key commodity price fluctuations, managing working capital, and reducing debt servicing costs,
- inflation, increase of labour costs, unstable prices of energy carriers (coal, gas, district heating, etc.); in order to mitigate negative effects of the increase of these prices Grupa Apator works all the time to optimise costs and implements a number of actions improving effectiveness such as, among other things, optimisation/automatisation of manufacturing, changes in the product mix aimed at the improvement of 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. For more information, please refer to the section on sustainability reporting (Chapter 15 of this report).

Business perspectives for individual segments are described in part 3.

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5. Parent company - Apator S.A.

Pursuant to Art. 55 sec. 2a of the Accounting Act and Art. 71, sec. 8 of the Regulation of the Minister of Finance on current and periodic information, the Company prepared the report of the Management Board on the activity of the parent company Apator SA and the Group of Companies in the form of a single document. The other required elements of the report on the Company's activity not included in part 5 are the same as in the report of the Management Board on the activity of the Apator Group.

5.1. Activity of Apator S.A. in 2024

Within the business model, the activity of Apator S.A. is included in the Electricity segment and is divided into three business lines: electricity metering, switchgear and automation*.

Electricity			
Business unit			
Business division	electricity metering	switchgear	automation ICT
Solutions	Electricity meters: <ul style="list-style-type: none"> smart, including RES meters utility prepayment industrial Reading systems SmartESOX pro meter for RES Otus 3 smart meter	Energy distribution devices: <ul style="list-style-type: none"> disconnectors, including for RES solution fuse bases connectors Switchgear monitoring systems Compass switch disconnector ARS vertical fuse switch disconnector	Smart devices and automated protection systems: <ul style="list-style-type: none"> Smart controllers WN/SN/nn SN security WN security station automation short-circuit current flow indicators Telemechanics Automation in industry SCADA software Digital RES monitoring system Energy storage systems MST 2 Energy STORAGE
Main customers	distribution system operators (DSO)	Electricity grid wholesalers, electrical assembly, and electrical installation companies	Energy plants, construction, industry, photovoltaic and wind farms, energy clusters and cooperatives, other RES sector entities
Main markets	Poland, Germany	Poland, Brazil, Romania, Germany, Hungary, Czech Republic	Poland
Sales scale in 2024	PLN 357.6 million	PLN 123.4 million	PLN 55.5 million
Line share in total sales	66.6%	23.0%	10.4%
Share of exports in line revenue	11.5%	31.1%	0.1%

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5.2. Business and competitive environment in 2024

Apator S.A. achieves revenue mainly on the domestic market (85% in 2024). The company distributes its products mainly to companies operating in the energy sector, mainly to entities dealing with the distribution and sale of electricity (DSOs) and to industry. The Company is assigned to the Electricity Segment, which is described in item 3.1 of this report.

5.3. Financial results

In 2024, Apator S.A., achieved the following financial results:

Item	2024 (PLN thousand)	2023 (PLN thousand)	Change y/y (PLN thousand)	Growth rate (%)
Sales revenue, including:	536,578	479,177	57,401	112.0%
<i>domestic</i>	456,967	383,457	73,509	119.2%
<i>export</i>	79,612	95,720	-16,108	83.2%
Cost of goods sold	394,861	373,458	21,403	105.7%
Gross sales result	141,717	105,719	35,998	134.1%
Cost of sales	19,843	16,236	3,607	122.2%
General administrative costs	64,008	59,861	4,147	106.9%
Profit (loss) on sales	57,866	29,622	28,244	195.3%
Change in write-offs on receivables	461	-159	620	-
Result on other operating activities	-4,901	461	-5,362	-
Profit (loss) on operating activity	53,426	29,924	23,502	178.5%
EBITDA	77,005	54,848	22,157	140.4%
Result on financial activities	13,137	9,254	3,883	142.0%
Profit or loss before tax	66,563	39,178	27,385	169.9%
Current income tax	-3,608	-2,847	-761	-
Deferred income tax	126	-1,716	1,842	-
Net result	63,081	34,615	28,466	182.2%
<i>Net result adjusted for the impact of a one-off event*</i>	<i>57,581</i>	<i>34,615</i>	<i>22,966</i>	<i>166.4%</i>
Net result without dividends	48,947	23,071	25,876	212.2%
Profitability ratios:				
Gross profit margin on sales	26.4%	22.1%		
Sales profit margin	10.8%	6.2%		
EBITDA margin	14.4%	11.4%		
Net result margin*	10.7%	7.2%		
Net result margin without dividends	9.1%	4.8%		

**) Net profit for 2024 adjusted by deferred tax due to zone relief in Apator SA (5.5 m PLN)*

Key performance drivers:

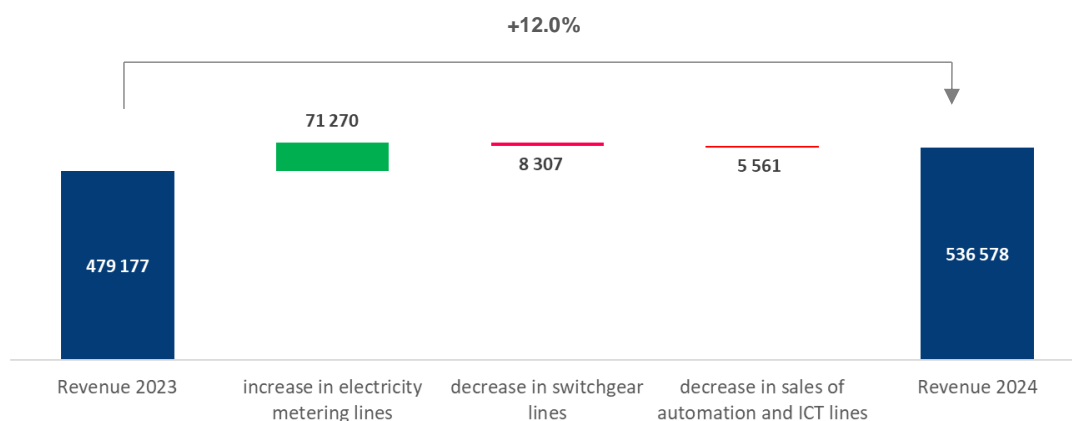
- dynamic y/y revenue growth driven by a significant increase in domestic sales in electricity metering,
- marked improvement in operational efficiency as a result of consistently implemented initiatives in procurement, production and sales, as well as a positive leverage effect,
- lower y/y result on other operating activities due to provisions for liabilities and the revaluation of fixed assets,
- improved financial result due to lower debt servicing costs and higher dividends received from subsidiaries,
- a one-off factor (with a positive impact on 2024 net profit of PLN 5.5 million) related to the recognition of a zone tax relief entitlement.

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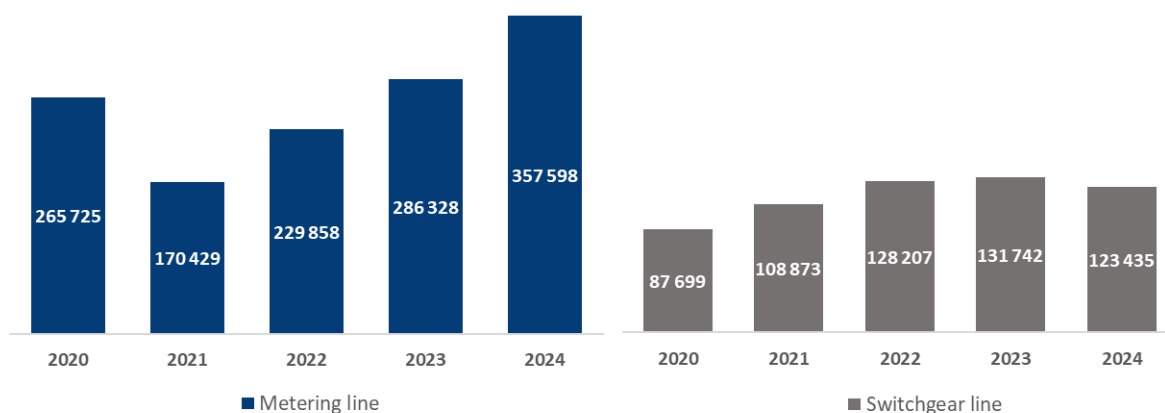
Sales revenue

Apator S.A.'s sales in 2024 reached nearly PLN 536.6 million, i.e. 12.0% higher than in 2023. That increase was due to:

- a strong improvement in domestic sales performance in the electricity metering line (+31.8% year-on-year, mainly due to large deliveries of smart meters as part of the ongoing roll-out in Poland. The sales of the remaining product line (installation and delivery of integrated balancing systems), which began in the second quarter of 2024, had an additional positive impact on turnover,
- weaker y/y sales performance in switching equipment, due to a decline in export revenues (–22.5% y/y), partially offset by a slight improvement in the domestic market (+3.5% y/y, supported by a noticeable recovery in the fourth quarter). The lower revenues of the product line are attributable to the high base effect of 2023 (stocking up of some markets for fear of expected restrictions on the availability of goods due to the ongoing war in Ukraine).
- a 9.1% y/y decline in sales in the automation line, resulting from limited demand for some of the traditional solutions offered (including, among others, network operation and monitoring devices, substations, and protection automation systems), as well as lower-than-expected demand for new solutions in the RES segment (e.g. energy storage systems). The lower interest in the latter is mainly due to delays in the launch of aid programmes, which are intended to support a more widespread implementation thereof among both public and private entities.

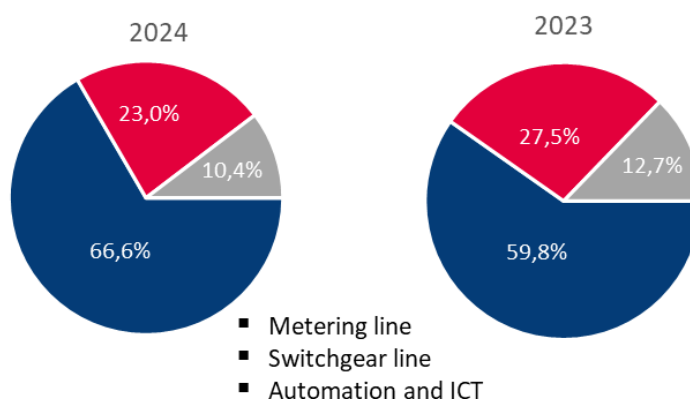


Revenue from the sale of metering and Switchgear



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Due to the high dynamics of sales in the metering line, its share in the total revenue of Apator S.A. was higher in 2024 by nearly 7 p.p. y/y.

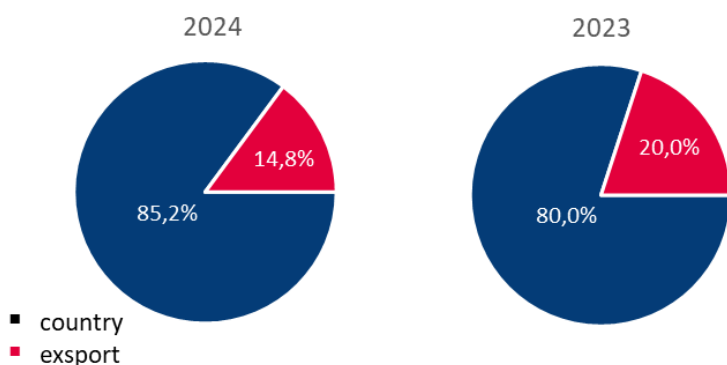


Sales structure of Apator S.A. by assortment groups, by domestic sale and export:

Item	Version		Change y/y (PLN thousand)	Growth rate (%)
	2024 (PLN thousand)	2023 (PLN thousand)		
Electricity metering line	357,597	286,328	71,269	124.9%
<i>domestic</i>	316,476	240,186	76,290	131.8%
<i>export</i>	41,121	46,142	-5,021	89.1%
<i>share of electricity metering line exports in line revenue</i>	11.5%	16.1%		
Switchgear line	123,435	131,742	-8,307	93.7%
<i>domestic</i>	85,018	82,164	2,854	103.5%
<i>export</i>	38,417	49,578	-11,161	77.5%
<i>share of switchgear line exports in line revenue</i>	31.1%	37.6%		
Automation and ICT	55,546	61,107	-5,561	90.9%
<i>domestic</i>	55,472	61,107	-5,635	90.8%
<i>export</i>	74	0	74	-
<i>share of automation line exports in line revenue</i>	0.1%	0.0%		
Total sales revenue	536,578	479,177	57,401	112.0%
<i>domestic</i>	456,966	383,457	73,509	119.2%
<i>export</i>	79,612	95,720	-16,108	83.2%
<i>share of total exports in total revenue</i>	14.8%	20.0%		

With high positive domestic sales dynamics (mainly due to very good results in the electricity metering line), Apator S.A.'s export turnover in 2024 was 16.8% lower than in 2023. The Company recorded lower sales on the German market (mainly electricity meters) and lower sales of switchgear against a high 2023 base.

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Recipients, in relation to which Apator S.A. exceeded 10% of its total sales revenue in 2024, were PGE Dystrybucja S.A., in the case of which the sales accounted for 23.2% of total sales, and ENERGA Operator S.A., with a share of 17.5% of total turnover. There are no formal relations between Apator S.A., companies of the Apator Group, PGE Dystrybucja S.A., Energa Operator S.A. and companies from their groups of companies.

Operating costs by function and nature

Item	2024 (PLN thousand)	2023 (PLN thousand)	Change y/y (PLN thousand)	Growth rate (%)
Costs by function				
Cost of goods sold (COGS)	394,861	373,458	21,403	105.7%
Selling, general and administrative expenses (SG&A)	83,851	76,097	7,754	110.2%
Total	478,712	449,555	29,157	106.5%
Costs by nature				
Amortisation and depreciation	23,579	24,924	-1,345	94.6%
Consumption of materials and energy	242,415	238,762	3,653	101.5%
External services	68,457	67,503	954	101.4%
Employee benefits	107,141	90,437	16,704	118.5%
Other	14,831	11,755	3,076	126.2%
Change in finished goods, work in progress and accruals, cost of production for own use	8,257	-458	8,715	-
Cost of goods and materials sold	14,032	16,632	-2,600	84.4%
Total	478,712	449,555	29,157	106.5%

In the structure of costs by type, the largest items are material costs, external services and salaries (percentage shares in 2024 were 51%, 14% and 22% of total costs, respectively). Although material and energy consumption costs were higher in 2024 than in the previous year, this was primarily associated with an increase in the scale of turnover, and the dynamics of change were consistently at a lower level in relation to the dynamics of revenue. This led to a significantly higher y/y profitability, made possible by continued efforts to improve operational efficiency and control costs.

A substantial increase in the minimum wage, along with the resulting pressure for salary increases, contributed to a rise in employee benefit expenses, the y/y growth of which outpaced revenue growth and was also significantly higher than the increase in material costs. On the other hand, the cost of external services (including subcontracting and transportation) rose at a rate comparable to that of material consumption. In this case, the increase was mainly due to the still high level of inflation in Poland, where the vast majority of services used by Apator are purchased.

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The level of costs in Apator S.A. is subject to permanent control and is optimised by improvement of the effectiveness of operations also in non-production areas. The share of SG&A costs in the Company's revenue amounted to 15.6% in 2024, compared to 15.9% in 2023.

With regard to the structure of purchases of materials, services and goods, the percentage shares in 2024 were at level of 89%, 9% and 2% of total purchases, respectively. In terms of materials:

- the largest group was electronic and electrotechnical components, with a share of 40%,
- the second group was non-ferrous metals (copper), with a share of 12%, which is the main raw material used for switchgear,
- the third material group consisted of communication modules, with a share of 10%.
- the fourth group was plastics, chemical raw materials and their derivatives, with a share of 10%.

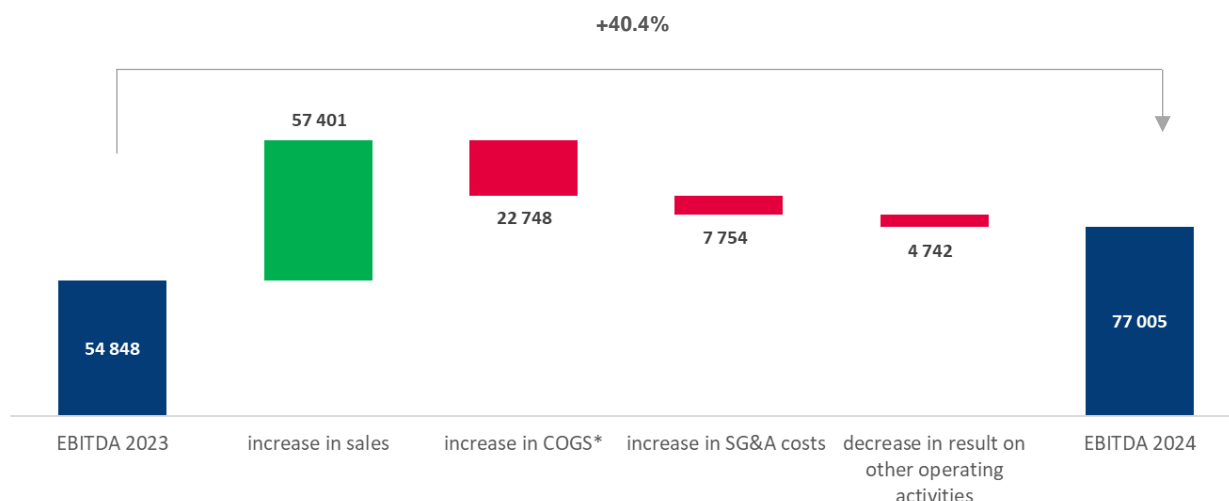
In 2024, the value of deliveries of any supplier did not exceed at least 10% of the total sales revenue of Apator S.A.

Throughout 2024, Apator S.A. consequently conducted the works initiated in 2022, related to the improvement of operational efficiency, control and reduction of costs in all areas of activity, where possible. The positive effects of these measures have already been reflected in better year-on-year results in 2023 and further margin improvement in 2024.

EBITDA

The factors described above, i.e., the clear increase in sales at a significantly lower TMC growth rate resulted (even with higher SG&A costs y-o-y) in improved results and margins at all levels. Thanks to a significant improvement in sales profit (+PLN 28.2 million y/y), even with a significantly weaker y/y result on other operating activities, the Company's EBIT, EBITDA and net profit in 2024 were significantly higher than in the previous year.

The Company's EBITDA in 2024 exceeded PLN 77.0 million (+PLN 22.2 million, i.e. +40.4% y/y), with a margin of 14.4% (2.9 p.p. higher than in 2023).



*) COGS (cost of goods sold) less depreciation

***) Result on other operating activities including change in impairment losses on receivables

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Net result

Due to improved sales profit and higher year-on-year financial result (as a result of lower debt servicing costs and higher y/y dividends from subsidiaries), net profit in 2024 amounted to PLN 63.1 million, up PLN 28.5 million year on year (adjusted result PLN 57.6 million +PLN 23.0 million y/y).

Key financial indicators:

Item	2024	2023	Formula
Current liquidity ratio	1.83	1.50	current assets/short-term liabilities
Quick ratio	1.04	0.59	(current assets – inventories) /short-term liabilities
Return on asset (ROA)*	10.80%	6.57%	net profit/average of total assets calculated as the average of the opening and closing balances
Return on equity (ROE)*	14.28%	9.30%	net profit/average equity calculated as the average of the opening and closing balances
Net debt (in PLN thousand)	-1,459	42,110	credits and loans – cash and cash equivalents – granted loans
Net debt/LTM EBITDA	-0.02	0.77	(credits and loans – cash and cash equivalents – granted loans)/LTM EBITDA
CAPEX (in PLN thousand)	34,333	8,050	tangible and intangible investment expenditure
Working capital (PLN thousand)	97,361	102,888	(current assets – cash) – (short-term liabilities – short-term credits and loans)

*) Net profit for 2024 adjusted by deferred tax due to zone relief in Apator SA (5.5 m PLN)

At the end of 2024, despite the higher y-o-y scale of operations of Apator S.A., the level of net working capital was

PLN 5.5 million lower than the previous year. This was a consequence of, first of all, a large decrease in the level of inventories (by 26.3 million PLN y/y) at the same time with higher balances of receivables and trade liabilities (by 13.2 million PLN and 0.8 million PLN y/y respectively). Appropriate management of working capital allows inventory to be adjusted to the current situation in such a way as to secure the continuity of production and deliveries, and also to reduce the cost of holding inventory as much as possible.

Lower working capital at a larger scale of operations allowed for a significant reduction in net debt, which at the end of 2024 was not only PLN 43.6 million lower than at the end of 2023, but also negative (as a result of lower utilisation of loans compared to the total value of cash and loans granted at the end of the period).

6. List of major events in 2024

6.1. List of material agreements concluded in 2024

6.1.1. Trade agreements

In 2024, the companies of the Apator Group concluded the following trade agreements important for the activity of the Group:

- On 14 February 2024, the Management Board of Apator S.A. informed about receipt from Incobex sp. z o.o. of orders for installation and delivery of balancing systems for a total amount of PLN 20.6 million with delivery dates by the end of November 2024. The final recipient of the balancing systems is Energa – Operator SA under a non-public procedure: “Supply of integrated balancing systems.”

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2. On 27 February 2024, the Management Board of Apator S.A. informed about receipt from ZUP Emiter sp. z o.o. of an order for the installation and delivery of balancing systems for the total amount of PLN 31 million with delivery dates until the end of November 2024.
3. On 4 March 2024, the Management Board of Apator S.A. received information about the selection of the offer of the subsidiary Apator Metrix S.A. as the most favourable one, in nine tasks being part of the tender for the supply of bellows gas meters for Polska Spółka Gazownictwa Sp. z o.o. The contract was concluded on 11 March 2024. The value of the contract is PLN 54.5 million, with deliveries within 24 months from the date of the contract. The terms of the contract provide for an option right, which allows the customer to increase or decrease the order by a maximum of 20%. By the end of 2024, deliveries of a total value of PLN 25.1 million were completed.
4. On 17 June 2024, the Management Board of Apator S.A. informed that the Company's offer had been selected as the most favourable in the tender published by PGE Dystrybucja S.A. for the supply of 1-phase and 3-phase remote reading meters for end-users connected to the low-voltage network for Part 2 (the tender consisted of three Parts). On 19 July 2024, the contract with PGE Dystrybucja S.A. in the above matter was concluded. The total contract value (including the option) is PLN 126.9 million, of which the basic value is PLN 92.7 million. The first deliveries started in Q4 2024.
5. On 12 September 2024, the offer of Apator SA for the supply of Concentrator-Balancing Sets for Energa Operator SA was selected as the most favourable one. The offer is worth PLN 20.8 million and deliveries will be made in 2025. The contract with Energa Operator SA was concluded on 30 September 2024.
6. On 16 October 2024, the Management Board announced that it had received further orders for the installation and delivery of integrated balancing systems for a total amount of PLN 39.3 million, with delivery to be completed by the end of October 2025.

6.1.2. Agreements for the acquisition/disposal of property

On 5 September 2024, a preliminary sale agreement in the form of a notarial deed was concluded. The subject of the agreement is 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 investment property and land in perpetual usufruct, as a result of which the date of conclusion of the final agreement was changed from June to October 2025.

6.1.3. Agreements for the acquisition/disposal of shares in other entities

In 2024, companies of the Apator Group did not conclude any significant for the activity of the Group agreements related to the purchase of shares in other entities.

6.1.4. Cooperation or collaboration agreements

In 2024, the Apator Group did not conclude any major cooperation or collaboration agreements.

6.1.5. Insurance agreements

From 1 July 2023, with the term until 30 June 2024, the insurance programme covering all previously concluded insurance agreements is continued. The following policies were renewed under the above programme:

1) PZU SA/STU Ergo Hestia S.A. - third-party liability insurance agreement covering liability for damage caused to a third party in connection with the conducted activity and owned property used for that activity, together with annexes.

The total value of premiums in the Apator Group is PLN 1.3 million, and the total insured sum is PLN 60 million.

2) PZU SA/STU Ergo Hestia S.A. – property insurance agreement covering:

- property insurance against all risks,

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- insurance of loss of profit based on property insurance against all risks,
- electronic equipment insurance,
- insurance of machines against electrical damage,
- insurance of machines against damage

The total value of premiums in the Apator Group is PLN 585,6 thousand, and the total insured sum is PLN 1 billion.

3) PZU S.A./STU Ergo Hestia S.A. – property insurance agreement in domestic and international transport

The total value of premiums in the Apator Group is PLN 99,6 thousand, and the total insured sum is PLN 4 million.

4) Chubb European Group SE Spółka Europejska Oddział w Polsce - insurance of medical expenses during a business trip

The total value of premiums in the Apator Group was PLN 11,3 thousand, and the total insured sum was USD 20 million.

5) Chubb European Group SE Spółka Europejska Oddział w Polsce - basic liability insurance agreement for members of a company governing bodies and TUIR Allianz Polska S.A. - excess insurance agreement for members of a company governing bodies.

The total value of premiums in the Apator Group is PLN 87,4 thousand, and the total insured sum is PLN 100 million.

6) Generali Towarzystwo Ubezpieczeń S.A. – insurance agreement for risks related to cyber security breach.

The total value of premiums was PLN 72,3 thousand, and the total insured sum was PLN 5 million.

7) Additionally, the companies of the Apator Group concluded motor insurance agreements in the scope of OC, AC, NNW.

From 1 July 2024 until 30 June 2025, the insurance programme covering all previously concluded insurance agreements is continued. The following policies were renewed under the above programme:

1) PZU SA/STU Ergo Hestia S.A. - third-party liability insurance agreement covering liability for damage caused to a third party in connection with the conducted activity and owned property used for that activity, together with annexes.

The total value of premiums in the Apator Group is PLN 1.3 million, and the total insured sum is PLN 80 million.

2) PZU SA/STU Ergo Hestia S.A. – property insurance agreement covering:

- property insurance against all risks,
- insurance of loss of profit based on property insurance against all risks,
- electronic equipment insurance,
- insurance of machines against electrical damage,
- insurance of machines against damage

The total value of premiums in the Apator Group is PLN 543,8 thousand, and the total insured sum is PLN 923 million.

3) STU Ergo Hestia S.A., – property insurance agreement in domestic and international transport

The total value of premiums in the Apator Group is PLN 126 thousand, and the total insured sum is PLN 12,5 million.

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4) Chubb European Group SE Spółka Europejska Oddział w Polsce - insurance of medical expenses during a business trip

The total value of premiums in the Apator Group was PLN 13,5 thousand, and the total insured sum was USD 20 million.

5) Chubb European Group SE Spółka Europejska Oddział w Polsce - basic liability insurance agreement for members of a company governing bodies and TUiR Allianz Polska S.A. - excess insurance agreement for members of a company governing bodies.

The total value of premiums in the Apator Group is PLN 0 thousand, and the total insured sum is PLN 10 million.

6) Generali Towarzystwo Ubezpieczeń S.A. – insurance agreement for risks related to cyber security breach.

The total value of premiums was PLN 72,3 thousand, and the total insured sum was PLN 5 million.

7) WIENER TU S.A. - insurance for photovoltaic installation

The total value of premiums was PLN 3 thousand, and the total insured sum was PLN 2.15 million.

8) Additionally, the companies of the Apator Group concluded motor insurance agreements in the scope of OC, AC, NNW.

6.1.6. Agreements concluded with management

There are no atypical agreements concluded between the companies in the Apator Group and the management in the scope of compensation in the case of:

- resignation or dismissal from the position held without a valid reason,
- dismissal or redundancy due to the merger of the issuer by acquisition.

6.1.7. Agreements concluded between shareholders of Apator S.A.

Apator S.A., has no information on any agreements concluded between shareholders.

6.2. Other major events in 2024

1. On 31 January 2024, at a Shareholder's request, 4,876 series A registered shares with a nominal value of PLN 0.10 each and a 1:4 voting preference at the General Meeting were converted into ordinary bearer shares. As a result of the conversion of series A registered shares, the preference of 4,876 shares subject to conversion expired, the amount of the Company's share capital did not change and was PLN 3,264,707.30, while the total number of votes at the Company's Shareholders Meeting changed and amounted to 54,626,618 votes after the conversion. The aforementioned shares were assimilated and listed on 29 February 2024.
2. On 21 February 2024, Apator S.A. received an order for payment, issued on 2 February 2024 by the District Court in Poznań, by which the Court awarded from Apator S.A. in favour of Enea Operator Sp. z o.o. with its registered office in Poznań, the amount of PLN 1.8 million with statutory interest and costs of the proceedings. Apator S.A. on 1 March 2024. lodged an objection to the order for payment, in which it requested that the claim be dismissed in its entirety. The adjudged amount refers to the contractual penalty for untimely performance by Apator S.A. of a service, the value of which was much lower than the adjudged amount (approx. 13% of that amount). Apator S.A. voluntarily paid Enea Operator Sp. z o.o. part of the claimed contractual penalty, which it considered undisputed, which was not indicated in the statement of claim. Moreover, significantly, the service was performed by Apator S.A. and received by Enea Operator Sp. z o.o. without notes Enea Operator Sp. z o.o. also did not suffer any damage due to its untimely completion. As agreed, the Parties requested an adjournment of the hearing date due to the ongoing negotiations.

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3. On 21 March 2024, the Management Board of Apator S.A. received resignation from Robert Kowalski from his position as a Member of the Management Board of Apator S.A. as of 14 May 2024. The resignation is due to Robert Kowalski's appointment to the Management Board of a state-owned enterprise.
4. On 5 April 2024, the Management Board of Apator S.A. announced that GWi Ltd (with its registered office in the UK) planned to cease operations due to the adverse development in the UK gas market. For more information, see item 1.4.1 of this report.
5. On 10 June 2024, the Management Board of Apator S.A. presented the updated development strategy of the Apator Group with a view to 2028. For more information, see item 2 of this report.
6. On 26 June 2024, the Ordinary General Meeting of Apator S.A. was held, during which a resolution was passed to pay a dividend of PLN 0.50 gross per share from the 2023 profit. For more information on the dividend, see item 6.7.2. of this report.
7. On 11 July 2024, in accordance with Resolution No. 20/VI/2024 of the Ordinary General Shareholders Meeting of Apator S.A. of 26 June 2024, Apator S.A. paid shareholders the remaining portion of the dividend from the 2023 profit in the amount of PLN 9,794 thousand (the advance of PLN 6,529 thousand from the 2023 profit was paid on 23 December 2023).
8. On 13 August 2024, the Management Board of Apator S.A. received information about the registration of amendments to the Statute of Apator SA by the District Court in Toruń, 7th Commercial Division of the National Court Register. The amendments to the Statute were made pursuant to Resolution No 21/VI/2024 of the Ordinary General Shareholders Meeting of Apator S.A. on 26 June 2024 and they refer to:
 - updating the number of series A registered shares and series A, B and C bearer shares in connection with the conversion and assimilation of 4,876 series A registered shares into bearer shares,
 - expanding the Polish Classification of Activities (PKD) and modifying the powers of the Supervisory Board, which stem from the need to adjust the Statute to the Company's needs and practices.
9. On 28 August 2024, the Management Board of Apator SA made the decision about the intention to incorporate FAP Pafal SA (Świdnica) to Apator SA (Toruń) by the transfer of all the assets of FAP Pafal SA to Apator SA on 2 January 2026. For more information, see item 1.4.1 of this report.
10. On 30 October 2024, the Management Board decided to pay an advance on the expected dividend from the 2024 profit, at PLN 0.30 gross per share. The advance payment was made on 12 December 2024. For more, see item 14.4.

6.3. List of events after the balance sheet date

1. On 28 January 2025, following a successful tender, the Board announced that it had entered into an innovation partnership agreement with Enea Operator sp. z o.o. (the "Ordering Party"). The agreement includes four implementation stages aimed at developing an innovative 1- and 3-phase remote-readable electricity meter that meets all the requirements and functionalities specified by the Ordering Party (stages I and II), obtaining the required certification (stage III), and then manufacturing and delivering the meters together with communication modules (stage IV). The agreement value according to the tender conditions is PLN 62.3 million, assuming the completion of the three previous stages of the agreement. The delivery of the meters is expected to start in late 2025 or early 2026. In accordance with the requirements of the Ordering Party, Apator SA granted 72 months guarantee for the meters supplied. In addition, the Ordering Party provides for the possibility, as part of the agreement, of purchasing a total of approx. 2.4 million meters from the contractors selected in the tender by 2030.
2. On 30 January 2025, Apator Powogaz SA established a subsidiary, Apator Powogaz Italia Srl, with a registered office in Padua (Italy). For more information, see item 1.4.1.
3. On 11 February 2025, the Management Board announced that it had entered into a technology partnership agreement with RITTAL GmbH&Co KG, which belongs to the Friedhelm Loh Group, a

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global industrial corporation. Cooperation of the Parties also includes the design and manufacture by Apator S.A. of a family of fuse switch disconnectors with optional electronic modules monitoring the status of fuse links. Disconnectors are designed for low-voltage switchboards and ensure the compatibility of devices with the RiLineX system by RITTAL. Sales will be made as orders come in. The Management Board estimates that, in 2025, projected revenues may amount to several million PLN, with the prospect of successive increases in subsequent years.

4. On 7 March 2025, Apator S.A. concluded a second agreement with Energa - Operator S.A. for the supply of Concentrator-Balancing Sets (ZKB) for the continuation of the project to install metering equipment at the MV/LV electrical substation. The contract value is PLN 10.4 million net, with delivery scheduled for the end of 2025 and the beginning of 2026. The terms and conditions of the agreement do not differ from those commonly used in agreements of this type, including contractual penalties.
5. On 12 March 2025, the subsidiary Apator Rector Sp. z o.o. concluded an agreement with Tauron Dystrybucja SA ("TD") with a net value of PLN 45 million. The agreement concerns the provision of services, support and development of the IT system for Network Asset Management (ZMS) implemented at TD between 2025 and 2028. The terms and conditions of the agreement do not differ from those commonly used in agreements of this type, including contractual penalties. The Network Asset Management System supports the functioning of the Distribution System Operator in the area of comprehensive infrastructure and business process management, and also provides a comprehensive, digitised database of network information.
6. On 28 March 2025, Apator SA concluded an agreement with Energa-Operator SA for the supply of remote-read electricity meters with a prepayment function. The contract value is PLN 28.8 million net, with delivery scheduled for 2025 and 2026. The contract terms include provisions on contractual penalties, in particular for delays in the delivery of batches of equipment or untimely removal of defects during the warranty period. Remote reading meters offering a pre-payment function are innovative devices that facilitate energy consumption control and operate on a pre-paid basis, i.e. after prior top-up.

7. Risk and threat factors

Risk management at the Apator Group aims to ensure that all relevant risks are identified, analysed and controlled on an ongoing basis. Risk management is implemented based on the three defence lines model and the uniform principles and methodology stemming from the international standard ISO 31000. At the individual Group companies, risk management is an integral part of their management systems and continues to be supervised by the parent company. The risk management policy adopted at the Group includes risk controls broken down into:

- financial management risk,
- strategic risk related to the development and value creation of the Apator Group,
- operational risk, including day-to-day performance, legal compliance, occupational health and safety, information security, and environmental protection.

A description of the key risks that may affect the activity of the Apator Group is presented in the table below. The order in which the key risks are presented does not reflect the likelihood of their occurrence.

The high rate of the volatility of the macroeconomic environment, the occurrence of multiple crises at the same time and the difficult-to-forecast scale of their interaction increase the likelihood of other risks not identified at the date of the report, and the forecasting of economic effects in those uncertain times is subject to the risk of error.

the Management Board of Apator S.A. assures that it monitors the political and economic situation on a current basis, analyses its impact on the activity of the Company and the Group of Companies, analyses the possibilities of protection against risks and takes appropriate actions.

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Risk of inflation and economic recession

The euro area is showing signs of an economic downturn. The unfavourable geopolitical and economic situation in Europe and around the world, intensified after the pandemic by the armed conflict, and disruption of energy security (restrictions in access to fuels and gas) may adversely affect the sales volume of existing products and changing customer needs.

Although the economic situation stabilised somewhat in 2024, there is still a risk of further increases in the prices of energy raw materials and production materials. The persistence of high inflation and the tightening of monetary policy resulted in unstable economic activity in Poland and around the world.

In addition, the high rate of volatility of the macroeconomic environment and the magnitude of the negative impact may lead to a further increase in the cost of running and financing operations.

The companies of the Apator Group - by reducing their exposure to financial risks - take care of securing currency positions, effective management of working capital and minimisation of debt servicing costs.

Climate risk

Climate changes affect the activity of enterprises in all sectors of the economy, including Apator Group. 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 Group 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 Group 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. An analysis based on the Aqueduct Water Risk Atlas - World Resources Institute has identified water scarcity risks for several locations that do not use water in their operations, as well as for a production plant in Jarzyski near Poznań, where water is essential for the technological process, although the company uses a circular water system. 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. The Apator Group develops and delivers solutions for efficient management of energy media and water, as well as renewable energy solutions. Consequently, the company identifies opportunities to increase its market share and sales of solutions aligned with the energy transition and the EU's climate policy focused on improving energy efficiency and expanding renewable energy sources. At the same time, the company recognises risks related to intensified competitive and price pressure—primarily from Asian suppliers—resulting from the growing demand for transition-supporting solutions and increased funding from EU sources. The Company is gradually expanding its product portfolio and working on improving operational efficiency.

Regulatory changes in the area of climate impose reporting obligations on enterprises — failure to comply with these entails the risk of administrative penalties. The growing impact of climate risks makes it crucial to integrate this area into the organisation's risk management process. In 2025, the Group incorporated climate risks (both physical and transition risks) into its risk management process, monitors and reports its carbon

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footprint across scopes 1, 2, and 3, actively tracks evolving legal and market requirements regarding climate protection, and adapts its products accordingly.

Energy and climate policy

The high dependence of the European Union countries on the supply of imported energy raw materials and fuels and the threat to energy sovereignty caused by Russia have strengthened the importance of the EU climate and energy goals in the areas of: security of supply, internal energy market, energy efficiency and technological independence. In response to the new geopolitical reality, energy market problems and the need to increase energy security, the European Commission presented the REPowerEU plan to speed up the energy transition and faster transition to renewable energy sources, accelerate the development of green hydrogen generation and storage infrastructure, the transition to emission-free transport and accelerate the EU's independence from fossil fuels. One of the financial tools of the REPowerEU plan is the Recover and Resilience Facility (RRF), which can be used to support coordinated planning and financing of cross-border and administrative infrastructure, as well as projects and reforms in energy handling.

Only at the end of 2023, after the Polish parliamentary elections, the European Commission unblocked part of the RRP funds under the Reconstruction Fund, of which the Recovery and Resilience Facility (RRF) is a significant part. However, a new risk of further underinvestment in the energy distribution sector has emerged as there is little time left to write and submit appropriate applications and launch projects. This risk is exacerbated by staff turnover in the energy sector, which began in the last quarter of 2023 and lasted until mid-2024, causing delays in decision-making processes. Due to the dynamically increasing number of medium and large-scale RES farms - in particular PV farms - there is a material risk of not being able to handle such large, unstable, weather-dependent power distributed by the ageing, unsuitable power grid. The growing problem is evidenced by the increasingly frequent temporary shutdowns of RES farms. This is a cause of concern for future RES investors, for whom the risk of operation is also growing. As a result, this situation may lead to a halt in investment in distributed energy. Investment uncertainty, deepened by the lack of final decisions regarding the separation of emission-intensive mining and production resources from other activities of energy entities, resulting in the inability to obtain "green credit", is currently the main problem of the energy sector, potentially slowing down the implementation of the entire energy transformation process in Poland.

Regulatory environment and risk of legislative changes

Every entrepreneur, when conducting business, is obliged to comply with the applicable legislation. Both the number of regulations in force and their volatility pose an increasing challenge for companies. Often, regulations impose many additional obligations on entrepreneurs, force the introduction of new procedures and changes in the organization, which involve additional costs (in the case of the Apator Group, this relates to, e.g. changes to labour law, tax law, public procurement law, the Code of Commercial Companies, law on the protection of the environment, waste management, etc.). Additionally, the Group is obliged to comply with EU regulations which are directly binding on member states and do not require implementation. Also, each time the business activity is extended (in the case of the Apator Group, e.g. by energy storage facilities, vehicle charging stations), the need to analyse new regulations and their implementation arises, which involves additional risk. The key regulations that may significantly shape the activity of the Apator Group are:

The Energy Law

The amendment to the act provides for, inter alia, the introduction of system solutions in the field of smart metering consisting of the obligation to install, by 31 December 2025, remote reading meters connected to the remote reading system at all power stations transforming medium voltage into low voltage (MV/LV), which are part of the distribution network of a given DSO and the obligation to install, by 31 December 2028, remote reading meters connected to the remote reading system at measurement points representing at least 80% of the total number of measurement points at end customers connected to the network with a rated voltage not higher than 1 kV that belongs to a given operator.

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The amendment of the Energy Law and the Act on renewable energy sources, including provisions abolishing the so-called exchange obligation, the obligation to sell generated electricity on an institutionalised market, in this case on a commodity exchange, must be seen as a strong interference in market competitiveness. A similarly strong interference in the competitiveness of the energy market was the so-called "tariff freeze" extended by the new government until 31 December 2025. Lack of competitiveness and subsidisation increase the risk of destabilising the energy market in the long term. On the other hand, tightening the regulations on liability in the field of manipulation on the electricity market creates opportunities for the development of new products, systems and solutions manufactured by the Apator Group.

Public Procurement Law

The high volatility of prices, inflation and the unpredictability of economic phenomena have forced the implementation of mechanisms protecting the interests of contractors executing long-term agreements concluded under public procurement, i.e. the possibility to change the amount of remuneration due to the contractor in the event of a change of the prices of materials or costs related to the execution of the agreement in the case of agreements concluded for a period longer than six months or the possibility to amend the agreement due to circumstances that the ordering party could not foresee.

Labour law

Changes in the Labour Law concerning e.g. rules for concluding and terminating agreements, increasing work flexibility, remote work or preventive sobriety checks of employees may affect the competitiveness of employers and increase labour costs. This increase is also determined by systematic increases in the minimum wage rates in force in Poland.

Customer claims under the granted warranties/guarantees

Apator S.A., in accordance with applicable law, provides a statutory guarantee for the sold measuring and switchgear equipment and also a warranty (guarantee periods are often equal to the warranty period and result from the Ordering Party's ToR as part of domestic and foreign procedures). The guarantee entails the risk of guarantee repairs and, in addition, the risk of possible failure to meet the required deadlines regarding maximum periods for repairing/removing defects. All agreements signed by the Company contain provisions regarding contractual penalties for untimely removal of defects and defects during the guarantee period, and the provisions are often non-negotiable. The inability to repair makes it necessary to issue a new product to the customer (additionally, in the case of network-hung meters, repair and replacement with a new device inevitably involve the additional cost of removing and installing a new meter).

Additional customer requirements related to third-party liability insurance

Due to the conditions set by Ordering Parties and the need to insure the business and its development, it is becoming necessary to annex third-party liability insurance, which involves additional - in many cases difficult to predict - costs.

Tackling payment bottlenecks

The clarification of the provisions related to the prevention of excessive delay in commercial transactions, the simplification of the reporting obligation and the improvement of the efficiency of the excessive delay proceedings changes the model of financial sanctions and introduces the discretionary power of the President of the UOKiK when determining the penalty.

Risk of technological breakthrough

The high speed of technological changes, legislative requirements regarding energy efficiency, increased customer expectations concerning increased functionality, ease of use or low prices affect the changes in electronic measurement technology and shorten the product life cycle. Market trends indicate a growing

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interest in static metering technologies and the use of existing technologies of bellows gas meters to measure hydrogen.

Significant risks are posed by the strongly tightened climate targets of the REPowerEU package. It is not clear, e.g., how quickly it will be possible to move away from natural gas and replace it with green hydrogen. The lack of maturity of the technologies related to the production, storage and distribution of green hydrogen also raises some concerns. Further risks are related to the planned rapid acceleration of the construction of the infrastructure of public charging stations for electric cars and their negative impact on the network and energy quality parameters. Additionally, in 2024, a decline in the sales dynamics of electric cars alone was visible throughout Europe, which raises further uncertainties about the future of the industry.

The ongoing processes of decentralisation, digitisation and decarbonisation of the sector stimulate the development of solutions to improve energy efficiency and better, more responsible, use of the Earth's energy resources. This, in turn, on the one hand, affects the high variability of the functionality of the meters and communication technologies, on the other hand, it causes an increase in design and quality risks resulting from the level of technological complexity of new products.

The trend towards automation, remote grid control and remote energy metering, reading and settlement, which has been observed for some time, may accelerate.

It seems highly likely that devices and systems operating autonomously without human intervention will become highly popular, while devices without remote access will gradually disappear, with the main "battleground" being technology (mainly digital), intellectual property rights, access to data and online platforms. Nowadays, every industry is moving towards smart, and the production of meters and management systems have also moved in that direction. Providing technologically advanced products for the most demanding customers in Poland and abroad is currently an important factor in the development of business in the group, bringing stable profits. Due to the achieved scale and pace of development, as well as the fact that the complexity of the subject matter of product supply agreements often requires participation in international consortia, the financial risk associated with conducting international operations automatically increases.

Risk of an increase in the prices of energy resources and fuels

The geopolitical situation is the main determinant of the development of the energy resources market. The war started by Russia and the economic and financial sanctions imposed on Russia have caused serious restrictions on availability and, consequently, an increase in the prices of energy resources. In terms of sectors, the prices of natural gas, hard coal and crude oil increased the most. In recent weeks of 2025, the world has witnessed a kind of reset in relations between the USA, Russia, and Ukraine. The American talks with Russia regarding Nord Stream 2 may be part of broader strategic negotiations aimed at achieving peace in Ukraine. However, a return to Russian gas poses a significant threat to Europe as a whole, including Poland. The persistently tense situation in the energy commodity market may lead to a further increase in their prices.

The Apator Group - by reducing the exposure to the risk of increasing prices of energy resources - builds its own sources of renewable energy and introduces new products, systems and solutions dedicated to RES.

Supply chain risk (prices and availability of strategic materials and components)

The multiple crises occurring at the same time lately, have severely destabilised the structures of global supply chains and strengthened the risks related to the price and availability of materials and components. Significant difficulties in access to electronic components and shortages of some raw materials have decreased after the pandemic, but there is still a high risk of a return of the demand bubble. Significant fluctuations in the price of copper, for example, keep this risk high. Russia's invasion of Ukraine has further exacerbated supply chain disruptions. While the subsiding of the pandemic and the lifting of "zero Covid" policies have improved component availability, the war in Ukraine is ongoing, and global politics have recently seen a rise in tensions—

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driven largely by the administration of Donald Trump. The US administration, led by Donald Trump, has introduced increased tariffs on imports from a number of countries. In response, the European Union has announced retaliatory action, condemning the protectionist moves by the US and pledging to implement adjusted tariffs. The introduction of new trade barriers could, in the short term, lead to chaos in international trade, disrupted supply chains, longer lead times, increased production costs and sharp changes in demand patterns. In the longer term, there may be a need to change suppliers, reorganise logistics and sustainably increase operating costs.

Among the raw materials and components used in the production process of the Apator Group companies, the most sensitive to economic fluctuations ones are electronic components, plastics, metallurgical products and copper.

Due to the high commoditisation of integrated circuits and the lack of duplicated implementations with the use of different microcontrollers (very high costs), the production of smart meters is particularly sensitive and inflexible. To reduce the risk of the supply of components, the Apator Group increases its operational flexibility by diversifying the suppliers of materials, components and transport and looks for opportunities to shorten the supply chains and become independent from the dominance of Asian suppliers. A closed-loop economy in plastics processing is also being introduced where possible.

The companies in the Apator Group are supplied on domestic and foreign markets (excluding the Russian and Belarusian markets). They actively manage limits for individual suppliers. They constantly monitor the situation of cooperating parties, suppliers and forwarders, the state of deliveries and the possibilities of geographical diversification of the source of supply. In the event of problems with access to given components, they check the possibility of introducing substitutes and alternative materials (only for proposals, without affecting the quality of the product). Such an action requires a lot of time, additional research and agreements with customers and delays the implementation of tasks related to the development of new products. A process of securing copper prices through hedging was also introduced and alternative suppliers were found for that raw material, which is critical for Switchgear.

Risk of decrease in prices of the Apator Group products

All markets where the Apator Group companies operate are characterised by strong competition and price wars, which currently affect the electricity metering market in Poland the most, where fierce price competition is ongoing in connection with the smart metering implementation schedule (expected market growth of approx. 30%). Most customers choose at least three suppliers to ensure the continuity of meter deliveries, and thus, to meet the timely implementation of the meter installation schedule in accordance with the requirements of the amendment to the Energy Law. Such an approach of contracting authorities increases the chances of getting an order by a domestic manufacturer. Unfortunately, there are significant price disparities between offers submitted by Asian companies and those submitted by European companies. This is due to the fact that Asian companies - unlike European ones - do not bear the costs of the economic sanctions imposed on Russia by the European Union. The situation is conducive to Chinese competition, which, by lowering the price of products and limiting the supply of components to European and Polish manufacturers, tries to make the market and customers dependent on its products. Additionally, the increase in operating costs in the European Union deepens the existing disproportions.

Moreover, the prolonged persistence of global economic instability, rising interest rates and unstable currency markets may adversely affect the profitability of long-term agreements at fixed prices concluded under public procurement, the sales volume of existing products and customer needs.

The companies of the Apator Group, like other representatives of European industry, count on the support of the European Union and local governments. Taking into consideration market trends and threats related to them, the companies in the Apator Group automate their production, the effect of which is the increase of the scale of production with simultaneous reduction of labour costs and improvement of quality, also, the companies diversify sales markets strongly focusing on foreign sales. In the Water & Heat and Gas segments,

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export already accounts for a dominant share of sales. In the Electricity segment, market shares in other markets are gradually increasing.

Contractual risk in export markets

On the main export markets (mainly the UK, the Netherlands, Belgium) a gradual tightening of contractual requirements has been observed for several years, towards increasing the quality requirements, the warranty period and the severity of penalties for suppliers. Currently, agreements for the supply (especially of gas meters) are to secure the interests of *Distribution System Operators* as much as possible. Also, such agreements are usually not subject to Polish law, and disputes arising from them are not, and will not, be settled by Polish courts but by foreign courts. In view of the above, this risk applies to contractual provisions imposed on suppliers by DSOs, which are only marginally negotiable, and acceptance of the basic requirements is often a requirement to participate in a tender. Such agreements contain a number of clauses related primarily to:

- product liability (long guarantee periods of up to 10-15 years),
- high fees for the replacement of a defective product or an entire batch in which a few per cent of defective products are found,
- additional costs for the assembly/disassembly of defective products in the network (the so-called *Off the Wall costs*),
- high penalties related to late deliveries. Foreign agreements for innovative products (smart gas meters) delivered on a large scale are particularly burdened with a higher risk. The basic measure to prevent the materialisation of the above-mentioned risk is to ensure the timeliness of deliveries (e.g. ensuring at least part of the stock) and the proper quality of the products from the design process onwards and:
 - selection of good quality components,
 - exercising close supervision over suppliers,
 - quality control of the production processes,
 - automation of production, reduction of the probability of human errors,
 - conducting accelerated ageing tests of electronic components reflecting the conditions during the product life cycle.

The Apator Group, to protect itself against the contractual risk, has concluded civil liability insurance agreements in relation to its operation and the marketed products.

Risk of incomplete commercialisation of development projects due to market concentration

The situation in the most developed European markets in terms of gas metering has changed significantly. Acquisitions and concentration on the part of suppliers of measuring instruments as well as the organisation of a few large tenders for multi-year supply result in strong price competitiveness. In view of the above, the rejection of a bid in a tender may block the possibility of supplying any of the markets for several years, with the risk of incomplete commercialisation of certain development projects dedicated to a specific tender or market.

Risk of ineffective protection of the EU market against unfair competition from Asia, risk of loss of European technological sovereignty and digital threats

Unlike the United States, which, following the implementation of the IRA, began to effectively protect its manufacturers from unfair subsidy-assisted price competition enjoyed by Asian companies, European companies still cannot count on "levelling the playing field". Important regulations on the matter such as the NZIA (*Nett Zero Industry Act*) are still being negotiated and currently only cover a few industries (e.g. wind power plants) leaving the rest of the sectors without any protection. An additional risk is created by the practices of some ordering entities in public tenders in Poland, consisting of uncontrolled and unverified ordering of digital devices with teletransmission from areas with a high risk of potential cyber-attacks (suppliers from outside the EU). Failure to check digital devices

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entering the Polish market (to be installed in every Polish home, e.g. smart meters) is a significant omission that could result in serious consequences in the future. The problem is still not sufficiently addressed by the Polish authorities, which poses a serious threat to the entire network infrastructure. A separate problem caused by such activities is the risk of loss of technological sovereignty of the Polish economy acting in favour of the energy sector. New EU regulations addressing that issue, such as the CRA Act, the NIS2 Directive and the digital product certification regulation (EUCC), are being implemented too slowly and do not reduce existing risks sufficiently or quickly enough.

Human resources risk

The progressive robotisation and automation, rapidly growing amount of data and accelerated technological development make programmers, constructors and engineers one of the most desirable groups of specialists in the labour market. Additionally, the introduced possibility of performing work outside the workplace and the popularisation of remote work increase competition between employers, which may increase the financial expectations of employees.

Another group of employees, the loss of which could have a great impact on the operation of the Apator Group are traders. Their loss may result in the interruption of business relations with customers. To prevent that, above-market base remuneration and attractive bonus and benefit systems are applied. In addition, cyclical team-building events are organised.

Risk of data security loss/cyberattack

The dynamic development of digitalisation replacing manual operations with modern technologies is fundamentally changing the approach to business and business models. In addition to a number of benefits, the automation of business processes and the use of appropriate online systems and tools are associated with a number of risks, including the activity of criminal groups specialising in cybercrime, leakage of personal data and confidential information or blocking of key services. Given the scale and impact of those threats, protecting intellectual property and proprietary information is a key challenge of the digital age.

Entered into force in 2023, the amendment to EU cyber security law (NIS2 Directive) extends the scope of cyber security regulations to new sectors and entities and stimulates the improvement of resilience and incident response capacity of public and private entities, competent authorities and the EU as a whole, and obliges the Member States to introduce appropriate measures and mechanisms in national legislation to ensure digital security of networks and information systems. The amendment to the Act on the National Cyber Security System, implementing the provisions of the NIS2 Directive, is in the legislative process, but it is expected that the Act will be adopted in 2025.

The Apator Group conducts activities to raise the awareness of employees of digital threats and their consequences on an ongoing basis and presents appropriate ways to protect against them, including response paths and reporting threats and security incidents. As part of its strategic initiative on cyber security, the Group is working to meet the requirements of the NIS2 Directive and to ensure the security of industrial automation systems and the production process at Apator Group companies (OT cyber security).

The information security management system in the Apator Group ensures data security through security policy, security procedures and appropriate tools and infrastructure (including: VPN services and encryption, coding, protection and anti-virus systems) and technical support. The information security management system of Grupa Apator is managed by Apator S.A., The system is regularly tested and adjusted to changing threats. The Group is currently preparing for renewal of ISO 27001 certification.

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Impairment risk of acquired assets

Goodwill is recognised as an asset and is subject to impairment testing at least once a year. As at 31 December 2024, the goodwill of subsidiaries in the consolidated financial statements amounts to PLN 120.7 million, including:

- Apator Rector Sp. z o.o. - PLN 43.1 million,
- Automation and ICT business line in Apator S.A. - PLN 34.5 million,
- Apator Powogaz S.A. - PLN 17.5 million,
- Apator Miitors ApS - PLN 18.9 million,
- Apator Telemetry Sp. z o.o. - PLN 5.5 million,
- APATOR METRA S.R.O. - PLN 160 million.

The risk is related to a possible reduction in the cash-generating potential of subsidiaries/cash-generating units (CGUs) over the time period specified in the business plan perspective.

As at 31 December 2024, the value of financial assets - shares in subsidiaries in the separate financial statements was PLN 171.0 million, including:

- Apator Powogaz S.A. - PLN 68.6 million,
- Apator Rector Sp. z o.o. - PLN 74.3 million,
- Apator Telemetry Sp. z o.o. - PLN 12.2 million,
- Apator Metrix S.A. - PLN 8.9 million,
- FAP Pafal S.A. - PLN 0.6 million,
- other companies - PLN 6.4 million.

Financial risks

The description of the financial risks is included in the consolidated financial statements in sec. 7.31 (Annual Report 2024).

Impact of the situation in the East

As of the date of this report, the Apator Group continues to identify risks arising from the war in Ukraine; however, their level depends on the further development of the situation and its impact on exchange rates, prices of raw materials, and other areas of operations.

Since the outbreak of the war in February 2022, the Group has completely ceased sales in the Russian and Belarusian markets. Sales to Ukraine accounted for approximately 4% of the Apator Group's total sales in 2024.

As regards receivables from contractors from the endangered markets, at the end of 2024, the share of receivables

from the Ukrainian market in the total value of receivables of the Apator Group was about 0.7%. The Group had no trade receivables from the Russian and Belarusian markets. Therefore, as of the date of publication of this report, the situation in the East has no significant impact on the Group's operations.

Detailed values of receivables as at 31 December 2024 are presented in the table below.

Level of receivables as at 31 December 2024.	Apator S.A.	Apator Group
Receivables from contractors		
Ukraine	0	1,365
Total trade receivables as at 31 December 2024	77,126	185,495
Share in Company's trade receivables	0.0%	-
Share in trade receivables of the Apator Group	-	0.7%

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8. Credits, loans, guarantees

The state of credits and loans of the Apator Group:

Item	as at		Change
	31 December 2024	31 December 2023	
Long-term credits and loans	24,621	29,545	-4,924
Short-term credits and loans	90,226	162,511	- 72 285
Total credits and loans	114,847	192,056	- 77 209

8.1. Credits

As at 31 December 2024, the status of significant loan agreements is as follows:

1. Apator Group

a) Multi-product agreement of 22 June 2016

On 30 June 2022, by and between ING Bank Śląski S.A. and companies of Apator Group: Apator S.A., Apator Powogaz S.A., Apator Metrix S.A., FAP Pafal S.A., Apator Rector Sp. z o.o., Apator Telemetria Sp. z o.o. an annex to the above-mentioned agreement was concluded, pursuant to which the revolving credit limit for current financing of companies was increased from PLN 180 million to PLN 250 million. The credit repayment date is 30 June 2025. The credit limit can be used in the form of working capital credits, bank guarantees, letters of credit and discount transactions for the redemption of receivables by the Bank in the form of supplier financing. The interest rate on the limit is based on the WIBOR/EURIBOR 1M rate increased by the bank margin.

The collateral of the Agreement is as follows:

- registered pledges on the companies' inventory of a total value of PLN 148.8 million,
- registered pledges on the companies' fixed assets with a total net value of PLN 30.0 million,
- mortgage on the real estate of Apator S.A. up to the value of PLN 40 million,
- assignment of rights under the insurance policy for the above collateral,
- blank promissory note and promissory note declarations issued by the borrowers.

The obligations under the granted limit are jointly borne by the companies, up to a maximum amount of PLN 250 million.

As at 31 December 2024, the use of limits by the Apator Group under the concluded multi-product agreement was:

- from used credit limits of PLN 76,1 million,
- from guarantees and letters of credit issued – PLN 6.7 million,
- from supplier financing – PLN 1.4 million.

b) Multi-purpose agreement of 26 May 2023

On 26 May 2023, by and between Powszechna Kasa Oszczędności Bank Polski S.A. and companies of Apator Group: Apator S.A., Apator Powogaz S.A. and Apator Metrix S.A. a multi-purpose credit limit agreement was concluded for the total amount of PLN 80 million. The agreement was concluded for a period of two years, i.e. until 26 May 2025. On 23 November, Annex 1 to the Agreement was concluded, under which another Borrower was added, GWi, a company based in the UK. On 23 May 2024, under the Annex No. 2, due to the commencement of the liquidation procedure in receivership, GWi Ltd. ceased to be the Borrower and the credit was repaid by the company Apator Metrix S.A.

The limit can be used in the form of working capital credits, bank guarantees and letters of credit. The interest rate on the limit is based on WIBOR/EURIBOR 1M, SOFR/SONIA ON plus the bank's margin.

As at 31 December 2024, the collaterals for the contract are:

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- registered pledges on the companies' tangible assets of the total value of PLN 12.4 million,
- Registered pledge over inventory of PLN 27.1 million,
- a joint mortgage on the Żerniki and Tczew properties up to PLN 182.8 million,
- assignment of rights under the insurance policy for the above collateral,
- declaration of submission to execution under Art. 777 of the Civil Code, up to the amount of PLN 80 million, issued by each company.

As at 31 December 2024, the use of limits by Apator Group companies under the concluded agreement was:

- from used credit limits – PLN 9.3 million,
- from guarantees and letters of credit issued – PLN 20,4 million,

2. Apator Powogaz S.A.:

- a) on 4 December 2020, concluded with PKO Bank Polski S.A. with its registered office in Warsaw, an investment credit agreement in the amount of PLN 39.1 million with the possibility of increasing it to PLN 41 million. On 6 May 2022, an annex was concluded, which increased the financing amount by PLN 0.9 million. The credit was used to finance the acquisition of land and the construction of a production facility in Jaryszki near Poznań, on the basis of an agreement with the General Contractor. The interest rate is determined as follows:
- up to PLN 39.1 million – fixed interest rate of 1.3% p.a. increased by the Bank margin.
 - above PLN 39.1 million and up to PLN 41.9 million – interest rate based on a variable interest rate of WIBOR 1M increased by the Bank margin.

As at 31 December 2024, credit collateral includes:

- blank promissory note and promissory note declaration,
- joint mortgage on the real estate in Żerniki with a multi-purpose agreement for the total amount of PLN 182.8 million,
- assignment of rights under the insurance policy on the mortgaged property.

The credit repayment period is determined to be from 31 July 2022 to 4 December 2030. As at 31 December 2024, the debt under the above credit amounted to PLN 29.5 million.

- b) on 5 June 2023, Apator Powogaz S.A. concluded, with PKO Faktoring S.A., a factoring agreement with a financing limit of up to PLN 15 million, effective until 4 June 2024. The agreement was automatically rolled over for the following year. The interest rate was determined based on the WIBOR/EURIBOR 1M rate plus margin. The agreement is secured by a power of attorney to the bank account and a blank promissory note with a promissory note agreement. As at 31 December 2024, the value of the limit used was PLN 2.6 million.
- c) has entered into a factoring agreement with ING Commercial Finance Polska S.A. with a limit of up to PLN 4.5 million to finance current operations. On 22 September 2022, an annex to the above agreement was signed extending the method of financing to both with and without assuming the solvency risk of customers. The interest rate on the financing was set at a variable rate, depending on use, equal to WIBOR 1M or EURIBOR 1M plus the Bank's margin. The agreement is secured by a blank promissory note. As at 31 December 2024, the company has not used the funding.

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3. **Apator Metra s.r.o.** has drawn a credit from Raiffeisenbank a.s. in the amount of CZK 30 million, the purpose of which is to finance current business activities. The agreement is concluded for an indefinite period. The interest rate was determined based on the variable 1D PRIBOR rate plus the bank margin. The credit is secured by a pledge on property in the amount of CZK 50 million (i.e. PLN 8.5 million according to the average exchange rate of the ING BŚ bank as at 31 December 2024 for CZK = PLN 0.1698), together with the assignment of rights under the all-risk property insurance policy. As at 31 December 2024, it did not use the credit line.
4. **Apator Telemetria Sp. z o.o.** on 24 March 2022, concluded with mBank S.A. an e-credit agreement for supplier financing, with a limit of PLN 7 million. The agreement is rolled over annually. The interest rate on the financing was set at a variable rate, depending on use, equal to WIBOR 1M or EURIBOR 1M plus the Bank's margin. The agreement is secured by a blank promissory note. As at 31 December 2024, the company has not used the funding.

In 2024, no bank terminated any credit agreement concluded with any company of the Apator Group and the companies of the Apator Group fulfilled their obligations under the concluded credit agreements. The list of all credit agreements is presented in the consolidated financial statements in sec. 7.20 (Annual Report 2024).

8.2. Loans

In 2024, Apator Group companies did not grant any loans to entities outside the Group.

As at 31 December 2024:

- Apator Powogaz S.A. has a receivable under a consolidated loan in the amount of EUR 1.5 million granted to the subsidiary Apator Miitors ApS. The nominal interest rate on the loan is 5.7%. On 20 November 2020, Apator Powogaz and Apator Miitors ApS concluded an annex extending the loan repayment period until the end of 2029. As at 31 December 2024, the outstanding loan amount (interest was deducted from the company's current receivables) was EUR 652.30 thousand (i.e. PLN 2.8 million according to the average exchange rate of ING as at 31 December 2024 for EUR = PLN 4.2750).
- Apator S.A., has a receivable due to the loan granted to the subsidiary Apator Powogaz S.A. in the amount of PLN 10 million. The loan interest rate is 2.2% plus the WIBOR rate for 3M deposits. The loan will be repaid in 10 monthly instalments starting from January 2025. The amount of interest paid on the loan in 2024 was PLN 65,600. .

8.3. Sureties and guarantees

In 2024, the Apator Group companies did not grant any sureties to entities outside or from the Group.

As at 31 December 2024, the Apator Group also had active guarantees issued by insurers and banks. A list of guarantees is also included in the consolidated financial statements in sec. 7.33 (Annual Report 2024).

9. Pending proceedings before a court, arbitration body or public administration body

The current proceedings (including two or more proceedings) concerning the liabilities or receivables of Apator S.A. before a court, an authority competent for arbitration proceedings or a public administration authority concerning the Issuer and the companies from the Group of Companies are not significant.

10. Transactions with related entities

The Apator Group companies cooperate in business areas, including financial activity and support functions (mainly IT). In 2024, under that cooperation, as in the previous periods, neither Apator S.A. nor any of its

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subsidiaries entered into transactions with related entities concluded on terms other than arm's length terms.

The data on transactions with related entities and information on the outstanding balance is presented in the table in sec. 7.32 of the consolidated financial statements (Annual Report 2024).

In terms of financial activity, dividends are transferred between companies in the Apator Group. In this regard, in 2024, Apator S.A. received dividends from subsidiaries in the total amount of PLN 14,134 thousand (PLN 11,544 thousand in the corresponding period in 2023).

11. Entities subject to consolidation as at 31 December 2024

- parent entity – Apator S.A.,
- direct subsidiaries subject to consolidation using the full method:

Unit	Business line	Company	Registered office	Share in capital	Relation with Apator S.A.
Electricity (EE)	Electricity metering	FAP Pafal S.A.	Świdnica	100%	Subsidiary of Apator S.A.
	ICT	Apator Rector Sp. z o. o.	Zielona Góra	100%	Subsidiary of Apator S.A.
	Trading in mining equipment (small-scale activity – not a business line)	Apator Mining Sp. z o. o.	Katowice	100%	Subsidiary of Apator S.A.
Electricity / Gas	Electricity and gas metering	APATOR GmbH	Berlin (Germany)	100%	Subsidiary of Apator S.A.
Gas*	-	Apator Metrix S.A.	Tczew	100%	Subsidiary of Apator S.A.
Water & Heat (W&H)	-	Apator Powogaz S.A.	Jaryszki	100%	Subsidiary of Apator S.A.
		Apator Metra s. r. o.	Sumperk (Czech Republic)	100%	Indirect subsidiary of Apator S.A. through Apator Powogaz S.A. Indirect participation through Apator Powogaz S.A.
		Apator Miitors ApS	Aarhus (Denmark)	100%	Indirect subsidiary of Apator S.A. through Apator Powogaz S.A. Indirect participation through Apator Powogaz S.A.
		Apator Telemetria Sp. z o. o.	Słupsk	92.69%	Direct subsidiary of Apator S.A. in 20.8% and indirect subsidiary of Apator Powogaz S.A. in 71.89%

*) GWi Ltd. (UK) is in liquidation as at 31 December 2024. The company was being consolidated until 12 April this year; see item 6.5 below for more.

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12. Management Board statements

12.1. Statement of the Management Board of Apator S.A. regarding the preparation of financial statements and reports of the Management Board

To the best of its knowledge, the Management Board of Apator S.A. declares that the annual separate and consolidated financial statement for 2024 and comparable data have been prepared in accordance with the International Accounting Standards (IAS), International Financial Reporting Standards (IFRS) and related interpretations published in the form of regulations of the European Commission. The Apator Group applies the provisions of the Accounting Act and the executive regulations issued based on the Act to the extent not regulated by IAS/IFRS.

The annual separate and consolidated financial statements reflect in a true, reliable and clear manner the property state and financial position of Apator S.A. and Apator Group of Companies and its financial result. The detailed principles of preparation of the statements are included in the explanatory notes to the annual consolidated financial statements and separate financial statements.

The annual report of the Management Board on the activity of the company and the Group Group presents a true state of the development, achievements and position, including a description of basic risks and threats.

12.2. Information of the Management Board of Apator S.A. regarding the appointment of the entity authorised to conduct financial statement audits

The Management Board of Apator S.A., based on the statement of the Supervisory Board of Apator S.A., informs that:

- a) the entity authorised to audit financial statements, KPMG Audyt Spółka z ograniczoną odpowiedzialnością Sp. k., which audited the annual separate and consolidated financial statements, was selected in accordance with the legal regulations including the selection and procedure of selection of the auditing company. The entity auditing the statements was chosen by the Supervisory Board of Apator S.A. on 26 March 2024 based on the recommendation of the Audit Committee and in accordance with Art. 20 of the Statute of Apator S.A., i.e., in the manner ensuring its independence in the performance of the entrusted tasks,
- b) the company KPMG Audyt Spółka z ograniczoną odpowiedzialnością Sp. k. - entered in the register of entities authorised to audit financial statements under the number PIBR 3546, as well as the members of its Management Board and statutory auditors performing financial audit activities for Apator S.A. and its related entities met the conditions for the preparation of impartial and independent reports on the annual audit of individual and consolidated financial statements in accordance with applicable regulations, professional standards and principles of professional ethics,
- c) the applicable regulations related to the turnover of the audit firm and the key statutory auditor as well as the mandatory grace periods are complied with,
- d) the company has a policy in place for the selection of an audit firm and a policy for the provision of additional non-audit services by an audit firm, an entity related to the audit firm or a member of its network, including services conditionally exempt from the prohibition concerning the provision of services by the audit firm.

More information on the remuneration of the audit firm can be found in sec. 7.35 of the annual consolidated financial statements.

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13. Statements of the Supervisory Board

13.1. Evaluation of the Supervisory Board concerning the financial statements and the report of the Management Board

The Supervisory Board supervised the process of preparation of the financial statements. The Supervisory Board, based on the positive recommendation of the Audit Committee of 24 April 2025, evaluated the financial statements prepared by the Management Board and the report of the Management Board on the and the Apator Group. The Supervisory Board confirms that the financial data presented in the periodic reports is reliable,

correct and real and is prepared in accordance with the books, documents and the actual state of affairs and in accordance with the applicable accounting principles, applied on a continuous basis, based on the books of accounts.

13.2. Statement of the Supervisory Board of Apator S.A. concerning the Audit Committee

the Supervisory Board of Apator S.A. declares that:

- a) the rules regarding the establishment, composition and functioning of the audit committee are obeyed, including those related to the fulfilment of independence criteria by its members, as well as requirements pertaining to possessing knowledge and skills related to the industry in which the issuer operates, and to accounting or auditing,
- b) The Audit Committee fully performed the tasks provided for in the applicable regulations.

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14. Corporate governance in Apator S.A.

14.1. Best Practices for GPW Listed Companies

Best Practices for GPW Listed Companies is a set of corporate governance rules, i.e. rules of conduct addressed both to company bodies and members of those bodies, as well as to shareholders. The reference is made to the broadly understood management of a company, and the purpose is to strengthen the transparency of listed companies, improve the quality of communication between companies and investors, and strengthen the protection of shareholders' rights also in matters not regulated by law. The application of corporate governance principles by companies is voluntary (it does not result from any provisions of law); however, it is the duty of each listed company to inform about their application. This obligation is provided for both in the Regulation of the Minister of Finance on current and periodic information and in the Regulations of GPW.

Set of Best Practices in force in 2024

The current set of corporate governance principles "Good Practices of Companies Listed on the WSE 2021" has been in force since 2021, and its content and archival versions are available on the website of Giełda Papierów Wartościowych S.A.: <https://www.gpw.pl/dobre-praktyki>.

Apator S.A. complies with the majority of the principles contained in the Best Practices for GPW Listed Companies 2021, except for the following:

- Principle 2.1 The Company shall have a diversity policy for the Management Board and the Supervisory Board, adopted by the Supervisory Board or the General Meeting, respectively. The diversity policy shall define the objectives and criteria for diversity in areas such as gender, field of study, specialist knowledge, age and professional experience, and shall indicate when and how the achievement of these objectives shall be monitored. With regard to gender diversity of corporate bodies, the participation of the minority group in each body should be at least 30%.

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

- Principle 2.2 The persons making decisions on the election of members of the Management Board or the Supervisory Board of the company shall ensure the comprehensiveness of these bodies by selecting persons for their composition who ensure diversity, making it possible, inter alia, to achieve the target ratio of a minimum minority shareholding set at a level of not less than 30%, in accordance with the objectives set out in the adopted diversity policy referred to in the rule 2.1.

Company comment: Justification described in sec. 2.1.

- Principle 2.11.6 In addition to its responsibilities laid down in the legislation, the supervisory board prepares and presents an annual report to the annual general meeting once per year. Such report

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includes at least the following: (...) information regarding the degree of implementation of the diversity policy applicable to the management board and the supervisory board, including the achievement of goals referred to in principle 2.1.

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

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

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

14.2. Share capital

As at 31 December 2024, share capital of Apator S.A. was PLN 3,264,707.30 and was divided into:

- 7,326,515 registered A series shares and
- 25,320,558 bearer shares of A, B and C series of nominal value of PLN 0.10 each.

The total number of votes at the General Shareholders Meeting resulting from all the issued shares was 54,626,618. All bearer shares are introduced to trading in the continuous trading system.

Changes in the share capital structure during the reporting period

As a result of the conversion of 4.876 registered shares into ordinary bearer shares on 31 January 2024, which were assimilated to stock exchange trading, the total number of votes decreased from 54,641,246 to 54,626,618. Therefore, the basis for calculations as at 31 December 2024 and as at the date of publication of the report (26 April 2025) is the share capital of PLN 3,264,707.30 PLN, consisting of 32,647,073 shares with a nominal value of 0.10 PLN each, divided as follows:

	As at 31 December 2024			
	Number of	Share structure %	Number of votes	Structure of votes %
Registered shares	7,326,515	22.44%	29,306,060	53.65%
Bearer shares	25,320,558	77.56%	25,320,558	46.35%
Total shares	32,647,073	100.00%	54,626,618	100.00%

Each bearer share gives the right to one vote, while registered shares are preference shares – one share gives the right to four votes at the general meetings.

14.3. Shareholders of Apator S.A. holding directly or indirectly significant blocks of shares

Shareholders of Apator S.A. holding directly or indirectly significant blocks of shares (above 5% of votes at the general meeting) holding, directly or indirectly, significant blocks of shares (over 5% of votes at the general meeting), along with an indication of the number of shares held by the entities, their percentage share in the share capital, the number of votes resulting from them and their percentage share in the total number of votes at the general meeting as at 31 December 2024.

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Item	As at 31 December 2024					
	Registered shares	Bearer shares	Total 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	0	3,600,000	3,600,000	3,600,000	11.03%	6.59%
Aviva OFE Aviva Santander SA/PTE Allianz Polska**	0	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 of Drugi Allianz OFE, 4,539,876 shares, representing 13.91% of the Company's share capital, were credited to Allianz OFE's account, which gives the right to exercise 4,539,876 votes from shares representing 8.31% of the total number of votes at the General Meeting.

14.4. Dividends

Dividend policy

The Management Board of Apator SA declares that it will recommend annually to General Shareholders Meetings to pay the dividend in the amount not higher than 75% of the net profit of Apator SA generated for the previous financial year taking into consideration the perspectives of development, current and future financial standing of the Apator Group, conditions of the market environment and investment plans. In its recommendation for General Shareholders Meeting, the Management Board each time will take into consideration the following significant factors:

- investment needs resulting from the performance of the strategy, including the acquisition policy and available ways of its financing,
- liquidity needs of the Apator Group depending on current and expected market and regulatory conditions,
- amount of current and expected commercial and financial liabilities, including potential limitations resulting from financing agreements.

The Management Board envisages the possibility of advance dividend payments.

Profit dividend for 2023

On 26 June 2024, the Annual General Meeting of Apator SA decided to pay dividend from profit for 2023 in the amount of 0.50 PLN gross per share. The total amount allocated for the dividend, according to the decision of the General Meeting, is PLN 16,323,536.50:

1. Advance dividends on 2023 profit in the total amount of PLN 6,529,414.60, or PLN 0.20 gross per share, were paid on 21 December 2023. The right to advance payment was obtained by shareholders holding shares of Apator S.A. on 15 December 2023.

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2. The remaining part of the dividend in the total amount of PLN 9,794,121.90, i.e. PLN 0.30 gross per share, was paid on 11 July 2024. The right to this part of the dividend was obtained by shareholders holding shares of Apator SA on 4 July 2024.

As many as 32,647,073 registered A series shares and A, B and C series bearer shares were entitled to payment of the advance dividend:

Advance profit dividend for 2023	Number of shares	Advance profit dividend per 1 share	Advance profit dividend paid on 21 December 2023
Registered shares	7,331,391	PLN 0.20	PLN 1,466,278.20
Bearer shares	25,315,682	PLN 0.20	PLN 5,063,136.40
Total shares	32,647,073	PLN 0.20	PLN 6,529,414.60

As many as 32,647,073 registered A series shares and A, B and C series bearer shares were entitled to payment of the remaining part of the dividend:

Remaining profit dividend for 2023	Number of shares	Remaining dividend per 1 share	The remaining part of the dividend paid on 11 July 2024
Registered shares	7,326,515	PLN 0.30	2,197,954.50
Bearer shares	25,320,558	PLN 0.30	7,596,167.40
Total shares	32,647,073	PLN 0.30	9,794,121.90

14.4.1. Profit dividend for 2024

An advance dividend from the 2024 profit, totalling PLN 9,794,121.90, or PLN 0.30 gross per share, will be paid on 12 December 2024. The right to advance payment was obtained by shareholders holding shares of Apator S.A. on 6 December 2024.

Advance profit dividend for 2024	Number of shares	Advance profit dividend per 1 share	Advance dividend paid on 12 December 2024
Registered shares	7,326,515	PLN 0.30	PLN 2,197,954.50
Bearer shares	25,320,558	PLN 0.30	PLN 7,596,167.40
Total shares	32,647,073	PLN 0.30	PLN 9,794,121.90

Dividends from profit for the years 2017-2024

Item	2017	2018	2019	2020	2021	2022	2023	2024-advance payment
Dividend per share for the financial year	PLN 1.20	PLN 1.30	PLN 1.10	PLN 1.20	PLN 0.50	PLN 0.30	PLN 0.50	PLN 0.30
Total dividend for the financial year	PLN 39.7 million	PLN 42.7 million	PLN 36.1 million	PLN 39.3 million	PLN 16.4 million	PLN 9.8 million	PLN 16.3 million	PLN 9.8 million
Average annual share price	PLN 26.95	PLN 21.77	PLN 22.12	PLN 19.59	PLN 22.17	PLN 15.92	PLN 15.38	PLN 16.80
Dividend yield*	4.45%	5.97%	4.97%	6.13%	2.26%	1.88%	3.25%	1.78%

*) Dividend yield calculated by dividing the dividend per share by the average annual share price.

Apator S.A., since its stock exchange debut in 1997, has paid its shareholders approx. PLN 550 million in dividends and share buyback programs.

14.5. Description of the main features of the internal control and risk management systems in relation to the process of drawing up financial statements and consolidated financial statements

Separate financial statements of Apator S.A. and consolidated financial statements of the Apator Group are prepared by the Accounting and Taxation Department of Apator S.A., functioning in the division supervised by

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Chief Financial Officer. The statements are prepared in accordance with the International Accounting Standards (IAS), International Financial Reporting Standards (IFRS) and related interpretations published in the form of regulations of the European Commission. Additionally, the financial statements are prepared based on the Regulation of the Minister of Finance of 29 March 2018 on current and interim information delivered by issuers of securities and the conditions for recognising as equivalent the information required by the laws of a non-member state (Dz.U./Journal of Laws/ of 2018, item 757).

Reporting and accounting at FAP Pafal S.A. and Apator Powogaz S.A. is done with the use of the BaaN IV Integrated Management System, while Apator S.A., Apator Metrix S.A. and Apator Rector Sp. z o.o. use the newer, compatible version of the Infor LN ERP system. The configuration of the systems is in line with the accounting rules in force and includes instructions and control mechanisms to ensure data consistency and integrity, including: data integrity checks, authorisation checks. The Integrated Management System makes it possible to control the correctness of recorded operations and identify the persons entering and accepting individual transactions. Access to financial data is limited by the authorisation system. Access to the system is granted depending on the assigned role and responsibilities of a given person and is subject to strict control.

The companies in the Apator Group maintain an accounting policy based on the rules adopted in a given entity. The main principles of recording the events are defined. However, the basic elements of the process of the preparation of the statements are the accounting principles determined for all the entities in the Apator Group, based mainly on the solutions used in the parent entity Apator S.A. Based on the maintained records, accounting books of individual companies are created, which are the basis for the preparation of individual financial statements by all the entities in the Group. Individual financial statements are the basis for the preparation of consolidated statements of the Apator Group. In the process of consolidation of statements, uniform principles and procedures of consolidation of financial data are applied, ensured by, among other things, unified electronic reports and automatic validation of data consistency in those reports.

The internal control system ensures the supervision over the correctness of the reporting and accounting processes, the correctness of the financial information contained in the financial statements and the correctness of their presentation. Within the framework of the system, compliance with the provisions of financial legislation and internal regulations is analysed, as well as the quality and correctness of the performance of individual activities (allocation of duties, multi-stage data authentication, verification of the correctness of the received data).

the Management Board of Apator S.A. assesses the effectiveness of the internal control system on an ongoing basis. Moreover, to increase the safety of management of the financial reporting area at the level of the Group, framework agreements are concluded by and between Apator S.A. and Apator Metrix S.A., Apator Powogaz S.A., FAP Pafal S.A. and Apator Rector Sp. z o.o. for the provision by Apator S.A. of services including finance management, e.g., co-creation of accounting policy and chart of accounts, optimisation of operational processes in accounting and preparation of periodic reports on the financial position.

At each stage of the preparation of financial statements, one of the basic control mechanisms (external) is the periodic verification of the financial statements by an independent auditor and, in particular, the audit (Apator S.A.) and review (other companies in the Group) of the semi-annual statements and the audit of the annual statements. The entity performing the function of statutory auditor in Apator S.A. and the Apator Group is chosen by the Supervisory Board of Apator S.A. that makes sure that independence in the performance of the entrusted tasks is maintained. All subsidiaries are audited by the same entity authorised to audit financial statements. The results of the audits are presented by the auditor to the Management Board, the Audit Committee of the Supervisory Board and the Supervisory Board.

The Audit Committee of the Supervisory Board of Apator S.A. participates in the process of monitoring the effectiveness of the internal control system. Its basic task is to advise the Supervisory Board on issues related to monitoring:

- separate and consolidated financial reporting,

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- effectiveness of internal control, internal audit, risk management, compliance systems,
- performance of financial audit activities (in particular, the audit carried out by the audit firm, taking into account all conclusions and findings of the Audit Supervision Commission arising from the audit of the audit firm),
- independence of the statutory auditor and audit firm.

Financial data, which is the basis for the preparation of financial statements and periodical reports, is also used for monthly financial and operational reporting. After the closure of the monthly accounting period, the senior management (Management Board) under the supervision of the Supervisory Board performs monthly analysis of the financial results of Apator S.A., individual entities of the Apator Group and consolidated results of the Apator Group. The analysis of the achieved results is made by comparing them to the adopted business assumptions contained in the annual budget, the budget for a given period and the adopted development strategy. Identified deviations are analysed on a regular basis considering their impact on the current results of a given company and the Apator Group, and possible corrective measures are taken. The whole senior and middle management is involved in the budgeting process, which covers all areas of operation. The prepared budgets are adopted by the Management Boards of individual companies and approved by the Supervisory Boards. The budget of the Apator Group is adopted by the Management Board of Apator S.A. and approved by the Supervisory Board of the Company.

Based on the assessment of the applied procedures, the Management Board of Apator S.A. states that as at 31 December 2024 there were no circumstances that could negatively affect the effectiveness of internal control in the preparation of financial statements.

14.6. Indication of holders of any securities with special control rights and a description of those rights

Each bearer share gives the right to one vote, while registered shares are preference shares - one share gives the right to four votes at the Shareholders Meeting. The principles of disposal of registered shares and their conversion are regulated by the Statute of Apator S.A.

14.7. Restrictions on the exercise of voting rights based on shares

There are no limitations on the exercise of voting rights, such as:

- restrictions on the exercise of voting rights by holders of a certain proportion or number of votes,
- time restrictions on the exercise of voting rights,
- provisions according to which, with the cooperation of the company, the capital rights attached to securities are separated from the possession of securities.

14.8. Indication of any limitations concerning transfer of ownership right to shares of Apator S.A.

Registered preference shares are subject to restrictions with regard to their disposal. Such shares may only be disposed of by shareholders and their heirs or legal successors only to shareholders holding registered shares. The disposal of registered shares to persons other than the shareholders holding registered shares requires the authorisation of the Management Board. If the Management Board does not authorise the transfer of shares, it should, within 60 days: identify another purchaser, determine the price in line with the price of bearer shares on the date of submission of the request. If the Management Board does not take a position within 60 days of the written application for permission to dispose of shares, the disposal of shares is not subject to any restrictions.

Bearer shares are not subject to any restrictions on the transfer of ownership.

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14.8.1. Information on the issue of securities of Apator S.A.

In 2024, Apator S.A., did not issue any securities.

14.8.2. Information on agreements which may result in changes to the proportions of shares held by existing shareholders

Apator S.A. does not have any information on any agreements, including those that could have been concluded after the balance sheet date, as a result of which the proportions of shares held by existing shareholders and bondholders may change in the future (Apator S.A. did not issue bonds).

14.8.3. Audit system for employee share schemes

Apator S.A. does not implement an employee share scheme.

14.9. Description of the rules for changing the Statute of Apator S.A.

Pursuant to Art. 14 item 15 of the Statute, the Statute of Apator S.A. may be amended during the Shareholders Meeting by a majority of three-quarters of votes. In the case of the intention to amend the Statute, the notice of convening the Shareholders Meeting must include a reference to the existing provisions and the proposed changes. In a resolution amending the Statute, the Shareholders Meeting may authorise the Supervisory Board to determine the consolidated text of the Statute or to make other editorial amendments.

The amendment to the Statute becomes effective upon its entry into the National Court Register. The obligation to report the amendments to the Statute rests with the Management Board of the company. Pursuant to Art. 430 sec. 2 of the Code of Commercial Companies, the Management Board is obliged to report the amendment to the Statute not later than within 3 months from the adoption of the relevant resolution by the Shareholders Meeting; however, Art. 22 of the Act on the National Court Register requires the submission of the application for entry into the Register no later than within 7 days from the date of the event justifying the entry.

14.10. Composition and description of the manner of operation of the Company's governing bodies

14.10.1. Composition of the governing bodies of Apator S.A. as at 31 december 2024,



14.10.2. General Shareholders Meeting

Principles and powers of the Shareholders Meeting

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The Shareholders Meeting is subject to the provisions of the Code of Commercial Companies, the Statute of the Company and the Regulations of the Shareholders Meeting of Apator S.A. The Statute of the Company and the Regulations of Shareholders Meetings of Apator S.A. are available on the website of Apator S.A.: www.apator.com in the Investor Relations tab.

Shareholders Meetings may be convened as Ordinary General Shareholders Meetings or Extraordinary General Shareholders Meetings. Ordinary General Shareholders Meetings are convened annually, no later than by the end of June.

Shareholders Meetings are convened by the announcement made in the manner prescribed by the Code of Commercial Companies for public companies at least 26 days before the date of the Shareholders Meeting. Only persons who are shareholders of the company 16 days prior to the date of the Shareholders Meeting (date of registration of participation in the Shareholders Meeting) have the right to participate in the Shareholders Meeting. The list of persons entitled to participate in the Shareholders Meeting is determined based on a list drawn up by the Central Securities Depository of Poland (KDPW S.A.) in accordance with the principles set out in the Code of Commercial Companies.

Shareholders may attend the Shareholders Meetings and exercise their voting rights in person or may be represented by a proxy; they may vote differently using each of their shares. Each series A registered share is preferred and has four votes, while each bearer share has one vote.

Shareholders holding at least half of the share capital or at least half of the total number of votes in the Company

may convene the Extraordinary General Shareholders Meetings by appointing the Chairman of the Meeting.

A shareholder or shareholders representing at least 1/20 of the share capital may:

- request the convening of an Extraordinary General Shareholders Meeting and the inclusion of certain matters on the agenda of that Meeting. The request to convene an Extraordinary General Shareholders Meeting should be submitted to the Management Board in writing or in an electronic form.
- request the inclusion of specific matters in the agenda of the Shareholders Meeting. The request should be submitted to the Management Board no later than 21 days before the scheduled date of the Meeting. The Management Board is obliged to announce immediately, and no later than 18 days prior to the scheduled date of the Meeting, any amendments to the agenda made at the request of shareholders. The announcement is made in the manner appropriate for convening the Shareholders Meeting;
- prior to the date of the Shareholders Meeting, submit to the company, in writing or by means of electronic communication, draft resolutions concerning the items placed on the agenda of the Shareholders Meeting or the items to be placed on the agenda. The Company immediately announces draft resolutions on its website. Each shareholder may submit draft resolutions regarding matters included in the agenda during the Shareholders Meeting.

The following persons should be present at the Shareholders Meeting:

- members of the company's Supervisory Board and Management Board in a composition that makes it possible to provide substantive answers to the questions posed during the Shareholders Meeting,
- statutory auditor, if the Company's financial matters are to be discussed.

The Shareholders Meeting is valid irrespective of the number of shareholders present and the shares represented at it, unless the provisions of the Code of Commercial Companies provide otherwise.

The Shareholders Meeting may only adopt resolutions on matters on the agenda, with the exception of resolutions on points of order, which may only relate to matters concerning to the conduct of the meeting. A resolution on abandoning to consider any matter included in the agenda may be adopted only for good reasons. The request in such a case must be reasoned. The Shareholders Meeting may not adopt a resolution on removal from the agenda or on abandoning consideration of an issue placed on the agenda at the request of shareholders.

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Resolutions are adopted by an absolute majority of votes, unless the provisions of the Company's Statute or the Code of Commercial Companies provide otherwise. Voting is open except for the situations specified in Art. 420 of the Code of Commercial Companies, i.e. secret ballot is ordered:

- in the case of elections and motions for the dismissal of members of Company bodies,
- in the case of motions to hold the above-mentioned persons accountable,
- in the case of personal matters,
- at the request of at least one shareholder or a shareholder's proxy present at the Shareholders Meeting.

Resolutions of the Shareholders Meeting are binding for all shareholders.

In accordance with the Statute of Apator S.A., the Shareholders Meeting of Apator S.A. is the only body authorised to make decisions on:

- issuance of shares, convertible bonds or bonds with priority rights,
- purchase of shares for their redemption,
- increasing or reduction of share capital,
- determining the number, election and dismissal of the Members of the Supervisory Board.

14.10.3. Supervisory Board

Composition:

In 2024, the composition of the Supervisory Board of Apator S.A. was as follows:

- 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,
- Kazimierz Piotrowski - Member of the Supervisory Board,
- Tadeusz Sosgórnik - Member of the Supervisory Board,
- Marcin Murawski - Member of the Supervisory Board.

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

Expertise of the Supervisory Board and its role in relation to business conduct (ESRS2, GOV-1).

Janusz Niedźwiecki - Chairman

Janusz Niedźwiecki holds a degree in electrical engineering from Gdańsk University of Technology and completed additional studies in management and marketing at Nicolaus Copernicus University. He has been associated with Apator S.A. since 1989, beginning his career in the design department and later moving to the commercial division, where he held increasingly senior positions. In 1998, he joined the Management Board as Marketing Director, and in 2000 he was appointed President and CEO, a role he held for 13 years. He is a respected leader in management, business strategy development, and acquisition processes. Under his leadership, the company experienced dynamic growth driven by the expansion of its product portfolio, entry into new markets, and acquisitions of new entities. Between 2004 and 2012, Mr Niedźwiecki built an international group of companies structured around three specialised business segments: Electricity, Water & Heat, and Gas – a structure that defines the Apator Group to this day. In 2013, Forbes magazine recognised Janusz Niedźwiecki as the best CEO of listed companies. For nearly 12 years, he has served as Chairman of the Supervisory Board of Apator S.A.

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Mariusz Lewicki – Deputy Chairman

Mariusz Lewicki is a graduate of Nicolaus Copernicus University, with a degree in production economics and organisation, as well as postgraduate studies in tax and commercial law. He is an expert in accounting, financial reporting, and management accounting. He gained his experience in Polish industrial companies and was associated with Apator S.A. from 1991 to 1999, where he headed the Accounting Department. Between 2001 and 2007, he served as Chief Financial Officer at one of the Group's subsidiaries. Mr Lewicki brings over 25 years of supervisory experience gained in numerous entities within both the Apator Group and the Hydrotor Group. He is also a recognised manager and, since 2018, has served as President of the Management Board of the listed electromechanical company PHS Hydrotor S.A. In addition, Mr Lewicki is a long-standing stock market investor and a significant shareholder of Apator S.A.

Janusz Marzygliński – Member of the Supervisory Board

Janusz Marzygliński holds a degree in engineering from Gdańsk University of Technology. He has been associated with Apator since 1971. Over the years, he has served as Head of the Design Department, Company Director, and, from 1993 to 2000, as President of the Management Board of Apator S.A. Mr Marzygliński successfully led the company through the privatisation process and oversaw the transformation of its business model and organisational culture. On 24 April 1997, he rang the famous bell at the Warsaw Stock Exchange, marking Apator S.A.'s debut as the 102nd listed company – a milestone that initiated a period of dynamic growth.

Mr Marzygliński is a long-term shareholder of Apator S.A. and has extensive supervisory experience as a member of supervisory boards within the Apator Group as well as externally (e.g. Vobacom Sp. z o.o.). In parallel with his supervisory duties, he is co-owner of the manufacturing company Asco Co Ltd.

Danuta Guzowska – Member of the Supervisory Board

Danuta Guzowska is a significant long-term shareholder of Apator S.A. She holds a technical secondary education. Since 1975, she has been associated with Apator, where she worked for many years in the Design Office, then in the Sales Department for heat energy meters, and later in the Marketing Department. Danuta Guzowska brings expertise and skills gained through her long-standing experience – over 25 years – as a member of the Supervisory Board and is also an active stock market investor.

Kazimierz Piotrowski – Member of the Supervisory Board

Kazimierz Piotrowski holds a degree in economics and postgraduate qualifications in organisation, management, and finance from Nicolaus Copernicus University. He has been associated with Apator for many years and possesses valuable experience in finance, management, and business transformation. Between 1993 and 2000, as a member of the Management Board (serving as Director of Administration and later as Chief Financial Officer), he played a key role in the company's privatisation and stock exchange listing, laying the foundations for a strong group of companies. From 2005 to 2008, he also served as President of the Management Board of Apator Metrix S.A., a gas meter manufacturer acquired by the Group. Mr Piotrowski specialises in supervisory roles and has over 20 years of experience gained within companies of the Apator Group. He is also a long-term shareholder of Apator S.A.

Tadeusz Sosgórnik – Member of the Supervisory Board

Tadeusz Sosgórnik holds a Master of Science in Mining Electrical Engineering. In 1989, he graduated from the Silesian University of Technology with a specialisation in Mine Electrification and Automation and later completed postgraduate studies in business management.

He has been associated with Apator S.A. for many years. From 1992 to 2000, he served as Commercial Director, and from 1996 until June 2020, he held the position of President of the Management Board of Apator Mining Sp. z o.o. based in Katowice – a member of the Apator Group and a producer of mining equipment. Mr Sosgórnik has extensive experience in management, trade, and restructuring, as well as many years of supervisory experience in both Apator Group companies and external entities (e.g. Indos S.A.,

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Energoaparatura S.A.). He is a significant and long-standing shareholder of Apator S.A., as well as a respected manager and investor.

Marcin Murawski – Member of the Supervisory Board

Marcin Murawski is a graduate of the University of Warsaw, Faculty of Management, with a specialisation in Financial Management. He possesses knowledge and skills in accounting and financial statement auditing, as well as extensive experience in managing internal audit functions – gained at Warta Group and previously at PricewaterhouseCoopers Sp. z o. o.). Mr Murawski holds qualifications as a Chartered Certified Accountant (ACCA) in the United Kingdom, a Polish statutory auditor (KIBR licence), and a Certified Internal Auditor (CIA). He is an experienced and professional member of supervisory boards and chairman of audit committees in several publicly listed companies operating in various sectors, including electromechanical engineering (Seco/Warwick S.A.), real estate (GTC S.A.), and IT (Asseco Business Solutions S.A.). He is also a member of the Association of Independent Supervisory Board Members.

The number of shares held by the Members of the Supervisory Board at the end of 2024 was as follows:

Item	As at 31 December 2024				
	Shares	Nominal value of shares	Votes	Share in capital, total	Share in votes, total
Janusz Niedźwiecki	255,810	25,581.00	945,117	0.78%	1.73%
Mariusz Lewicki	2,338,000	233,800.00	5,900,128	7.16%	10.80%
Janusz Marzygliński	259,849	25,984.90	953,431	0.80%	1.75%
Danuta Guzowska	1,520,279	152,027.90	4,382,921	4.66%	8.02%
Kazimierz Piotrowski	587,147	58,714.70	2,107,853	1.80%	3.86%
Tadeusz Sosgórnik	1,737,500	173,750.00	6,402,500	5.32%	11.72%
Marcin Murawski	0	0	0	0.00%	0.00%
Total	6,698,585	669,859	20,691,950	20.52%	37.88%

Members of the Supervisory Board do not hold shares in other companies in the Apator Group.

Principles of appointing and dismissing executives and their rights, in particular the right to decide on the issue or buyout of shares

Members of the Supervisory Board of Apator S.A. are appointed and dismissed by the Shareholders Meeting, which determines the number of members of the Supervisory Board and their remuneration. The members of the Supervisory Board should have due knowledge and experience. The Supervisory Board may consist of 5 to 7 members, elected by the Shareholders Meeting, for a joint term of 5 years. The reduction of the number of members of the Supervisory Board during the term of office to not less than 5 members does not require any addition to the composition of the Supervisory Board.

At the first meeting, the Supervisory Board elects the Chairman and the Deputy Chairman from among its members.

Members of the Supervisory Board are bound by the non-competition clause. Members of the Supervisory Board may not be: Members of the Management Board, Proxies, Chief Accountant employed by the company, Legal Counsel or Lawyer, persons who report directly to a Member of the Management Board. Also, members of the Supervisory Board may not be members of the subsidiary's Management Board.

It is permitted to adopt resolutions by the Supervisory Board in writing or using means of direct remote communication. For the validity of resolutions of the Supervisory Board, it is required that all Members of the Supervisory Board are notified of the content of the resolution of the Supervisory Board. Adoption of resolutions in the above manner does not apply to the election of the Chairman and Deputy Chairman of the Supervisory Board, the appointment of a Member of the Management Board and the dismissal and suspension of a Member of the Management Board.

Name of the organisational unit:	Apator Group		
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Rounding level:	all amounts are expressed in PLN thousand (unless otherwise indicated)		

Resolutions in writing or by means of direct remote communication are adopted by an absolute majority of votes with the participation of:

- at least 3 members, if the Supervisory Board is composed of five members,
- at least 4 members, if the Supervisory Board is composed of five members.

Resolutions of the Supervisory Board are passed by an absolute majority of votes.

The Shareholders Meeting adopts the Regulations of the Supervisory Board.

The Supervisory Board is not authorised to decide on the issue or redemption of shares.

Manner of operation of the Supervisory Board

The manner of operation of the Supervisory Board is specified in the Code of Commercial Companies, the Statute of Apator S.A. and in the Regulations of the Supervisory Board of Apator S.A. The Statute and the Regulations can be found on the website of Apator S.A.: www.apator.com in the Investor Relations tab.

The Supervisory Board supervises the activities of the Company and the group of companies in all areas of their activities through:

- analysing materials obtained from the Management Board, which the Supervisory Board had requested,
- obtaining information and detailed explanations from the Members of the Management Board and other company employees during the meetings of the Supervisory Board,
- activities of the Audit Committee,
- activities of the statutory auditor who, on behalf of the Supervisory Board, reviewed and audited the financial and accounting documentation and the financial statements prepared on its basis.

The Supervisory Board, within the scope of its supervision, concentrates on matters of significant importance for the operation of Apator S.A. and the Apator Group. Moreover, the Supervisory Board executes permanent supervision over the work of the Management Board; however, it is not authorised to give binding orders to the Management Board concerning the way of management of the Company's matters. The description of the activity of the Supervisory Board over a financial year is included in the report on the activity of the Supervisory Board being the subject of discussion and approval by the Shareholders Meeting.

The list of powers of the Supervisory Board can be found in Art. 15, sec. 11 of the Company's Statute. The Supervisory Board performs its duties collectively; however, it may delegate its Members to perform supervisory activities independently.

Pursuant to the provisions of the Statute, the Supervisory Board meets once a quarter or more often if necessary, at the request of the Chairman of the Supervisory Board. In 2024, 24 meetings of the Supervisory Board took place. The Members of the Supervisory Board performed their duties personally, in a composition enabling the adoption of resolutions. All members of the Management Board of Apator S.A. also participated in the meetings of the Supervisory Board of Apator S.A, i.e., in accordance with good practices, in the composition that made it possible to give substantive answers to posed questions. Furthermore, the Management Board provided the Supervisory Board with exhaustive information on all important matters concerning the activity of Apator S.A. and the Apator Group, in particular with regard to: the situation, including its assets, as well as in the operational, investment and human resources areas, and progress in the implementation of the designated directions of development of the company and the Apator Group.

At the meetings of the Supervisory Board, resolutions were adopted on matters that were listed in the agendas sent to the members of the Supervisory Board in notices of the meetings.

The Audit Committee operates within the Supervisory Board, but the Nomination Committee and the Remuneration Committee have not been appointed. Those functions are performed by the whole Supervisory Board.

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

14.10.4. Audit Committee of the Supervisory Board of Apator S.A.

Composition:

In 2024, the composition of the Audit Committee was as follows:

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

The term of office of the Audit Committee is the same for its Members and is similar to the term of office of the Supervisory Board.

Principles of appointment and description of the manner of operation of the Audit Committee

The Audit Committee is a body of the Supervisory Board and has been operating in Apator S.A. since 23 September 2009. It is composed of three members, including the Chairman, appointed by the Supervisory Board from among its members.

The purpose of the functioning of the Audit Committee is to liaise with the auditors and advise the Supervisory Board on matters related to:

- separate and consolidated financial reporting,
- internal control and risk management,
- internal audits and financial auditing.

The main tasks of the Audit Committee include:

- monitoring the financial reporting process (including: assessment of adopted accounting standards, information circulation, prepared documents and planned changes in that area), and the group of companies' sustainability reporting (from the end of 2024)
- monitoring the effectiveness of internal control, internal audit, risk management and compliance systems,
- monitoring the performance of auditing activities,
- monitoring the independence of the statutory auditor who audits the financial statements.

Detailed principles of the way of work of the Audit Committee are set out in the Regulations of the Audit Committee of the Supervisory Board of Apator S.A. available on the website of Apator S.A. at: www.apator.com in the Investor Relations tab.

Pursuant to the Regulations, meetings of the Audit Committee are held as required, but not less frequently than twice a year, before the company publishes its financial statements (semi-annual and annual). In 2024, 11 meetings of the Committee were held, during which 13 resolutions were adopted.

The report on the Audit Committee's activities for a given financial year is part of the report on the activity of the Supervisory Board.

Compliance with the Act on statutory auditors, audit companies and public supervision

To the extent indicated by the Act of 11 May 2017 on statutory auditors, audit companies and public supervision:

- Marcin Murawski and Kazimierz Piotrowski meet the criteria of independence from Apator S.A.
- Marcin Murawski and Mariusz Lewicki have the necessary knowledge and skills in accounting or auditing of financial statements:
 - Marcin Murawski graduated from the Faculty of Management and Marketing at the University of Warsaw (specialisation: Corporate Finance); since 2003, he has been a Certified Auditor (PIBR no. 90053); since 2000, he has been a British Chartered Certified Accountant (ACCA no. 0251448) and a Certified Internal Auditor (exam in 2005). Additionally, Marcin Murawski has professional experience in accounting resulting from the following roles:

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- ✓ 1997–2005 — Employee in the Audit Department of the audit firm PwC (manager since 2002),
 - ✓ 2006 - 2012 - Director of Internal Audit Department of Warta S.A. Insurance Group,
 - ✓ since 2012 independent member of Supervisory Boards and Member of Audit Committees of companies listed on GPW: (CCC S.A. - Chairman of the Audit Committee - until June 2019, Apator S.A. - Chairman of the Audit Committee, GTC S.A. - Chairman of the Audit Committee, Seco/Warwick S.A. - Chairman of the Audit Committee), Raiffaisen Bank International AG, Polish branch (Member of the Steering Committee) and Asseco Business Solutions S.A. - Member of the Supervisory Board).
- Mariusz Lewicki graduated from the Faculty of Economic Sciences at the Nicolaus Copernicus University in Toruń in the field of economics and production organisation, he completed Postgraduate Studies in Tax Law and Postgraduate Studies in Commercial Law at the Faculty of Law and Administration at the Nicolaus Copernicus University. Additionally, Mariusz Lewicki has professional experience in accounting resulting from the following roles:
- ✓ 1991–1999 — Head of Accounting Department in state enterprise PZAE Apator and Apator SA (legal successor of PZAE Apator),
 - ✓ years 1994 - 1999 - Chief Accountant in Reuther Polska Sp. z o.o. and from 1999 to 2001 Chief Accountant in Rotar Poland Sp. z o.o.,
 - ✓ 1993 - 2013 - Chief Accountant in ZPDZ "Nagro",
 - ✓ 2001 - 2007 - Financial Director, Proxy in Apator Control Sp. z o.o. (it was a subsidiary of Apator S.A.),
 - ✓ 2007 - 2013 - Financial Advisor at Z.P.H.U. Walter,
 - ✓ years 2008 - 2018 - Deputy Chairman of the Supervisory Board of PHS Hydrotor S.A. (2008 - June 2014), Chairman of the Supervisory Board of PHS Hydrotor S.A. (July 2014 - June 2018), Chairman of the Audit Committee of PHS Hydrotor S.A. (since June 2009), Member of the Audit Committee of PHS Hydrotor S.A. (July 2017 - June 2018), President of the Management Board of PHS Hydrotor S.A. (since July 2018),
 - ✓ from 2009 to December 2015 - Chairman of the Audit Committee of Apator S.A., then Member of the Audit Committee of Apator S.A. to the present,
 - ✓ from May 2019 to the present - Chairman of the Supervisory Board of Więcborskie Zakłady Metalowe Wizamor Sp. z o.o.
- All Members of the Audit Committee have knowledge and skills in the industry in which Apator S.A. operates:
- Marcin Murawski has knowledge and skills in the industry in which Apator S.A. operates acquired while performing the following functions:
- ✓ from 2013, to the present - Member of the Supervisory Board of Apator S.A. - knowledge of the electromechanical sector in the field of manufacturing of metering equipment and systems for energy utility distribution companies (electricity metering and switchgear),
 - ✓ from 2015, to the present - Member of the Supervisory Board and Chairman of the Audit Committee of Seco/Warwick S.A. - knowledge of the electromechanical sector in the field of mechanical equipment manufacturing.
- Mariusz Lewicki has knowledge and skills in the industry in which Apator S.A. operates acquired while performing the following functions:
- ✓ from 2000, to the present - Member of the Supervisory Board of Apator S.A., since 2010 Deputy Chairman of the Supervisory Board - knowledge of the electromechanical sector in the field of manufacturing of metering equipment and systems for energy utility distribution companies (electricity metering and switchgear),
 - ✓ from 2005 to the present - Chairman of the Supervisory Board of Apator Mining Sp. z o.o. (subsidiary of Apator S.A.) - knowledge of the electromechanical sector in the area of production

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- of machinery and equipment for the mining industry, performed by the company until the end of 2018,
- ✓ from 2007 to the present - Chairman of the Supervisory Board of Apator Metrix S.A. (subsidiary of Apator S.A.) - knowledge of the electromechanical sector in the field of manufacturing of metering equipment and systems for energy utility distribution companies (gas metering),
- ✓ from 2014 to 2022, - Member of the Supervisory Board of Apator Elkomtech S.A.*, (subsidiary of Apator S.A.) - knowledge of the electromechanical sector in the area of production of systems supporting the work of energy services in the field of energy transmission and distribution (control and supervision systems),
- ✓ from 2020, to the present - Member of the Supervisory Board of Apator Powogaz S.A. (subsidiary of Apator S.A.) - knowledge of the water and sewerage sector in the area of production of water meters, heat meters and cost allocators,
- ✓ from 2008, to the present - Deputy Chairman of the Supervisory Board of PHS Hydrotor S.A. (2008 - June 2014), Chairman of the Supervisory Board of PHS Hydrotor S.A. (July 2014 - June 2018), Chairman of the Audit Committee of PHS Hydrotor S.A. (since June 2009), Member of the Audit Committee of PHS Hydrotor S.A. (July 2017 - June 2018), President of the Management Board of PHS Hydrotor S.A. (since July 2018), Chairman of the Supervisory Board of Więcborskie Zakłady Metalowe Wizamor Sp. z o.o. (since May 2019) - knowledge of the electromechanical sector in the area of manufacturing of mechanical equipment.
- ✓ from 2015 to the present - Deputy Chairman of the Supervisory Board of Agromet ZEHS Lubań S.A. (June 2015 - June 2018), Chairman of the Supervisory Board of Agromet ZEHS Lubań S.A. (since July 2018).
- Kazimierz Piotrowski has knowledge and skills in the industry in which Apator S.A. operates acquired while performing the following functions:
 - ✓ 1993 - 2000 - Member of the Management Board of Apator S.A., including: Director of Administrative Affairs (from 1993 to 1998) and Chief Financial Officer (1998-2000) - knowledge of the electromechanical sector in the field of manufacturing of metering equipment and systems for energy utility distribution companies (electricity metering and switchgear),
 - ✓ 2005 - 2008 - President of the Management Board of Apator Metrix S.A. (subsidiary of Apator S.A.)
 - knowledge of the electromechanical sector in the field of manufacturing of metering equipment and systems for energy utility distribution companies (gas metering),
 - ✓ 2009 - 2013 - Chairman of Supervisory Board of FAP Pafal S.A. (subsidiary of Apator S.A.) - knowledge of the electromechanical sector in the area of manufacturing of metering equipment for energy utility distribution companies (electricity metering),
 - ✓ from 2001 to the present - Member of the Supervisory Board of Apator Mining Sp. z o.o. (subsidiary of Apator S.A.) - knowledge of the electromechanical sector in the area of manufacturing of
 - ✓ machinery and equipment for the mining industry, performed by the company until the end of 2018,
 - ✓ from 2013 to the present - Member of the Supervisory Board of Apator Metrix S.A. (subsidiary of Apator S.A.) - knowledge of the electromechanical sector in the field of manufacturing of metering equipment for energy utility distribution companies (gas metering),
 - ✓ from 2015 to the present - Member of the Supervisory Board of Apator S.A., Member of the Audit Committee - knowledge of the electromechanical sector in the area of manufacturing of metering equipment and systems for energy utility distribution companies (electricity metering and switchgear).

Information on the statutory auditor appointment procedure

Transparent and clear selection criteria are followed in the selection of the audit firm for the audit of the financial statements. The main of those are:

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- experience in auditing financial statements of similar groups of companies (in relation to the size of the Apator Group of Companies, dispersed geographical structure and the industry in which the Apator Group of Companies operates),
- experience in the area of risk management, internal control, IT control and corporate governance,
- maintenance of the principles of impartiality and independence of the audit firm,
- no conflict of interest,
- optimisation of audit costs.

In the process of selecting audit firms, the rotation principle is applied for a period not longer than 10 years, while in the process of selecting a key statutory auditor by the selected audit firm, the rotation principle is applied for a period not longer than 5 years.

The provision of permitted non-audit services is only possible to the extent not related to the Company's tax policy, following the approval of the Audit Committee and assessment of the risks and independence safeguards. The scope of the provision of other non-audit services is in line with the provisions of the Act of 11 May 2017 on statutory auditors, audit companies and public supervision.

In view of the new statutory requirements, the Audit Committee, after assessing the risks and safeguards to independence, on 27 February 2024, agreed to the performance by the auditor - PricewaterhouseCoopers Polska Sp. z o.o. Audyt sp. k. of additional services, based on Article 136 sec. 2 of the Act of 11 May 2017 on statutory auditors, audit companies and public supervision consisting of:

- assessment of the correctness of the tagging of the consolidated financial statements for 2023 in the XBRL format, in accordance with the European Single Electronic Format (ESEF) for reporting introduced by ESMA - remuneration of PLN 36 thousand,
- assessment of the Supervisory Board's report on remuneration for 2023, subject to Art. 90g, sec. 10 of the Act of 29 July 2005 on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organised Trading, and Public Companies - remuneration of PLN 24 thousand.

Selected employees of Apator S.A. participated in open trainings conducted by PwC Academy concerning International Financial Reporting Standards.

Then, on 26 March 2024, based on the company's auditor selection procedure, the Audit Committee made a recommendation to the Supervisory Board regarding the selection of the audit firm KPMG Audyt sp. z o.o. sp. k. with its registered office in Warsaw to review and audit the separate and consolidated financial statements for 2024-2025. The Board selected KPMG Audyt sp. z o.o. sp. k., in accordance with the recommendation of the Audit Committee.

The Audit Committee systematically monitors the financial reporting and auditing processes and presents relevant information in this regard to the Supervisory Board.

14.10.5. Management Board

Composition:

From 1 January to 14 May 2024, the Management Board of Apator SA operated in the following three-member composition:

1. Maciej Wyczęsany – President of the Management Board,
2. Łukasz Zaworski – Member of the Management Board,
3. Robert Kowalski – Member of the Management Board.

Mr Robert Kowalski resigned from his position as Member of the Management Board of Apator S.A. with effect from 14 May 2024. Therefore, from 15 May until the end of 2024 and on the day of publication of this report, the composition of the Board of Apator SA is as follows:

1. Maciej Wyczęsany – President of the Management Board,

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2. Łukasz Zaworski — Member of the Management Board.

The joint three-year term of office of the Management Board ends on the date of the Ordinary General Shareholders Meeting in 2025.



Maciej Wyczesany
Prezes Zarządu,
Dyrektor Generalny Apator SA

Powołany w skład obecnej kadencji w dniu 01.03.2023.
Kieruje pracami Zarządu Apator SA oraz odpowiada za strategię oraz kierunki rozwoju Apator SA i Grupy Apator.

Łukasz Zaworski
Członek Zarządu,
Dyrektor ds. Rozwoju Produktów

Powołany w skład obecnej kadencji w dniu 22.11.2023.
Współodpowiada za prowadzenie spraw Zarządu Apator SA oraz kreowanie i realizację strategii Grupy Apator w obszarze rozwoju produktów.

Expertise of the Management Board and its role in relation to business conduct (ESRS2, GOV-1).

Maciej Wyczesany – President of the Management Board, CEO

Maciej Wyczesany is a graduate in Economics from the Nicolaus Copernicus University in Toruń and has completed the IMD programme "Digital Disruption in Business". He is a manager with over 20 years of experience gained in industrial companies with both Polish and international capital. From 2009 to 2022, he served as Chief Financial Officer and Member of the Management Board at DOVISTA Polska Sp. z o.o., part of the Danish VKR Group, a manufacturer of windows and doors including the Velux brand. Between 2006 and 2009, he was CFO and Chief Accountant at Gunnebo Industries, a construction-sector company belonging to a Swedish group of companies. He was responsible, among other things, for mergers and acquisitions and investment processes aimed at increasing company value. He directly managed finance, controlling, HR, and IT functions. He has led projects involving the development and implementation of company strategies, team building, and organisational culture transformation. Since March 2023, he has headed Apator S.A., a company at the centre of an international group of companies, and also sits on the Supervisory Boards of Group companies to ensure closer ownership oversight. Areas of responsibility:

- setting directions and operationalisation of strategy of Apator S.A. and the Apator Group.
- supervision over companies in the Apator Group and over consolidated financial results
- supervision over matters of the Management Board of Apator S.A. and managing its works in line with the Code of Commercial Companies Code, the Statute of Apator S.A. and internal regulations in force in Apator S.A.
- supervision of the following areas within Apator S.A.: finance, procurement, production, technology, marketing and sales, investor relations, communication, and PR.

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Łukasz Zaworski – Member of the Management Board – Product Development Director

Łukasz Zaworski holds a degree in Technical Physics from the Nicolaus Copernicus University and a PhD in Technical Sciences in the field of Electronics from Wrocław University of Science and Technology. He also completed postgraduate Executive MBA studies at the SGH Warsaw School of Economics.

He has been with Apator S.A. since 2011, initially working as an R&D Project Manager. From 2018, he served as Director of Development of Measuring Devices and Systems and as the Group’s R&D Officer. Since 2023, he has been a member of the Management Board of Apator S.A. Mr Zaworski is an expert in the field of electricity metering and has co-developed the company’s portfolio of meters and related products. He has extensive experience in managing R&D teams and analysing market needs. He is responsible for product- and market-driven innovation as well as continuous improvement of the product offering.

He has also served for many years on the Supervisory Boards of companies within the Apator Group. He is a member of the Board of Directors of the Danish company Apator Miitors ApS – a research and development unit focused on ultrasonic technology for water and heat metering. Areas of responsibility:

- performance of the strategy of Apator S.A. in the scope of development of new and existing products,
- cooperation with sales departments in the scope of market needs, analyses and market trends as well as plans for the development and commercialisation of products,
- supervision of the development and implementation of new products into production and the market,
- coordination of product development strategy at the level of the Apator Group,
- coordination of R&D budgets and optimisation of the use of resources of the Group,
- sustainable development and supervision of ESG strategy implementation.

Principles of appointing and recalling executives and their rights, in particular the right to decide on the issue or buyout of shares

Members of the Management Board of Apator S.A. are appointed and dismissed in accordance with the provisions of the Code of Commercial Companies and the Statute of the Company. the Management Board of Apator S.A. consists of one to six members appointed for three years by the Supervisory Board for a joint term of office. The Supervisory Board adopts resolutions on:

- determination of the number of Members of the Company's Management Board,
- appointment of the President of the Management Board and then, at the request of the President, of other Members of the Management Board,
- dismissal of Members of the Company's Management Board,
- suspending all or individual Members of the Management Board for important reasons,
- delegating Members of the Supervisory Board to temporarily perform the duties of Members of the Management Board,
- remuneration for the Management Board taking into account its motivational character.

The Members of the Management Board may be dismissed at any time by the Supervisory Board or the Shareholders Meeting before the expiry of their term of office. This does not prejudice their claims under their employment contract.

Description of the manner of operation of the Management Board

the Management Board of Apator S.A. acts based on the provisions of the Code of Commercial Companies, the Statute of the Company and the Regulations of the Management Board of Apator S.A. The Regulations of the Management Board are adopted by the Supervisory Board.

The work of the Management Board is supervised by the President of the Management Board. Resolutions of the Management Board are passed by an absolute majority of votes. In the case of an equal number of votes, the casting vote is held by the President of the Management Board.

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Two Members of the Management Board acting jointly, a Member of the Management Board acting jointly with a Proxy or two Proxies acting jointly are authorised to make statements regarding the Company's property rights and obligations and to sign them.

Each member of the Management Board has the right and obligation to manage the Company's affairs, not exceeding the scope of the Company's ordinary activities.

Proxies are appointed by the Management Board. The granted power of attorney may be revoked by any Member of the Management Board. Members of the Management Board and Proxies are bound by a non-competition clause.

The Management Board supervises the overall operation of the company, represents the company externally, manages its assets and all matters not reserved for other bodies, is responsible for the proper keeping of the company's accounts and strictly adheres to the provisions of the Statute, the Regulations of the Management Board and resolutions of the company's authorities. While performing its activities, the Management Board takes into account both the interest of the company and the whole Apator Group. When making decisions on matters related to the company, the Members of the Management Board act within the limits of justified economic risk, i.e. after consideration of all information, analyses and opinions, which, in the opinion of the Management Board, should be taken into consideration in a given case taking into account the interest of the company and the Apator Group. The legitimate long-term interests of shareholders, creditors, employees, other entities and persons cooperating with the company in the field of economic activity, as well as the interests of local communities are taken into account. The Management Board acts with particular care to ensure that all transactions with persons whose interests affect the interests of the company are made on an arm's length basis.

The Management Board is not authorised to decide on the issue or redemption of shares.

14.11. Remuneration policy

On 2 July 2020, The General Shareholders Meeting of Apator S.A. pursuant to art. 90d of the Act on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organised Trading, and Public Companies of 29 July 2005 (consolidated text Dz. U. /Journal of Laws/ of 2019, item 623 as amended, hereinafter referred to as the Act on Public Offering, adopted the Remuneration Policy for the Members of the Management Board and Supervisory Board.

The purpose of the Remuneration Policy is to define the principles of remuneration of the Management Board of the Company in a way that supports the implementation of the long-term business strategy, long-term interests and stability of the Apator Group.

The full content of the Remuneration Policy is available on the website: www.apator.com in the Investor Relations tab.

Remuneration of the Members of the Management Board

The remuneration system for members of the Management Board of Apator S.A. consists of fixed remuneration - basic remuneration and variable remuneration - annual bonuses granted by the Supervisory Board. The Supervisory Board may establish different bases for the legal relationship for individual members of the Management Board, and may also establish different rates of remuneration for individual members of the Management Board for the management of the Company, but regardless of this, the principles for dividing the remuneration of a given member of the Management Board into basic remuneration and variable remuneration must remain the same, regardless of the basis of the legal relationship applied.

Components of the remuneration of a Member of the Management Board:

Basic remuneration	Basic remuneration is paid monthly in the amount set out in a resolution of the Board, on the date of payment of the remuneration to the Company's employees. The amount of basic remuneration is determined by the Supervisory Board, taking into account the expectations
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of the Member of the Management Board, the company's achieved profit level and remuneration benchmarks.

Variable remuneration	<p>Variable remuneration represents up to 80% of basic remuneration and is paid in the form of an annual bonus on the date following the approval of the Company's financial statements by the Shareholders Meeting.</p> <p>The payment of the annual bonus depends on the achievement of certain management objectives by the individual Members of the Management Board and on the Company's performance. The management objectives are primarily financial and non-financial indicators. The level of performance of the objectives is the basis for granting the annual bonus to the Management Board of Apator S.A.</p>
Additional non-cash benefits	<p>Each Member of the Management Board may also receive additional non-cash benefits from the Company, under the principles applicable to the Company's employees, such as:</p> <ul style="list-style-type: none"> • contribution to the costs of renting an apartment, • co-financing of benefits available to the Company's employees (multisport card and medical package, additional life and motor insurance), • company car for private use. <p>The Company does not offer additional pension schemes and does not grant remuneration in the form of financial instruments.</p>

Upon termination of the employment relationship, the Members of the Management Board are entitled to severance pay in the amount of 3 months' gross basic salary and the possibility of obtaining compensation for non-competition (if decided so by the Supervisory Board).

Gross remuneration of the Members of the Management Board for the 2024 term of office is as follows:

Item	Remuneration from Apator SA for 2024				Remuneration from other companies in the Apator Group, including provisions for bonuses for 2024 or paid bonuses for 2023 in 2024 and non-wage benefits	Overall remuneration
	fixed remuneration (employment contract, appointment to the Management Board, contract for provision of services)	remuneration from other titles (sick pay, sickness benefit, inventions, severance pay, non-competition)	bonus (paid and provisions for bonuses) for 2024	non-salary benefits (company car, health package, life insurance)		
	PLN thousand	PLN thousand	PLN thousand	PLN thousand		
Maciej Wyczęsany	1,250.49		624.00	64.52	60.54	1,999.55
Łukasz Zaworski	480.00		240.00	6.67	70.60	797.27
Robert Kowalski (until 14 May 2024)	103.26		52.08	5.22	143.97	304.53
Total	1,833.75	-	916.08	76.41	275.11	3,101.35

In 2024, members of the Management Board were members of the governing bodies of the following subsidiaries:

- Maciej Wyczęsany
 - Member of the Supervisory Board of Apator Metrix S.A.
 - Member of the Supervisory Board of Apator Powogaz S.A.
 - Member of the Supervisory Board of Apator Rector Sp. z o.o.
- Łukasz Zaworski
 - Member of the Supervisory Board of Apator Metrix S.A. (until 31 July 2024)
 - Member of the Supervisory Board of Apator Rector Sp. z o.o.
 - Member of the Board of Directors of Apator Miitors ApS.

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- Member of the Supervisory Board of Apator Telemetry Sp. z o.o. (until 24 June 2024)
- Member of Supervisory Board of Apator Metra s.r.o (from 19 August 2024)
- Robert Kowalski (2024)
 - President of the Management Board of Apator Powogaz S.A. (until 14 May 2024)
 - Member of the Supervisory Board of Apator Telemetry Sp. z o.o. (until 14 May 2024)

The remuneration of the Members of the Management Board is determined based on transparent procedures and principles, taking into account its incentive nature and ensuring effective and smooth management of the company. The remuneration meets the criteria of the scope of responsibility resulting from the performed function and remains in reasonable relation to the level of remuneration of the members of management boards in similar companies in a comparable market.

Remuneration of the Members of the Supervisory Board

The basis for remuneration of the Members of the Supervisory Board for performing their functions in the supervisory body are resolutions of the Shareholders Meeting. The principles of remuneration of a Member of the Supervisory Board may be set out in the resolution appointing a Supervisory Board Member or in a separate resolution.

Remuneration of the Members of the Supervisory Board

Basic remuneration	A Member of the Supervisory Board receives remuneration in the form of a fixed monthly amount determined by resolution of the General Shareholders Meeting, irrespective of attendance at meetings of the Supervisory Board. The remuneration of the Members of the Supervisory Board is paid on the same date as the remuneration of the Company's employees.
Variable remuneration	Members of the Supervisory Board do not receive additional remuneration in the form of a bonus.
Additional non-cash benefits	Each Member of the Supervisory Board may receive additional non-cash benefits from the Company, under the principles applicable to the Company's employees, such as: <ul style="list-style-type: none"> • co-financing of benefits available to the Company's employees (multisport card and medical package, additional life and motor insurance), • ECP, The Company does not offer additional pension schemes and does not grant remuneration to the Members of the Supervisory Board in the form of financial instruments.

Members of the Supervisory Board, pursuant to Art. 392, sec. 3 of the Code of Commercial Companies and Partnerships are entitled to the reimbursement of expenses (e.g. business trips) related to the performance of their duties.

The remuneration of the Supervisory Board was determined at the Ordinary General Shareholders Meeting on 2 July 2020. In accordance with resolution no. 30/VII/2020, the remuneration levels are:

- Chairman of the Supervisory Board - PLN 8,500 gross per month,
- other Members of the Supervisory Board - PLN 7,000 gross per month,
- allowance for serving in committees of the Supervisory Board - PLN 1,500 gross per month.

Remuneration of the Members of the Supervisory Board did not constitute a significant item of the company's operating costs and did not significantly affect its financial result.

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The 2024 remuneration was as follows:

Item	Fixed remuneration from Apator S.A.	Additional non-cash benefits from Apator S.A.	Remuneration from other companies of the Apator Group	Overall remuneration
	PLN thousand	PLN thousand	PLN thousand	PLN thousand
Janusz Niedźwiecki	102		15.70	117.7
Mariusz Lewicki	102	1.53*	84.54	188.07
Janusz Marzygliński	84		24.00	108
Danuta Guzowska	84		-	84
Marcin Murawski	102	1.53*	-	103.53
Kazimierz Piotrowski	102		48.00	150
Tadeusz Sosgórnik	84	1.04*	214.80	299.84
Total	660	4.1	387.04	1051.14

*) *Employee Capital Plans (PPK)*

In 2024, Members of the Supervisory Board of Apator SA also performed functions in the bodies of the companies of the Apator Group, which involved receiving remuneration from those companies:

- Janusz Niedźwiecki - Member of the Supervisory Board of Apator Telemetry Sp. z o.o. (until 30 September 2024)
- Mariusz Lewicki - Chairman of the Supervisory Board of Apator Metrix S.A.,
- Chairman of the Supervisory Board of Apator Mining Sp. z o.o.,
- Member of the Supervisory Board of Apator Powogaz S.A.
- Janusz Marzygliński - Chairman of the Supervisory Board of Apator Rector Sp. z o.o.,
- Kazimierz Piotrowski - Deputy Chairman of the Supervisory Board of Apator Metrix S.A.,
- Member of the Supervisory Board of Apator Mining Sp z o.o.
- Tadeusz Sosgórnik - Chairman of the Supervisory Board of Apator Powogaz S.A.,
- Chairman of the Supervisory Board of FAP Pafal S.A.,
- Commercial Director of Apator Mining Sp. z o.o.

The Supervisory Board, pursuant to Art. 90g of the Act of 29th July 2005 on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organised Trading, and Public Companies (Dz. U. /Journal of Laws/ of 2005 no. 184, item 1539) is obliged to prepare a report on the remuneration of the Members of the Management Board and Supervisory Board for the year 2024, which will constitute a separate document. The report will be published at the moment of convening the Ordinary General Shareholders Meeting of Apator S.A.

14.12. Diversity policy

The purpose of the diversity policy in Apator S.A. is to build awareness and an organisational culture open to diversity, which leads to an increase in work efficiency and counteracts discrimination. Based on the Code of Ethics in force, the basis of diversity management in Apator S.A. is the creation of equal opportunities in access to professional development and promotion.

When appointing the company's authorities and key managers, the company strives to ensure versatility and diversity, particularly in respect of gender, educational branch, age and professional experience. High qualifications and substantive preparation for performing a specific function are the aspects that matter most.

14.13. Sponsorship policy

One of the strategic objectives of the Apator Group is to create brand recognition and its proper perception, i.e. well-considered image activities. The sponsorship policy depends on the general strategy of development of the Apator Group and is an integral part of its communication and external promotion.

Sponsoring policy objectives:

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

In 2024, the Apator Group allocated 0.2% of the consolidated net profit for sponsoring and charity activities. Within the framework of sponsoring activity, the companies of the Group cooperated with, e.g.:

- "Culture Office" Foundation – Tofifest Festival
- Artus Court - Artus Festival
- Children's Creative Art Centre and Gallery – XXIII International Biennale of Children and Youth Art Competition
- WARTA-POZNAŃ sports club – the agreement covers promotional activities and the organisation of 6 joint CSR events per year
- Starogard sports club

In the area of charity activity, donations were made to the following institutions:

- The More Beautiful World Foundation
- Society of Friends of Children in Toruń
- ERBUD “Common Challenges” Foundation named after Eryk Grzeszczak
- Association for the Care of Abandoned Children Oratory of Blessed Father Bronisław Markiewicz
- St. John Paul II hospice in Toruń
- Stowarzyszenie Hospicjum Światło (Hospice Association "Light") in Toruń
- The Great Orchestra of Christmas Charity
- Szlachetna Paczka (Noble Gift) 2024

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15. Sustainability statement

15.1. ESRS2 Information about Apator Group

15.1.1. BP-1 - General basis for preparation of the sustainability statement

This sustainability statement (hereinafter: ESR report, ESR report) has been prepared based on:

- the provisions of Chapter 6c of the Polish Accounting Act of 29 September 1994 (Dz. U. /Journal of Laws/ of 2023, item item 120, as amended) (the “Accounting Act”);
- the sustainability reporting standards as defined in Commission Delegated Regulation (EU) 2023/2772 of 31 July 2023 supplementing Directive 2013/34/EU of the European Parliament and of the Council as regards sustainability reporting standards (“ESRS”);
- the reporting requirements set out in Art. 8 of Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, amending Regulation (EU) 2019/2088 (“Regulation (EU) 2020/852”).

This document has been prepared for the first time based on the European Sustainability Reporting Standards (ESRS). Previous reports were based on the GRI (Global Reporting Initiative) standards.

In disclosing data in this Sustainability Report (SR), in addition to the regulations listed above, the following were also taken into account:

- United Nations Guiding Principles on Business and Human Rights,
- OECD Guidelines for Multinational Enterprises,
- the recommendations of the “Final Report on Minimum Safeguards” issued by the Platform on Sustainable Finance (methodology for assessing compliance with minimum social safeguards),

- TCFD (Task Force on Climate-related Financial Disclosures) recommendations for climate risk assessment.

This statement has been prepared on a consolidated basis. The scope of data consolidation corresponds to the consolidation scope applied in the financial statements of the Apator Group. As with the preparation of the financial statements, the SR also takes into account changes in the structure of the Apator Group that occurred in 2024, including those related to the UK-based company GWi (in liquidation; the company's financial results were consolidated in Q1 2024 – see Section 1.4 of the Management Board Report). GWi's data is not included in this Sustainability Report due to the lack of control over the company for the majority of 2024.

The report covers sustainability-related information pertaining to the Apator Group for the period from 1 January to 31 December 2024. The Sustainability Report is prepared on an annual basis.

The Apator Group discloses important information on the value chain developed on the basis of an analysis of material flows and business processes within the group of companies. The Apator Group's value chain is, among other things, the basis for calculating greenhouse gas emissions in scope 3, analysing the Group's impact on sustainable development issues and stakeholders. The Apator Group's value chain is presented in section SBM-1 – Strategy, business model and value chain.

Due to the extensive value chain, particularly in the upstream segment, the Group has limited capacity to manage and control all suppliers in terms of compliance with high social, environmental and ethical standards (the Group's supplier base includes over 6,500 entities). In the upper part of the value chain, the Apator Group companies build long-term relationships with a group of key partners, so-called strategic suppliers, who play a significant role in the Group's operations. Strategic suppliers who play the largest role in the activity of the Group. Key supplier management activities are focused on these strategic suppliers, who are required, among other things, to respect human rights, labour rights, and environmental standards. The criteria for supplier segmentation are described in Section G1-2 – Management of relationships with suppliers.

The entity did not apply the exemption related to the omission of information concerning intellectual property, know-how, or the results of innovation.

15.1.2. BP-2 - Disclosures in relation to specific circumstances

▪ Time horizons

Both in the presented statement and in the ESG Strategy of the Apator Group published in December 2024, the definition of time horizons was adopted in accordance with ESRS1 point 6.4.

Adopted time horizons:

- the short-term horizon covers one reporting year,
- the medium-term horizon has been set for 2028 (in line with the adopted horizon of the Business Strategy and ESG Strategy of the Apator Group),
- the long-term perspective covers the year 2035 and, where appropriate, the year 2050 as the target date for European economies to achieve net-zero emissions in accordance with the European Green Deal.

▪ Value Chain Estimation, Sources of Estimates, and Uncertainty of Results

Due to the disproportionately high costs associated with collecting and verifying detailed data from all participants in the Group's value chain, particularly from suppliers located outside the European Economic Area, this Sustainability Report focuses on disclosures related to the upper part of the value chain, including the group of strategic suppliers.

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For the estimation of indicator values, the vast majority of data sources used for the Group's own operations were direct (including ERP, MES, enova systems, proprietary databases, etc.). For upstream and downstream data, direct sources were also used where feasible (e.g. data from measurement devices, utility supplier invoices, fuel distributor invoices, lease settlements, material testing results obtained from suppliers, environmental certificates and declarations, results of supplier audits, etc.); however, disclosures in this area are largely based on indirect sources. Indicators disclosed in this report that are subject to a high level of uncertainty primarily relate to Scope 3 carbon emissions, due to difficulties in obtaining primary data and the limited granularity of available data (both primary and secondary). To assess climate risks, the company applied available simulation models designed to forecast future climate conditions. Detailed data sources and parameters used in the preparation of this Sustainability Report are presented in the relevant thematic sections.

The Apator Group has implemented a consistent methodology for calculating the carbon footprint of its operations and products, based on the Greenhouse Gas Protocol (GHG Protocol). For the 2024 reporting year, Scope 3 carbon footprint calculations were based on available data sources. In the future, actual carbon footprint data obtained directly from business partners will allow the Group to replace calculations based on average emission factors.

The Group is in the process of implementing a new ERP-class system, which includes a dedicated ESG module for collecting data and indicators (mainly related to operations). This is expected to improve the monitoring and reporting of quantitative ESG disclosures in the future. Extending the reporting obligation to other, smaller entities could contribute to increased awareness and greater availability of direct data at the level of the Group's suppliers and partners; however, ongoing changes to the scope of sustainability reporting (the so-called "Omnibus" package) are likely to delay this process.

▪ **Changes in the Preparation or Presentation of Sustainability Information, Reporting Errors in Previous Periods**

Due to the liquidation of the UK-based company GWi and the loss of operational control over the entity in April 2024, GWi's data was excluded from the 2023 comparative figures to ensure data comparability.

▪ **Disclosures Identified as Entity-Specific for the Group**

In the materiality assessment conducted by the Apator Group, cyber security was identified as a material, entity-specific issue. It concerns two areas:

- information and digital security management in Apator Group's operational activities – addressed in section G1-1.
- operational activities and the privacy of customers and end-users of Apator Group's products and solutions – discussed in section S4-4.

Key process management within Apator Group's manufacturing entities is based on implemented ISO management systems. These systems serve as the foundation for setting annual operational objectives within individual processes and reflect the Group's commitment to continuous improvement of its management systems.

Apator Group companies operate in accordance with an adopted Integrated Management System, which encompasses policies relating to:

- quality management system,
- environmental management,
- health and safety management,
- information security.

Management Systems are tailored to the specific operations of individual companies. The Group's domestic companies that carry out manufacturing operations were operating under the following standards in 2024:

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Tab. 1. Management systems in Apator Group companies

Standard type	Apator	Apator Metrix	Apator Powogaz	FAP Pafal	Apator Telemetry
PN-EN ISO 9001:2015	X	X	X	X	X
PN-EN ISO 14001:2015	X	X	X	X	X
PN-ISO 45001:2018	X	X	X	X	X
PN-ISO/IEC 27001:2013	X	X			X

The implementation of ISO standards in Apator Group companies is subject to external certification. Management systems are systematically improved and updated. Planned changes in 2025:

- Apator SA - introduction/certification of ISO 50001:2018, update of ISO 27001 (transition to ISO/IEC 27001:2022),
- Apator Powogaz, Apator Rector - introduction/certification of ISO/IEC 27001:2022,
- Apator Metrix, Apator Telemetry - update of ISO 27001 (transition to ISO/IEC 27001:2022),
- FAP Pafal - withdrawal of certification in connection with the plan to merge the company into Apator SA.

This report includes selected objectives and performance indicators set for 2024 as part of the annual plans, objectives and tasks adopted by individual companies – as short-term objectives. Starting in 2025, the Group will monitor common KPIs for areas E, S and G as part of the ESG Strategy for 2025-28 adopted in December 2024.

▪ Benefiting from gradually implemented regulations

The Group is exercising its option to omit, in the first year of application of the ESRS, the disclosure of the financial measurement of significant risks and opportunities, including the expected financial effects of significant physical risks and transition risks and potential opportunities related to climate change. The Apator Group has not yet developed a detailed climate transition plan, as efforts in 2024 have focused on defining the Group's ESG strategy and implementing a consistent methodology for carbon footprint calculation. The Company plans to begin developing the transition plan in 2025, with operational implementation scheduled from 2026 onwards.

▪ Tab. 2. Incorporation by reference

List of Disclosure Requirements Included in the ESRS that Have Been Incorporated by Reference

BP-1 - General basis for preparation of the sustainability statement

Reference Location

Statement of operations - item 1.4

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GOV-1 The role of the administrative, management and supervisory bodies – CVs of members of the Management Board and Supervisory Board	Statement of operations - item 14, 14.12, 14.1
GOV-3 - Integration of sustainability-related performance in incentive schemes	Statement of operations - item 14.11
SBM-1 - Strategy, business model and value chain	Statement of operations - item 1, 2, 3.1, 3.2, 3.3, 7
	Consolidated financial statements - note 7.2

15.1.3. GOV-1 – The role of the administrative, management and supervisory bodies

Apator SA is a joint-stock company, the parent entity of the Apator Group. According to the Polish Code of Commercial Companies, the organs of a public limited company are the General Shareholders Meeting, the Supervisory Board and the Management Board.

The administrative, management and supervisory bodies of the Apator Group consist of the management boards and supervisory boards of individual companies. Structure of Apator SA authorities as at 31 December 2024 and a detailed description of the corporate governance framework is available in the Report of the Management Board on the activity of Apator SA in 2024 (item 14). With regard to business conduct, it includes, among other things:

- a description of the activities, appointment and powers of the supervisory and management bodies,
- information on the experience, competence of the bodies and the degree of independence of the members of the Audit Committee of the Supervisory Board,
- auditor selection procedures,
- information on the remuneration policy applicable to Management Board and Supervisory Board members.

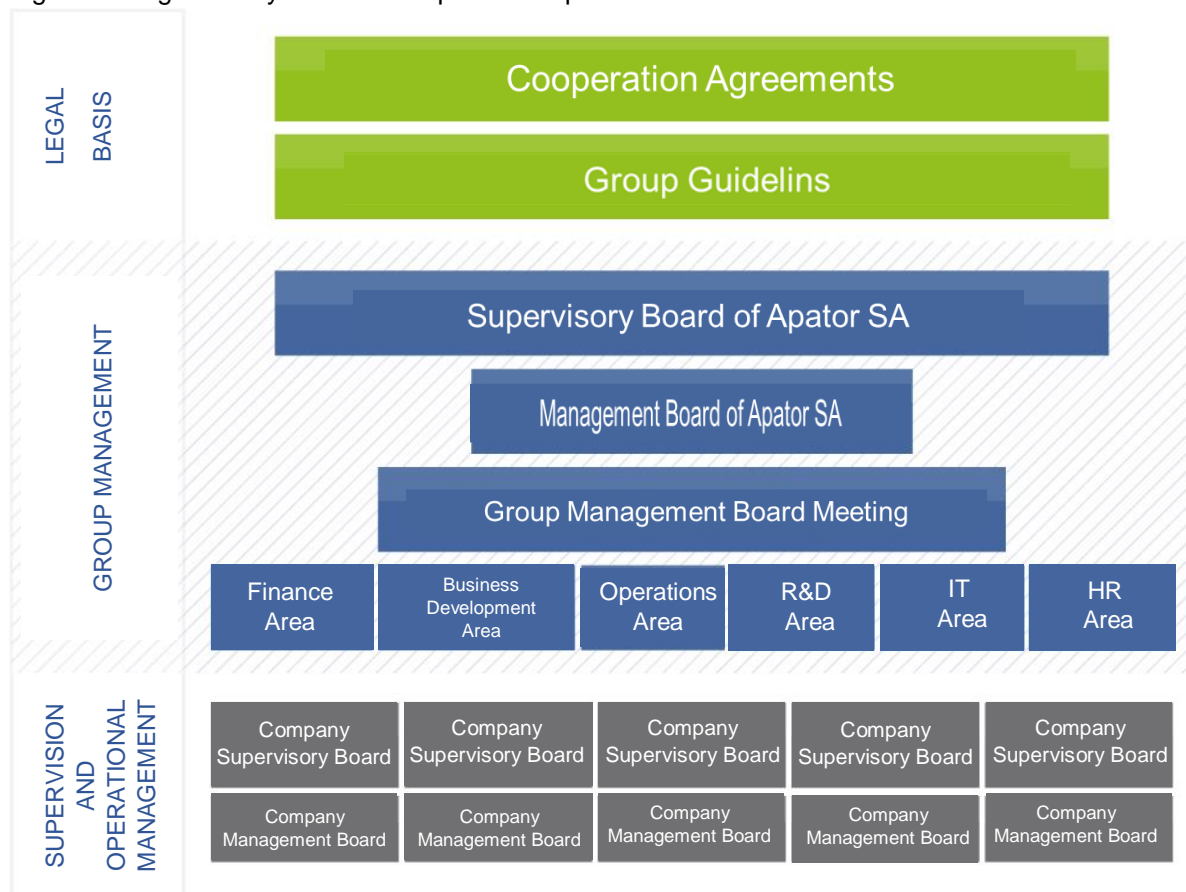
There is no representation of employees in the composition of supervisory and management bodies.

Unified corporate governance applies in all Polish companies of the Apator Group of Companies. Corporate governance takes place through:

- personnel changes on the Management Boards and Supervisory Boards,
- internal regulations in the form of group guidelines, which are established by cooperation agreements,
- activities of committees established within the Apator Group,
- internal audit,
- shared functions (finance and controlling, HR, IT, IR communication and promotion).

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Fig. 2. Management system at the Apator Group



The documents establishing group guidelines (internal "policies") standardise key processes and introduce common operating principles at Apator Group companies. Group guidelines are approved by the Management Board of Apator SA. In the area of business conduct, they concern, among others, the following areas:

- Management of the Apator Group's strategy,
- Apator Group Code of Ethics,
- Apator Group ESG Strategy,
- Risk management,
- Compliance process,
- Internal audit principles in the Apator Group,
- Anti-Corruption Policy,
- Human Rights Policy,
- ISO Integrated Management System policies,
- Area-specific (including the procurement process, occupational health and safety, environmental protection, marketing and sponsorship activities).

At the Apator Group, each adopted policy (guideline, regulation, procedure) has assigned responsibility for its implementation and reporting. The highest body responsible for approving and supervising policies is the management board of each company.

In 2024, three committees were active in the Apator Group, including the Management System Officers Committee, responsible for improving management systems in the Apator Group through their integration in selected areas.

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▪ **ESG Strategy Management within the Apator Group**

With regard to sustainability reporting, the Group-wide guideline entitled Apator Group ESG Strategy for 2025–2028 applies. This document defines the approach to managing sustainability-related matters (including the role of company bodies, the scope of responsibilities of the ESG team, and the mechanisms for overseeing and monitoring the implementation of ESG strategy objectives). It also sets out the reporting policy, specifying the principles for preparing the sustainability statement and the process for compiling the annual sustainability report.

In accordance with the ESG Strategy, sustainable development is an area of ongoing interest for the management, including the Management Board of Apator SA and the management boards and senior management of the Apator Group, and is subject to validation and supervision by the Supervisory Board of Apator SA. The person coordinating the implementation of the ESG Strategy of the Apator Group on behalf of the Management Board of Apator SA is Łukasz Zaworski, Member of the Management Board, Product Development Director

The responsibilities for sustainable development in the Apator Group within the supervisory and management bodies are presented in the table below.

Tab. 3. Responsibility for sustainable development area

Responsible body	Coverage	Form and cycle of supervision
Supervisory Board of Apator SA	Supervision and validation of the Apator Group's strategic plans, including in the area of sustainable development	Supervisory review twice a year Additional reviews as needed
Audit Committee of the Supervisory Board of Apator SA	Monitoring of ESG reporting process	Supervisory review twice a year
Management Board of Apator SA	Business strategy management, including sustainable development within the Apator Group	Review within the works of Steering Committee (SC)
Designated member of Executive Board of Apator SA	Supervision over the implementation of the ESG Strategy of the Apator Group	Status meetings at least once a quarter
Management Boards of the Apator Group companies	Coordination and supervision of the implementation of the ESG Strategy of the Apator Group in the Apator Group companies	Management review twice a year as part of group Management Board meetings. Additional reviews as needed

In terms of sustainability reporting, the Double Materiality Assessment Due Diligence Process is followed (appendix to the group guideline: Apator Group ESG Strategy), which specifies the approach and responsibilities with regard to the analysis of impacts, risks, and opportunities related to sustainable development.

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▪ **Skills and Expertise of the Management Board and Supervisory Board in Overseeing Sustainability Matters**

The provision of skills and expertise to the Management Board and the Supervisory Board for the effective oversight of sustainability matters is ensured through:

- internal and external training sessions,
- involvement in sustainability-related projects and initiatives,
- cooperation with consultancy firms,
- execution of tasks by the ESG Manager.

In light of new regulatory obligations, members of supervisory and management bodies as well as key managerial staff participated in 2024 in an external training entitled “ESG – Regulatory Landscape”. The training agenda covered the following topics:

- CSRD Directive,
- CSRD Implementation – Project UC14,
- ESRS – Structure,
- ESRS – Link to Taxonomy Disclosures,
- ESRS 2 Standard – Disclosures (with a focus on GOV-related requirements),
- Women on Boards Directive – Implementation: Project UC63,
- Equal Pay Directive,
- Due Diligence Directive.

Training on regulatory challenges and obligations related to sustainability reporting for members of governance, management and supervisory bodies will be organised on a regular basis (at least once per year).

In 2024, Apator S.A. engaged external experts to support the Group in preparing for new sustainability reporting obligations and meeting external assurance requirements. As part of this collaboration, the Management Board Member responsible for ESG and the Apator Group’s managerial staff were actively involved in the double materiality assessment process and preparation of disclosures. They also participated in a series of introductory sessions on sustainability matters, including training, consultations, and workshops.

Sustainability-related expertise and relevant competencies are also provided by the ESG Manager, whose responsibilities include acquiring knowledge, organising training for management and supervisory board members as well as ESG coordinators in Group companies. The ESG Manager holds regular meetings to discuss regulatory changes, formal requirements, and customer expectations during quarterly and annual reviews. The ESG Manager also maintains a database of experts, stays in contact with them, analyses professional literature and databases, and, in close cooperation with the Apator S.A. Management Board Member responsible for ESG, ensures access to expertise and specialist resources.

▪ **Diversity in relation to bodies**

The diversity policy in relation to administrative, management and supervisory bodies is described in the Management Board Report, in the section Corporate Governance: Diversity Policy and Good Practices of Companies Listed on the Warsaw Stock Exchange (respectively: items 14.12 and 14.1). The table below presents a breakdown of the members of the management boards and supervisory boards of the Apator Group companies by gender.

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Tab. 4 List of members of supervisory and management bodies broken down by gender.

Supervisory Boards*	Number of people	Share [%]	Management boards*	Number of people	Share [%]
Total number of positions**	35		Total number of positions**	12	
women	4	11%	women	1	8%
men	31	89%	men	11	92%

*) Supervisory and management bodies of all companies within the Apator Group have been taken into account. Apator Miitors has a Board of Directors (replacing the management board), while Apator GmbH does not have a supervisory board.

***) Out of 35 positions in supervisory bodies, 4 are held by women, and out of 12 positions on company management boards, only 1 is held by a woman. Members of supervisory bodies hold positions in several bodies of different companies at the same time. The composition of individual company bodies is selected based on experience and knowledge of the industry, and they support the exercise of ownership supervision over companies within the group.

▪ Independence of supervisory body members

In 2024, two out of seven members of the Supervisory Board of Apator SA met the independence criteria as defined by the ESRS.

15.1.4. GOV-2 - Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies

Members of the Management Board and the Supervisory Board are regularly informed about material impacts, risks, and opportunities during meetings, as well as through reports and statements provided to them.

The results of the double materiality assessment, which is updated at least annually (in accordance with the Double Materiality Assessment Due Diligence Process), are presented at meetings of the Supervisory Board of Apator S.A. and the Group Management Board, which includes the management board members of subsidiaries.

As part of the ongoing monitoring and oversight of ESG strategy implementation by the supervisory bodies (described in ESRS 2, GOV-1), discussions are held on the effectiveness of policies and progress in achieving ESG strategy objectives.

During strategic review meetings of the Steering Committee (as referred to in ESRS 2, GOV-1), the implementation of ESG goals is summarised and the ongoing actions are reviewed.

In the course of regular management meetings, reviews of ESG strategy implementation in individual companies and business segments are conducted. The ESG Manager is responsible for keeping the supervisory and managing bodies informed on an ongoing basis.

Key ESG impacts, risks, and opportunities are continuously analysed and discussed during operational meetings involving directors and managers. Where needed, mitigating, corrective, or remedial actions are taken. ESG risks are embedded in the organisation's overall risk management process, are subject to

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periodic review, and are managed within risk treatment plans by designated risk owners (for further details on the risk management process at Apator Group, see ESRS 2, GOV-5).

When making business decisions on issues related to sustainable development, it is necessary to achieve a balance between different aspects of business operations. These compromises result from macroeconomic conditions (concentration of component suppliers in Asia), business conditions (difficulty in verifying some suppliers due to the length of the supply chain), economic conditions (price criteria in the selection of components, priorities related to cost optimisation resulting from price pressure on the market and strong, low-cost competition from Asia), as well as market conditions (supplying products that meet customer requirements despite the existence of alternative solutions, e.g. more material- or functionally-efficient solutions – smart grid/smart metering technologies, ultrasonic technology).

In 2024, CSR issues were presented at meetings of the Supervisory Board of Apator SA, meetings of the Group Management Board and management meetings. The following issues were discussed:

- regulatory changes in sustainability reporting
- progress in developing the ESG Strategy of the Apator Group,
- organisation of the sustainability management process within the Group (establishment of the ESG team, integration of sustainability matters into business processes)
- planning, implementation and results of stakeholder materiality assessments,
- preparation of the company for external certification.

In 2024, management meetings focused on discussing the preparatory work for reporting in accordance with the ESRS, the development of the ESG Strategy, and the organisation of the reporting process within the Group. Selected managers and a Management Board member were involved in the double materiality assessment – DMA (see section IRO-1 for details).

15.1.5. GOV-3 - Integration of sustainability-related performance in incentive schemes

The remuneration policy for members of the Management Board of Apator SA is described in the Management Board Report (item 14.11). Remuneration consists of a fixed component and a variable component: annual bonuses awarded by the Supervisory Board. The bonus depends on the achievement of specific management objectives, which are primarily financial and non-financial indicators. Non-financial factors include the implementation of the Business Strategy, including the ESG Strategy.

In 2024, no specific (measurable) targets were adopted in relation to sustainable development and they were not taken into account when calculating the annual bonus. The Apator Group also did not take climate-related issues into account in the remuneration of members of the Management Board and the Supervisory Board (E1 GOV-3 Climate change).

In 2025, the Group plans to adopt ESG Strategy targets for 2028, 2035 and 2050, and their implementation will be taken into account by the Supervisory Board when determining the variable component of the remuneration of Management Board members.

15.1.6. GOV-4 - Statement on due diligence

In 2024, the Apator Group did not implement a comprehensive due diligence policy; however, the due diligence process is carried out across specific areas of activity, including compliance, risk management, internal control, ethics, human rights, anti-corruption, whistleblower protection, business and ESG strategy management, integrated management system processes, and the management of individual business areas (including procurement, financial management, information security, marketing and sponsorship activities).

In 2024, the Group implemented the Double Materiality Assessment Due Diligence Process, which defines the process for conducting the double materiality assessment aimed at identifying key IROs (impacts, risks

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and opportunities) within the Apator Group that may affect the organisation’s operations and the achievement of its economic, social and environmental objectives. The purpose of this process is to ensure that the impacts, risks and opportunities related to the Group’s activities are properly identified and that effective actions are taken to manage these impacts, minimise or eliminate risks, and maximise opportunities.

The elements of the due diligence process in relation to the disclosures required by the respective ESRS are presented below.

Tab. 5 Elements of the due diligence process

Core elements of the due diligence process	Items in the sustainability statement
Incorporating due diligence into corporate governance, strategy and business model	GOV-2, GOV-5, SBM-3
Engagement with impacted stakeholders at all key stages of the due diligence process	IRO-1, SBM-2, S1-2, S2-2, S4-2
Identification and assessment of adverse impacts	IRO-1, SBM-3
Taking action to reduce identified adverse impacts	IRO-1, E1-3, E2-2, E3-2, E5-2, S1-4, S2 -4, S4-4
Monitoring the effectiveness of these efforts and providing relevant information in this regard	GOV-1, GOV-2, E1-4, E2-3, E3-3, E5-3, S1-5, S2-5, S4-5, G1-4

15.1.7. GOV-5 - Risk management and internal controls over sustainability reporting

- **Risk management system, including ESG-related risks**

The risk management process in the Apator Group with regard to sustainability matters is described in the group guideline Risk Management in the Apator Group and the Double Materiality Assessment Due Diligence Process.

ESG risks have been integrated into the Group’s overall risk management framework. The risk control structure within the Apator Group introduces uniform principles for the allocation of roles and responsibilities in the areas of internal control, risk management and compliance, based on the three lines of defence model and a uniform methodology developed in accordance with the international standard ISO 31000:

- 1st line of defence — represents the supervision and control exercised as part of managerial and management functions (operational management),
- 2nd line of defence — consists in verifying the correctness of operations and compliance with internal and external regulations by dedicated units,
- 3rd line of defence — independent verification and advisory activity carried out by the internal auditor, aimed at improving the operational performance of the organisation and adding value to it.

Risks related to individual thematic areas are addressed by the owners of the respective business areas. These owners are responsible for identifying and assessing the nature of risks (opportunities and threats) in accordance with the adopted risk assessment and analysis methodologies.

- **Risk analysis process in relation to sustainability matters**

The risk analysis process is carried out in accordance with the following scheme:

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- Q4 of the given reporting year: analysis of the organisation’s context, stakeholders, climate risks, and site-specific exposure to physical risks → DMA analysis → identification of IROs (Impacts, Risks and Opportunities) for the organisation. This process is described in ESRS 2 IRO-1, and the IRO assessment methodology is set out in the Double Materiality Assessment Due Diligence Process.
- Q1 of the following reporting year: as part of the Group’s annual risk review, the identified risks are addressed by business area owners as part of the risk analysis process. Risk assessments are updated in line with the methodology described in the relevant procedure by the designated risk owner, who also undertakes corrective or mitigating actions (mandatory in the case of key risks, in accordance with the procedure).

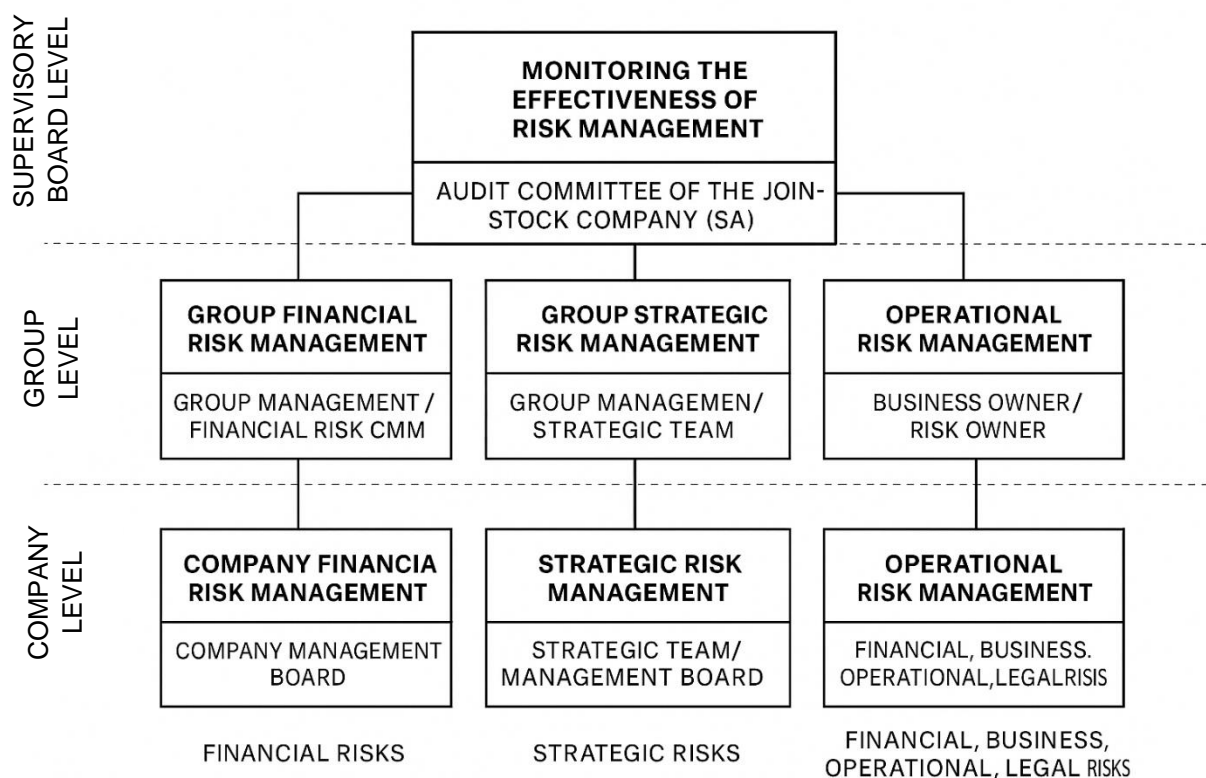
Risk reviews, risk controls, and roles in the process are defined and implemented in accordance with the Group’s risk management guideline (quarterly monitoring and an annual system review). This document also outlines the approach to risk response based on the evaluation of likelihood, impact, and the current effectiveness of control mechanisms. For risks assessed as key, the risk owner prepares a risk treatment plan (in accordance with the prescribed template). The Risk Manager, after reviewing the risk treatment plan, submits it to the Company’s Management Board along with a recommendation for decision-making. Decisions on the implementation of risk mitigation or optimisation measures are made by the Management Board. Risk Owners are responsible for implementing the treatment plans and monitoring individual risks.

Each company within the Apator Group conducts an annual risk review, and the aggregated results are submitted to the Audit Committee of Apator SA as part of the annual review of the internal control, risk management and compliance system. The method of reporting sustainability issues to supervisory, management and administrative bodies is described in ESRS2 GOV-1 and GOV-2.

The scope and responsibility for risk management in the Apator Group is presented in the diagram below.

Fig. 3 Responsibility for risk management in the Apator Group

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▪ **Internal control system for sustainability reporting**

The sustainability reporting policy of the Apator Group is described in the group guideline ESG Strategy of the Apator Group, which applies to all companies of the Group subject to consolidation of financial data and sustainability. The document describes the basis for preparing the sustainability statement and the process of preparing the report.

1. The first stage of work on the ESG Report is to start the process of double materiality testing according to the Double Materiality Assessment Due Diligence Process.
2. The ESG report is prepared based on data provided by all companies belonging to the Apator Group and covers the last closed reporting period together with comparative data.
3. Apator Group companies holding shares in other entities provide Apator SA with ESG data packages also concerning these entities through ESG coordinators at the business segment level.
4. The scope of data provided for the ESG report is specified in templates (doc. for qualitative disclosures and xls for quantitative indicators), which are updated annually and submitted to the ESG team together with the project work schedule by 15 January of each calendar year at the latest.
5. The Nextcloud Apator platform is used to store data for the ESG report.
6. The following persons are responsible for the validation process, i.e. verification and assurance of the high quality of data collected for ESG reporting, completion of the necessary documentation and ensuring an audit trail: area leaders and leaders of selected initiatives, ESG segment coordinators. The final validation of data takes place at the stage of preparing the ESG report by the ESG Financial Coordinator (quantitative data) and the ESG Manager (qualitative data).
7. The report is subject to certification by an independent auditor in accordance with the agreement concluded with the audit firm and the work schedule agreed annually between the auditor and the ESG team.
8. After preparing and submitting the final data packages for the annual ESG report to Apator SA, the management boards of subsidiaries are required to sign statements declaring that the information and data have been prepared with due diligence and meet the quality characteristics of information contained in Appendix B to ESRS 1 (European Sustainability Reporting Standards). A scan of the signed statement must be sent to the indicated email address two days before the planned date of publication of the

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annual consolidated management report, of which the statement on sustainable development (ESG Report) is an integral part. A template of the statement is attached to the guideline.

9. The ESG Manager is responsible for editing and communicating the ESG Report.

15.1.8. SBM-1 - Strategy, business model and value chain

Apator forms an international group of manufacturers and distributors of metering equipment and systems, as well as suppliers of solutions supporting the operation of the power grid and water and gas networks. The Apator Group provides solutions for the Energy & Utilities sector, develops its offering for the renewable energy sector, IT systems for businesses and local government bodies, and automation and robotisation solutions for industrial companies.

The Group brings technologically advanced products and solutions to the market, including:

- a wide range of utility metering equipment: electricity meters, gas meters, water meters and heat meters, including smart solutions,
- remote utility reading systems,
- enterprise systems for managing utility consumption,
- specialised apparatus for protecting, disconnecting, monitoring and controlling the electricity network,
- systems to support the management of utility distribution networks,
- solutions for the RES sector, including protection, controllers, electricity meters and control and monitoring systems for photovoltaic farms, wind farms or other renewable sources, as well as solutions for local energy management (targeted at energy clusters and cooperatives),
- energy storage to support balancing and stabilisation of power grid operation,
- software solutions enabling business process optimisation (e.g. applications for asset or service team management),
- solutions and services for manufacturing process automation and robotisation.

Apator Group companies are market leaders both in Poland and in European markets. Nearly 50% of the Group's revenue comes from exports, with solutions and products distributed to more than 60 countries worldwide. The largest recipients in 2024, apart from Poland, were the following markets: Belgian, German, Czech, Greek, Romanian, British, Turkish, Dutch and Spanish. A description of the Apator Group's operations and key risks is included in the Management Board Report (item 1 and 7).

▪ Business model of the Apator Group

The Apator Group operates within three business sectors: Electricity, Water and Heat, and Gas. A detailed description of the business segments, including information on the solutions offered, main customers, key geographical markets and sales volumes in each segment, is provided in the Management Report (items 3.1, 3.2, 3.3).

The Apator Group provides solutions supporting the energy and digital transformation of the energy sector, enterprises and local government units. The Group's products and solutions enable customers to consciously and effectively manage all types of energy media and water, which contributes to savings in energy raw materials and natural resources. At the same time, as a manufacturer, the Group strives to conduct sustainable, resource-efficient manufacturing processes and operations, minimising the negative impact of its activities on the social environment and the natural environment.

The Apator Group does not conduct any activities related to the fossil fuel sector, chemical production, controversial types of weapons or tobacco cultivation and production.

The Apator Group reports its financial results on a consolidated basis and broken down by business segments. The structure of revenues and financial results generated by business segments is described in

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the consolidated financial statements (note 7.2). Considering the specific nature of the Group, no need to separate business segments for the purposes of sustainability reporting has been identified.

▪ **Directions for the development of the Apator Group as defined in the business strategy**

In accordance with the Apator Group's Strategy for 2024-28, the Group identifies the following main strategic opportunities for business development:

1. Electricity Segment:
 - distributed microgeneration – industrial energy efficiency, IoT control, energy management,
 - large-scale macrogeneration – energy storage and grid stabilisation, increasing system flexibility, integrated management systems.
2. water and Heat segment: water efficiency, service models/billing, generational change to ultrasonic equipment in Europe.
3. Gas segment: hydrogen and biogas measurement.

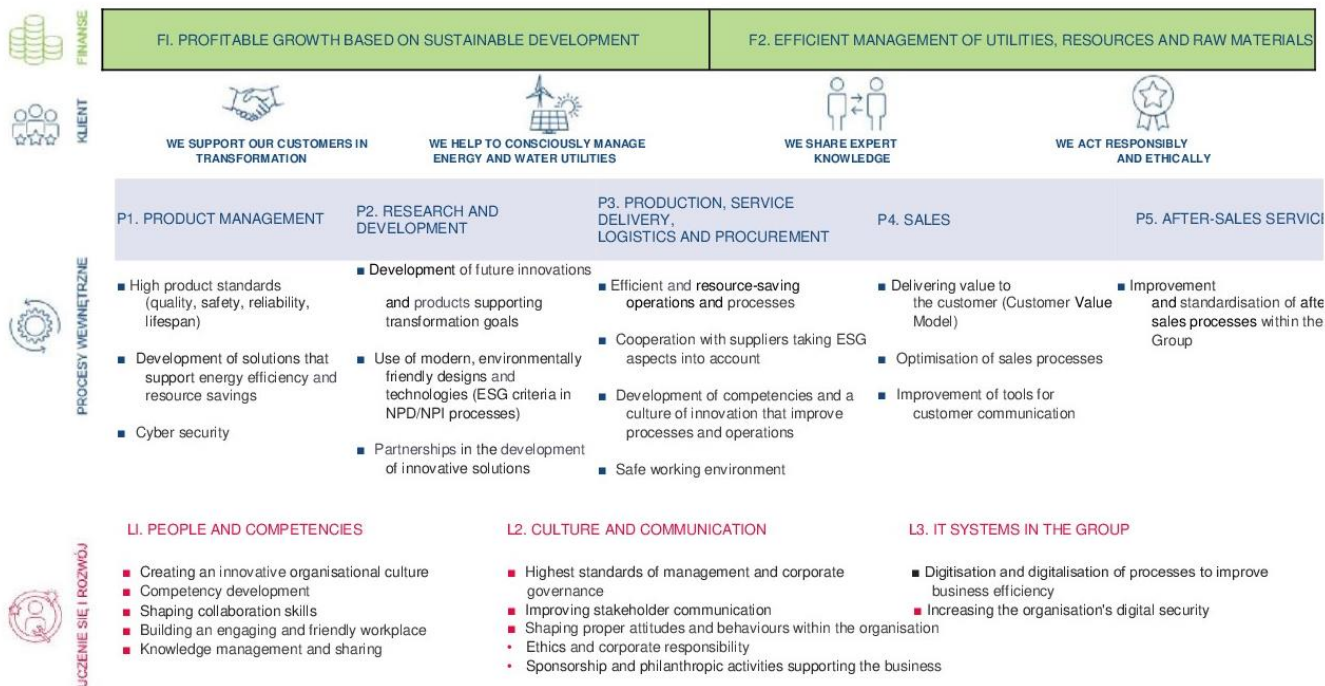
More information on the implementation of the Apator Group's Business Strategy is provided in the Management Board Report in the Business Strategy section (item 2).

▪ **Assumptions of the ESG Strategy of the Apator Group for 2025-28**

The Apator Group's ESG strategy is a functional strategy that supports the implementation of the Group's business strategy objectives and the Group's vision and mission. In line with its vision, the Apator Group is the first choice in providing integrated solutions of the future for the power and water sectors. The Apator Group's mission is to create technologies that support customers in the conscious and sustainable management of energy and water resources.

The overarching goal of the ESG Strategy of the Apator Group is to effectively manage the organisation in accordance with the concept of sustainable development and the Group's vision and mission. The Apator Group is also committed to reliable reporting on the impact of its operations on the economy, the environment and the entire social environment in response to social and climate challenges, legal requirements and the expectations of the Apator Group's stakeholders.

Fig. 4 Apator Group ESG Strategy Map for 2025-28



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The ESG Strategy sets out commitments, targets and KPIs in the area of sustainability for 2028, 2035 and 2050. These are set at the capital group level, rather than at the product group or customer level. The base year for setting KPIs is 2024. Starting in 2025, the strategy will be operationalised by incorporating the targets into business processes and strategic initiatives (responsibility for achieving the targets will lie with the leaders and owners of the business areas). The designated Member of the Management Board of Apator SA and the ESG Manager are responsible for the overall implementation and operationalisation of the ESG Strategy.

The group guideline on the Strategy specifies the method of monitoring and the frequency of reporting within the ESG team, which consists of area leaders, leaders of selected initiatives and ESG coordinators in business segments. Progress in the implementation of ESG objectives, information on the status of activities and analysis of indicators are carried out on a quarterly and annual basis (annual monitoring also includes a summary of activities for the preparation of the annual report and the development of an action plan for the following year).

The ESG Strategy of the Apator Group shall be implemented through:

- planning and implementation of activities for key ESG areas developed by area leaders with the support of a team of ESG coordinators,
- achieving objectives and tasks within selected group strategic initiatives through the implementation of regulatory requirements and ESG strategy objectives.

The aspects of sustainable development covered by the supervision are presented in the table below.

Tab. 6 Commitments and objectives of the ESG Strategy of the Apator Group

PILLAR	LIABILITY	Objective name	KPI Description	
E	Sustainable operations and processes	E.1 Reduction of resource and utility consumption (process efficiency and quality)	Energy intensity [kWh/100 PLN sales revenue]	
			Productivity [kWh/AWU*]	
			Weight of waste per 100 PLN of sales revenue	
		E.2 Use of environmentally friendly designs and technologies	Mass of packaging per 100 PLN of sales revenue	
			E.3 Reduction of the negative impact of activities on climate	Number of products assessed in terms of environmental friendliness of the design (based on developed criteria)
				Carbon footprint (scope 1,2,3)
S	Responsible employer	S.1 Building an engaging, safe and inclusive workplace	Amount of fines for negative environmental impact [PLN]	
			Voluntary turnover [%]	
			Employee satisfaction index	
			Gender Pay Gap	

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		Number of fatal and serious accidents
Transformation partner	S.2 Development of technologies to support customers in the informed and sustainable management of energy utilities and water	Share of products for the RES sector in the product mix (in total revenues)
		Share of smart metering/smart grid products in the product mix (in total revenues)
	S.3 High standards of quality, safety of use and cyber security	Customer satisfaction indicator (quality, safety of use and digital security of products)
G Ethical business practices	G.1 Adherence to high ethical business standards and prevention of corruption	Number of employees effectively trained on ethical issues (including anti-corruption policies)
	G.2 Responsible partnership in the value chain	Number of strategic suppliers assessed in terms of ESG
	G.3 Integration of ESG risks into the organisation's risk management process	Mapping and management of ESG risks on an annual basis

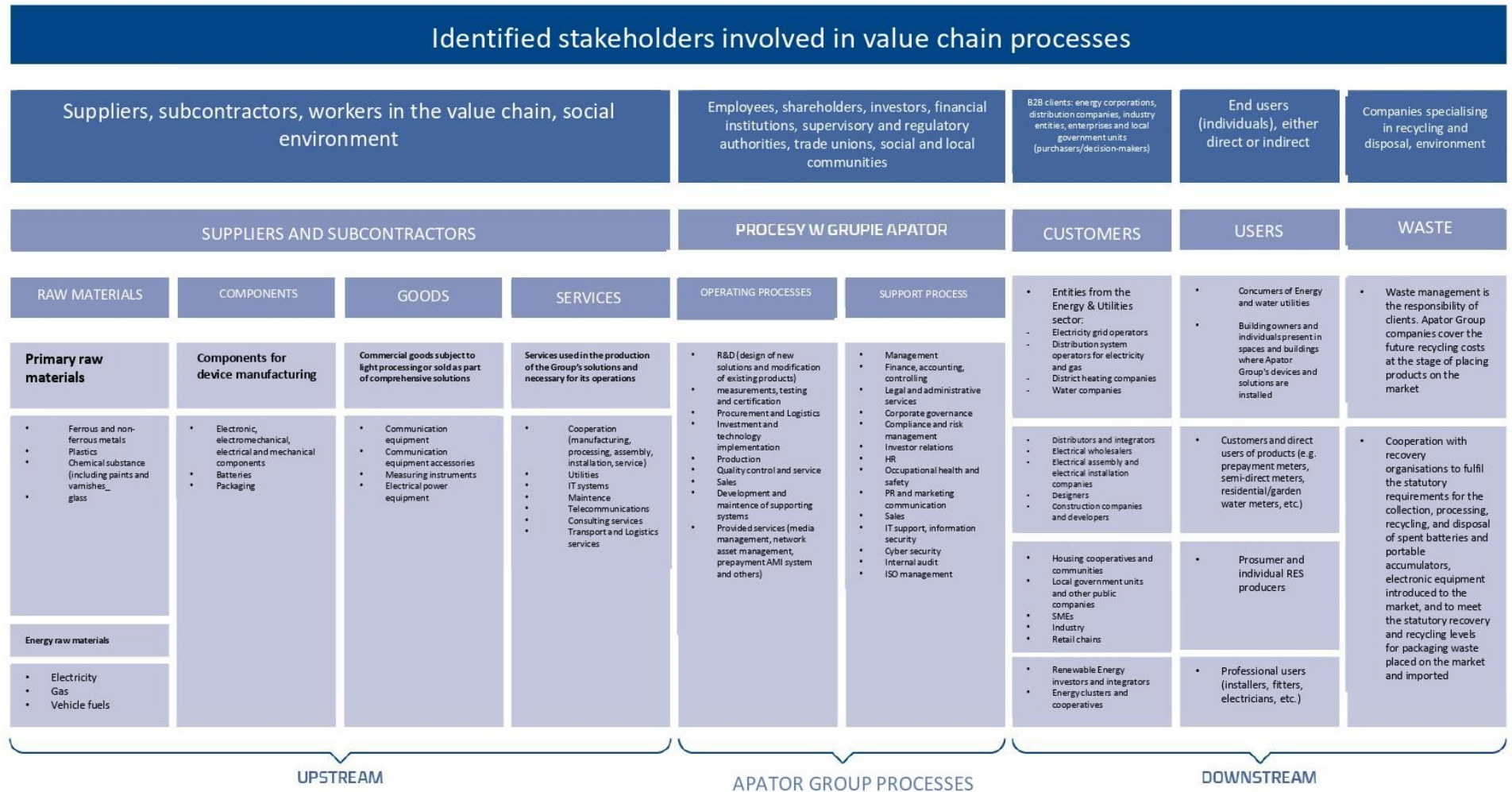
▪ **Apator Group value chain**

The Apator Group's value chain was developed based on an analysis of the Group's relationships with suppliers, customers and other key participants in its environment. In the value chain analysis, including both higher and lower levels, key impacts, risks, and opportunities resulting from the Group Apator's influence on the business, social, and environmental surroundings, as well as the influence of the surroundings on the Group, were taken into account.

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Fig. 5 Apator Group value chain

APATOR GROUP VALUE CHAIN



15.1.9. SBM-2 - Interests and views of stakeholders

In their business activities, the companies of the Apator Group enter into relationships with a wide range of stakeholders. The basis for identifying stakeholders in the Group is a context analysis carried out periodically as part of the Integrated Management Systems (IMS), which is based on the identification of external and internal factors affecting the organisation and the identification of interested parties. Interested parties are persons or organisations that can influence the organisation or whose activities may influence the organisation. Stakeholders are assessed in terms of the strength of the influence exerted by the Apator Group on the stakeholder and the strength of the stakeholder's influence on the Apator Group.

In accordance with the stakeholder materiality matrix, in 2024 the Apator Group identified key and other stakeholders, which are presented in the table below. The manner and frequency of communication with stakeholders are tailored to the nature of the relationship and the communication needs of individual stakeholders.

Tab. 7. Forms of communication of Grupa Apator with stakeholders in 2024

GROUP OF STAKEHOLDERS	OBJECTIVES OF COMMUNICATION	MODES OF COMMUNICATION	BASIS FOR IDENTIFICATION
Key stakeholder groups			
Investors, stock exchange analysts, business media journalists	Fair and honest communication and reporting on the current situation of the group of companies - in accordance with the requirements, regulations and good practices for the circulation of information for the companies on the regulated market.	Current reports; financial statements; conferences; meetings; newsletters; website; Facebook and LinkedIn profiles; press releases in the form of interviews and articles; day-to-day communication with journalists.	As a GPW-listed company, Apator SA prioritises building relationships with capital market participants.
Customers/consumers (transactional – purchasers of products and solutions)	Collaborating on optimising the customer's business; developing technologies and solutions; exchanging/sharing technical knowledge; familiarising customers with products and terms and conditions of commercial cooperation.	Face-to-face meetings; trade fairs; conferences; training sessions; newsletters; website; product promotional materials; Facebook and LinkedIn profiles.	The Apator Group fulfills its business objectives by providing its customers with solutions and products that meet their expectations and needs.
Employees	Communicating the organisation's goals and values; providing ongoing information on the company's condition and financial performance, key organisational and personnel decisions and changes, as well as social activities. Building a common organisational culture.	Management meetings; department/office meetings; awareness campaigns; newsletters; website; Facebook and LinkedIn profiles. Depending on the practices in a given company, there are also meetings between Management Boards and employees, website for employees, PA system in Apator SA. Cyclical surveys of satisfaction and involvement of the employees	The Apator Group fulfills its business objectives thanks to the commitment and competences of its employees.
Suppliers, including strategic suppliers	Sharing knowledge and communicating mutual	Regular meetings and presentations; audits;	The Apator Group fulfills its business objectives by

	expectations for efficient operations and effective cooperation.	website; Facebook and LinkedIn profiles.	choosing partners that are reliable and meet certain quality requirements, taking into consideration the pricing requirements.
Technology partners	Cooperating and sharing lessons learned in the development of new solutions and technologies.	Meetings; presentations; joint communication in the media and at industry and business events.	The Apator Group develops new solutions and technologies for its customers at its own R&D offices, but also through cooperation and knowledge exchange with technological partners.
Other groups of stakeholders			
Customers/users (non-transactional - professional and end-users)	Providing reliable information about products and services, responsible marketing practices, responding to customer needs.	Face-to-face meetings; trade fairs; conferences; training sessions; website; product promotional materials; Facebook and LinkedIn profiles.	The Apator Group fulfills its business objectives by providing its customers with solutions and products that meet functional, quality and safety requirements.
Government and regulators, industry organisations, financial institutions	Activities to shape and develop the smart metering/smart grid market; promoting efficient solutions and technologies. Working to develop cyber security standards.	Participation in consultation meetings, conferences, symposia; actions targeted at associations and industry organisations.	The Apator Group operates in accordance with the requirements of law and morality, sharing its knowledge and best practices for the development of new technologies and efficient management of utilities.
Media	Consciously shaping the company and brand image by informing the market environment about the company's activities.	Press materials and releases; industry press articles; press conferences; website; Facebook and LinkedIn profiles.	The Apator Group works with industry, specialist and local media, exchanging expert knowledge, promoting its products, showcasing the effects of its business and non-business activities and shaping the company/brand image on the market.
Local authorities (local governments, counties, municipalities)	Communicating to ensure effective cooperation and organisation's development in line with local community needs and local government expectations.	Face-to-face meetings; participating in local events; website; Facebook and LinkedIn profiles.	Apator Group companies, acting in the field that is subordinate to local governments, work with local authorities for the gradual development of business and local communities.
Social institutions, non-profit organisations, artists, athletes, social environment	Working together to implement worthwhile community initiatives.	Ongoing project collaboration; conferences and meetings; website; Facebook and LinkedIn profile.	The companies of Apator Group enter into business and non-business relationships with local institutions, supporting valuable initiatives and granting donations for the organizations that perform social missions.
Scientific community, public education centres, research institutes	Exchanging knowledge and experience; strengthening cooperation and implementing joint	Ongoing cooperation in the implementation of projects, participation in	Cooperation between scientific community and business aims at the development of the

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scientific and development projects; popularising science; showcasing company activities.

conferences and meetings.

company and science, and is an impulse for the development of new technologies and products. Apator Group companies recruit employees among university students and graduates.

In order to confirm the needs of key stakeholders, the Apator Group plans to conduct a survey:

- at least once every three years,
- before verifying/defining the strategy,
- in the event of significant changes in the expectations and needs of the interested party,
- in the event that a new significant interested party is identified.

Depending on the stakeholder group, the survey will be conducted on the entire group or a selected representation of the group.

In 2024, the Company did not change its strategy or business model, therefore no actions were taken to change relations with stakeholders.

Communication with stakeholders, as well as the identification of their expectations and the management of feedback from stakeholders, will be coordinated with ESG activities and implemented by the ESG Team (ESG Manager, ESG Financial Coordinator and ESG Segment Coordinators), as specified in the Apator Group's ESG Strategy for 2025-28. The manner of informing members of the Supervisory Board and the Management Board about the interests and opinions of stakeholders in relation to CSR issues is described in section GOV-1.

15.1.10. SBM-3 - Material impacts, risks and opportunities and their interaction with strategy and business model

The table below presents the significant impacts, risks and opportunities resulting from the materiality assessment. As at the date of publication of this report, the company does not identify any risks that would require an adjustment to the value of the Group's assets, but the risks are subject to systematic attention by the Company's Management Board and form the basis for any updates to the strategy. The Apator Group's business model is resistant to significant risks identified in the DMA process - the Group has described the relationship between key IROs in table SBM-3, including references to the manner of mitigating threats and exploiting opportunities arising from sustainability.

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Tab. 8. Significant impacts, risks and opportunities of the Apator Group

ESRS	Topic	Subtopic/smaller thematic unit	Type of materiality	Description of material impact, risk and opportunity (IRO)	Location of the IRO	Link to business model and strategy
ESRS E1	Climate change	Adaptation to climate change	Financial materiality/risk of transition	Restrictions on the market capacity of gas meters in connection with EU energy policy carry the risk of a decline in gas meter sales, changes in the Group's revenue structure and the risk of stranded assets.	own operations, downstream	As part of one of its three business segments, the Apator Group supplies gas metering devices to the market. The Group is implementing new, optimised gas meter designs to ensure competitiveness and reach new markets that still use gas as a fuel. In 2024, the company certified a gas meter for hydrogen measurement.
			Financial materiality/physical risk	The effects of climate change in regions particularly vulnerable to adverse weather events may cause disruptions in supply chains, particularly for electronic components from Asia.	upstream, own operations, downstream	Companies use a wide range of materials and components in their manufacturing processes, some of which come from suppliers in Asia, where the risk of environmental disasters is relatively higher. Companies mitigate the risk of delays in product deliveries to customers by redesigning products, managing component inventories, diversifying suppliers and increasing the share of European suppliers in the supply chain.
		Mitigating climate change	Financial materiality/risk of transition	Difficulties related to reducing the carbon footprint of products may result in a loss of competitiveness.	upstream, own operations	Calculating the carbon footprint of products and reducing it may become one of the requirements of customers and an element required in supplier pre-qualification. The Group has implemented a consistent methodology for calculating carbon footprints in scopes 1, 2 and 3 and is improving its data collection methods. Determining the emissions of activities/products will be the basis for setting decarbonisation targets. This may generate additional expenditure and costs in the future.
			Financial materiality/opportunity	Increased demand for energy efficiency devices, smart metering solutions and smart grids enabling remote reading, making power grids more flexible, storing surplus energy, etc. The Blue Deal, accompanying the European Green Deal and concerning sustainable water management, will create demand for water consumption management solutions.	own operations, downstream	The Apator Group conducts R&D work and develops a range of solutions in line with trends in energy and water transformation, which allows it to generate revenue and reach new customer groups and markets.
			Positive real impact	The Group's solutions contribute to more rational management of water, gas and electricity, as well as to increased energy efficiency, thereby reducing emissions related to energy consumption.	downstream	The Apator Group is developing a range of solutions that help customers optimise their energy and water consumption (smart meters, energy and water consumption management systems).



			Negative real impact	As part of its operational processes, the Apator Group uses high-emission raw materials – steel and plastics.	upstream	The specific nature of the production of selected companies involves the use of high-emission raw materials. The companies optimise their manufacturing processes in order to use raw materials efficiently. Pure plastic is recycled in the production process at Apator SA and Apator Powogaz.
			Financial significance/risk	Rising energy costs in Poland affect the operating costs of the Group's companies, as well as the costs of services and cooperation.	upstream, own operations	The Group companies do not operate in energy-intensive industries. The company strives to offset high energy costs for businesses in Poland by improving operational efficiency. In 2024, Apator SA began implementing an energy management system to further improve energy efficiency.
		Energy	Negative real impact	The energy mix of electricity production in Poland is highly carbon-intensive, resulting in high emissions across the entire value chain.	upstream, own operations	Most of the companies in the Apator Group conduct production activities in Poland, which has a direct impact on the emissions of activities related to the country's energy mix. In 2024, the company implemented its own renewable energy source for self-consumption at its plant in Ostaszewo, which meets 10-11% of the plant's electricity demand.
ESRS E2	Contamination	Potentially hazardous substances	Negative potential impact	The Group companies use potentially hazardous substances that may have a negative impact on plant employees.	own operations	Hazardous substances used in the Group's production plants are recorded, constantly monitored, and measures are taken to minimise their consumption and strive for their complete elimination.
		Substances of particular concern	Financial materiality/opportunity	The Group companies actively seek and develop alternative production processes aimed at eliminating materials from the SVHC list – Apator Powogaz is replacing lead with composites.	upstream, downstream	Efforts to eliminate substances from the SVHC list in products create a market opportunity to gain an advantage by offering more environmentally friendly solutions.
ESRS E3	Water and marine resources	Water/Water consumption	Financial significance/risk	Apator Powogaz carries out production activities in areas with identified water shortages, so there is a potential risk of disruption to business continuity.	own operations	The Company uses water for technological processes, but it is used in a closed circuit.
		Water/Water consumption	Financial materiality/opportunity	Apator Powogaz provides solutions for precise water measurement and management, including leak detection, thereby contributing to reducing water consumption by customers.	downstream	The Water and Heat segment focuses its development and sales activities on the market launch of high-accuracy water meters and measurement and reading systems that enable more efficient water management, including the detection of faults and leaks.
ESRS E5	Circular economy	Resource impacts, including resource use	Negative real impact	Mass production of equipment results in significant consumption of materials	upstream, own operations	The companies of the Apator Group are taking steps to reduce resource consumption, primarily by optimising product materials, exploring the use of recycled raw materials, extending product life cycles and selling spare parts.

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ESRS S1	Own employees	Resource outflows related to products and services	Positive real impact	The Group consistently extends the life cycle of its products, thereby minimising their environmental impact as waste. In addition, the products are made of easily recyclable materials such as brass and steel.	own operations, downstream	The products offered by the Apator Group must meet strict industry standards and customer technical specifications. The service life of measuring instruments is regulated by the MID 2014/32/EU (Measuring Instruments Directive). Designing products with a longer service life than required by standards and meeting metrological parameters translates into a reduction in the frequency of replacements for customers.
		Waste	Negative real impact	Manufacturing companies generate waste that has a negative impact on the environment. Hazardous waste is also produced (e.g. sludge at Apator Metrix), although much of it is easily recyclable.	own operations	The Companies manage waste in accordance with legal requirements. The aim of the policies in place is to minimise waste and comply with the highest standards of waste management. Processes for recycling and reusing plastics are also in place at Apator SA and Apator Powogaz.
		Working conditions/security of employment	Financial materiality/opportunity	Applying high standards in employment policy provides an opportunity to attract highly qualified employees. This is particularly important in the context of ongoing automation processes, which require skilled specialists to operate them.	own operations	For the companies of the Apator Group, it is crucial to ensure employment stability by hiring mainly on the basis of employment contracts. By maintaining a stable workforce with high competences, the companies will be able to achieve their business objectives.
		Working conditions/working time	Financial materiality/opportunity	Flexible working hours available to non-production employees facilitate recruitment processes and reduce staff turnover costs.	own operations	Flexible forms of employment help attract and retain employees, especially younger and highly qualified ones, who are essential for achieving business goals.
		Working conditions/adequate pay	Financial significance/risk	The risk of maintaining high technical competence within the Group and retaining experienced employees due to wage pressure.	own operations	The Companies achieve their business goals thanks to employees with technical skills. In 2025, a project is planned to review and evaluate job positions and develop a salary scale based on market benchmarks. This will enable the companies to reduce the pay gap more effectively, which will have an impact on employee engagement and reduce turnover.
		Working conditions/social dialogue	Positive real impact	Four of the eight Group companies have trade unions and elected employee representatives. There is ongoing dialogue between the employer and employees on issues important to the company. This allows the interests of employees to be taken into account and enables them to participate in the activities of the companies.	own operations	Thanks to openness to social dialogue and consultation with social partners on employment conditions, employee engagement is growing, enabling them to influence the creation of working conditions.
		Working conditions/Occupational health and safety	Negative potential impact	Despite the efforts made, there is a risk of accidents, near misses and incidents of breaches of the Labour Code.	own operations	The Company implements projects related to improving employee awareness of occupational health and safety, prevention and hygiene, which translate into staff safety and, consequently, reduced absenteeism.

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		Equal treatment and equal opportunities for all/Gender equality and equal pay	Negative real impact	There may be a pay gap in some positions.	own operations	The existence of a pay gap in certain positions may lead to employee dissatisfaction, increased turnover and difficulties in recruiting new specialists. The company has launched a project to review and update its remuneration policy (job evaluation, pay scale, salary range). The project aims to establish equal pay for work of equal value regardless of gender.
		Equal treatment and equal opportunities for all/Training and skills development	Financial materiality/opportunity	The implementation of a competency assessment model and development plans will provide an opportunity to retain the most valuable employees, build their commitment and actively manage employee costs.	own operations	Competency matrices implemented by companies enable them to plan employee development tailored to the employer's needs, which translates into ensuring that companies have the right competencies in specific areas.
		Other labour rights/privacy	Financial significance/risk	Due to the number of employees, a data leak could expose the company to financial penalties.	own operations	The companies have implemented procedures and a number of internal regulations defining security policies related to information security, ICT security, personal data protection and optimisation of cyber security in the Apator Group companies. ISO 27001 standard has been implemented in selected companies. Activities are being carried out to raise employee awareness of threats and ways to counteract them.
ESRS S2	Employees in the value chain	Working conditions/Occupational health and safety	Negative potential impact	Due to its specific nature, the sector in which the Apator Group companies operate is particularly exposed to negative impacts on employees related to occupational health and safety in the supply chain.	upstream	Due to the Group's extensive value chain, particularly in upstream (approx. 6,500 suppliers), the company is unable to thoroughly verify all suppliers in terms of compliance with occupational health and safety standards. The company is working to improve its supplier relationship management procedures in the context of sustainability.
ESRS S4	Consumers and end-users	Impact of information on consumers or end-users/Privacy	Financial materiality/opportunity	Apator Group companies provide solutions enabling digital management of energy media and resources, while ensuring the highest standards of information and user data security.	own operations, downstream	As the business importance of this area continues to grow, it represents a significant opportunity for the development of new product lines and the increase of sales of existing ones. The Group has implemented a strategic cyber security initiative, which contributes to enhancing the digital security of its products.
		Impact of information on consumers or end-users/Privacy	Financial significance/risk	The inability to rule out the vulnerability of digital devices to cyber attacks may lead to the loss of measurement data, destabilisation of customer operations and, as a result, financial losses related to compensation and penalties.	own operations, downstream	The company has launched a strategic cyber security initiative, which includes measures related to the digital security of its products. The company controls the entire value chain (from device design, through embedded software and the manufacturing process, to software), which minimises the impact of the supply chain (third parties) on cyber security.

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	Personal safety of consumers or end-users/Individual safety	Financial significance/risk	Due to the extended period of mass operation of metering systems in networks, there is a risk related to product liability in the event of malfunctions, errors or vulnerabilities.	upstream, downstream	Product safety is a key element of the Group's strategy. The companies have implemented quality management systems. They carry out multi-stage quality control covering components and finished products. 100% of products are tested for quality and user safety. Products are certified for compliance with industry directives/guidelines. The companies supervise their suppliers (this is an area for further improvement).	
	Personal safety of consumers or end-users/Individual safety	Negative potential impact	It cannot be ruled out that errors in production or service may result in malfunctions that could endanger the safety of end-users.	own operations, downstream	Product safety is a key element of the Group's strategy. The Group implements a strategic NPI/NPD process, the aim of which is to ensure high quality of products launched into production. A strategic initiative has also been launched: Product Life Cycle, the aim of which is to create high-quality product designs.	
	Social inclusion of consumers or end-users/Responsible marketing practices	Positive real impact	The company conducts responsible communication with customers, provides materials and technical support, and shares knowledge.	own operations, downstream	The Group conducts responsible communication activities, including comprehensive, transparent, accessible, and understandable technical documentation, organization of training for customers, as well as participation in trade fairs, conferences, and symposiums. The Group is launching another edition of its educational campaign for customers: Apator Academy.	
	Corporate culture	Financial materiality/opportunity	Building an organisational culture helps shape the image of the employer (employee loyalty, lower turnover) and the credibility of the Group as a business partner (attracting customers, partners, financing, etc.).	upstream, own operations, downstream	The Group promotes a shared organisational culture, which translates into common rules, procedures and values, enabling synergies to be achieved within the Group and inefficiencies to be eliminated.	
ESRS G1	Conducting business activities	Cyber security and data protection SPECIFIC ISSUE FOR THE GROUP	Financial significance/risk	Solutions that create smart energy networks are characterised by a natural technological vulnerability to attacks and leaks of user data.	upstream, own operations, downstream	The Group is aware of this risk and implements cyberattack protection solutions in its products and is working on product certification in this area. An Information Security Management System and ISO 27001 have been implemented, as well as a Personal Data Protection Policy. The companies have implemented system-wide instructions on ICT security. Educational activities are conducted and security indicators are monitored. Apator is actively involved in market education in this area. This allows the risk of losses caused by a possible cyber attack to be minimised.
	Protection of whistleblowers	Financial significance/risk	The Apator Group companies have implemented a procedure for reporting violations and a whistleblower protection procedure that meet the requirements of EU and Polish regulations in this area. Despite this, there is a risk of non-compliance with internal regulations or ineffective enforcement thereof.	own operations	The companies have implemented whistleblower protection procedures, reports are handled in accordance with applicable rules, and training on this issue has been conducted. Further educational activities are planned.	

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Supplier relationship management, including payment practices	Financial significance/risk	Geopolitical instability may have a negative impact on the Group's supply chain. Due to its complexity and scale, the supply chain is vulnerable to disruptions caused by political and economic factors, such as armed conflicts.	upstream, own operations	The Group companies strive to diversify their suppliers, but in the case of certain raw materials and components (e.g. in the microelectronics sector), it is difficult to secure alternative supply channels at short notice. This risk is mitigated, among other things, by managing stocks of critical components.
Corruption and bribery/Prevention and detection, including training	Negative potential impact	The occurrence of corruption may have a negative impact on Apator's reputation as a public company.	upstream, own operations, downstream	The implementation of corruption prevention mechanisms is fundamental to building a culture within the company and relationships with contractors.

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15.1.11. IRO-1 - Description of the process to identify and assess material impacts, risks and opportunities

The materiality assessment of sustainability-related impacts carried out in 2024 was conducted among stakeholder groups identified through the analysis performed for the purposes of the ISO IMS. The identified stakeholder groups were categorised as outlined below in order to avoid overrepresentation of the most numerous groups.

Fig. 6. Stakeholder groups included in the survey



The analysis included 6 steps:

1. A review of the value chain and analysis of the business model were conducted, as described in section SBM-1;
2. A review of the legal framework and regulatory requirements for sustainability reporting relevant to the organisation was carried out;
3. Sustainability issues potentially material to the organisation and its value chain were identified;
4. The identified issues were assessed and prioritised based on an internal materiality assessment;
5. A double materiality assessment of sustainability-related impacts was conducted with the participation of both internal and external stakeholders of the Group;
6. The financial effects of sustainability-related matters were evaluated in a study involving members of the Management Board;
7. The results were compiled and approved by the Management Board.

- **Process review**

Identification of impacts, risks and opportunities

As part of the process of identifying sustainability topics, the ESG Team carried out an analysis of sustainability issues potentially material to the organisation, based on:

- a) a broad list of topics (ESRS 1 AR 16);



b) topics previously reported by the company, industry benchmarks, and market expectations (e.g. customer enquiries, pre-qualification questionnaires, and tender documentation requirements).

The process of identifying impacts, risks and opportunities took into account the Group’s entire value chain, with particular focus on Tier 1 suppliers. Among the aspects considered were pollution, water, biodiversity, labour and local community issues, including their regional location and sector context.

No topics outside those listed in the ESRS were identified as generating material impacts for the Group. The impacts that the Apator Group is subject to, and those it causes in its social and environmental context, are discussed in more detail in the thematic sections below.

The materiality assessment of sustainability-related impacts (impact materiality) was conducted using the CAWI method on a sample of 546 stakeholders, including both internal and external stakeholder groups. In addition, eight in-depth interviews (IDI) were carried out with representatives of key stakeholder groups, including customers, shareholders, capital market representatives, and members of the Management Board and Supervisory Board. The issues raised by stakeholders provided contextual information relevant to the Group’s sustainability management and reporting practices.

Assessment of Impacts, Risks and Opportunities and Establishment of Prioritisation

The impact materiality assessment was carried out during a strategic workshop involving members of the ESG team, selected employees, and the Management Board Member responsible for ESG.

Each impact-related parameter was assessed on a scale from 1 to 5 for the following:

- actual negative impacts – evaluated by scale, scope and remediability of the impact;
- potential negative impacts – evaluated by scale, scope, likelihood of occurrence, and remediability;
- actual positive impacts – evaluated by scale and scope of the impact;
- potential positive impacts – evaluated by scale, scope and likelihood of occurrence.

The Apator Group adopted a hierarchy for negative impacts in which the highest priority is given to those characterised by a high scale and broad scope, that are difficult to remedy, and, in the case of potential impacts, also by a high likelihood of occurrence. For positive impacts, the Group prioritised those with a high scale and broad scope, and, for potential impacts, also with a high likelihood of occurrence.

The final assessment of risks and opportunities potentially resulting in financial consequences for the Company, as well as those related to the identified impacts and dependencies on natural, human, and social resources, was carried out in consultation with representatives responsible for financial management. To assess financial materiality, each criterion was rated on a scale from 1 to 5 for:

- the potential financial impact of the identified risks and opportunities,
- the likelihood of occurrence, taking into account short-, medium- and long-term time horizons.

Risks that received the highest average scores (in terms of financial impact and probability) were assigned top priority in the risk hierarchy.

The resulting findings were assessed and categorised according to impact materiality and financial materiality. All impacts, risks and opportunities (IROs) that scored ≥ 3 in materiality thresholds were deemed material. As a result of the analysis, all IROs identified as material were considered to hold equal standing in the hierarchy and are described in section SBM-3.

▪ **Material Impacts, Risks and Opportunities for Thematic Areas E1, E2, E3, E4, E5**

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As part of its double materiality analysis, the Apator Group carried out an assessment of impacts at its sites, taking into account environmental permits, data resulting from mandatory environmental reporting, and the ISO 14001-certified environmental management system implemented at its production plants. The scope of this analysis included:

- emissions of pollutants to water,
- emissions of pollutants to soil,
- emissions of pollutants to air,

and no material impacts were identified, and no material risks were recognised.

The Group conducted a physical climate risk analysis for all of its own locations (including wildfires, drought, heatwaves, flooding and local inundation, cold spells and frost, and prolonged water scarcity), based on the IPCC SSP5-8.5 scenario. The analysis identified only low and medium-level risks, with no material risks found in the short-, medium-, or long-term perspectives.

Based on projections from the Water Risk Atlas, locations potentially exposed to significant water scarcity were identified. This applies to the production site in Jarzyski near Poznań, where the risk is mitigated through a circular water system in the technological process. Other locations in areas exposed to water scarcity (Berlin office, Poznań office, Łódź production site) use water solely for domestic and hygiene purposes, and therefore the Group does not identify material risk in relation to these operations.

Group companies do not operate in areas inhabited by species listed in the IUCN Red List of Threatened Species, the Birds or Habitats Directives, protected areas, or areas of high biodiversity value. The sites are located in urbanised areas, which are significantly modified by human activity and do not provide ecosystem services of material importance.

Apator Group conducted an in-depth analysis of physical and environmental risks relating to key suppliers and sectors. This involved mapping main suppliers with regard to their sustainability reporting, material ESG issues at sector level, including those associated with materials and supplied components. More than 75% of key suppliers are based in Europe and are subject to European environmental and labour protection regulations. The remaining group includes major suppliers from China and Taiwan. Additional suppliers from the USA and Turkey were also included in the analysis.

The analysis of dependencies and impacts revealed the presence of substances listed as potentially hazardous in production processes, particularly among suppliers from selected sectors involved in component manufacturing and material supply. At the same time, processes are underway to eliminate the use of such substances. The review also identified risk linked to high emissions generated by suppliers of materials and components based on plastics and metals.

The procurement review did not identify any critical goods associated with marine resources, water use, or organically sourced materials that could result in land use change, impact species populations, or trigger the spread of invasive species. No key raw materials were identified that could adversely affect ecosystems through soil degradation, desertification, or soil sealing.

Based on information from customer service and sales processes, the Group identified impacts, risks and opportunities related to end-users and customers.

As part of its risk management process, coordinated by the Risk Manager, Apator Group conducts regular assessments of climate risks, including transition risks. The conclusions from these assessments were used during the identification and evaluation of material impacts, risks and opportunities.

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The impacts, risks and opportunities identified through the double materiality analysis will, in 2025, be incorporated into the Group's general risk management process used to assess the overall risk profile of the entity.

15.1.12. IRO-2 - Disclosure Requirements in ESRS covered by the undertaking's sustainability statement

Tab. 9. List of Disclosure Requirements in ESRS covered by the undertaking's sustainability statement

ESRS 2 disclosure requirement		Place in the Report
General information		
1.	BP-1 - General basis for preparation of the sustainability statement	15.1.1.
2.	BP-2 - Disclosures in relation to specific circumstances	15.1.2.
3.	GOV-1 – The role of the administrative, management and supervisory bodies	15.1.3.
4.	GOV-2 - Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies	15.1.4.
5.	GOV-3 - Integration of sustainability-related performance in incentive schemes	15.1.5.
6.	GOV-4 - Statement on due diligence	15.1.6.
7.	GOV-5 - Risk management and internal controls over sustainability reporting	15.1.7.
8.	SBM-1 - Strategy, business model and value chain	15.1.8.
9.	SBM-2 - Interests and views of stakeholders	15.1.9.
10.	SBM-3 - Material impacts, risks and opportunities and their interaction with strategy and business model	15.1.10.
11.	IRO-1 - Description of the process to identify and assess material impacts, risks and opportunities	15.1.11.
12.	ESRS E1 Climate Change	15.2.1.
E1		
13.	E1-1 - Transition plan for climate change mitigation	15.2.1.1.
14.	E1-2 - Policies related to climate change mitigation and adaptation	15.2.1.2.
15.	E1-3 - Actions and resources in relation to climate change policies	15.2.1.3.
16.	E1-4 - Targets related to climate change mitigation and adaptation	15.2.1.4.
17.	E1-5 - Energy consumption and mix	15.2.1.5.
18.	E1-6 Gross Scopes 1, 2, 3 and Total GHG emissions	15.2.1.6.
19.	E1-9 - Anticipated financial effects from material physical and transition risks and potential climate-related opportunities	15.2.1.9.
E2		
20.	E2-1 Policies related to pollution	15.2.2.1.
21.	E2-2 Actions and resources related to pollution	15.2.2.2.
22.	E2-3 Targets related to pollution	15.2.2.3.
23.	E2-4 Pollution of air, water and soil	15.2.2.4.
24.	E2-5 Substances of concern and substances of very high concern	15.2.2.5.
25.	E3-1 - Policies related to water and marine resources	15.2.3.1.
E3		
26.	E3-2 - Actions and resources related to water and marine resources	15.2.3.2.
27.	E3-3 - Targets related to water and marine resources	15.2.3.3.
28.	E3-4 - Water consumption	15.2.3.4.
29.	E3-5 - Anticipated financial effects from water and marine resources-related impacts, risks and opportunities	15.2.3.5.
E5		
30.	E5-1 - Policies related to resource use and circular economy	15.2.4.1.
31.	E5-2 - Actions and resources related to resource use and circular economy	15.2.4.2.
32.	E5-3 - Targets related to resource use and circular economy	15.2.4.3.
33.	E5-4 - Resource inflows	15.2.4.4.

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34.	E5-5 - Resource outflows	15.2.4.5.
35.	E5-6 - Anticipated financial effects from resource use and circular economy-related impacts, risks and opportunities	15.2.4.6.
36.	SBM-3 - Material impacts, risks and opportunities and their interaction with strategy and business model	15.3.1.1.

S1

37.	ESRS S1-1 Policies related to own workforce	15.3.1.2.
38.	ESRS S1-2 Processes for engaging with own workers and workers' representatives about impacts	15.3.1.3.
39.	S1-3 Processes to remediate negative impacts and channels for own workers to raise concerns	15.3.1.4.
40.	S1-4 Taking action on material impacts on own workforce, and approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions	15.3.1.5.
41.	S1-5 Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	15.3.1.6.
42.	S1-6 - Characteristics of the undertaking's employees	15.3.1.7.
43.	S1-8 - Collective bargaining coverage and social dialogue	15.3.1.8.
44.	S1-10 - Adequate wages	15.3.1.9.
45.	S1-11 - Social protection	15.3.1.10.
46.	S1-13 - Training and skills development metrics	15.3.1.11.
47.	S1-14 - Health and safety metrics	15.3.1.12.
48.	S1-16 - Compensation metrics (pay gap and total compensation)	15.3.1.13.
49.	S1-17 - Incidents, complaints and severe human rights impacts	15.3.1.14.
50.	Characteristics of value chain workers	15.3.2.1.
51.	ESRS 2 - Interests and views of stakeholders	15.3.2.2.
52.	ESRS 2, SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model.	15.3.2.3.
53.	ESRS S2-1 Policies related to value chain workers	15.3.2.4.
54.	ESRS S2-2 Processes for engaging with value chain workers about impacts	15.3.2.5.
55.	ESRS S2-3 Processes to remediate negative impacts and channels for value chain workers to raise concerns	15.3.2.6.
56.	ESRS S2-4 Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities related to value chain workers, and effectiveness of those actions	15.3.2.7.
57.	ESRS S2-5 Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	15.3.2.8.
58.	ESRS 2, SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model	15.3.3.1.
59.	S4-1 - Policies related to consumers and end-users	15.3.3.2.
60.	S4-2 - Processes for engaging with consumers and end-users about impacts	15.3.3.3.
61.	S4-3 - Processes to remediate negative impacts and channels for consumers and end-users to raise concerns	15.3.3.4.
62.	S4-4 - Taking action on material impacts on consumers and end-users, and approaches to managing material risks and pursuing material opportunities related to consumers and end-users, and effectiveness of those actions	15.3.3.5.
63.	S4-5 - Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	15.3.3.6.

G1

64.	ESRS G1-1 Corporate culture and business conduct policies and corporate culture	15.4.1.
65.	ESRS G1-2 Management of relationships with suppliers	15.4.2.
66.	ESRS G1-3 Prevention and detection of corruption and bribery	15.4.3.
67.	ESRS G1-4 Confirmed incidents of corruption or bribery	15.4.4.
68.	ESRS G1-5 Political influence and lobbying activities	15.4.5.
69.	ESRS G1-6 Payment practices	15.4.6.
70.	Cyber security and data protection	15.4.7.

Tab. 10 Disclosure requirements and related datapoints

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No.	Disclosure Requirement and related datapoint	SFDR reference	Pillar 3 reference	Benchmark Regulation reference	EU Climate Law reference	Place in the report
1.	ESRS 2 GOV-1 Board's gender diversity paragraph 21 (d)	Indicator number 13 of Table #1 of Annex 1		Commission Delegated Regulation (EU) 2020/1816, Annex II		15.1.3
2.	ESRS 2 GOV-1 Percentage of board members who are independent paragraph 21 (e)			Delegated Regulation (EU) 2020/1816, Annex II		15.1.3
3.	ESRS 2 GOV-4 Statement on due diligence paragraph 30	Indicator number 10 Table #3 of Annex 1				15.1.6
4.	ESRS 2 SBM-1 Involvement in activities related to fossil fuel activities paragraph 40 (d) i	Indicators number 4 Table #1 of Annex 1	Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Table 1: Qualitative information on Environmental risk and Table 2: Qualitative information on Social risk	Delegated Regulation (EU) 2020/1816, Annex II		N/A
5.	ESRS 2 SBM-1 Involvement in activities related to chemical production paragraph 40 (d) ii	Indicator number 9 Table #2 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II		N/A
6.	ESRS 2 SBM-1 Involvement in activities related to controversial weapons paragraph 40 (d) iii	Indicator number 14 Table #1 of Annex 1		Delegated Regulation (EU) 2020/1818, Article 12(1) Delegated Regulation (EU) 2020/1816, Annex II		N/A
7.	ESRS 2 SBM-1 Involvement in activities related to cultivation and production of tobacco paragraph 40 (d) iv			Delegated Regulation (EU) 2020/1818, Article 12(1) Delegated Regulation (EU) 2020/1816, Annex II		N/A
8.	ESRS E1-1 Transition plan to reach climate neutrality by 2050 paragraph 14				Regulation (EU) 2021/1119, Article 2(1)	15.2.1.1
9.	ESRS E1-1 Undertakings excluded from Paris-aligned		Article 449a Regulation (EU) No 575/2013;	Delegated Regulation (EU) 2020/1818,		15.2.1.1

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Benchmarks paragraph 16 (g)		Commission Implementing Regulation (EU) 2022/2453 Template 1: Banking book-Climate Change transition risk: Credit quality of exposures by sector, emissions and residual maturity	Article 12.1 (d) to (g), and Article 12.2	
10. ESRS E1-4 GHG emission reduction targets paragraph 34	Indicator number 4 Table #2 of Annex 1	Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 3: Banking book – Climate change transition risk: alignment metrics	Delegated Regulation (EU) 2020/1818, Article 6	15.2.1.4
11. ESRS E1-5 Energy consumption from fossil sources disaggregated by sources (only high climate impact sectors) paragraph 38	Indicator number 5 Table #1 and Indicator n. 5 Table #2 of Annex 1			15.2.1.5
12. ESRS E1-5 Energy consumption and mix paragraph 37	Indicator number 5 Table #1 of Annex 1			15.2.1.5
13. ESRS E1-5 Energy intensity associated with activities in high climate impact sectors paragraphs 40 to 43	Indicator number 6 Table #1 of Annex 1			15.2.1.5
14. ESRS E1-6 Gross Scope 1, 2, 3 and Total GHG emissions paragraph 44	Indicators number 1 and 2 Table #1 of Annex 1	Article 449a; Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 1: Banking book – Climate change transition risk: Credit quality of exposures by sector, emissions and residual maturity	Delegated Regulation (EU) 2020/1818, Article 5(1), 6 and 8(1)	15.2.1.6
15. ESRS E1-6 Gross GHG emissions intensity paragraphs 53 to 55	Indicators number 3 Table #1 of Annex 1	Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 3: Banking book – Climate	Delegated Regulation (EU) 2020/1818, Article 8(1)	15.2.1.6

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		change transition risk: alignment metrics	
16.	ESRS E1-7 GHG removals and carbon credits paragraph 56		Regulation (EU) 2021/1119, Article 2(1) 15.2.1.7
17.	ESRS E1-9 Exposure of the benchmark portfolio to climate-related physical risks paragraph 66	Delegated Regulation (EU) 2020/1818, Annex II Delegated Regulation (EU) 2020/1816, Annex II	Omitted on the basis of ESRS 1 Appendix C
18.	ESRS E1-9 Disaggregation of monetary amounts by acute and chronic physical risk paragraph 66 (a) ESRS E1-9 Location of significant assets at material physical risk paragraph 66 (c).	Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 paragraphs 46 and 47; Template 5: Banking book - Climate change physical risk: Exposures subject to physical risk.	Omitted on the basis of ESRS 1 Appendix C
19.	ESRS E1-9 Breakdown of the carrying value of its real estate assets by energy- efficiency classes paragraph 67 (c).	Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 paragraph 34; Template 2: Banking book - Climate change transition risk: Loans collateralised by immovable property - Energy efficiency of the collateral	Omitted on the basis of ESRS 1 Appendix C
20.	ESRS E1-9 Degree of exposure of the portfolio to climate- related opportunities paragraph 69	Delegated Regulation (EU) 2020/1818, Annex II	Omitted on the basis of ESRS 1 Appendix C
21.	ESRS E2-4 Amount of each pollutant listed in Annex II of the E-PRTR Regulation (European Pollutant Release and Transfer Register) emitted to air, water and soil, paragraph 28	Indicator number 8 Table #1 of Annex 1 Indicator number 2 Table #2 of Annex 1 Indicator number 1 Table #2 of Annex 1 Indicator number 3 Table #2 of Annex 1	non- significant
22.	ESRS E3-1 Indicator number 7 Table #2 of Annex 1		15.2.3.1

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Water and marine resources paragraph 9			
23.	ESRS E3-1 Dedicated policy paragraph 13	Indicator number 8 Table 2 of Annex 1	15.2.3.1
24.	ESRS E3-1 Sustainable oceans and seas paragraph 14	Indicator number 12 Table #2 of Annex 1	15.2.3.1
25.	ESRS E3-4 Total water recycled and reused paragraph 28 (c)	Indicator number 6.2 Table #2 of Annex 1	15.2.3.4
26.	ESRS E3-4 Total water consumption in m ³ per net revenue on own operations paragraph 29	Indicator number 6.1 Table #2 of Annex 1	15.2.3.4
27.	ESRS 2 SBM 3-E4 paragraph 16 (a) i	Indicator number 7 Table #1 of Annex 1	non-significant
28.	ESRS 2 SBM 3-E4 paragraph 16 (b)	Indicator number 10 Table #2 of Annex 1	non-significant
29.	ESRS 2 SBM 3-E4 paragraph 16 (c)	Indicator number 14 Table #2 of Annex 1	non-significant
30.	ESRS E4-2 Sustainable land / agriculture practices or policies paragraph 24 (b)	Indicator number 11 Table #2 of Annex 1	non-significant
31.	ESRS E4-2 Sustainable oceans / seas practices or policies paragraph 24 (c)	Indicator number 12 Table #2 of Annex 1	non-significant
32.	ESRS E4-2 Policies to address deforestation paragraph 24 (d)	Indicator number 15 Table #2 of Annex 1	non-significant
33.	ESRS E5-5 Non-recycled waste paragraph 37 (d)	Indicator number 13 Table #2 of Annex 1	15.2.4.5
34.	ESRS E5-5 Hazardous waste and radioactive waste paragraph 39	Indicator number 9 Table #1 of Annex 1	15.2.4.5
35.	ESRS 2 SBM-3-S1 Risk of incidents of forced labour paragraph 14 (f)	Indicator number 13 Table #3 of Annex 1	15.3.1.1
36.	ESRS 2 SBM-3-S1 Risk of incidents of child labour paragraph 14 (g)	Indicator number 12 Table #3 of Annex 1	15.3.1.1

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37.	ESRS S1-1 Human rights policy commitments paragraph 20	Indicator number 9 Table #3 and Indicator number 11 Table #1 of Annex I		15.3.1.2
38.	ESRS S1-1 Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8, paragraph 21		Delegated Regulation (EU) 2020/1816, Annex II	15.3.1.2
39.	ESRS S1-1 processes and measures for preventing trafficking in human beings paragraph 22	Indicator number 11 Table #3 of Annex I		15.3.1.2
40.	ESRS S1-1 workplace accident prevention policy or management system paragraph 23	Indicator number 1 Table #3 of Annex I		15.3.1.2
41.	ESRS S1-3 grievance/complaints handling mechanisms paragraph 32 (c)	Indicator number 5 Table #3 of Annex I		15.3.1.4
42.	ESRS S1-14 Number of fatalities and number and rate of work-related accidents paragraph 88 (b) and (c)	Indicator number 2 Table #3 of Annex I	Delegated Regulation (EU) 2020/1816, Annex II	15.3.1.12
43.	ESRS S1-14 Number of days lost to injuries, accidents, fatalities or illness paragraph 88 (e)	Indicator number 3 Table #3 of Annex I		15.3.1.12
44.	ESRS S1-16 Unadjusted gender pay gap paragraph 97 (a)	Indicator number 12 Table #1 of Annex I	Delegated Regulation (EU) 2020/1816, Annex II	15.3.1.13
45.	ESRS S1-16 Excessive CEO pay ratio paragraph 97 (b)	Indicator number 8 Table #3 of Annex I		15.3.1.13
46.	ESRS S1-17 Incidents of discrimination paragraph 103 (a)	Indicator number 7 Table #3 of Annex I		15.3.1.14
47.	ESRS S1-17 Non-respect of UNGPs on Business and Human Rights and OECD paragraph 104 (a)	Indicator number 10 Table #1 and Indicator n. 14 Table #3 of Annex I	Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818 Art 12 (1)	15.3.1.14
48.	ESRS 2 SBM-3-S2 Significant risk of child labour or forced labour in	Indicators number 12 and n. 13 Table #3 of Annex I		15.3.2.3

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	the value chain paragraph 11 (b)			
49.	ESRS S2-1 Human rights policy commitments paragraph 17	Indicator number 9 Table #3 and Indicator number 11 Table #1 of Annex I		15.3.2.4
50.	ESRS S2-1 Policies related to value chain workers paragraph 18	Indicator number 11 and n. 4 Table #3 of Annex 1		15.3.2.4
51.	ESRS S2-1 Non-respect of UNGPs on Business and Human Rights principles and OECD guidelines paragraph 19	Indicator number 10 Table #1 of Annex 1	Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818 Art 12 (1)	15.3.2.4
52.	ESRS S2-1 Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8, paragraph 19		Delegated Regulation (EU) 2020/1816, Annex II	15.3.2.4
53.	ESRS S2-4 Human rights issues and incidents connected to its upstream and downstream value chain paragraph 36	Indicator number 14 Table #3 of Annex 1		15.3.2.7
54.	ESRS S3-1 Human rights policy commitments paragraph 16	Indicator number 9 Table #3 of Annex 1 and Indicator number 11 Table #1 of Annex 1		non-significant
55.	ESRS S3-1 non-respect of UNGPs on Business and Human Rights, ILO principles or and OECD guidelines paragraph 17	Indicator number 10 Table #1 of Annex 1	Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818 Art 12 (1)	non-significant
56.	ESRS S3-4 Human rights issues and incidents paragraph 36	Indicator number 14 Table #3 of Annex 1		non-significant
57.	ESRS S4-1 Policies related to consumers and end-users paragraph 16	Indicator number 9 Table #3 and Indicator number 11 Table #1 of Annex I		15.3.3.2
58.	ESRS S4-1 Non-respect of UNGPs on Business and Human Rights and OECD guidelines paragraph 17	Indicator number 10 Table #1 of Annex 1	Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818 Art 12 (1)	15.3.3.2
59.	ESRS S4-4 Human rights issues and incidents paragraph 35	Indicator number 14 Table #3 of Annex 1		15.3.3.5

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60.	ESRS G1-1 United Nations Convention against Corruption paragraph 10 (b)	Indicator number 15 Table #3 of Annex 1		15.4.1
61.	ESRS G1-1 Protection of whistle- blowers paragraph 10 (d)	Indicator number 6 Table #3 of Annex 1		15.4.1
62.	ESRS G1-4 Fines for violation of anti- corruption and anti- bribery laws paragraph 24 (a)	Indicator number 17 Table #3 of Annex 1	Delegated Regulation (EU) 2020/1816, Annex II	15.4.4
63.	ESRS G1-4 Standards of anti- corruption and anti- bribery paragraph 24 (b)	Indicator number 16 Table #3 of Annex 1		15.4.4

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15.2. Environmental Information

15.2.1. ESRs E1 Climate Change

The key issues identified by the Group and its stakeholders in this area include:

- The Group's positive impact is associated with the delivery of solutions that contribute to more rational management of water, gas, and electricity, increased energy efficiency, and the development of renewable energy sources (RES). These activities support the reduction of emissions related to the consumption of utilities by customers and end-users. Moreover, the Group's offering, which aligns with the objectives of the European Green Deal and Blue Deal, creates opportunities for further sales growth and development of products and services related to energy efficiency, remote reading, and the management of water and energy utilities.
- The negative impact results from the high-emission energy mix in Poland and the use of carbon-intensive raw materials (e.g., steel and plastics). The Group identifies risks associated with climate change (e.g. increased frequency of climate-related disasters), which may cause temporary disruptions in component supply chains, as well as risks related to the challenges in reducing the carbon footprint of its products. The uncertain future of gas as an energy source in the EU also poses a risk of decreasing demand for gas meters.

The Group has conducted an analysis of all locations where its operations are carried out (own operations) with regard to exposure to physical risks related to climate change. All sites were reviewed in terms of geography, proximity to natural resources, and exposure to physical hazards (both natural and resulting from the surroundings). The assessment considered the vulnerability and exposure of each location to climate risks, based on climate scenarios¹ (specifically, scenario RCP 8.5 for the 2021–2030 period). Based on the analysis, the level of physical climate risk across Apator Group locations is assessed as low to medium. An exception is high risk associated with certain locations operating in areas exposed to water scarcity – detailed information is provided in section E3.

In addition, Apator Group conducts regular identification and assessment of climate-related risks, threats, and opportunities linked to its business activities, covering the entire value chain. This is performed within the Group's risk management system. Climate risks are assessed from two perspectives:

1. the impact of the company on climate change,
2. the impact of climate change on the company.

The analysis covers both physical and transition risks under a moderate scenario (i.e. assuming a temperature increase of 1.5–2°C by 2050). This includes the resilience of the Group's operations to

¹ Reference:

<https://klimada2.ios.gov.pl/>
https://www.dwd.de/DE/klimaumwelt/klimaatlas/klimaatlas_node.html%20-
<https://atlas.climate.copernicus.eu/atlas>
<https://nhess.copernicus.org/preprints/nhess-2024-187/nhess-2024-187.pdf>
<https://www.dmi.dk/klimaatlas>
<https://www.perun-klima.cz/>
<https://forest-fire.emergency.copernicus.eu/apps/fire.risk.viewer/>

Regulation of the Minister of the Environment of 16 December 2016 on the types of natural habitats and species of plants and animals requiring protection in the form of designation of Natura 2000 areas;
<https://isap.sejm.gov.pl/isap.nsf/download.xsp/WDU20050940795/O/D20050795.pdf>.

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climate change, future regulatory requirements, and potential challenges related to technological developments, infrastructure security, and supply chain stability.

In line with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), both direct impacts (on Apator Group itself) and indirect impacts (e.g. supply chain and market disruptions) are analysed. The verification and update of climate risks was carried out by an internal team comprising the Strategy Advisor to the Management Board, ESG Manager, Risk Management Manager, and the Environmental and Management System Specialist. This took place as part of the regular risk management review process, using the Group's established risk assessment methodology and guidelines.

The company has not yet performed a full scenario analysis of climate-related risks that would allow for an assessment of the anticipated financial impacts of significant physical and transition risks. Nevertheless, the threats and opportunities stemming from climate risks are addressed within the Group's strategy and are reflected in strategic actions (product and market initiatives, Group-level initiatives), R&D efforts, and day-to-day operational activities (such as optimisation of sourcing and production processes).

15.2.1.1. E1-1 - Transition plan for climate change mitigation

In 2024, the Apator Group did not prepare a transition plan for climate change mitigation. The Group will start preparing the plan in 2025, and its implementation is planned for 2026.

15.2.1.2. E1-2 - Policies related to climate change mitigation and adaptation

The Apator Group companies have diverse business profiles, encompassing manufacturing, services, trade, and research & development activities. As a result, the management of environmental and climate-related matters is tailored to the nature and scale of each entity's environmental impact.

The overarching document setting out the objectives related to climate change mitigation and adaptation is the Apator Group Business Strategy. It defines the direction for R&D activities, product portfolio development, and investment plans across Apator Group companies. This is key to seizing identified material opportunities and mitigating risks related to products, supply chains, and energy costs.

Apator Group companies operate on the basis of ISO IMS adapted to the specific nature of the activities of individual companies. The main manufacturing companies (Apator SA, Apator Powogaz, Apator Metrix, Apator Telemetria, FAP Pafal) operated in 2024 based on environmental management systems implemented in accordance with the ISO 14001 standard.

The Apator Group does not have a separate climate policy, but in order to manage significant impacts, risks and opportunities related to climate change mitigation and adaptation, these issues have been partially addressed in the environmental policies that were in force in the manufacturing companies in 2024. In January 2025, a new ISO Integrated Management System Policy for the Apator Group was published, which includes an Environmental Policy (compliant with ISO 14001) and an Energy Management Policy (compliant with ISO 50001). The former addresses issues of energy efficiency, reduction of energy consumption and limitation of emissions to the air. The latter obliges companies to conduct optimal energy management and to set and achieve energy targets. In 2024, a project to implement an Energy Management System at Apator SA was launched - work will continue in 2025.

The Management Board of Apator SA is responsible for the implementation of the Business Strategy and the Integrated Management System Policy. The strategy assumptions and policy provisions are available on the company website at www.apator.com.

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The operationalisation of policies is carried out through:

- management of environmental aspects and potential risks within the Environmental Management System,
- optimisation of operational processes,
- environmental objectives and targets planning,
- monitoring the implementation of the Business Strategy and ESG Strategy with regard to environment-related aspects,
- introducing new materials, raw materials and technologies, purchases of machinery, equipment and process lines (capex, opex) taking into account environmental aspects and EU directives (REACH, RoHS and WEEE)
- applying solutions optimising the consumption of energy utilities (i.e. electricity, water, heat and gas) in entities Apator Group companies,
- raising employee awareness and sensitivity to environmental and climate issues,
- implementation of electricity consumption optimisation procedures,
- procedures to ensure business continuity and instructions for responding to failures and incidents.

The course of environmental processes at Apator Group companies is supervised and adjusted to changing technological and manufacturing processes and new legal requirements. Elements of the actions that may interact with the environment are identified in each process. Group companies have also implemented elements of a business continuity management system to address unexpected and undesirable events that may pose a material threat to organisational stability and to ensure preparedness for crisis situations.

15.2.1.3. E1-3 - Actions and resources in relation to climate change policies

The measures taken in 2024 by the Apator Group companies in response to climate change (i.e. reduction of emissions from operations, energy efficiency, etc.) included:

- development of the product range and product redesign - design changes in products to optimise the use of materials while maintaining or increasing the functionality of the products (e.g. Ultrimis 2.0 line of ultrasonic water meters, Frugallo gas meter), extending product life (e.g. through the use of the highest quality materials, providing spare parts catalogues for products – possibility of repair at Apator Powogaz, modular designs, possibility of replacing batteries without dismantling the entire device (e.g. iSmart2 gas meter),
- new business models, e.g. DAAS (data as a service) – e.g. the Omnitorus system, the SPIDAP system (cloud systems for real-time analysis of energy consumption data, which enable active consumption management and thus savings in energy consumption),
- measures to reduce energy and material consumption and, consequently, the emissions of manufacturing processes, e.g. modernisation of the machine park (replacement of parts in injection moulding machines at Apator SA), recycling of plastics in the process at Apator SA and Apator Powogaz, use of returnable packaging, lattice structures instead of disposable packaging – ongoing measure,
- heat recovery from compressed air compressors and heating of hot water for internal use (Apator Powogaz) – ongoing measure,
- installation of electric vehicle charging stations (obligation to install vehicle chargers in the car parks of selected non-residential buildings in accordance with the amendment to the Act on Electromobility),
- In 2024, the Apator Group launched its second own RES source (a 500 kWp photovoltaic installation in Ostaszewo, supplying the Apator SA production plant; Apator Metrix in Tczew also has a PV installation),
- replacement of heat pumps with hybrid ones (heating not only with gas, but also with electricity from PV),

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- in response to the uncertain situation in the gas sector in Europe, the Apator Group is taking steps towards geographical and product diversification of the Gas segment (e.g. advanced smart gas meters, gas meters certified for hydrogen measurement).

The outcomes of the undertaken actions included:

- reduced emissions from operations and selected products,
- optimisation of material management (reduced consumption of raw materials, reduced production waste, increased share of recyclable materials),
- sustainable packaging management (reusable packaging),
- optimisation of operational processes to reduce negative environmental impact (energy-intensive equipment and processes),
- leveraging market opportunities – new revenue streams and improved competitiveness of the Apator Group on the market.

The implementation of the above-mentioned actions was not significantly dependent on the availability and allocation of resources, as it did not require substantial expenditures and was therefore not contingent on the availability of financing. The main challenge for 2025 is the development of a Transition Plan for climate change mitigation purposes.

Resources allocated to the climate policy in the reporting year are presented in Table 11.

Tab. 11. Allocated resources in relation to climate change policies (in thousands of PLN)

	In the reporting year 2024
Funds allocated to the action plan (OpEx)	52.5
Funds allocated to the action plan (CapEx)	12,898.5

**) Capital expenditures (capex), depending on their nature, are reflected in items 7.4 Intangible assets and 7.6 Property, plant and equipment of the consolidated financial statements. Operating expenses (opex) are disclosed in item 7.25 Expenses by nature and function of the report.*

15.2.1.4. E1-4 - Targets related to climate change mitigation and adaptation

In 2024, the Apator Group did not set any ESRS-compliant targets related to climate change mitigation and adaptation. However, as part of the implemented ISO systems, the companies have adopted a number of targets resulting in actions to mitigate climate change, mainly aimed at reducing or maintaining electricity consumption per unit (revenue, number of products). The targets also related to reducing the consumption of other utilities (gas) and expanding the infrastructure (launch of own PV at Apator SA).

For 2025, the Group plans to:

- calculate the carbon footprint for its main product families,
- start work on developing a transition plan for climate change mitigation for the Apator Group,
- continue to implement the objectives set out in the ISO systems.

Medium- and long-term targets will be set out in the Climate Change Mitigation Transition Plan for the Apator Group. The plan will also take into account resource requirements, including necessary investments and financing methods.

15.2.1.5. E1-5 - Energy consumption and mix

The direct energy consumption of the Apator Group consists of fuel and energy consumption in production processes, the acquisition and consumption of heat and electricity in facilities belonging to

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the Group's companies, and the consumption of liquid fuels for business purposes. Heat is generated for production processes and used to heat rooms and production halls.

Due to their diverse locations, individual companies of the Apator Group use electricity from different (location-specific) distribution network operators. Two companies of the Group (Apator SA and Apator Metrix) additionally use their own sources of electricity (PV installations). The amount of energy generated in this way in 2024 was 150.4 MWh.

The amount of energy consumed was measured on the basis of records based on cost invoices.

The table below presents energy consumption broken down by source: fossil, nuclear and renewable, together with their percentage share in the energy mix of the main production companies of the Apator Group (Apator SA, Apator Metrix, Apator Powogaz, Apator Telemetry and Apator Metra).

As all the companies listed belong to sectors with a significant impact on the climate, the section on fossil fuels in Table 12 has been expanded to include individual fossil fuels.

Tab. 12: Energy consumption and energy mix

Energy Consumption and Energy Mix	Unit	Year 2024
1) Fuel consumption from coal and coal products	MWh	0,00
2) Fuel consumption from oil and petroleum products	MWh	2 775,56
3) Fuel consumption from natural gas	MWh	5 029,46
4) Fuel consumption from other fossil sources	MWh	0,00
5) Consumption of purchased or acquired electricity, heat, steam and cooling from fossil sources	MWh	9 860,00
6) Total Energy consumption from fossil sources (calculated as a sum of 1-5)	MWh	17 665,02
Share of fossil sources in total Energy consumption	%	98,02%
7) Energy consumption from nuclear sources	MWh	0,00
Share of nuclear Energy consumption in total Energy consumption	%	0,00%
8) Fuel consumption from renewable sources, including biomass (as well as industrial and municipal waste of biological origin, biogas, renewable hydrogen, etc.)	MWh	206,25
9) Consumption of purchased or acquired electricity, heat, steam and cooling from renewable sources	MWh	0,00
10) Consumption of self-generated renewable Energy without fuel use	MWh	150,42
11) Total consumption of renewable and low-emission energy (calculated as a sum of 8-10)	MWh	356,67
Share of renewable sources in total Energy consumption	%	1,98%
Total Energy consumption (calculated as a sum of 6, 7 i 11)	%	18 021,69

**) The figures in the table are the sum of the following production companies of the Apator Group: Apator SA, Apator Metrix, Apator Powogaz, Apator Telemetry and Apator Metra.*

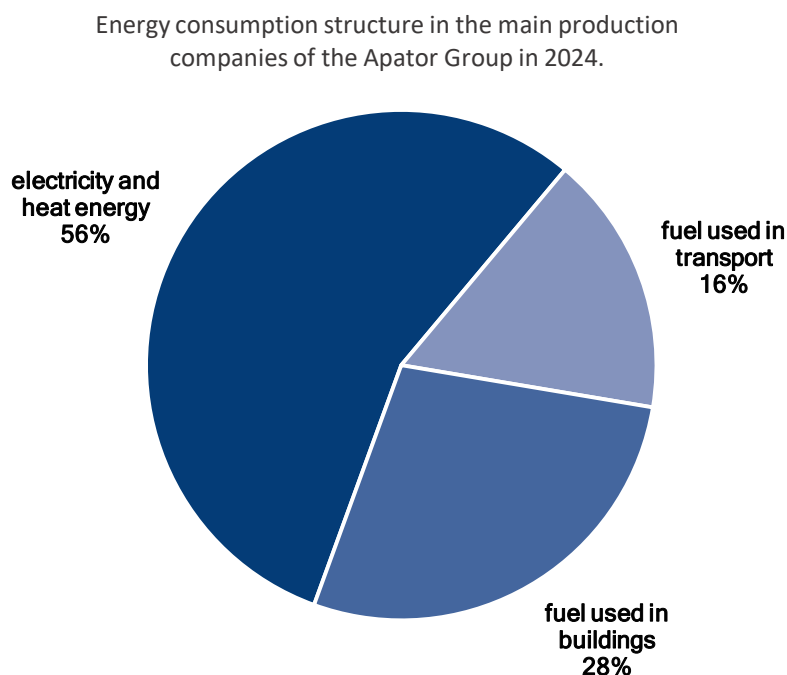
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**) The data contained in Table 12 and the data presented in the tables below have not been verified by an external body.

Total energy consumption in the main production companies of the Apator Group in 2024 amounted to 18,021.7 MWh, of which 55.5% (i.e. 10,010.4 MWh) came from purchased or obtained electricity and heat, and the remaining 44.5% (i.e. 8,011.3 MWh) came from fuel consumption.

The energy mix was dominated by fossil fuels, accounting for 98.0% of total consumption. This was supplemented by renewable sources (own PV installations).

Fig. 7 Energy consumption structure by source



*) The structure presented in the chart includes the following companies of the Apator Group: Apator SA, Apator Metrix, Apator Powogaz, Apator Telemetria and Apator Metra.

The table below presents energy intensity calculated as total energy consumption in climate-relevant activities per net revenue and per unit of climate-relevant output.

Tab. 13. Energy consumption per net revenue and per unit of product

Energy consumption indicators in the Apator Group	Unit	2024
Total energy consumption in climate-relevant activities as a percentage of net revenue	MWh/PLN 1 mln	16.16
Total energy consumption per unit sold*	MWh/1 unit of product sold	0.0025

*) Number of products calculated as the sum of the number of electricity meters, gas meters, water meters, heat meters, radio overlays, isolating switches and limiters sold by the companies included in Table 1.

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In 2024, energy consumption per 1 million PLN of revenue from activities in sectors with a significant impact on the climate amounted to 16.16 MWh. Per unit of product sold, energy consumption amounted to 2.54 kWh.

The link between energy intensity based on net revenue and financial reporting information is presented in Table 14.

Tab. 14. Link between energy intensity and financial reporting

Item	Unit	2024
Net revenues from activities in sectors with significant climate impact used to calculate energy intensity*	PLN thousand	1,115,236.8
2. Net revenue (other)	PLN thousand	112,562.5
Total net revenue (1+2) – financial statements	PLN thousand	1,227,799.2

*) Calculated as the sum of sales revenue to other entities of the companies: Apator SA, Apator Metrix, Apator Powogaz, Apator Telemetria and Apator Metra.

15.2.1.6. E1-6 Gross Scopes 1, 2, 3 and Total GHG emissions

Methodology

Reported greenhouse gas emissions in Scopes 1 and 2 have been calculated in accordance with *The Greenhouse Gas Protocol Corporate Accounting and Reporting Standard* (Revised Edition), while Scope 3 emissions have been calculated in accordance with *The Greenhouse Gas Protocol Value Chain (Scope 3) Accounting and Reporting Standard*.

The emissions were calculated using tools and guidance provided by the GHG Protocol (*GHG Protocol Calculation Tools and Guidance*). The calculations covered six greenhouse gases (CO₂, CH₄, N₂O, HFCs, PFCs, SF₆) included in the GHG Protocol. The Global Warming Potential (GWP) factors applied in the calculations are based on the Fifth Assessment Report (AR5) of the Intergovernmental Panel on Climate Change (IPCC).

Unit of Emissions

Emission values are presented in tonnes (Mg) of carbon dioxide equivalent (CO₂ e), the standard reporting unit.

Limits of reported emissions

Emissions data for the Apator Group include the parent company (Apator SA) and the main subsidiaries of the Group according to operational and financial control (100% of emissions of each of the entities listed): Apator Metrix, FAP Pafal, Apator Rector, Apator Powogaz, Apator Telemetria, Apator Metra and Apator Mitors. The calculation excludes emissions from Apator GmbH, Apator Mining and GWi (a company in liquidation), which, based on estimates, were considered insignificant.

System Boundary

The system boundaries adopted for the carbon footprint assessment cover the full product life cycle, defined as cradle-to-grave. This includes the use phase of sold products over their entire lifetime, as well as waste disposal and end-of-life processing of products sold.

Scope of Reported Emissions

The reported emissions include Scope 1, Scope 2 and Scope 3 emissions:

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- Scope 1 – direct emissions from sources owned or controlled by the company. These include emissions from the combustion of fuels in stationary (e.g., natural gas for building heating) or mobile sources (e.g., petrol in the company vehicle fleet), as well as process-related emissions or escaping refrigerants.
- Scope 2 – indirect emissions resulting from the company's activities but occurring in sources owned or controlled by another company. These emissions arise from the consumption of imported (purchased or supplied from outside) electricity, heat, process steam and cooling.
- Scope 3 – other indirect emissions occurring across the company's value chain, e.g. emissions from the production of raw materials or semi-finished goods, purchased goods and services, waste treatment, transportation of goods and raw materials, business travel, and the use of sold products by end-users.

Functional unit

Emissions calculations were performed across the defined scopes for the organisation (Apator Group). The level of emission intensity is assessed using the greenhouse gas emission index per 1 million of revenue at the Capital Group level and the greenhouse gas emission index per 1 unit of products sold.

Reporting Period and Base Year

The reporting period for the carbon footprint (CF) calculation presented in this report covers the period from 1 January to 31 December 2024. The year 2024 serves as the base year, and is the first year in which greenhouse gas emissions resulting from the operational activities of the Apator Group companies have been monitored comprehensively across all scopes.

Sources of Emission Factors

For the 2024 emissions calculations, the scope 1 and scope 3 emissions were primarily calculated using emission factors from the DEFRA *ghg-conversion-factors-2024-full-file-update*.

For selected Scope 3 activity categories, supplementary emission parameters were sourced from other databases, including EXIOBASE and Market Economics Limited.

To calculate Scope 2 emissions (using the location-based method), data published by KOBiZE was used: *CO2, SO2, NOx, CO and total dust emission factors for electricity based on information contained in the National Database on Greenhouse Gas Emissions and Other Substances for 2023*. Warsaw, December 2024, data from the Ministry of Industry and Trade (emission factor for electricity in the Czech Republic) and data from the Danish Energy Agency (emission factor for electricity in Denmark).

To calculate Scope 2 emissions (using the market-based method), the *European Residual Mixes* values contained in the *European Residual Mixes Results of the calculation of Residual Mixes for the calendar year 2023, Version 1.0, 2024-05-30*, and the Ecoparks indicator for heat energy (for the Danish company Miitors).

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Tab. 15. GHG emissions in the Apator Group

Emission categories	unit	Version	Intermediate targets		
		2024 (base year)	2025	2030	2050
Scope 1 GHG emissions					
Scope 1 gross GHG emissions	MgCO ₂ e	2,248.6			
Scope 1 share of greenhouse gas emissions of the regulated emissions trading system	%	-			
Scope 2 GHG emissions					
Scope 2 gross greenhouse gas emissions according to the location-based method	MgCO ₂ e	5,443.3			
Scope 2 gross greenhouse gas emissions according to the market-based method	MgCO ₂ e	7,715.9			
Scope 3 GHG emissions					
Total indirect scope 3 gross greenhouse gas emissions	MgCO ₂ e	217,130.4			
1. Purchased goods and services	MgCO ₂ e	44,661.9			
2. Capital goods	MgCO ₂ e	7,435.1			
3. Energy and fuel emissions not covered by scopes 1 and 2	MgCO ₂ e	2,172.6			
4. Upstream transport and distribution	MgCO ₂ e	1,826.2			
5. Waste from operations	MgCO ₂ e	30.7			
6. Business trips	MgCO ₂ e	249.3			
7. Employee commuting	MgCO ₂ e	1,644.2			
8. Upstream leased assets	MgCO ₂ e	emissions included in Scope 1 and 2 and Scope 3K1			
9 Downstream transport and distribution	MgCO ₂ e	1,221.9	Targets to be set in the decarbonisation plan		
10 Processing of sold products	MgCO ₂ e	emissions do not occur			
11 Use of products sold	MgCO ₂ e	157,815.9			
12. Management of sold products at end-of-life	MgCO ₂ e	72.8			
13 Downstream leased assets	MgCO ₂ e	emissions included in Scope 1 and 2			
14 Franchises	MgCO ₂ e	emissions do not occur			
15. Investment projects	MgCO ₂ e	emissions do not occur			
Greenhouse gas emissions					
Scope 1 GHG emissions	MgCO ₂ e	2,248.6			
Scope 2 GHG emissions (location-based method)	MgCO ₂ e	5,443.3			
Scope 2 GHG emissions (market-based method)	MgCO ₂ e	7,715.9			
Scope 3 GHG emissions	MgCO ₂ e	217,130.4			
Total Scope 1+2 GHG emissions (location-based method)	MgCO ₂ e	7,692.0			
Total Scope 1+2 GHG emissions (market-based method)	MgCO ₂ e	9,964.6			
Total Scope 1+2 GHG emissions (location-based method)+3	MgCO ₂ e	224,822.4			

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Fig. 8 CO2 emissions broken down by scope according to location-based and market-based methods

CO₂ emissions broken down by scope (2024) – location-based method
 CO₂ emissions broken down by scope (2024) – market-based method



In 2024, emissions in scope 1 and 2 (location-based) accounted for 3.4% of the Apator Group's total emissions. Most (70.8%) of the greenhouse gas emissions generated in the Group's operating activities were classified as Scope 2, i.e. indirect emissions resulting from the production of purchased electricity and heat, with the vast majority of these emissions related to purchased electricity. Among Scope 1 emissions, nearly half (47.8% of Scope 1 emissions) resulted from the combustion of natural gas in technological processes and for heating buildings. The source of another 36.4% of Scope 1 emissions was the use of fuels in vehicles used by the Apator Group. The remaining 15.9% of Scope 1 emissions were the result of refrigerant leakage.

The above emission structure highlights the importance of measures to improve energy efficiency and switch to renewable energy sources. In particular, measures to reduce electricity consumption and obtain this energy from renewable sources are likely to have the greatest impact on reducing the Group's total emissions in the coming years.

Measures taken in 2024 to reduce emissions in scopes 1 and 2:

- heat recovery from compressed air compressors and heating of hot water for internal use (Apator Powogaz),
- launch of a second (after the PV installation at Apator Metrix) own RES source (a 500 kWp photovoltaic installation in Ostaszewo, supplying the Apator SA production plant),
- replacement of heat pumps with hybrid ones (powered not only with gas, but also with electricity from PV),

Structure of Scope 3 GHG emissions

The vast majority, as much as 96.6% (location-based) and 95.6% (market-based) of the Apator Group's total emissions in 2024 were emissions from Scope 3, i.e. all indirect emissions throughout the value chain.

The largest and, therefore, the most significant from the perspective of the Group's operations, Scope 3 emissions were those in category 11 related to the use of the Apator Group's products throughout their life cycle. In 2024, emissions in category 11 amounted to 157,815.9 Mg CO₂e and accounted for 72.7% of emissions in scope 3 (and at the same time 70.2% of total emissions in scope 1 + 2 location-based +3). At the same time, this is the category that is least manageable from the perspective of the Apator Group. Emissions in this category are primarily related to sales volume and structure, the geographical location of customers and market expectations, over which the Apator Group has no direct influence.

The second largest category in Scope 3 in terms of tonnes of carbon dioxide equivalent (Mg CO₂e) was category 1 (Purchased goods and services). It accounted for 20.6% of Scope 3 emissions (and 19.9% of total Scope 1 + 2 location-based + Scope 3 emissions). These are emissions from purchased materials and raw materials used for production and external processing services in the Group's main

companies. In 2024, emissions in category 1 amounted to 44,661.9 Mg CO₂e. In order to reduce them, in 2024 the Apator Group undertook measures in areas such as:

- product range development and product redesign, introducing design changes to its products in order to optimise the use of materials while maintaining or increasing the functionality of the products (e.g. Ultrimis 2.0 line of ultrasonic water meters, Frugallo gas meter),
- reducing the material intensity of manufacturing processes, e.g. by recycling plastics in the process at Apator SA and Apator Powogaz, using returnable packaging, etc.

The third-largest emission category within Scope 3 was Category 2 (Capital goods), accounting for 3.4% of Scope 3 emissions (and 3.3% of total emissions within Scope 1 + 2 location-based + 3). These emissions arise from capital goods purchased or acquired by the Apator Group companies in the reporting year. In 2024, emissions in Category 2 amounted to 7,435.1 Mg CO₂e. Similarly to Category 11, Category 2 is among the least manageable from the perspective of the entity responsible for emissions and is also one of the least repeatable. Investment expenditure is determined by market and customer expectations (regarding the ability to deliver certain products or solutions), confronted with the current capabilities of the Group companies (current state of machinery and availability of financial resources). Higher capital expenditure in a given year results in higher reported emissions for that period; however, these investments will continue to support the Group's operations in subsequent years, thereby eliminating the need to repeat them in the near future (which will reduce emissions in Category 2).

The remaining categories, i.e. Categories 3 to 7, as well as Categories 9 and 12, jointly accounted in 2024 for 3.3% of Scope 3 emissions and 3.2% of total emissions in Scope 1 + 2 location-based + 3. Among these, the largest contribution (considered jointly) came from the transport and distribution-related categories (Category 4 Upstream transportation and distribution and Category 9 Downstream transportation and distribution).

Due to the nature of the products sold by the Apator Group, no emissions were reported under Category 10 Processing of sold products, and, due to the absence of such operations, no emissions were reported under Category 14 Franchises or Category 15 – Investments. Emissions in Categories 8 and 13 Upstream and downstream leased assets were fully accounted for in the calculations for Scope 1 and 2, as well as Scope 3 Category 1 (water supply).

Tab. 16. Emissions indicators in the Apator Group

Emission intensity of greenhouse gases per net income	Unit	2024
Total GHG emissions scope 1+2 (location-based method) +3 per net revenue	MgCO ₂ e/PLN 1 mln	183.11
Total GHG emissions scope 1+2 (market-based approach) +3 per net revenue	MgCO ₂ e/PLN 1 mln	184.96
GHG emissions intensity per unit of product sold		
Total GHG emissions scope 1+2 (location-based method) +3 per unit of product sold	MgCO ₂ e/1 unit of product sold	0.0316
Total GHG emissions scope 1+2 (market-based method) +3 per unit of product sold	MgCO ₂ e/1 unit of product sold	0.0319

*) Number of products calculated as the sum of the number of electricity meters, gas meters, water meters, heat meters, radio overlays, isolating switches, and limiters.

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Link between emission intensity based on net revenue and financial reporting information

Tab. 17. Link between emission intensity and financial reporting

Item	Unit	2024
1. Net revenues used to calculate emissions intensity	PLN thousand	1,227,799.2
2. Net revenue (other)	PLN thousand	0.0
Total net revenue (1+2) – financial statements	PLN thousand	1,227,799.2

Emissions outside the scope (biogenic emissions)

In the Apator Group, biogenic emissions were calculated in accordance with the indicators in the DEFRA database for the combustion of fuels containing biocomponents. In 2024, they amounted to 50.6 Mg CO_{2e}.

15.2.1.7. E1-9 - Anticipated financial effects from material physical and transition risks and potential climate-related opportunities

The Apator Group exercises its right to omit this information in accordance with ESRS 1, Appendix C: "The undertaking may omit the information prescribed by ESRS E1-9 for the first year of preparation of its sustainability statement".

15.2.2. ESRS E2 Pollution

15.2.2.1. E2-1 Policies related to pollution

The key issues identified by the Group and its stakeholders in this area include:

- The Group companies use potentially hazardous substances in the production process (according to the records kept), which may adversely affect the safety and health of plant employees. These substances are under constant control and measures are taken to minimize their use and strive for their complete reduction.
- Group companies actively seek and develop alternative production processes aimed at eliminating materials from the SVHC list (e.g., replacing lead with composites). This creates a market opportunity to gain an advantage by offering more environmentally friendly solutions and products.

The Apator Group does not have a separate common policy in the area of pollution, but the manufacturing companies have policies, procedures, and instructions that mitigate risks in this area as part of certified environmental management systems in accordance with ISO 14001 and ISO 45001. Management systems were in place in 2024 at the following companies: Apator SA, Apator Metrix, Apator Powogaz, FAP PAFAL, Apator Telemetria. The systems were adapted to the specific nature of each company's operations.

In order to manage significant impacts, risks and opportunities related to pollution, the manufacturing companies of the Apator Group included these issues in their environmental policies, which were developed in 2024 by all manufacturing companies in accordance with the applicable standards. These policies refer to the mitigation of negative impacts related to air, water and soil pollution, as well as their prevention and control. As part of the implemented quality processes, companies comply with legal requirements for replacing potentially hazardous substances and minimizing their use. In particular, they

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refer to the non-essential use of substances and their use in consumer products. They cover their own operations and, to a limited extent, the value chain at higher and lower levels.

The Group also has emergency response policies in place, designed to control and minimise the impact of pollution on people and the environment in cases where incidents or exceptional situations occur. Procedures addressing these risks are part of the management systems.

The implementation of policies within own operations is carried out through:

- management of environmental aspects and potential risks (including risks related to pollutant emissions) as part of the Environmental Management System,
- optimisation of operational processes,
- implementation of environmental goals and targets,
- monitoring the management of the Business Strategy and ESG Strategy in relation to environmental aspects,
- introduction of new materials, raw materials and technologies, as well as the procurement of machinery, equipment and production lines (capex, opex), with consideration for environmental aspects and EU directives,
- monitoring the targets of management systems,
- raising employee awareness of environmental and climate protection, as well as occupational health and safety,
- business continuity procedures and instructions for responding to failures and incidents;

The course of environmental processes at Apator Group companies is systematically supervised and adjusted to changing technological and manufacturing processes and current legal requirements. Elements of the actions that may interact with the environment are identified in each process. The top management of the companies is responsible for overseeing and implementing the above policies, as well as for approving the related documentation.

Documentation related to the IMS Policy is made available to relevant stakeholders, including employees responsible for specific areas (via internal IT systems), as well as subcontractors, through the website www.apator.com and directly for their review.

In January 2025, a uniform ISO Integrated Management System Policy was implemented at the Apator Group, which includes an Environmental Policy compliant with ISO 14001, concerning the quality and effectiveness of the environmental management system.

15.2.2.2. E2-2 Actions and resources related to pollution

To effectively manage identified adverse impacts and opportunities related to the use of potentially hazardous substances, comprehensive protective measures have been implemented under the ISO 14001 and ISO 45001 management systems in two areas: environmental protection and occupational health and safety (OHS).

In 2024, the following ongoing actions were undertaken as part of the environmental management system:

- Monitoring emission levels and adapting production processes to meet applicable environmental standards.
- Environmental measurements covering both air quality and working conditions.
- Safe storage of substances - including appropriate ventilation, securing storage areas, use of absorbents and spill containment trays, clear labelling of storage locations, and employee training in the handling of chemicals.
- Proper waste management and recycling - ensuring the safe disposal and transport of hazardous waste and optimising recycling processes.

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- Systematic recording of emissions by type and quantity, and maintaining environmental documentation in accordance with established procedures in companies certified under ISO 14001.
- Reporting measurement results and preparing an annual balance of raw material consumption and equipment operating time — for submission to national databases (KOBiZE, Marshal Offices).

As part of the occupational health and safety (OHS) management system in 2024, the following were implemented:

- Provision of appropriate personal protective equipment (PPE) for employees, including masks, respirators, chemical-resistant gloves, and protective clothing (e.g. coveralls) to prevent skin contact with hazardous substances (ongoing measure).
- Use of effective ventilation and extraction systems - installation of local exhaust systems at emission-prone workstations as well as general ventilation and filter systems.
- Organisation of work in a way that minimises risk - reducing exposure to harmful substances through job rotation and automation of painting and drying processes, e.g. by using spray booths (ongoing measure).
- Systematic training and implementation of emergency procedures — regular OHS training on working with paints and solvents, development of protocols in case of chemical spills or high emissions, and annual review of actions taken with implementation of corrective measures (ongoing measure).
- Continuous monitoring of hazardous substance concentrations — regular measurements at workstations to ensure safety and compliance with standards (ongoing measure).
- Efforts to eliminate hazardous substances from technological processes and raw materials, and to improve safe storage, including the installation of drip trays and absorbents (ongoing measure).
- Actions undertaken by the OHS team to control and phase out substances classified as carcinogenic, mutagenic, or reprotoxic led to the complete elimination of such substances at the Group's largest company (Apator SA) (ongoing measure).

The funds for the above-mentioned modernisation measures were spent as part of capex budget planning. The costs of some tasks (non-capital expenditure) were recognised directly in the operating costs for the period in which they were incurred. Due to the scope of activities carried out in this area in 2024, the amounts of capital expenditure and expenses were relatively low and accounted for a small portion of the Group's total capex and opex.

Apator SA, Apator Powogaz and Apator Metrix have implemented a system for approving new chemical agents. The Group's manufacturing companies are not subject to BAT (Best Available Technique) requirements (requirements for installations based on the best available techniques). In addition, the Group's manufacturing companies reduced emissions into the air through infrastructure upgrades and changes in heat sources, as well as improvements in heat management (ventilation, quick-rolls). In none of the Group's manufacturing companies did emissions to air and water in 2024 exceed the threshold values specified in Annex II to Regulation (EC) No 166/2006.

In the reporting period, there were no incidents resulting in contamination or other damage to the natural environment. Apator Group companies did not participate in projects related to the restoration and regeneration of ecosystems.

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15.2.2.3. E2-3 Targets related to pollution

In 2024, the Apator Group did not set any targets related to hazardous and substances of concern that meet the ESRS requirements. In 2025, the Company plans to improve and automate the system for controlling and updating data on substances used in products and processes.

As part of the implemented ISO systems and legal compliance processes, the primary objective is not to exceed the air and water emission levels specified in the environmental decisions obtained.

15.2.2.4. E2-4 Pollution of air, water and soil

The Group has not identified any impact on air, water or soil as a significant aspect of its operations. The Group companies do not exceed the emission levels set by administrative decisions, and the majority of emissions come from the combustion of energy carriers for heating purposes and the combustion of propellants. The companies report and account for emissions under national reporting and environmental charging systems. The Apator Group does not use microplastics in its manufacturing processes, nor do its products contain microplastics.

15.2.2.5. E2-5 Substances of concern and substances of very high concern

The Group companies estimated the quantities of substances in terms of the total weight of chemicals used in processes and products. The factor of the actual release of substances into the environment was not taken into account, only their presence in chemicals and materials and their use. Substances leaving the plants in the form of emissions or as part of a product were classified taking into account the use and properties of the preparations. The companies are not subject to reporting under Directive 2010/75/EU and Regulation 166/2006 "E-PRTR".

Tab. 18.: E2-5 Substances of concern

No.	Category	Weight / Mass [kg]
1	Total quantity of potentially hazardous substances that are generated or used during production or that are procured.	11,699
2	Total quantity of potentially hazardous substances leaving the facilities in the form of emissions, products, or as part of products or services.	11,619
	Reproductive toxicity	596.25
	Causes skin and eye irritation	9,277.37
3	Quantity of potentially hazardous substances leaving the facilities as emissions, broken down by main hazard classes of the substances.	Specific target organ toxicity 161.52
	Total	10,035.14
4	Quantity of potentially hazardous substances leaving the facilities as products, broken down by main hazard classes of the substances.	0
5	Hazardous to the aquatic environment – chronic	742.67

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	Causes skin and eye irritation	503.11
Quantity of potentially hazardous substances leaving the facilities as part of products, broken down by main hazard classes of the substances.	Specific target organ toxicity	338.02
	Total	1,583.80
6	Quantity of potentially hazardous substances leaving the facilities as services.	0

*) The disclosure includes substances purchased in large quantities, i.e. above 0.5 tonnes per year.

15.2.2.6. E2-6 Anticipated financial effects from pollution-related impacts, risks and opportunities

The Apator Group exercises its right to omit this information in accordance with ESRS 1, Appendix C: "The undertaking may omit the information prescribed by ESRS E3-5 for the first year of preparation of its sustainability statement".

15.2.3. ESRS E3 Water and marine resources

15.2.3.1. E3-1 - Policies related to water and marine resources

The key issues identified by the Group and its stakeholders in this area include:

- providing solutions for precise water measurement and management, including leak detection, presents an opportunity for further development and growth in sales of solutions and technologies in the Water and Heat segment;
- operating in areas prone to water shortages according to the Aqueduct Water Risk Atlas may give rise to risks related to business continuity. This applies to the production site in Jarzyski near Poznań, where the risk is mitigated through a circular water system in the technological process.

With regard to environmental management, including water management, the manufacturing companies of the Apator Group (Apator SA, Apator Metrix, Apator Powogaz, FAP PAFAL, Apator Telemetry) operate in accordance with the adopted management systems (ISO 9001, ISO 14001 and ISO 45001 standards), which address all elements of environmental management. New integrated group policies were adopted in January 2025. The companies' commitments to environmental protection and resource conservation in 2024 took the form of individual ISO policies, which were approved and supervised by the companies' management boards. Apator Powogaz had an Integrated Management System Policy in place, which was subject to annual ISO certification. The current policies are available at <https://www.apator.com/grupa-apator/spolki-grupy-apator/apator-powogaz-s-a/polityka-zarzadzania>.

The companies of the Apator Group have not developed policies related to marine resource management due to the lack of identified significant impacts, risks and opportunities related to this issue.

As part of the Environmental Management Policies implemented in accordance with ISO 14001, the companies of the Apator Group have implemented detailed procedures/instructions related to

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sustainable water management and water use in operational processes in order to manage the most important identified IROs:

- procedures for identifying and monitoring environmental aspects, according to which water consumption in some companies has been identified as a significant environmental aspect (applies to Apator Powogaz, Apator Metrix, Apator Metra).
- Chemical monitoring procedures – limiting uncontrolled discharge of chemicals into wastewater and improving its quality.
- Water and wastewater management monitoring procedures.

The companies carry out activities to optimise and reduce the consumption of primary raw materials – in the area of water management, these tasks have been carried out in the past. Over the last dozen or so years, the Group companies have made a number of investments and changes to technological processes leading to a reduction or maintenance of the adopted water consumption targets.

Work on product optimisation and improvement is carried out in accordance with procedures, instructions and methodologies documented and implemented as part of the design process and quality system. The opportunity identified in this area mainly concerns Apator Powogaz (a manufacturer of water meters and water reading systems), as well as other companies in the Water and Heat segment (Apator Telemetria – a manufacturer of radio overlays for smart water meters, Apator Miitors – a research and development company developing technologies for ultrasonic water measurement). These entities develop and supply solutions for precise water measurement and management, including leak detection, thereby contributing to reducing water consumption, especially in the lower part of the Group's value chain. The companies in the Water and Heat segment are conducting successive development work and investing in manufacturing processes – the segment's capital expenditure amounted to PLN 19.6 million in 2024.

Impacts related to the upstream value chain, including supplier requirements and oversight, are addressed through supplier management procedures and instructions (as described in Section G1-2 – Management of relationships with suppliers).

In other companies, water is not a significant resource in technological and operational processes, and most of its consumption is for social and domestic purposes, which is why they do not have separate water consumption reduction policies in place.

Due to the scope and nature of their operations, the Apator Group companies plan to develop and expand their policies and practices related to sustainable water management by 2025 in order to better exploit opportunities and reduce risks associated with it, including engaging in dialogue with suppliers on water management risks.

15.2.3.2. E3-2 - Actions and resources related to water and marine resources

The following actions were undertaken during the reporting year:

- Actions aimed at seizing opportunities associated with the material identified IROs:
 - Apator Powogaz delivers to the market solutions for precise water flow measurement and for the management of water consumption and distribution, aimed at the rational use of water resources in the downstream supply chain. In 2024, projects were carried out to expand the product offering: the development of a new line of Utrimis Neo ultrasonic water meters (a material-optimised design offering high measurement accuracy, stability, and durability, enabling end users to remotely monitor water consumption), and a LoRaWAN inductive overlay (a device enabling remote water consumption reading using an open communication standard).
- Actions aimed at water recovery and reuse in own operations to mitigate risks associated with operating in a water-stressed area (these are ongoing measures):

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- Repeated use of water in technological processes – closed-loop water circulation in the product calibration process at Apator Powogaz.

The Company has not considered actions or action plans based on the AWS Alliance for Water Stewardship (AWS).

Tab. 19. Financial resources in relation to the policies and the aforementioned actions concerning water and marine resources (PLN thousand)

In the reporting year 2024	
Funds allocated to the action plan (OpEx)	26.6
Funds allocated to the action plan (CapEx)	6,157.5

**) Capital expenditures (capex), depending on their nature, are reflected in items 7.4 Intangible assets and 7.6 Property, plant and equipment of the consolidated financial statements. Operating expenses (opex) are disclosed in item 7.25 Expenses by nature and function of the report.*

15.2.3.3. E3-3 - Targets related to water and marine resources

In 2024, the Apator Group did not set any targets related to water and marine resources that meet the ESRS requirements. However, as part of the ISO 14001 systems implemented in the reporting year, targets were adopted for optimising water consumption in the manufacturing process. Apator Powogaz will continue its practice of setting annual targets for optimising water consumption as part of its integrated management system.

Goals related to opportunities are set and pursued within the framework of the business strategy implementation and annual budgets approved by the company's Supervisory Board. In 2025, the product and investment plans in this area concern the execution of two projects:

- ULTRIMIS PRO – a project for a modern ultrasonic water meter designed for industrial applications with nominal diameters DN80 and DN100. The device is designed for precise water measurement with an accuracy class of up to R1000, offering high accuracy for both forward and reverse flow. This represents a significant advancement compared to the mechanically dominated industrial water meters currently available on the market. The project is prepared to enable future extension of the diameter range up to DN300. Thanks to its modular design, UL PRO will eventually allow integration of a pressure sensor and additional communication modules, enabling adaptation of the water meter to specific user requirements. The anticipated solution will provide the capability for accurate network balancing as well as consumer protection on transmission lines between water utilities (bidirectionality).
- ULTRIMIS MBUS (STMUL), UL MBUS – a project aimed at enhancing the communication capabilities of ULTRIMIS water meters DN15-50 with a measuring range of R800, allowing the implementation of the innovative W-Sonic measurement technology in installations where communication is based on a wired MBUS network. The use of this technology allows precise water measurement, which – combined with alarm functionalities – will enable customers to monitor networks and respond to leak occurrences. The project is limited to diameters DN15-DN20, with the possibility of future expansion to other diameters. An additional advantage of the project is the use of a microprocessor that reduces supply chain risks.

Planned investment expenditures related to the implementation of the above projects will amount to approximately PLN 4 million in 2025.

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15.2.3.4. E3-4 - Water consumption

Water consumption in Apator Powogaz, for which the risk of water shortage was identified as crucial.

Tab. 20. Water consumption in 2024 in Apator Powogaz

Water consumption	2024
Total water consumption* [m3]	3,041.0
Quantity of water recovered (recycled) and reused [m3].	0.0
Quantity of stored water** [m3] 1,350.0	1,350.0
Water consumption rate***	39.5

**)Measurements based on meter readings, verification of readings can be carried out by the water supply company. Quantity of stored water - based on own measurement and technical documentation (data not validated by an external body).*

****) Quantity of stored water includes: rainwater storage tank, fire tank.*

****) Indicator calculated according to the formula: (Total water consumption for own operations [m3]/Net revenue [million EUR])*

15.2.3.5. E3-5 - Anticipated financial effects from water and marine resources-related impacts, risks and opportunities

The Apator Group exercises its right to omit this information in accordance with ESRS 1, Appendix C: "The undertaking may omit the information prescribed by ESRS E3-5 for the first year of preparation of its sustainability statement".

15.2.4. ESRS E5 Resource use and circular economy

15.2.4.1. E5-1 - Policies related to resource use and circular economy

The key issues identified by the Group and its stakeholders in this area include:

- due to the specific nature of the production activities of the Group companies, they consume raw materials and materials, convert them into large quantities of equipment placed on the market and generate waste in the process, which has a negative impact on the environment. The companies take measures to optimise the material content of their processes and products and to minimise the amount of waste. Waste management is carried out in accordance with legal requirements. The Group also generates hazardous waste (e.g. sludge at Apator Metrix), although a large part of it is recyclable. Processes for recycling and reusing plastics are also used (applies to Apator SA and Apator Powogaz).
- The positive impact of the Apator Group consists in extending the life cycle of its products, thus minimising their impact on the environment as waste. In addition, the products are made of easily recyclable materials such as brass and steel.

The Apator Group has not implemented a separate joint policy on resource use and circular economy, but the manufacturing companies have policies, procedures and instructions that mitigate risks in this area as part of certified environmental management systems in accordance with ISO 14001 and ISO 9001. Activities related to the optimisation of resources and operational processes are carried out in accordance with the adopted business logic and Management Systems, which are tailored to the specific nature of the activities of individual companies.

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The manufacturing companies (Apator SA, Apator Metrix, Apator Powogaz, FAP PAFAL, Apator Telemetria) have implemented ISO 14001 systems, which include declarations on the optimisation of resources and processes. Issues related to the use of resources for production, eco-design and supplier management are addressed in internal procedures and in the policy of the implemented and certified ISO 9001 quality system. ISO policies are publicly available and published on the website www.apator.com or can be made available to any interested party.

The issue of using primary resources, including the increased use of secondary resources (from recycling), is addressed in policies and technological processes concerning the materials used in production, purchasing processes, and product design and development processes. All identified IROs are mitigated by the actions and procedures of the Integrated Management Systems.

The commitments of the entire Apator Group and its contractors and business partners with regard to environmental protection, including the circular economy, are also addressed in the Apator Group's Code of Ethics. The Code refers to the conservation of natural resources and cooperation with waste management entities in an appropriate manner. Requirements and supervision of suppliers are addressed in supplier management procedures and instructions (described in section G1-2 - Management of relationships with suppliers). All policies are approved by senior management.

The products offered by the Group on the market, research and development work and innovations are designed to support customers in the area of circular economy, enabling better and more economical resource management.

15.2.4.2. E5-2 - Actions and resources related to resource use and circular economy

As part of the implementation of the ISO 14001 Management System policy, in the reporting year 2024, the Apator Group implemented a number of measures in the field of Circular Economy:

Upstream of the supply chain:

- As part of reverse logistics and operations in the upper supply chain, manufacturing companies used recyclable packaging (cardboard, wood, plastic) in deliveries of components from contractors. Apator Metrix uses returnable cardboard and plastic packaging owned by the supplier to a limited extent. Apator Powogaz also uses returnable packaging in the form of reusable spacers.

Own operations:

- End-of-life cycle activities (development of environmental friendliness assessments, taking into account the recycling aspects of equipment at Apator SA for newly introduced product groups (new mechanical and electronic design of equipment).
- In accordance with legal requirements, the Group's manufacturing companies that place products on the market are subject to extended producer responsibility, especially with regard to packaging, but also to a lesser extent with regard to batteries and equipment. The identified obligations are handled with the help of long-term cooperation with recovery organisations.
- The manufacturing companies Apator SA and Apator Metrix have commenced work on the development of LCA documentation. An Environmental Friendliness Assessment document is being prepared for the designed devices, which specifies the material composition and recycling potential of the device.
- Apator SA has introduced the practice of reusing packaging for use in its own operations in order to avoid waste generation. This mainly concerns pallets, cardboard packaging and plastics in the form of fillers/protective materials.

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- Apator SA and Apator Powogaz use processes for the recovery and reuse of plastics in the production process (at Apator SA, this applies to between 3% and even 20% of the plastic used in the process, depending on the type of plastic; at Apator Powogaz, no records of the amount of recovered plastic were kept).

Downstream supply chain:

- In the downstream supply chain, the Group has introduced product-service solutions such as the Omnitorus* system for reading and managing energy media and the SPIDAP* system for reading water meters, heat meters and heat cost allocators, which can also be offered with devices. Apator SA has implemented a system for leasing/renting equipment. Apator Powogaz offers various forms of financing: from equipment leasing to subscription fees for billing or reading services. The company also offers comprehensive services in the area of water consumption billing and reading, as well as leak monitoring.
- A practice has been implemented for pallets used by the Apator Group to distribute products on the domestic market, where the majority (up to 95% of all pallets issued to the largest company) are used pallets. On foreign markets, reusable metal packaging (pallet boxes) is used. Paper packaging also usually contains a high proportion of recycled material (from 60 to 95%).

Apator SA is working on a more comprehensive integration of the NPI/NPD (New Product Introduction/New Product Development) process in terms of environmental and ecological requirements, taking into account the provisions of the Ecodesign Regulation². The result will be the standardisation of pro-environmental activities and the systematic optimisation of equipment even before the production stage, as well as ensuring compliance. The refined standards can be implemented in other companies within the Group.

The measures presented for the upper chain, own operations and process activities in the lower chain are ongoing and will be continued in the coming years. Downstream activities concerning the development of specific solutions for customers are carried out in the form of development projects.

Tab. 21. Allocated resources in relation to circular economy policies and activities (in thousands of PLN)

	In the reporting year 2024
Funds allocated to the action plan (OpEx)	871
Funds allocated to the action plan (CapEx)	1,183

**) Data refers to Omnitorus and SPIDAP systems, the other activities did not generate significant capex and costs. Capex capital expenditure (depending on its nature) is reflected in sections 7.4 Intangible assets and 7.6 Property, plant and equipment of the consolidated financial statements. Operating expenses (opex) are disclosed in item 7.25 Expenses by nature and function of the report.*

15.2.4.3. E5-3 - Targets related to resource use and circular economy

In 2024, the Apator Group did not set any targets related to resource use and circular economy that meet the ESRS requirements. However, targets related to resource use and circular economy have been established as part of the implemented ISO systems. They form the basis for verifying the effectiveness of the policies and measures aimed at counteracting significant impacts and risks and exploiting significant opportunities. The targets were voluntary and not dictated by specific legal requirements. In 2025, the Group plans to set targets that will meet the ESRS requirements.

² <https://www.gov.pl/web/klimat/ekoprojekt>

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15.2.4.4. E5-4 - Resource inflows

The Apator Group uses:

- Non-ferrous metals – copper and brass
- Ferrous metals
- Plastics
- Various types of electronic components
- Tin and materials for soldering
- Water – used in own processes in selected production companies (Apator Powogaz, Apator Metrix, Apator Metra)
- Shielding gases for soldering (mainly nitrogen)
- Packaging materials for shipping (bulk and transport packaging made of cardboard according to the manufacturer's needs. Other packaging is standard and widely available. The largest companies use cardboard packaging with a high recycled content).

The Group uses rare earth metals to a limited extent (in batteries – widely used in lithium batteries, LiION, magnet components – neodymium).

Raw materials have been identified taking into account the quantities purchased and their importance in the necessary manufacturing processes (mainly in the soldering process). The majority of the weight of raw materials is incorporated into the raw material content of products. The data presented in this disclosure has not been verified by an external body.

Tab. 22 Resource inflows*

No.	Category	Quantity [Mg]	Share [%]
1	Total weight of products and technical and biological materials used during the reporting period	10,528.81	
2	Total weight of biological materials (and biofuels used for non-energy purposes) used for the production of the entity's products and provision of services (including packaging), sourced in a sustainable manner*	239.63	2.28%
3	Absolute weight of secondary components reused or recycled, secondary intermediates and secondary materials used to produce the entity's products and services (including packaging)	2,174.60	20.65%

*) Includes FSC certified packaging

15.2.4.5. E5-5 - Resource outflows

The Group's companies place on the market key products in the form of devices such as electricity meters, gas meters, water meters, heat meters, switching apparatus, and telemechanics equipment. The disclosure includes all key resources brought to market by the companies, including packaging.

Tab. 23 Resource outflows

No.	Category	Quantity [Mg]	Share [%]
1	Weight of secondary raw materials in FINISHED products	1,532.38	70.47%
2	Contents of secondary raw materials in product packaging	642.22	29.53%

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The service life of the Group's measuring instruments is regulated by Directive 2014/32/EU (Measuring Instruments Directive – MID). This legislation defines the verification periods for metering devices, which amount to 12 years for electricity meters, 12 years for water meters, and 10 years for gas meters. The service life defined by external regulations is relatively long, and re-verification of the devices is also possible. For electricity meters, the company carries out ageing tests for extended periods — 14 years for the domestic market and up to 20 years for foreign markets, in line with customer requirements. Switching apparatus, which is not subject to the aforementioned regulation, is tested for a 10-year service life.

The Group's products, due to the high mass share of homogeneous materials such as plastics and metals, are relatively easy to recycle. Other components of the devices, such as electronic boards and batteries, are processed under extended producer responsibility schemes, and specialised facilities for their treatment are available. For new products developed by Apator S.A., the percentage share of recyclable materials is determined as part of the product environmental friendliness assessment documentation.

Tab. 24 Wastes*

No.	Category	Quantity [Mg]	Share [%]
1	Total waste generated	1,253.80	
2	Hazardous waste withdrawn from disposal	2.96	
3	Hazardous waste withdrawn from disposal due to preparation for reuse	-	
4	Hazardous waste withdrawn from disposal due to recycling	2.96	
5	Hazardous waste withdrawn from disposal as a result of other recycling operations	-	
6	Non-hazardous waste withdrawn from disposal	1,030.16	
7	Non-hazardous waste withdrawn from disposal due to preparation for reuse	-	
8	Non-hazardous waste withdrawn from disposal due to recycling	1,029.20	
9	Non-hazardous waste withdrawn from disposal as a result of other recycling operations	0.96	
10	Hazardous waste sent for disposal	31.74	
11	Hazardous waste sent for disposal by incineration	0.74	
12	Hazardous waste sent for disposal by landfilling	19.99	
13	Hazardous waste sent for disposal by other disposal processes	11.02	
14	Non-hazardous waste sent for disposal	188.93	
15	Non-hazardous waste sent for disposal by incineration	-	
16	Non-hazardous waste sent for disposal by landfilling	171.25	
17	Non-hazardous waste sent for disposal by other disposal processes	17.67	
18	Non-recycled waste	222.51	17.75%
19	Total quantity of hazardous waste	34.70	
20	Total quantity of radioactive waste	-	

The Group's companies generate industrial waste, primarily consisting of waste from metal and plastic processing, packaging waste from components (paper, wood, plastic), as well as electronic components and devices. The companies operate in accordance with the Act of 14 December 2012 on Waste and

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the relevant secondary legislation, such as the Regulation of the Minister of Climate of 2 January 2020 on waste catalogue.

Waste data were compiled based on information contained in the national Database on Products and Packaging and on Waste Management (BDO), as well as in Waste Record Sheets (Karty Ewidencji Odpadów). The method of handling each waste stream was determined on the basis of statements provided by individual waste recipients concerning the processing methods used. The share of non-recycled waste was calculated by identifying the masses of waste recorded in the BDO system, assigning the respective treatment method to each quantity, excluding processes qualifying as recycling, and determining the percentage share in relation to the total mass of waste generated.

15.2.4.6. E5-6 - Anticipated financial effects from resource use and circular economy-related impacts, risks and opportunities

The Apator Group exercises its right to omit this information in accordance with ESRS 1, Appendix C: "The undertaking may omit the information prescribed by ESRS E5-6 for the first year of preparation of its sustainability statement".

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15.2.5. Taxonomic disclosures

In accordance with Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088 (hereinafter referred to as Regulation 2020/852), the Apator Group has performed an analysis to determine how and to what extent the Group's activities qualify as environmentally sustainable.

In addition to the aforementioned regulation, the analysis and qualification of activities and the presentation of data are based on:

- Commission Delegated Regulation (EU) 2021/2139 of 4 June 2021 (Delegated Act specifying technical qualification criteria, amended by Commission Delegated Regulation (EU) 2023/2485 of 27 June 2023),
- Commission Delegated Regulation (EU) 2021/2178 of 6 July 2021 (Delegated Act to Article 8 of the Taxonomy),
- Commission Delegated Regulation (EU) 2022/1214 of 9 March 2022 (Delegated Act for nuclear and fossil gas related activities),
- Commission Delegated Regulation (EU) 2023/2485 of 27 June 2023 amending Delegated Regulation (EU) 2021/2139 establishing additional technical screening criteria for determining the conditions under which certain economic activities qualify as contributing substantially to climate change mitigation or climate change adaptation and for determining whether those activities cause no significant harm to any of the other environmental objectives,
- Commission Delegated Regulation (EU) 2023/2486 of 27 June 2023, supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council and amending Commission Delegated Regulation (EU) 2021/2178,
- Commission Delegated Regulation (EU) 2024/3215 of 28 June 2024 correcting certain language versions of Delegated Regulation (EU) 2021/2139 supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by establishing the technical screening criteria for determining the conditions under which an economic activity qualifies as contributing substantially to climate change mitigation or climate change adaptation and for determining whether that economic activity causes no significant harm to any of the other environmental objectives.

STAGES OF ASSESSMENT OF COMPLIANCE WITH THE TAXONOMY

In order to complete the due diligence procedures, a group guideline entitled Principles for classifying and reporting environmentally sustainable activities in accordance with the EU Taxonomy was implemented in 2023, which applies to all Apator Group companies. The aim of the guideline is to define a valid process for identifying environmentally sustainable activities and to implement a single, consistent way of measuring the performance of environmentally sustainable activities for the purpose of calculating key performance indicators for taxonomy-aligned activities ('green indicators') to ensure proper compliance with EC obligations.

1. Identification of environmentally sustainable activities in the Apator Group

Identification of environmentally sustainable activities in the Apator Group is carried out based on the prepared Taxonomy Identification Template (annex to the guideline). Definitions and a precise interpretation of the terms used in the Annex (including a detailed description of the environmental objectives and the methodology for calculating the performance indicators) are included in the Taxonomy Dictionary (annex to the guideline).

The identification process covers all the activities of the Apator Group. It is carried out in a number of consecutive stages (whereby stages 5-7 are omitted for those activities that are deemed ineligible for the EU Taxonomy at stage 4). The analysis consists of the following stages:

1. identification of the activities with an indication of the product groups and subgroups belonging to the activity category,

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2. identification of the environmental objectives on which the activity has a significant impact together with a justification for this choice,
3. verification of the qualification of a given activity for the EU Taxonomy with the indication of the appropriate activity type from the Taxonomy,
4. qualification of the analysed activity as a substantial contribution/enabling activity/transition activity,
5. verification of the fulfilment of technical eligibility criteria for the relevant environmental objective,
6. verification of the product group's lack of negative impact on the other environmental objectives (with justification).

2. Measurement of the performance of environmentally sustainable activities

Key performance indicators:

- revenue
- capital expenditure CapEx
- operational expenditure OpEx

were calculated and determined based on the guidance set out in Commission Delegated Regulation (EU) 2021/2178 of 6 July 2021, in accordance with the best knowledge available and with due diligence. The same accounting principles used for the preparation of the consolidated annual financial statements of the Apator Group and the relevant consolidation eliminations were applied in the calculation of the indicators. The data used in the calculations were sourced from the financial and accounting systems of Apator S.A. and those of the individual companies forming part of the Apator Group.

To avoid double counting when allocating revenue, capital expenditure and operating expenses, appropriate consolidation eliminations were applied in accordance with applicable accounting regulations. Each accounting item was assigned only once to the relevant Taxonomy-aligned activity and objective.

Key performance indicators related to turnover

The key performance indicators related to turnover were calculated as the ratio of the revenue from Taxonomy-eligible/Taxonomy-aligned activities to the total revenue disclosed in the consolidated financial statements of the Apator Group for the year 2024 under the item Revenue from sales of goods and services (section 3.2 of the Apator Group's consolidated financial statements).

Turnover is measured directly on the basis of available sales accounting data (source data). Turnover includes revenue recognised in accordance with the International Accounting Standard (IAS). Turnover is understood as net revenue from the sale of products or provision of services, including intangible assets, excluding internal turnover (between the Apator Group companies).

During the reporting period, no green bonds or other debt securities were issued for the purpose of financing specific projects assessed as Taxonomy-aligned.

A detailed breakdown of Taxonomy-eligible turnover by environmental objective is presented in Table x.1 "Share of Taxonomy-eligible turnover by environmental objective".

Key indicators related to capital expenditure (CapEx)

The key capital expenditure indicators were determined by dividing the sum of Taxonomy-eligible/Taxonomy-aligned capital expenditure by the total capital expenditure disclosed in the consolidated financial statements of the Apator Group for the year 2024, as presented in items 7.4 and 7.6 of the Apator Group's consolidated financial statements.

The indicator is based on the Group's capital expenditure, comprising increases in property, plant and equipment, investment property and intangible assets during the financial year, before depreciation, amortisation, or any revaluation adjustments, including those resulting from remeasurement or

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impairment of fair value, and increases in property, plant and equipment and intangible assets arising from business combinations, i.e., including:

- increases in property, plant and equipment in accordance with IAS 16,
- increases in intangible assets in accordance with IAS 38,
- increases in investment property, including revaluation to fair value, in accordance with IAS 40,
- increases in right-of-use assets, including leases in accordance with IFRS 16.

Where the same property, plant and equipment or intangible assets were used for the production of both Taxonomy-eligible and non-Taxonomy-eligible products or services, an appropriate disaggregation of such expenditure was applied.

In cases where capital expenditure could not be directly attributed to a specific activity (i.e. relating to assets used to produce both Taxonomy-eligible and non-eligible products), an allocation method was applied based on the proportion of revenue (turnover) from those activities.

During the reporting period, no capital expenditure was identified in connection with plans to expand Taxonomy-aligned economic activities or to enable Taxonomy-eligible activities to become Taxonomy-aligned, nor expenditure related to the acquisition of outputs from Taxonomy-aligned activities or other assets enabling a transition to low-carbon operations, except for capital expenditure related to the installation of a photovoltaic system at Apator S.A.

A detailed breakdown of Taxonomy-eligible capital expenditure by environmental objective is presented in Table x.2 “Share of Taxonomy-eligible capital expenditure by environmental objective.”

Key indicators related to operational expenditure (OpEx)

The key operating expenditure indicators were calculated as the ratio of the sum of Taxonomy-eligible/Taxonomy-aligned operating expenditure to the total operating expenditure within the scope of the definition provided in the Commission Delegated Regulation (EU).

In accordance with the provisions of the Regulation, operating expenditure includes activities related to building renovation, short-term leases, maintenance and repairs, as well as any other direct expenditures related to the day-to-day servicing of property, plant and equipment either by the undertaking itself or by third parties contracted on an outsourced basis to ensure the continuous and efficient operation of those assets. Specifically, this includes the costs of inspections, repairs and refurbishments, as well as materials used for maintenance. As these expenditures cannot be directly attributed to a specific activity—similarly to capital expenditure—an allocation method was applied based on the proportion of revenue (turnover) generated from Taxonomy-eligible and non-eligible activities.

A detailed breakdown of Taxonomy-eligible operating expenditure by environmental objective is presented in Table x.3 “Share of Taxonomy-eligible operating expenditure by environmental objective.”

ANALYSIS OF EU TAXONOMY-ALIGNED ACTIVITIES

The Apator Group companies provide the market with measuring devices and systems and solutions to support the operation of power, water and gas networks. Apator SA is classified under the electromechanical sector. The Group focuses its activities on the production and sale of measuring devices (electricity meters, gas meters, water meters, and heat meters), control, measurement, distribution and control apparatus, SCADA-class IT systems, and related remote control devices, protection devices, and other network equipment for distributed systems, enabling full-range remote monitoring and control of the power grid. The Group also offers devices for reading and transmitting data. The Apator Group also implements solutions supporting energy transformation and the development of renewable energy (i.a. automation equipment, RES supervision systems, energy storage systems).

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Based on the analysis carried out in terms of contributing to environmental objectives, it was determined that the Group’s activities constitute so-called enabling activities in relation to the implementation of the following:

Environmental objective	TX activity category	Types of activities of the Apator Group
Objective 1 - Climate change mitigation	3.20 Manufacture, installation, and servicing of high, medium and low voltage electrical equipment for electrical transmission and distribution that result in or enable a substantial contribution to climate change mitigation	Switchgear (disconnectors equipped with an electronic module) Power supply and distribution engineering solutions (LV switchgear, power factor compensation solutions) Network asset management systems for DSOs Energy utility management systems
	3.5 Manufacture of energy efficiency equipment for buildings	Equipment for measuring and billing heat consumption in residential heating systems
	4.9 Transmission and distribution of electricity	Measuring equipment - smart meters, data transmission equipment, integrated balancing systems, Automation solutions (e.g. controllers, communication modules, concentrators) SCADA software systems
	4.10 Storage of electricity	Energy storage systems
	8.2 Data-driven solutions for GHG emissions reductions	Data-driven services (e.g. street lighting management, energy audits, operational metering)
	4.1 Electricity generation using solar photovoltaic technology	Own PV installation (for self-consumption)
Objective 3 - The sustainable use and protection of water and marine resources	1.1 Manufacture, installation and associated services for leakage control technologies enabling leakage reduction and prevention in water supply systems	Smart water meters for drinking water Remote communication modules
	4.1 Provision of IT/OT data-driven solutions for leakage reduction	Software for monitoring and managing data on consumption and leakage of drinking water in water supply systems

Contribution to multiple objectives - all activities realise a contribution to one of the environmental objectives.

Among the material categories of activities that do not meet the technical screening criteria are measuring devices without communication functions and switchgear without electronic modules and automation functions. Therefore, they are classified as taxonomy-eligible but not taxonomy-aligned activities. Activities falling outside the scope of the taxonomy include the entire operations of the Gas segment, as well as the remaining activities of the Electricity and Water & Heat segments.

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MINIMUM SAFEGUARDS

Pursuant to Article 18 of Regulation (EU) 2020/852: "The minimum safeguards referred to in point (c) of Article 3 shall be procedures implemented by an undertaking that is carrying out an economic activity to ensure the alignment with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights, including the principles and rights set out in the eight fundamental conventions identified in the Declaration of the International Labour Organisation on Fundamental Principles and Rights at Work and the International Bill of Human Rights".

The examination of compliance with the Minimum Safeguards was carried out in accordance with the recommendations contained in the Final Report on Minimum Safeguards issued in October 2022 by Platform On Sustainable Finance.

According to the recommendations, non-compliance with the Minimum Safeguards is one of the following four considerations:

1. Inadequate or non-existent human rights, anti-corruption, anti-unfair competition and tax strategy due diligence processes

The verification of the due diligence processes involved a self-assessment on the basis of a questionnaire based on the methodology proposed by the Platform on Sustainable Finance (World Benchmark Alliance Core UNGP Indicators) and additional analysis of corporate documents and processes by the Human Resources Director of the Apator Group and Director of the Legal and Corporate Supervision Office of the Apator Group. As a result of the analysis, it was established that appropriate due diligence processes are in place at the Apator Group.

The Apator Group has implemented mechanisms for counteracting the violation of human rights and anti-corruption procedures. The details of the procedure are specified in the Apator Group's Code of Ethics, Human Rights Policy and Anti-Corruption Policy, as well as in other internal procedures (including guidelines on the compliance process, internal reporting and follow-up procedures, procedures governing cooperation with suppliers), which apply to all employees of the Apator Group, its bodies, and also determine the terms of cooperation with the Group's business partners.

The Apator Group treats tax compliance and tax management as an important element of corporate governance and has implemented appropriate tax risk management strategies and processes. No company in the Group has been found guilty of breaching tax law.

2. The company is ultimately held liable or found to have violated labour or human rights law in certain types of labour or human rights litigation

The verification consisted in reviewing whether there were any final and binding sentences in relation to Apator Group companies in the area of human rights, corruption, fair competition behaviour and taxation. As a result of the verification, it was found that there was no information on such final and binding sentences.

3. Lack of cooperation with the OECD National Contact Point (OECD NCP)

Pursuant to the verification of the OECD NCP database, it was found that there were no filings in relation to Apator Group companies in the period from 1 January 2024 to 31 December 2024.

<https://mneguidelines.oecd.org/database/>

4. The Business and Human Rights Resource Centre (BHRR) undertook allegations against the company and the company failed to respond within 3 months

An analysis of the Business and Human Rights Resources Centre's (BHRR) database as at 31 December 2024 showed that there were no reported allegations against the Apator Group, so the premise of the Group not responding within 3 months to allegations made during this period also does not apply.

<https://www.business-humanrights.org/en/companies>

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Tab. 25. Percentage of turnover for products or services related to economic activity in accordance with the taxonomy

Financial year N	Year		Substantial Contribution Criteria							Criteria -							Share of Taxonomy-aligned (A.1) or Taxonomy-eligible (A.2) Activities Turnover, Year N-1 (18)	Category supporting activities (19)	Category transition activities (20)
	Code or codes (2)	Turnover (3)	Part of turnover, year N (4)	Climate change mitigation (5)	Adaptation to climate change (6)	Water and marine resources (7)	Pollution (8)	Circular economy (9)	Biodiversity (10)	Climate change mitigation (11)	Do No Significant Harm - Adaptation to climate change (12)	Water and marine resources (13)	Pollution (14)	Circular economy (15)	Biodiversity (16)	Minimum safeguards (17)			
Business activities (1)		Currency	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	Y	
A. ACTIVITIES ELIGIBLE FOR TAXONOMY																			
A.1. Types of environmentally sustainable activities (taxonomy-compliant)																			
3.20. Manufacture, installation, and servicing of high, medium and low voltage electrical equipment for electrical transmission and distribution that result in or enable a substantial contribution to climate change mitigation	CCM 3.20	47,818	4%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	3%	E	
3.5 Manufacture of energy efficiency equipment for buildings	CCM 3.5	39,078	3%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	5%	E	
4.1. Electricity generation using solar photovoltaic technology	CCM 4.1	0	0%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0%		Y
4.9. Distribution of electricity	CCM 4.9	327,381	27%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	21%	E	

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4.10 Storage of electricity	CCM 4.10	0	0%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	Y	0%	E
8.2 - Data-driven solutions for GHG emissions reductions	CCM 8.2	9,616	1%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	Y	1%	E
1.1. Manufacture, installation and associated services for leakage control technologies enabling leakage reduction and prevention in water supply systems	WTR 1.1	289,508	24%	N/EL	N/EL	Y	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	Y	25%	E
4.1. Provision of IT/OT data-driven solutions for leakage reduction	WTR 4.1	208	0%	N/EL	N/EL	Y	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	Y	0%	E
Turnover from environmentally sustainable activities (according to the taxonomy) (A.1)		713,609	58%	35%	0%	24%	0%	0%	0%									55%	
including supporting activities,		713,609	58%	35%	0%	24%	0%	0%	0%									55%	
including activities supporting the transition		0	0%	0%	0%	0%	0%	0%	0%									0%	

A.2 Activities eligible for taxonomy but not environmentally sustainable (taxonomy-non-eligible activities)

4.9. Distribution of electricity	CCM 4.9	124,738	10%	N	N/EL	N/EL	N/EL	N/EL	N/EL									11%	
6.5. Transport by motorbikes, passenger cars and light commercial vehicles	CCM 6.5	0	0%	N	N/EL	N/EL	N/EL	N/EL	N/EL									0%	
7.7. Acquisition and ownership of buildings	CCM 7.7	0	0%	N	N/EL	N/EL	N/EL	N/EL	N/EL									0%	

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Tab. 27 Percentage share of investment outlays for products or services related to economic activity in accordance with the taxonomy



Financial year N	Year		Substantial Contribution Criteria							Criteria -						Minimum safeguards (17)	Share of Taxonomy-aligned (A.1) or Taxonomy-eligible (A.2) Capital expenditure, year N-1 (18)	Category supporting activities (19)	Category transition activities (20)
	Code or codes (2)	Capital expenditure -20%	Percentage of capital expenditure, year N (4)	Climate change mitigation (5)	Adaptation to climate change (6)	Water and marine resources (7)	Pollution (8)	Circular economy (9)	Biodiversity (10)	Climate change mitigation (11)	Climate change adaptation to climate change (12)	Water and marine resources (13)	Pollution (14)	Circular economy (15)	Biodiversity (16)				
Business activities (1)		Currency	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	Y
A. ACTIVITIES ELIGIBLE FOR TAXONOMY																			
A.1. Types of environmentally sustainable activities (taxonomy-compliant)																			
3.20. Manufacture, installation, and servicing of high, medium and low voltage electrical equipment for electrical transmission and distribution that result in or enable a substantial contribution to climate change mitigation	CCM 3.20	1,511	2%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	1%	E	
3.5 Manufacture of energy efficiency equipment for buildings	CCM 3.5	2,684	3%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	4%	E	
4.1. Electricity generation using solar photovoltaic technology	CCM 4.1	1,985	2%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0%		Y

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4.9. Distribution of electricity	CCM 4.9	5,760	7%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	5%	E
4.10 Storage of electricity	CCM 4.10	0	0%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0%	E
8.2 - Data-driven solutions for GHG emissions reductions	CCM 8.2	161	0%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0%	E
1.1. Manufacture, installation and associated services for leakage control technologies enabling leakage reduction and prevention in water supply systems	WTR 1.1	16,021	19%	N/EL	N/EL	Y	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	23%	E
4.1. Provision of IT/OT data-driven solutions for leakage reduction	WTR 4.1	811	1%	N/EL	N/EL	Y	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	2%	E
Capital expenditures from environmentally sustainable activities (taxonomy-compliant) (A.1)		28,932	35%	15%	0%	20%	0%	0%	0%								36%	
including supporting activities,		26,947	32%	12%	0%	20%	0%	0%	0%								0%	
including activities supporting the transition		1,985	2%	2%	0%	0%	0%	0%	0%								35%	

A.2 Activities eligible for taxonomy but not environmentally sustainable (taxonomy-non-eligible activities)

4.9. Distribution of electricity	CCM 4.9	12,817	15%	N	N/EL	N/EL	N/EL	N/EL	N/EL								1%	
6.5. Transport by motorbikes, passenger cars and light commercial vehicles	CCM 6.5	5,917	7%	N	N/EL	N/EL	N/EL	N/EL	N/EL								4%	
7.7. Acquisition and ownership of buildings	CCM 7.7	10,023	12%	N	N/EL	N/EL	N/EL	N/EL	N/EL								16%	

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Capital expenditures for activities eligible for taxonomy but not environmentally sustainable (taxonomy-non-eligible activities) (A.2)	28,757	35%	35%	0%	0%	0%	0%	0%	0%	21%
A. Capital expenditure on taxonomy-eligible activities (A.1+A.2)	57,689	69%	49%	0%	20%	0%	0%	0%	0%	57%

B. ACTIVITY NOT ELIGIBLE UNDER THE TAXONOMY

Capital expenditures for activities that are not eligible for taxonomy	25,489	31%
TOTAL	83,178	100%

Tab. 28 Share of Taxonomy-eligible capital expenditure by environmental objective

	Share of capital expenditure/ Total capital expenditure	
	Alignment with the taxonomy by environmental objective	Eligibility under the taxonomy by environmental objective
CCM	15%	49%
CCA	0%	0%
WTR	20%	20%
CE	0%	0%
PPC	0%	0%
BIO	0%	0%

**) Following a reassessment of the Apator Group's activities - particularly the identification in 2024 of two categories within environmentally unsustainable yet taxonomy-eligible activities (6.5 Transport by motorcycles, passenger cars and light commercial vehicles, and 7.7 Acquisition and ownership of buildings), which had not been identified in the 2023 report - the data for that period has been recalculated to ensure comparability with 2024. The originally disclosed percentage share of capital expenditure for taxonomy-aligned activities amounted to 59%.*

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Tab. 29 Percentage of operating expenditure on products or services related to systematically compliant business activities

Financial year N	Year		Substantial Contribution Criteria							Criteria - Do No Significant Harm					Minimum safeguards (17)	Share of Taxonomy-aligned (A.1) or Taxonomy-eligible (A.2) Operating expenditure, year N-1 (18)	Category supporting activities (19)	Category transition activities (20)	
	Code or codes (2)	Operating expenditure (3)	Percentage of operating expenditure, year N (4)	Climate change mitigation (5)	Adaptation to climate change (6)	Water and marine resources (7)	Pollution (8)	Circular economy (9)	Biodiversity (10)	Climate change mitigation (11)	Adaptation to climate change (12)	Water and marine resources (13)	Pollution (14)	Circular economy (15)					Biodiversity (16)
Business activities (1)		Currency	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	Y	
A. ACTIVITIES ELIGIBLE FOR TAXONOMY																			
A.1. Types of environmentally sustainable activities (taxonomy-compliant)																			
3.20. Manufacture, installation, and servicing of high, medium and low voltage electrical equipment for electrical transmission and distribution that result in or enable a substantial contribution to climate change mitigation	CCM 3.20	204	1%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	4%	E	
3.5 Manufacture of energy efficiency equipment for buildings	CCM 3.5	71	0%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	2%	E	

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4.1. Electricity generation using solar photovoltaic technology	CCM 4.1	0	0%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0%		Y
4.9. Distribution of electricity	CCM 4.9	1,618	11%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	18%	E	
4.10 Storage of electricity	CCM 4.10	0	0%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0%	E	
8.2 - Data-driven solutions for GHG emissions reductions	CCM 8.2	0	0%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0%	E	
1.1. Manufacture, installation and associated services for leakage control technologies enabling leakage reduction and prevention in water supply systems	WTR 1.1	820	6%	N/EL	N/EL	Y	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	11%	E	
4.1. Provision of IT/OT data-driven solutions for leakage reduction	WTR 4.1	825	6%	N/EL	N/EL	Y	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	1%	E	
Operating expenses for environmentally sustainable activities (taxonomy-compliant) (A.1)		3,539	24%	13%	0%	11%	0%	0%	0%								36%		
including supporting activities,		3,539	24%	13%	0%	11%	0%	0%	0%								0%		
including activities supporting the transition		0	0%	0%	0%	0%	0%	0%	0%								36%		

A.2 Activities eligible for taxonomy but not environmentally sustainable (taxonomy-non-eligible activities)

4.9. Distribution of electricity	CCM 4.9	774	5%	N	N/EL	N/EL	N/EL	N/EL	N/EL								10%		
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WTR	11%	11%
CE	0%	0%
PPC	0%	0%
BIO	0%	0%

**) Following a reassessment of the Apator Group's activities - particularly the identification in 2024 of two categories within environmentally unsustainable yet taxonomy-eligible activities (6.5 Transport by motorcycles, passenger cars and light commercial vehicles, and 7.7 Acquisition and ownership of buildings), which had not been identified in the 2023 report - the data for that period has been recalculated to ensure comparability with 2024. The originally disclosed percentage share of operating expenditure for taxonomy-aligned activities amounted to 55%*

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NUCLEAR AND GAS RELATED ACTIVITIES IN TERMS OF THE EU TAXONOMY

Disclosure in accordance with Annex III of Commission Delegated Regulation (EU) 2022/1214, supplementing Commission Delegated Regulation (EU) 2021/2178 with Annex XII on standard templates for the disclosure referred to in Article 8 sec. 6 and 7. – i.e. for nuclear and fossil gas related activities.

The following information is the same for turnover, Capex and Opex.

Tab. 31 Nuclear and fossil gas related activities

Row	Nuclear energy related activities	
1	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	YES/ <u>NO</u>
2	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	YES/ <u>NO</u>
3	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	YES/ <u>NO</u>
Row	Fossil gas related activities	
4	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	YES/ <u>NO</u>
5	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	YES/ <u>NO</u>
6	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	YES/ <u>NO</u>

Due to the fact that in 2024 the Apator Group did not conduct, finance, or hold any exposure to activities related to nuclear energy or natural gas, only Formula 1 from Annex XII to the Regulation on the content and presentation of taxonomy disclosures was used, making use of the exemption from the remaining disclosure requirements (formulas).

15.3. ESRS S1 Social issues

15.3.1. ESRS S1 - Own Workforce

15.3.1.1. SBM-3 - Material impacts, risks and opportunities and their interaction with strategy and business model

The key issues identified by the Group and its stakeholders in this area include:

- a) negative impacts in terms of:
 - the potential occurrence of individual occupational accidents;
 - the existence of a pay gap in certain positions;
- b) positive impact in terms of social dialogue, cooperation with trade unions, consultation between the employer and employees in areas relevant to the company, and the actual influence of employee representatives on the development of remuneration principles and employee rights.
- c) risks related to:
 - maintaining high technical competencies within the Group and retaining experienced employees due to wage pressure;
 - the lack of succession plans for key employees with critical competencies, which may lead to increased operating costs or the loss of the ability to produce certain products;
 - employee data leakage due to the number of employees, which may expose the company to financial penalties
- d) opportunities related to:
 - working conditions, in particular occupational safety, job stability and high employment standards, as a means of retaining and attracting highly qualified employees;
 - maintaining flexible working hours for non-production employees, enabling easier and more effective reconciliation of work and private life, and allowing individuals whose personal circumstances make it difficult to work fixed hours (e.g. parents of young children) to take up employment;
 - the implementation of a competency assessment model, development and succession plans, and closing the pay gap as an opportunity to retain the most valuable employees and build their engagement.

Apator Group companies operate in the technology and industrial sectors, where the specialised knowledge of employees is essential for the effective achievement of business and operational objectives. The Apator Group’s business model is based on product innovation as a competitive advantage, which is why the Group attracts qualified employees and retains key staff competencies by providing stable employment conditions, employee development policies, and flexible working hours that enable effective work-life balance.

The majority of Apator Group employees are employed under employment contracts. A small proportion are self-employed individuals (3.7% of the total workforce) and temporary workers employed through staffing agencies - in some companies, such as Apator Powogaz, they account for up to 20% of the workforce. Detailed employment structure data is presented in section S1-6.

The Apator Group consistently pursues a policy of ensuring employment safety and stability, recognising the employment contract as the primary form of employment. Exceptions apply in cases where the candidate prefers self-employment - in such cases, a service contract is concluded. Manufacturing companies maintain a relatively low share of temporary workers, which allows for flexible responses to changing customer orders.

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The Apator Group improves standards of employment, development, and attractive working conditions in order to retain qualified employees, particularly in view of ongoing automation of processes that require skilled specialists to operate them. To attract and retain key competencies, the Group provides flexible working hours for non-production employees, which allow for a better balance between work and private life, and ensures effective dialogue processes between employer and employees in areas relevant to the company.

Employee representatives have a real influence on shaping remuneration principles and employee rights, including the reduction of overtime through negotiations within existing collective agreements, which positively impacts job satisfaction. The Apator Group systematically implements and improves the highest occupational health and safety (OHS) standards and takes measures to minimise workplace accidents and eliminate the causes of occupational diseases. The companies have implemented Personal Data Protection Policies to ensure the processing of employees' personal data is in compliance with applicable legal provisions, an Information Security Management System, and IT security instructions that define the rules and actions related to employee data protection and specify employee responsibilities regarding information and system security (see section G1-1 for more information).

The Group sees opportunities in improving HR processes and tools, including the implementation of a competency assessment model, employee development plans, and succession plans for key personnel, in the context of minimising risks associated with the departure of employees possessing critical skills.

The Apator Group has not identified any risk of child labour or forced labour within its operations. Certain production processes may require work on public holidays. These decisions are made in accordance with applicable regulations and with the provision of appropriate compensation for employees.

15.3.1.2. ESRS S1-1 Policies related to own workforce

The Apator Group has implemented a number of policies governing key principles relating to employment, ethics, and working conditions covering its own human resources. These policies set out standards of conduct, company commitments, and mechanisms to ensure the protection of employee rights and equal treatment.

The [Apator Group Code of Ethics](#), which defines standards of conduct and corporate values: responsibility, development, cooperation, and agility, which all employees, management, and the Management Board are required to comply with. The Code specifies the rules governing internal relations between employees, promoting a culture of mutual respect and transparency;

The Apator Group [Human Rights Policy](#) was developed on the basis of international human rights protection standards, including:

- International Bill of Human Rights,
- Fundamental conventions of the International Labour Organization (ILO),
- OECD Guidelines for Multinational Enterprises,
- United Nations Guiding Principles on Business and Human Rights.

Within this Policy, the Apator Group companies commit to their employees to:

- prevent discrimination and practices that violate human dignity,
- refrain from using forced labour and child labour,
- respect the right to freedom of association and collective bargaining,
- protect employee health,
- respect the rights to privacy and family life,
- create conditions for safe and decent work,
- apply legal sanctions in the event of human rights violations, including notifying the relevant authorities or terminating the employment contract.

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The application of the principles and values set out in the Code of Ethics and the Human Rights Policy ensures high standards of work and supports the retention and attraction of highly qualified employees.

The Work Rules in force in the individual Apator Group companies set out the rights and obligations of employees and employers and the rules of equal treatment in employment. They regulate matters such as working time, accident prevention and the provision of personal protective equipment, the protection of women and young workers, and information obligations related to employees' right to privacy. In some companies, the Work Rules also define procedures in cases of mobbing, while in other companies, separate documents regulate this issue. In the event of violations of employee rights, the Work Rules provide, in accordance with the Labour Code, for the use of appeal procedures. The Management Boards of individual companies are responsible for implementing and supervising the Work Rules.

Provisions in the Work Rules regarding the use of flexible working hours for non-production employees create opportunities for easier and more effective reconciliation of work and private life, and for employment of individuals whose personal circumstances make fixed working hours difficult.

The Management Boards of individual companies are responsible for implementing and supervising the above-mentioned policies.

The rules governing **employee remuneration** and the elements of the incentive system are defined in the Remuneration Regulations of individual Apator Group companies. In the case of Apator SA, FAP PAFAL and Apator Powogaz, these matters are addressed in the Collective Labour Agreement. This Agreement outlines cooperation between the employer and trade unions, which translates into a tangible and positive influence of employee representatives on the design of employee remuneration rules.

These documents are in force at all locations of the Apator Group. However, the provisions of anti-mobbing policies, the Labour Code, Remuneration Regulations or the Collective Labour Agreement may differ in terms of implementation details due to the varying scale and organisational structure of the Group's individual entities.

To ensure consistency in this area, the **Apator Group Human Resources Policy** has been developed. It covers key areas related to human resources management, including:

- principles and processes for implementing and respecting human and labour rights within the organisation (including prevention of child and forced labour, prohibition of discrimination, anti-mobbing policy, rules for social dialogue, freedom of association and the right to collective bargaining),
- strategy for recruitment, remuneration, development and retention of key personnel,
- promotion of diversity, inclusiveness and equal opportunities in the workplace, and the creation of an environment in which each employee feels respected and accepted, regardless of gender, age, origin, sexual orientation or religion,
- ensuring safe working conditions by creating ergonomic workplaces, eliminating occupational hazards, and providing occupational health and safety education,
- dialogue with employees and trade unions, and open and transparent internal communication.

The Human Resources Policy mitigates risks related to challenges in retaining employees with high technical competencies and experience in the context of wage pressure. At the same time, it sets out measures aimed at reducing the occurrence of the pay gap. It supports the retention and attraction of highly qualified employees by ensuring decent and safe working conditions, high standards and stable terms of employment, as well as by implementing a competence assessment model and related development plans. The Policy also describes the cooperation between the employer and trade unions, consultations between the employer and employees on key business matters, and the actual influence of employee representatives on the design of remuneration rules and labour rights.

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The **Information Security Management System** is part of the Apator Group's Integrated Management System, referring to the establishment, implementation, operation, monitoring, maintenance, and improvement of information security, and is the basis for ensuring cyber security in the Apator Group within the meaning of the Act on the National Cybersecurity System.

The Apator Group's **personal data protection policy** - whose purpose is to define the principles of personal data processing security, setting out guidelines and rules of conduct for the proper use, flow, modification, protection, and retention of personal data collected by the controller, both in electronic and paper form.

Both the Information Security Management System and the Apator Group's Personal Data Protection Policy minimize the risk of personal data leaks.

Safe Work Procedures implemented in individual companies of the Apator Group and the **Occupational Health and Safety Management System** compliant with ISO 45001, the purpose of which is to describe the processes and principles:

- ensuring working conditions in accordance with legal requirements at all workstations,
- minimising the impact of harmful factors at workstations,
- organising workstations in terms of work ergonomics in accordance with legal requirements,
- conducting occupational health and safety training.

These procedures minimise risk and thus protect against the negative impact of potential individual accidents at work.

The above documents are available to employees on the Intranet. Apator, Apator Metrix, Apator Powogaz, FAP PAFAL and Apator Telemetria have implemented an Occupational Health and Safety Management System compliant with the ISO 45001 standard.

The companies monitor compliance with the above-mentioned policies/procedures by implementing a breach reporting system and conducting regular employee satisfaction and engagement surveys.

The Apator Group has not yet secured any policy to address the risk associated with the lack of succession plans for key employees. It has set itself the goal of developing a succession and talent management policy.

15.3.1.3. ESRS S1-2 Processes for engaging with own workers and workers' representatives about impacts

The Apator Group has adopted procedures for cooperation with employees and their representatives on issues related to the impact, risks and opportunities concerning employment. This process is based on social dialogue at the company level, regular consultations and meetings, and mechanisms for collecting opinions and feedback from employees.

Apator Group employees are represented by:

- Trade unions – operating within the Group companies,
- Employee representatives – elected in some companies, e.g. Apator Rector and Apator Telemetria

The management boards regularly meet with employee representatives to discuss key issues such as:

- work organisation,
- employment conditions and remuneration,
- company's financial situation,

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- changes to regulations and internal policies.

During these meetings, solutions to problems and corrective action plans are developed.

Once a year, discussions are held regarding the pay rise policy for the upcoming year. Both parties – employee representatives and the Management Board – present proposals for amendments to the Work Regulations and the Collective Labour Agreement (CLA). The negotiated solutions are formalised in the form of a protocol, which is then made available to employees via the HR platform and as updated regulatory documents.

Some proposed changes are consulted directly with employees through anonymous surveys. This applies in particular to:

- the sale of assets (e.g. holiday centres),
- the organisation of company and integration events (e.g. employee picnics).

All information on the implementation of new projects, personnel changes, or company strategy is continuously communicated to employees through the communication channels in place at the respective Group company, as well as via internal newsletters.

As part of a transparent information policy, the following meetings are held:

- twice a year – meetings between the Management Board and all employees,
- once per quarter – meetings between the Management Board and the managerial staff,
- once a week – meetings between the Management Board and division directors.

Supervisors and team leaders are required to relay information obtained during meetings with their line managers to employees. If supervisors require support in communication, the HR department provides assistance. This applies in particular to: changes in the remuneration system, changes to working time arrangements, or communication with employees with special needs (e.g. speech impairments).

The employer identifies issues and potential conflicts through feedback from trade union representatives and HR staff. Each such situation is discussed by the Management Board and the trade union representatives. Both parties propose solutions, and an agreement is reached through dialogue. Apator Group companies have not been involved in, nor are currently involved in, any collective labour disputes.

15.3.1.4. S1-3 Processes to remediate negative impacts and channels for own workers to raise concerns

The Apator Group has implemented mechanisms for reporting concerns, needs and complaints, providing employees with various communication channels and procedures for protecting whistleblowers.

Employees can report their concerns, needs and complaints to:

- their immediate superior or a higher-level manager, including the CEO,
- the HR department,
- trade union representatives.

In addition, formal channels for reporting violations are available:

- reports in accordance with the Whistleblower Protection Act – a form and detailed procedure are available on the website www.apator.com and on the internal portal,
- e-mail reports – reports can be sent to compliance@apator.com.
- paper reports – in accordance with the anti-bullying policy, requests are submitted to the HR Department.

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The procedures for handling reports include the handling of:

- named reports, which are officially recorded and investigated in accordance with the procedures in force at the Apator Group.
- anonymous reports, which are not formally covered by the standard procedure, but the employer takes verification measures to check the validity of the report and, if necessary, implement appropriate corrective measures.

The companies of the Apator Group have implemented policies to protect whistleblowers and other persons reporting violations, including employee representatives, against retaliation. The procedure for handling reports of violations submitted through formal channels is described in section G1-1.

In the event of a violation of the anti-mobbing policy, the employer appoints a committee composed of representatives of trade unions/employees, an HR employee and employees of the compliance team. The committee is required to interview witnesses, issue an opinion and recommendations, and submit them to the employer, inform the parties concerned of the outcome of the proceedings and further actions.

Employees are aware of the existence of these channels, as evidenced by the reports submitted.

In terms of occupational health and safety, the Apator Group, in accordance with the principles adopted in ISO 45001, assesses the effectiveness of the accident prevention procedures implemented through their repeatability and conducts training to raise employee awareness of their causes.

15.3.1.5. S1-4 Taking action on material impacts on own workforce, and approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions

The Apator Group companies recognise their impact on employees as well as the associated risks and opportunities, resulting from factors such as demographic trends, wage pressure, talent shortages, and the risk of losing key personnel.

In order to mitigate the risks related to workplace accidents, the Apator Group undertook the following actions during the reporting year:

- implementing preventive measures and technical and organisational safeguards to eliminate or reduce identified risks,
- organising regular occupational health and safety (OHS) training sessions, in accordance with ISO 45001 requirements and tailored to the specific characteristics of individual job positions;
- fostering a safety culture through awareness campaigns, workshops, and initiatives promoting safety and responsibility;
- ensuring quick access to first aid (e.g. first aid room, AED defibrillator);
- applying collective protective measures, such as safety barriers, ventilation systems, and other technical safeguards.

The effectiveness of the occupational health and safety measures is assessed based on the analysis of accident-related indicators, as described in section S1-14.

To address the occurrence of pay gaps in certain positions, work was initiated in 2024, and will continue in 2025, on the following initiatives:

- conducting a comprehensive job evaluation process covering 100% of positions,
- developing a pay scale with clearly defined salary range,

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- reviewing and revising the bonus scheme to enhance the transparency of performance-based remuneration rules,
- creating competency and skills matrices to better align remuneration with qualifications,
- establishing an employee appraisal system including a review of competency levels and task performance,
- implementing a pay increase system based on performance appraisals and salary range, enabling fairer and more predictable mechanisms for salary progression.

As a result of social dialogue conducted in 2024:

- a) in Apator S.A.:
 - salary range has been adjusted,
 - a task-based bonus was introduced for the management team and strategic procurement department,
 - the bonus percentage was increased in the Business Support and Sales departments,
 - the annual limit of overtime hours was reduced.
- b) in Apator Powogaz S.A.:
 - the “freeze” on the amount of the transport allowance was extended,
 - a new application form for benefit packages, a new version of the income declaration, and a new provision regarding holiday gift cards for children were added to the Company Social Benefits Fund Regulations, which forms an annex to the Collective Labour Agreement,
 - a performance-based bonus linked to the level of achievement of KPI indicators was introduced, and its amount was increased during the year from 3% to 5%.

To mitigate risks related to wage pressure in 2025, the Group plans to develop a remuneration system based on job evaluation and defined salary range, as well as benchmarking against market data. Additionally, to reduce the risk of losing key personnel, the Group intends to prepare a succession plan for critical positions, which will include key training and skills development paths for the employees covered by the plan.

To minimise the risk of employee privacy breaches, in 2024 the Group undertook actions within the ISO 27001 framework, including:

- classification of HR documents,
- defining rules and storage locations to ensure legally required retention of employee data,
- conducting social engineering tests aimed at obtaining employee data from colleagues.

To capitalise on the opportunities related to flexible working hours, the Group maintained in 2024 a system of flexible working time and remote work arrangements for non-manual positions.

In 2025, further development of employee skills is planned through the implementation of a performance appraisal system covering the review of both competence levels and task execution.

Apator Group companies systematically monitor key indicators such as employee turnover, absenteeism, and employee satisfaction (based on survey results), enabling early identification of risks and implementation of corrective actions.

15.3.1.6. S1-5 Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

The Group has not adopted targets consistent with MDR-T, but monitors the effectiveness of its policies and actions. In accordance with the integrated ISO management system implemented in some of the Group companies, the companies define a plan of objectives and tasks on an annual basis. In order to reduce the negative impact on their own human resources related to accidents, manufacturing companies monitor

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accident rates. With regard to objectives in the area of human resource management processes, Apator SA monitors turnover rates, and Apator Powogaz monitors the training plan implementation rate (number of employees trained/planned [%]).

As part of the ESG Strategy for 2025-28 published in December 2024, the Apator Group plans to adopt medium- and long-term objectives in 2025 (for more details, see the General Information section, SBM-1 Strategy, business model and value chain).

Other objectives relating to own employees

The Apator Group's objectives for its own resources for 2025 focus on improving working conditions, increasing the transparency of remuneration and appraisal systems, and streamlining HR process management.

15.3.1.7. S1-6 - Characteristics of the undertaking's employees

Tab. 32 Number of Apator Group employees by gender

Employment in the Apator Group by gender		2024
Total number of employees - as of the end of the year [positions]		
1. women [positions]		1,042.9
2. men [positions]		1,245.4
Total [1+2]		2,288.3

Information on employment is included in item 7.34 of the consolidated financial statements of the Apator Group for 2024. The data in the table above does not include Apator Mining, hence the difference between the figures above and the financial statements.

The Apator Group employs staff in Poland, the Czech Republic, Denmark and Germany. In 2024, employment in any country other than Poland did not account for at least 10% of the Group's total workforce. The largest foreign company is the Czech company Metra, which employed 143 people at the end of 2024, representing slightly over 6% of the total number of employees (full-time positions) in the Apator Group.

Tab. 33 Number of Apator Group employees by type of contract, broken down by gender

Employment in the Apator group of companies by type of contract		2024
1. contracts for an indefinite time [positions], including:		1,867.5
women [positions]		824.7
men [positions]		1,042.8
2. contracts for a specified time [positions], including:		384.6
women [positions]		204.3
men [positions]		180.3
3. contracts for a trial period [positions], including:		36.0
women [positions]		14.0
men [positions]		22.0
4. Employees with no guarantee of fixed working hours*		0.3
women [positions]		-
men [positions]		0.3
Total [1+2+3+4]		2,288.3
Employment at branches other than the companies' headquarters [FTEs]		159.8

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*) *Employees with no guaranteed hours are engaged by the entity without a contractual guarantee of a minimum or fixed number of working hours. Work may be required depending on operational needs, but the entity is not contractually obliged to offer a minimum or fixed number of hours per day, week, or month. This category includes casual workers, zero-hour contract workers, and on-call workers.*

The definitions of full-time and part-time employees are consistent across countries of employment. For other categories of workers, the table below compares the definitions applied.

Tab. 34 Definitions of employment

Employment category	Poland	Czech Republic	Germany	Denmark
Temporary workers	Temporary workers are employed by a temporary employment agency and assigned to perform work for a user employer. Temporary work is typically seasonal, periodic, ad hoc, or related to replacing absent employees. Temporary employment is governed by the Act on the Employment of Temporary Workers.	Temporary workers are employed by a temporary employment agency and assigned to perform work for a user employer. Temporary work in the Czech Republic is typically seasonal, periodic, ad hoc, or related to replacing absent employees. The maximum period of employment of a temporary worker with one user employer is 18 months within 36 months	Temporary workers are employed by a temporary employment agency and assigned to perform work for a user employer. Temporary work in Germany is typically seasonal, periodic, ad hoc, or related to replacing absent employees. The maximum period of employment of a temporary worker with one user employer is 18 months	<p>A temporary worker is a person employed by a temporary employment agency and assigned to work at a user company for a specified period of time. Temporary workers must be employed under the same conditions as permanent employees of the company where they perform temporary work. This means that they are entitled to the same working conditions, remuneration, breaks, rest periods and other benefits.</p> <ul style="list-style-type: none"> ▪ <i>Temporary work can be seasonal, periodic or occasional</i> ▪ <i>Temporary work may be performed when the timely completion of work by employees employed by the user employer would not be possible</i> ▪ <i>Temporary work may be performed when the performance of the work is the responsibility of an absent employee employed by the user employer</i>
Full-time employees	Full-time employees work in accordance with the applicable working time standards, which amount to 8 hours per day and an average of 40 hours per week over the adopted settlement period	Full-time employees in the Czech Republic work in accordance with working time standards of 8 hours per day and an average of 40 hours per week over the adopted settlement period	Full-time employees in Germany work according to working time standards amounting to an average of 39 hours per week.	In some locations, full-time employment is defined as 37–37.5 hours per week, Monday through Friday.

Tab. 35 Number of employees of the Apator Group by working hours

Employment in the Apator Group by working hours				2024
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Total number of employees - as of the end of the year [persons]	
1. full-time employees [persons], including:	2,269
women [persons]	1,031
men [persons]	1,238
2. part-time employees [persons], including:	29
women [persons]	15
men [persons]	14
Total [1+2]	2,298

Tab. 36 Changes in employment, turnover ratio in Grupa Apator

	2024
Number of departures from employment [persons]	360
Employment turnover ratio*	15.70%

*) *The employee turnover rate is calculated using the formula: (Number of employee departures during the year [persons] / Number of employees at year-end [persons]) * 100.*

None of the metrics presented in disclosure S1 were verified by any external body other than the assurance service provider.

15.3.1.8. S1-8 - Collective bargaining coverage and social dialogue

Collective labour agreements concluded within the Apator Group apply to the EU and are in force in four companies in Poland: Apator SA, FAP PAFAL, Apator Metra and Apator Powogaz. No European Works Council has been established within the Apator Group.

Due to the fact that none of the foreign companies within the Apator Group meets all of the following conditions:

- employment exceeding 10% of the total employment in the Apator Group,
- employment exceeding 50 employees,

the data is therefore presented without a breakdown into foreign and Polish companies.

Tab. 37 Scope of collective bargaining and level of unionisation

[%]	PERCENTAGE OF EMPLOYEES COVERED BY A COLLECTIVE LABOUR AGREEMENT*	PERCENTAGE OF EMPLOYEES MEMBERS OF THE TRADE UNIONS
	COMPANIES WITHIN THE EEA	COMPANIES OUTSIDE THE EEA E
0–19 %	Apator Rector, Apator Metrix, Apator Telemetria, Apator Miitors	Apator Rector, Apator Miitors, Apator Telemetria, Apator Metrix
20–39 %		Apator SA, FAP Pafal, Apator Metra
40–59 %		Apator Powogaz
60–79 %		
80–100 %	Apator SA, FAP Pafal, Apator Powogaz, Apator Metra	

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*) Indicator calculated according to the formula: (Number of employees covered by collective agreements as at 31 December 2024 / number of employees as at 31 December 2024) * 100.

***) Indicator calculated according to the formula: (Number of employees who are members of trade unions as at 31 December 2024 / number of employees as at 31 December 2024) * 100.

15.3.1.9. S1-10 - Adequate wages

The companies will comply with applicable regulations on minimum wages. Only employees who are undergoing training to perform independent work in production positions will receive the minimum wage.

Tab. 38 Adequate remuneration in the Apator Group

Period	2024
Percentage of employees receiving remuneration below the established adequate remuneration level	0%

15.3.1.10.S1-11 - Social protection

In 2024, all employees (persons employed under an employment contract) of the Apator Group were covered by social protection under public programmes.

15.3.1.11.S1-13 - Training and skills development metrics

Tab. 39 Training and skills development indicators

	WOMEN	MEN	TOTAL
Percentage of employees who participated in regular performance and career development reviews*	16%	24%	20%
Average number of hours of training per employee**	8.3	12.9	10.8

* Indicator calculated using the formula: (Number of employees who participated in regular performance and career development reviews [individuals] / Total number of employees at year-end [individuals]) * 100

** Indicator calculated using the formula: (Total number of training hours completed [hours] / Total number of employees at year-end [individuals])

The data used to calculate the indicators was provided from the internal training systems/registers of individual companies.

15.3.1.12.S1-14 - Health and safety metrics

At the Apator Group, 100% of employees are covered by occupational accident insurance.

Tab. 40 Accidents

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Percentage of own workforce covered by an occupational health and safety management system based on legal requirements and/or recognised standards or guidelines.	100%
Number of work-related fatalities among own employees due to injuries and work-related ill health.	0
Number of work-related fatalities among other workers operating on the company's premises due to injuries and work-related ill health.	0
Number of recorded accidents at work involving own employees.	8
Rate of recorded accidents at work involving own employees.	23
Number of recorded cases of work-related ill health among employees.	0
Number of lost days due to work-related injuries, ill health, and fatalities resulting from work-related ill health.	1,203

15.3.1.13.S1-16 - Compensation metrics (pay gap and total compensation)

The total remuneration ratio in the Apator Group for 2024 was 10.41 (total remuneration of the highest-paid person / median total remuneration of employees, excluding the highest-paid person).

The pay gap for the Apator Group for 2024 was 33.52%. (the pay gap was calculated based on the average total remuneration of all men and women, including basic remuneration, bonuses, awards, additional benefits, i.e. financing and co-financing of: life insurance, health insurance, sports cards, company cars for private use, commuting, meals, etc.).

The high wage gap in the Apator Group results from the specific nature of individual companies within the Apator Group and the specific nature of the technical industry in which the Apator Group operates. The impact of the company's technical profile on the wage gap results primarily from:

1. Segmentation of positions by gender

In technical companies, such as the Apator Group companies (electronics manufacturing, automation, programming), there is often a high concentration of men in specialist, engineering and managerial positions, which are better paid. Women, on the other hand, are more often employed in production, support or administrative positions due to their manual skills, accuracy or type of education, which are lower paid.

2. Lack of women in high-paying technical specialisations

The absence of women (lack of technical education) in high-paying technical specialisations (e.g. process engineer, technical project manager, designers, programmers, technologists, etc.) significantly contributes to the widening of the pay gap.

Considering the above, calculating the unadjusted pay gap for the Apator Group due to its technical specificity is not an adequate way to show the actual pay gap. Therefore, the Apator Group has decided to carry out a project aimed at standardising job titles, conducting job evaluations and developing a remuneration tariff for the entire Group. This will enable the Apator Group to calculate the adjusted pay gap and take measures to reduce the gap at individual employment levels (job categories).

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15.3.1.14.S1-17 - Incidents, complaints and severe human rights impacts

15.3.1.15.

In 2024, no incidents of human rights violations were reported, i.e. no lawsuits were filed against any of the Group companies for human rights violations, no formal complaints were registered through internal reporting channels or third parties, and no penalties, fines or compensation were imposed.

Tab. 41 Employee complaints in the Apator Group

Number of cases of discrimination.	0
Number of complaints submitted through internal channels by own employees to raise concerns.	0
Number of complaints submitted to the OECD National Contact Points for Multinational Enterprises.	0
Total amount of fines, penalties, and compensations related to breaches of social and human rights standards.	0
Number of serious human rights issues and incidents related to own workforce.	0
Number of serious human rights incidents involving own workforce that constitute non-compliance with the UN Guiding Principles and the OECD Guidelines for Multinational Enterprises.	0
Amount of significant fines, penalties, and compensations related to serious human rights issues and incidents involving own workforce.	0

The data contained in the table above comes from the Apator Group's compliance team.

15.3.2. ESRS S2 Value chain workers

15.3.2.1. Characteristics of value chain workers

The Apator Group specialises in the production of a wide range of products and solutions for the metering of electricity, gas, heat and water, security systems and devices for power, water and gas networks. In the manufacturing process of these products, which require commercial components and, to a large extent, customised components, the Apator Group companies cooperate with a wide range of suppliers and subcontractors operating in Poland, Europe, as well as in Asia and North America (for more information on cooperation with suppliers, see section G1-2 - Management of relationships with suppliers).

Workers performing tasks within the supply chain are employees of suppliers, divided into suppliers of production materials (BOM – Bill of Materials) and suppliers of services (e.g. cleaning, security, installation services). Apator Group has a real and direct impact on individuals working on its behalf outside the Group in the case of service providers' employees. Before commencing any work on the premises of group companies, such individuals are informed about the rules applicable on-site, including the guidelines set out in the OHS training sheet for external workers operating on company premises.

Apator Group's value chain also includes employees of its customers, with whom the Group companies cooperate at various stages of product development, distribution, and operation (e.g. technical support, maintenance services). The Group's customers operate mainly in Europe, with a smaller share outside Europe, particularly in South America (e.g. Brazil).

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15.3.2.2. SBM-2 - Interests and views of stakeholders

The materiality assessment conducted in 2024 among the stakeholders of the Apator Group included a survey in which representatives of entities in the Group's value chain participated. They had the opportunity to identify areas and issues of sustainable development that should be addressed in the Apator Group's strategy, as well as to assess the Group's effectiveness in responding to sustainable development challenges. The assessments of stakeholders were included in the Apator Group's ESG Strategy for 2025-28, published in December 2024. The strategy includes, among other things, a commitment to assess suppliers taking into account ESG criteria. The supplier assessment tools currently being developed will take into account issues related to the rights and interests of employees in the value chain.

15.3.2.3. ESRS 2, SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model

The key issues identified by the Group and its stakeholders in this area include:

- Due to the specific nature of its operations, the Apator Group identifies potential negative impacts on employees in the value chain related to their health and safety at work. The extensive value chain makes it difficult to obtain comprehensive knowledge on this subject, but the Apator Group plans to improve its procedures for managing supplier relations in the context of sustainable development.

The Apator Group's business model influences the way it cooperates with customers, suppliers and business partners, which may also have an indirect impact on the employees of our business partners. In terms of customer relations, the Apator Group companies cooperate with customer representatives to identify requirements, fulfil orders, and exchange information and knowledge about the solutions and technologies provided to customers by the Group. With regard to suppliers' employees, the companies maintain relations with suppliers' representatives who are directly responsible for cooperation with the Group. The strategy and business model of the Apator Group (providing specialised technical solutions) means that the employees of customers, business partners and suppliers must have the necessary skills, knowledge and tools provided by their employers. By imposing high technical, quality and ethical requirements on its suppliers and business partners, the Apator Group indirectly influences its partners, obliging them to provide their employees with the necessary working conditions and to develop their competences.

Operating on a large scale and cooperating with contractors on different continents, the Group identifies the risk of human rights and labour rights violations in its supply chain, particularly with regard to working conditions at suppliers and subcontractors. Due to the extensive scope of the supply chain, there is a risk of human rights violations in the areas of forced labour, child labour and privacy at suppliers and subcontractors, especially in the case of raw material mines and rare earth metal extraction. Although the company has not yet reported any cases of forced labour or illegal employment, in high-risk regions such as Asia and South America, the possibility of such violations is more difficult to verify.

Apator cooperates with contractors (suppliers and customers) located in Asia (China, Taiwan, South Korea, Japan), South America (Brazil), North America (USA) and Europe. Risks related to human rights and environmental disasters (floods, typhoons, earthquakes) occur primarily in Asian countries. Environmental disasters (floods, fires, etc.) also affect other regions where the Apator Group's customers and suppliers operate. The geographical distribution of contractors increases the risk of natural disasters having a negative impact on their operations and on the safety of employees.

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Apator does not have full control over all risks (especially those resulting from random events), but as part of its ESG Strategy, it implements supplier relationship management procedures that mitigate some of the risks (risks in the area of supplier management are monitored and managed as part of the organisation's risk management process, but they do not address specific issues related to employees in the value chain). The companies conduct audits of selected suppliers and verify, to a certain extent, their compliance with ESG criteria. The audits are conducted on the basis of annual audit plans. They mainly include monitoring of working conditions and compliance with health and safety regulations and, to a lesser extent, assessment of employment practices. In 2025, audits of suppliers are planned using VTrust forms, which will allow for a more detailed analysis of risks in the area of employee rights and occupational safety.

With regard to the lower value chain, the products offered by the Apator Group are used by professionals and meet all technical and industry standards and legal requirements, which minimises their potential negative impact on the employees of customers and recipients (this applies to employees of distribution system operators, energy services, installation and maintenance services who install/service products such as gas meters, electricity meters, disconnectors and other types of specialised equipment used in energy distribution networks).

As a result of the ongoing energy transition in Europe, the reduction in the use of natural gas may lead to a decrease in demand for Apator Metrix products, and thus to lower demand for the products and solutions offered by this business segment, which may also affect the operations of suppliers. On the other hand, as the Group's main area of activity includes the provision of solutions supporting the energy transition, the increase in demand for these solutions will also translate into an increase in employment at Apator's suppliers.

The Apator Group actively involves selected suppliers in the product design and development process, which contributes to both increasing their manufacturing capacity and improving production processes. Close relationships and clear rules of cooperation facilitate the exchange of knowledge and experience, which translates into technology optimisation and increased economic and environmental efficiency.

In projects related to the development of new products and process innovations, representatives of strategic suppliers are included in the teams. They participate directly in project work or take part in consultations and the evaluation of new products. The aim of these activities is to verify, together with suppliers, whether the technological and process solutions offered are optimal in terms of economic efficiency and eco-efficiency.

15.3.2.4. ESRS S2-1 Policies related to value chain workers

The purchasing policy in Apator Group is based on the assumption of long-term stable cooperation with suppliers. The Apator Group companies build long term relationships especially with the group of key partners so-called strategic suppliers that play the greatest role in the value chain. Apator expects all its partners to adhere to the highest ethical standards (for more information on cooperation with suppliers, see section G1-2 – Management of relationships with suppliers; a description of business conduct policies is provided in section G1-1).

The basic document defining the requirements of the Apator Group in terms of compliance with ethical principles, including human rights, employee rights, combating human trafficking, forced or compulsory labour, child labour and employee safety rules is the Apator Group Code of Ethics (effective since 2021) and the Apator Group Human Rights Policy (published in January 2025). These documents are approved and supervised by the company's senior management. The provisions of the Code and the Human Rights Policy are addressed to employees, suppliers, subcontractors and other business partners of the Apator Group, and their content is available on the company's website.

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In accordance with the provisions of the **Code of Ethics**, the entities of the Apator Group comply with Polish and international law, including a commitment to respect human rights in accordance with the guidelines of the International Labour Organisation, the UN Guiding Principles on Business and Human Rights, and the OECD Guidelines for Multinational Enterprises. The Apator Group upholds freedom of association and the right to collective bargaining, as well as the right not to be subjected to forced labour, child labour and discrimination in employment and occupation.

In accordance with the **Human Rights Policy** of the Apator Group, the companies undertake the following obligations towards their suppliers and other business partners:

- to support respect for human rights throughout the supply chain,
- to support respect for human rights in cooperation with other business partners,
- to apply a policy for selecting suppliers or other business partners that includes environmental, social and ethical criteria,
- to promote cooperation with those suppliers or business partners who respect human rights,
- to apply legally prescribed sanctions against those suppliers or other business partners who commit human rights violations, including terminating cooperation with them.

The common framework policy for the Group, set out in the form of **group guidelines**, describes the principles of cooperation with suppliers and partners and includes a description of the process and rules for concluding contracts with the guidelines required by the Group, e.g. anti-corruption clauses, compliance with the Apator Group Code of Ethics. Based on these guidelines, each manufacturing company creates its own procedure or purchasing instruction resulting from the specific nature of the purchased materials/services defining the profile of suppliers.

The document that most comprehensively addresses the interests of employees in the value chain is the SUPPLIER GUIDE – MAIN PRINCIPLES AND TERMS OF COOPERATION WITH APATOR METRIX SA, which is also attached to contracts concluded with suppliers. It is based on the guidelines of the Apator Group's Code of Ethics. Point 3.4 of the guide presents the following expectations to suppliers, among others:

- Not employing underage workers in violation of labour laws applicable in the country where the production of goods or provision of services takes place. The standards of the International Labour Organization (ILO) allow for certain exceptions. Refraining from engaging in any form of forced or compulsory labour.
- Respecting workers' rights, including fair compensation and payment for work performed, in accordance with labour laws applicable in the country where the production of goods or provision of services is carried out.
- Ensuring that employed workers have the right to associate freely, are treated equally in employment (non-discrimination), and are provided with appropriate working conditions that comply with applicable labour laws and the relevant standards of the International Labour Organization (ILO).

At Apator SA, the Procurement Procedure contains guidelines regarding the requirement for suppliers to hold management system certificates and/or have an implemented and documented ESG social responsibility strategy or other documents confirming compliance with legal requirements, including those relating to occupational health and safety. At Apator Powogaz, the procedure for selecting suppliers is specified in Instructions for the selection and evaluation of suppliers/partners. Suppliers and partners carry out a self-assessment (based on a self-assessment form) covering mainly business aspects (management, technical, quality and financial issues), and the results of the assessment can be verified during a supplier audit. This makes it possible to verify whether the supplier complies with regulations on child labour, forced labour and other human rights issues. At Apator Telemetria, ESG issues are addressed in the Procedure for the selection and evaluation of suppliers and the implementation of the purchasing process.

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The companies strive to regulate their cooperation on the basis of agreements that contain appropriate ethical clauses. Suppliers undertake to comply with the law, in particular health and safety regulations, to act in accordance with the law, to create a safe workplace, to prevent minors from working, to respect the natural environment, business ethics and fair competition practices. During an audit at a supplier's premises, compliance with working conditions (in particular occupational health and safety issues) is assessed. The results of the audits form the basis for corrective actions and monitoring of the supplier.

The Apator Group's Code of Ethics obliges both suppliers and employees of the Group to comply with the requirements contained therein, but there is no defined system of detailed procedures in the event of violations.

In the case of other suppliers, where the purchased products are of a "catalogue" nature, cooperation is based primarily on ongoing purchase orders, which do not include provisions requiring the supplier to enforce ethical standards. However, the plans for 2025, resulting from the ESG Strategy, include the implementation of statements for suppliers fulfilling individual orders, obliging them to respect the rights of employees and ensure good working conditions for persons performing work on their behalf.

With regard to employees at the bottom of the supply chain, no significant negative impacts have been identified in this area, which is related to the nature of the products launched on the market, as described above. Therefore, the Group does not apply any special policies towards customers and recipients (apart from the Apator Group Code of Ethics applicable to all business partners).

As at the date of this report, the Apator Group has not received any worrying signals or formal reports of negative impacts on employees in the value chain, and therefore the company assumes that any potential negative impacts may be incidental.

15.3.2.5. ESRS S2-2 Processes for engaging with value chain workers about impacts

The Apator Group cooperates with external entities in the value chain at several levels, but the purchasing departments of the companies have no direct contact with or influence on the employees of suppliers and customers and have relatively limited influence on the employees of external companies providing services to the Apator Group (e.g. cleaning services, security services, technical services, temporary agency workers). There is no direct or indirect cooperation with persons performing work in the value chain or their representatives.

The company does not currently undertake any activities aimed at directly learning about the perspectives of employees in the value chain who are particularly vulnerable to marginalisation, such as women, migrant workers or persons with disabilities.

15.3.2.6. ESRS S2-3 Processes to remediate negative impacts and channels for value chain workers to raise concerns

The Apator Group applies the guidelines contained in the document Identification of legal requirements and compliance management (effective since 2019) regarding the procedure for handling violations of employee rights and ethical principles in the value chain.

Stakeholders, including suppliers' employees, may report potential violations via a dedicated email address (compliance@apator.com) or in writing to the company's address in Ostaszewo. Information about this option is also available on the Apator Group's website. To date, the company has not received any signals indicating a need to offer additional communication channels due to the inadequacy of the existing channels. As part of ensuring minimum social safeguards and compliance with Regulation (EU) 2020/852 of the European

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Parliament and of the Council, Apator monitors potential violations by verifying reports in the OECD KPK and Business and Human Rights Resource Centre (BHRRC) databases.

In accordance with the provisions of the Code of Ethics, the Apator Group undertakes to clarify the circumstances of reported irregularities and, if the report is justified, to take corrective action. The Apator Group also undertakes to remedy any negative effects on individuals, employees and communities that it has caused or contributed to, and expects its suppliers to undertake this commitment. In turn, the Human Rights Policy also includes a commitment by the Apator Group companies to actively respond to any violations of human rights and, where possible and justified, to apply appropriate sanctions or inform the relevant authorities of any violations (for more information, see section G1-1).

The methods and procedures for submitting comments from external stakeholders, including value chain employees, as well as information on the number of complaints and violations, are included in G1-1. Companies ensure the confidentiality of the person submitting the report.

In practice, enforcing the above rules at the level of direct interaction with employees of external companies encounters procedural and organisational difficulties (Apator Group employees are not able to obtain information about working conditions, types of contracts, remuneration, etc. directly from their suppliers' employees). Therefore, Apator Group companies are forced to base their actions on the analysis of suppliers' statements and declarations. Audits of strategic suppliers allow, to a certain extent, the identification of negative impacts and the planning of corrective measures. However, due to the large number of suppliers (6,500 entities), the Apator Group is not able to verify all its suppliers in this way, so the actual remedy of negative impacts is limited. Suppliers' employees may report any violations/complaints directly to the company, and the Apator Group undertakes to investigate them.

15.3.2.7. ESRS S2-4 Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities related to value chain workers, and effectiveness of those actions

In line with its Management Policy based on the PN-ISO 45001 standard (Occupational Health and Safety Management System), the Apator Group is committed to ensuring that processes outsourced to suppliers do not pose a risk to their employees, provided that the suppliers comply with the communicated health and safety rules, technical instructions, and safety data sheets for hazardous substances.

Compliance is confirmed by a written protocol. Contractors are required to ensure that their employees assigned to work for the Apator Group hold appropriate qualifications, confirmed by relevant certificates or attestations. Moreover, in accordance with the Apator Group's Code of Ethics, for processes that may have an adverse impact on employees, the environment, or the processes themselves, the parties involved are required to provide all necessary safety-related information and procedures prior to the commencement of work. These standards—set out in procedures, instructions, and supplier guidelines applicable within individual companies—are intended to ensure a high level of health and safety protection across the entire value chain.

The companies ensure appropriate working conditions for security and cleaning service personnel, who are granted access to staff facilities and receive training in fire protection system supervision and operation, CCTV monitoring, access control, as well as information protection and internal procedures governing facility security. Specialist and health and safety training is provided by their respective employers. In addition, all contractor employees present on the premises are familiarised with the occupational health and safety instructions applicable at the respective Group facility.

Strategic supplier selection and cooperation is the responsibility of procurement departments, which take measures to mitigate the risks related to human rights and labour rights violations. The companies have not

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recorded any serious incidents of human rights or labour rights violations among their suppliers. Therefore, apart from the above-mentioned efforts aimed at fostering harmonious cooperation—no additional actions have been taken to improve working conditions in the value chain.

In view of the growing importance of sustainable development, the following actions have been planned for 2025:

- inclusion of ethical clauses in all contracts with suppliers,
- introduction of ESG criteria in supplier audits,
- cooperation with an audit firm based in Asia (ESG audits of suppliers in China),
- collection of ethics declarations from “catalogue” suppliers (i.e. those with whom cooperation is based on purchase orders).

The above measures (except for cooperation with the audit company) do not require any capital expenditure or significant operating costs.

15.3.2.8. ESRS S2-5 Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

The Apator Group does not currently have defined objectives regarding workers in the value chain that would comply with the requirements of ESRS MDR-T. However, under the ESG Strategy implemented in December 2024, a commitment was made to build responsible partnerships within the value chain, taking into account employee-related aspects and aiming to minimise the negative impact of the Group’s operations on workers in the value chain, as well as to promote high ethical standards in relations with suppliers.

The key performance indicator (KPI) defined is the percentage of strategic suppliers assessed against ESG criteria – by 2028, 100% of strategic suppliers are to be evaluated (as part of a periodic assessment and/or audit). A pathway to achieving this KPI has been set – in 2025, 30% of the strategic supplier group is to undergo an ESG assessment. The supplier assessment criteria will include, among others, matters related to working conditions and employment standards. The method of monitoring the objectives is described in ESRS 2 General Disclosures.

In addition, in 2024 Apator conducted a survey covering a selected group of suppliers, in which the materiality of sustainable development topics and the effectiveness of the Group’s actions in this area were assessed. The results of this survey formed the basis for establishing the assumptions of the ESG Strategy and defining future goals related to social responsibility in the value chain.

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15.3.3. ESRS S4 Consumers and end-users

15.3.3.1. ESRS 2 SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model

The key issues identified by the Group and its stakeholders in this area include:

- Cyber security and privacy, including:
 - - ensuring the highest standards of information security and protection of user data related to Apator Group solutions;
 - - eliminating the vulnerability of digital devices to cyber attacks that could lead to data loss and destabilise customer operations;
- Product safety – maintaining high quality standards and meeting the requirements of technical specifications and industry norms to deliver safe products to customers and users, while minimising the risk of negative impacts on the environment, human health and life; Product responsibility – extending product lifespan, which may be associated with susceptibility to defects and risks related to technological obsolescence; Responsible marketing practices – providing clear and comprehensible technical documentation, ensuring close cooperation with customers and sharing of knowledge.
- Product responsibility – extending product lifespan, which may be associated with susceptibility to defects and risks related to technological obsolescence;
- Responsible marketing practices – providing clear and comprehensible technical documentation, ensuring close cooperation with clients and sharing of knowledge.

The Apator Group's solutions are used in the specialist utility sectors (gas, electricity, water distribution and utilities), industry and the newly developing RES sector, where it is crucial to correctly identify the needs of customers and then translate them into activities in the area of design, development work and design changes. The product range is developed on the basis of an analysis of current customer needs, while development and design work is worked out in the course of ongoing consultations and technical dialogues (through dedicated contact persons with key customers).

The Apator Group companies recognise opportunities in solutions enabling digital management of energy and resources, while ensuring the highest standards of information security and user data protection. At the same time, product digitalisation involves risks related to potential device vulnerabilities to cyber attacks, which may lead to the loss of measurement data or even disruption of power networks or customer systems. Due to customers' expectations regarding increasingly extended periods of mass operation of metering systems, there is a risk related to product responsibility in the event of defects, faults or vulnerabilities. In the case of IT solutions, the rapid pace of technological advancement leads to the phenomenon of "technological obsolescence", meaning that a physically functional device may no longer support advanced functionalities as a result of, for instance, changes in communication technologies.

The vast majority of Apator Group's devices and solutions are intended for B2B customers, and their direct users are mainly qualified personnel with appropriate technical expertise and authorisations (end users). Products are supplied with operation/installation manuals (technical documentation – DTR) and/or markings on the housings or nameplates, containing information on correct and safe installation and use. Documentation (including DTRs, product data sheets, EU type-examination certificates) is also available on the company's website.

The Apator Group engages with end users of its devices through intensive communication activities, providing complete, transparent, accessible and comprehensible technical documentation. The companies offer

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professional support by organising training sessions and presentations, as well as by providing post-sales technical assistance.

Description of users of key product groups

Measuring instruments for water, gas, heat and electricity

These devices are used by professionals with appropriate qualifications and authorisations, such as installers and fitters. End users are individuals present in rooms and buildings in which the Apator Group's devices and solutions have been installed.

Switchgear

These devices are used by professionals with appropriate qualifications and authorisations, such as installers, fitters and service technicians.

Automation and ICT solutions

These solutions are used by qualified employees of DSOs (Distribution System Operators) or TSOs (Transmission System Operators), as well as by personnel of contracting companies responsible for the deployment and commissioning of the devices, who hold the required qualifications and professional authorisations.

IT and ICT solutions

Software is used by employees of Distribution System Operators (DSOs), local electricity DSOs, street lighting management companies and local government units, including administrative staff, dispatchers, system administrators, maintenance teams, and subcontractors of network operators performing network works and installation or meter reading services. These solutions are also used by technical staff of housing cooperatives, energy clusters and cooperatives, and by industry personnel responsible for utility billing and consumption monitoring of electricity, water, heat and gas.

The widespread use of digital measuring devices and automation solutions by energy network distributors may, in the event of cyberattacks on their energy networks, negatively impact consumer privacy or access to energy. The Apator Group recognises an opportunity in maintaining the highest standards of information and user data security for its devices.

15.3.3.2. S4-1 - Policies related to consumers and end-users

In order to minimise risks and take advantage of opportunities related to high cybersecurity of products, the manufacturing companies of the Apator Group: Apator, Apator Metrix, Apator Telemetria have implemented Information Security and Cyber security Management Policies and certified them in accordance with the requirements of the ISO 27001 standard.

This policy includes commitments to customers, including compliance with applicable regulations, taking measures related to cybersecurity, information security and personal data protection, and implementing innovative IT technologies in the field of security and information systems.

Issues related to striving for high product quality, meeting customer expectations, searching for new solutions and obtaining feedback from customers have been defined in the Quality Management Policy, which has been implemented in production companies and certified in accordance with ISO 9001. The Management Boards of individual companies are responsible for establishing these policies.

Information on the scope of the adopted policies is published on the website www.apator.com.

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Customer relations are defined in the Apator Group Code of Ethics. The Code refers, among other things, to the provision of solutions in the quality and time expected by customers, ethical promotional and advertising activities, responsibility for solutions provided to customers, and efficient sales and complaint handling. In January 2025, a new Human Rights Policy and Anti-Corruption Policy were established, which oblige the Group's companies to identify and counteract risks related to human rights violations and corruption. These policies will form the basis for the assessment of and cooperation with contractors and business partners and are important for ensuring the rights of consumers or end-users. The Human Rights Policy includes processes and control mechanisms to monitor compliance with the UN Guiding Principles on Business and Human Rights, the International Labour Organisation's Declaration on Fundamental Principles and Rights at Work, and the OECD Guidelines for Multinational Enterprises.

In the reporting year 2024, no incidents of human rights violations affecting end users were reported.

15.3.3.3. S4-2 - Processes for engaging with consumers and end-users about impacts

As part of the double materiality assessment conducted in 2024, customer opinions were collected regarding the significance of sustainability-related impacts. Customers also evaluated the effectiveness of the Apator Group's efforts to date in the area of sustainability. Cooperation with customers and end users of devices is a key element in ensuring high-quality service and the continuous improvement of products and processes. Although there are no unified group-wide guidelines for this area, each company within the Group regulates this matter through internal documents (e.g. procedures, instructions). Apator Group companies establish direct contact with end users in the following situations:

Technical support: During the provision of technical support, specialists engage directly with users, allowing them to gain insight into the users' experience with the devices and identify any errors or inconveniences.

Device selection: Cooperation with clients during the device selection phase enables the accurate identification of their needs and expectations. This leads to the selection of optimal solutions, improving the efficiency of the devices and reducing operating costs.

Collection of technical feedback: Information obtained from users provides valuable insights into how devices perform under real operating conditions.

Complaints: Each submitted complaint is treated as valuable feedback. Root cause analysis of complaints makes it possible to identify potential product or service issues and implement corrective measures.

Customer dialogue takes place through ongoing commercial meetings, phone conversations and technical consultations. The forms of communication and collaboration vary depending on the specific company's area of operation. In the case of contract-based sales under public procurement procedures, collaboration begins during RFI or preliminary market consultation phases initiated by key clients and continues throughout contract implementation. Feedback is often formalised through written References provided by key customers. Customer requirements are defined in tender documentation in the form of Terms of Reference and Technical Specifications. When the Apator Group participates in a tender and submits an offer, customer requirements are verified for feasibility by commercial and technical teams, taking into account security and economic viability. In the case of ICT solutions, direct contact with end users occurs both at the sales stage and during the commissioning and implementation of devices and software.

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Customer contact and service within the Group companies are handled by designated personnel, such as key account managers, product managers, and customer service office staff.

Dialogues with customers also take place during industry events (participation in trade fairs, symposia, scientific and technical conferences). The Apator Group's business model is based on dialogue with customers due to its operations in a highly specialised, technical industry. Effective dialogue results in the conclusion of agreements and the performance of contracts/orders. Agreements are concluded with customers, and the end users are their employees or associates. Under the agreements, customers are provided with technical consultations and training, during which they can directly contact fitters and installers.

The companies of the Apator Group cooperate mainly with customers in the area of utility distribution networks (i.e. electricity and gas distribution system operators, heating and water supply companies, as well as wholesalers and housing cooperatives) – the employees of these entities, as direct customers of the Apator Group companies, are treated as representatives of the interests of end users. The Apator Group considers taking their expectations and requirements into account as part of its dialogue with end users.

15.3.3.4. S4-3 - Processes to remediate negative impacts and channels for consumers and end-users to raise concerns

Customers and end-users may submit any queries, concerns or complaints via the customer contact channels established for the company, as well as through the available channels for reporting violations (described in section G1-1).

The contact details of sales department employees are available on the website www.apator.com. Information on how to file a complaint is also included in the warranty card provided with the purchased device.

Each Group company operates its own customer communication channel. Information on available contact methods for the services provided is available on the corporate website, in sections dedicated to Apator Group companies.

Upon receiving a customer inquiry or request, actions are taken in accordance with the internal procedures of the respective company, typically following the process outlined below:

1. Registration and initial assessment: Each inquiry is registered in the system and undergoes a preliminary analysis to determine its nature and scope.
2. Assignment to the relevant department: The inquiry is forwarded to the department responsible for addressing the issue.
3. Case investigation: The responsible department conducts a detailed investigation, gathering the necessary information and evidence.
4. Corrective actions: Based on the findings, appropriate corrective measures are taken to resolve the issue and mitigate any negative impact on the customer.
5. Feedback to the customer: The customer is informed about the actions taken and the expected timeline for resolving the issue.
6. Evaluation: Upon conclusion of the complaint-handling process, an evaluation is carried out to assess the effectiveness of the measures taken and to identify potential areas for improvement.

Ensuring Transparency and Accountability

- **Accountability:** Every employee involved in the complaint-handling process is responsible for the quality and timeliness of their tasks.
- **Procedures:** The companies have detailed procedures in place that describe each stage of the complaint-handling process, thereby ensuring transparency and predictability (e.g. the procedure Provision of Warranty, Post-Warranty and Service Support at Apator SA).

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- Access to information: Customers are kept informed about the status of their cases and the progress made in addressing them.
- Confidentiality assurance: The company guarantees confidentiality for individuals reporting irregularities.

As of today, no systematic evaluation or verification of the effectiveness of individual customer contact channels is conducted. However, the very fact that such submissions are received may indicate that the channels are known and used by customers and end-users.

In the event of serious violations of the law or ethical standards, customers and end users may report them by email to: compliance@apator.com or in writing to the address of Apator SA plant in Ostaszewo. The procedure for dealing with such violations and the protection of whistleblowers is described in the group guideline 'Identification of legal requirements and compliance management' and in the guideline 'Implementation of the Human Rights Policy and Anti-Corruption Policy (the detailed procedure is described in section G1-1).

Customers and end users also have the option of using other reporting channels, e.g.:

- The main government administration body responsible for competition and consumer protection policy, i.e. Office of Competition and Consumer Protection (UOKiK),
- Consumer Ombudsman
- State Trade Inspection
- Industry organisations and associations

15.3.3.5. S4-4 - Taking action on material impacts on consumers and end-users, and approaches to managing material risks and pursuing material opportunities related to consumers and end-users, and effectiveness of those actions

The Apator Group implements a number of practices related to quality management, the sales process and data utilisation, making every effort to ensure that they do not cause or contribute to any significant negative impact on **end-users**.

In terms of positive impact, the companies design their devices to meet end users' expectations in terms of functionality, quality and, above all, safety during installation, servicing and use. The products include documentation that makes it easier for users to use the products.

The Research and Development departments of the Apator Group companies monitor legal requirements for products on an ongoing basis and analyse data on market requirements or possible incidents. Through their representation in numerous working groups of Standardisation Committees and industry associations, the companies of the Apator Group are informed in advance of upcoming changes in requirements.

High standards of product quality and safety

Product quality translates into end-user safety, which is why the Apator Group's manufacturing companies have implemented quality standards in the following areas:

- cooperation with suppliers in order to provide compliant components,
- performance of inter-operation control in the process,
- final control of finished products manufactured,
- ensuring measurement consistency of used control and measuring equipment,
- preventive quality management and monitoring of process variability,
- after-sales customer service in the area of complaints and servicing,
- implementation and monitoring of product lifetime,

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- product certification and safety, and thus product compliance with relevant standards and certificates.

An important element of the product quality and safety process is inter-operational control in the process (carried out, among others, by quality inspectors and sensor systems) and care for the quality of the finished product, i.e. final control (including: conducting and/or supervising the conformity assessment process, statistical control of the finished product and monitoring quality indicators). The objective of this process is to ensure compliance with legal requirements, technical specifications, and industry standards, so that the products delivered to the market are safe for end users (e.g. installers, technicians, or household users of electricity, gas, water, and heat meters). To maintain high product quality, the companies implement modern control methods such as optical microscopes with automatic measurements down to 1 µm and leakage testers. These measures allow, in the medium and long term, for the minimisation of significant risks associated with device vulnerabilities. In the medium term, they enhance market competitiveness and create opportunities for sales growth.

Ensuring measurement consistency of control and measuring instruments

The Apator Group places on the market products that comply with applicable international standards, harmonised norms and European Union directives, namely MID, EMC, RED and LVD. To ensure compliance, the companies cooperate with institutes and notified bodies such as NMi, CSA, PTB, GUM, VDE, SLM, CMI, IMQ, TECNALIA, DNVGL, BBJ-SEP.

The companies also operate in-house laboratories equipped with high-quality measurement devices, which are used, among others, for:

- metrology validation,
- electromagnetic compatibility testing,
- environmental and ageing testing,
- automatic and manual software testing,
- mechanical testing,
- for the water sector, also with the relevant hygiene requirements

for compliance with MID, EMC, RED and LVD.

The laboratories are being gradually upgraded with state-of-the-art measurement equipment (this applies to Apator Powogaz and Apator SA). In 2024, approximately PLN 1.3 million was allocated for this purpose.

Activities related to software, in the medium and long term, contribute to minimising significant risks associated with device vulnerabilities. In the medium term, they increase market advantage and create opportunities for sales growth.

Product certification

Products offered by the Apator Group bear the CE mark, which indicates their compliance with the harmonised requirements defined in the relevant EU legislation.

In addition, measuring devices are subject to mandatory certification:

- MID certification for all types of electricity meters, heat meters, water meters and gas meters,
- MessEV certification for selected types of electricity meters (German market).

The conformity assessment process for products subject to Directive 2014/32/EU (MID, MIR and MessEV) is defined in detail in an internal procedure and specific internal instructions.

Devices equipped with radio communication must comply with the standards governed by the RED Directive. Furthermore, certain types of equipment (such as data concentrators) must meet the requirements of the EMC

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Directive (Electromagnetic Compatibility). Products placed on the market by Apator comply with the requirements of the MID, EMC, RED, and the LVD (Low Voltage Directive) concerning electrical equipment.

Additionally, water meters manufactured by Apator Powogaz meet a range of requirements for approval for contact with drinking water, such as: PZH, ACS, WRAS, KIWA, KTW-BWGL, W270.

Risk management regarding impact on the customer and end user

As part of the integrated quality management system process, the identification of key risks for the companies is carried out and actions are taken to minimise them. The Group companies maintain databases of customer complaints. The rules for providing warranty and post-warranty service have been defined in internal instructions. The channels for submitting complaints and post-warranty service requests have been established (via telephone, email or a dedicated platform).

As part of the complaints process, corrective actions are undertaken to minimise the negative impact on the end user. These include:

- a) Product replacements: in cases of confirmed product defects.
- b) Service campaigns: organised to remedy defects in devices already on the market.
- c) Preventive verifications: checks to determine whether products from other batches or locations may also be affected by the issue.

In 2024, no incidents or serious issues concerning human rights related to consumers or end users were reported.

15.3.3.6. S4-5 – Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

The Apator Group has not yet established measurable targets in accordance with MDR-T requirements in the area of managing material risks and opportunities as well as impacts on consumers and end users. It plans to define such targets for the years 2028, 2035 and, for selected areas, also for 2050.

The Group monitors the effectiveness of its policies and undertaken actions by setting targets related to minimising the impact of its products on health and the environment. The overarching objective, given the nature of the industries in which the Group operates, is to provide products that are safe for customers and end users, and to ensure compliance with relevant standards and regulations in the following areas:

- exposure to electromagnetic radiation through optimisation of radio module parameters.
- use of materials that are safe for health and the environment in the manufacturing of devices.

In 2025, the Apator Group companies will continue their efforts related to product testing and certification (including MID, RED, MessEV, PRIME, and hygiene certifications), as well as pursue investment projects aimed at equipping their own laboratories and developing the necessary infrastructure (purchase of equipment and tools for quality testing, ageing tests, etc.) to ensure compliance with legal requirements and standards, meet customer and end user expectations, and deliver safe, high-quality products to the market. The planned capital expenditures for these objectives in 2025 amount to PLN 10.3 million, and planned certification and testing costs amount to PLN 3.3 million (referring to Apator SA and Apator Powogaz).

At the same time, the Group aims to reduce the operating costs of its devices for users by:

- designing long-life products, which translates into reduced replacement frequency and associated costs, measured by the number of secondary certifications (with potential product use extended up to 16 years for measuring devices).

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The Group also takes care to reduce the negative impact on building aesthetics by:

- developing aesthetically pleasing products that blend harmoniously with diverse surroundings – for example, submitting an application for the RED DOT award for the Ultrimis product. An additional aspect is the vision of maintaining consistent industrial design by engaging a company specialised in industrial design to certify products (number of compliant products vs. outdated designs).

Following product compliance with standards, reducing the risk of device failures is one of the key expectations of our customers, and we address this by:

- using high-quality materials and components, verified during the NPI (New Product Introduction) and PPAP (Production Part Approval Process),
- conducting regular tests and quality control in production: improving complaint indicators, reducing DPPM (Defective Parts Per Million), and improving the efficiency of manufacturing processes.

Increasing positive impact on end users is also achieved through:

- improving energy efficiency by promoting static products with lower pressure loss class (DeltaP 63 for mechanical devices vs. DeltaP 25 and 40 for static solutions) for water meters,
- optimising device designs to minimise losses by developing products with a broader measuring range and implementing telemetry solutions with loss alarms (leakage, seepage),
- improving service quality through monitoring complaint indicators and collecting data via customer satisfaction surveys,
- accurate utility billing through the high measurement accuracy classes of our devices.

Management of material risks and opportunities is carried out through:

- quality and environmental impact management within the integrated management system by identifying risks and monitoring the number of risks within the red, yellow, and green categories,
- conducting detailed analyses of potential threats related to the implementation of new solutions during the DFMEA (Design Failure Mode and Effects Analysis) process.

Opportunities related to end users are pursued through:

- developing new services based on collected data regarding utility consumption (e.g. consumption trend analysis, anomaly detection) such as in the SPIDAP or OMNITORUS projects,
- cooperation with technology partners to develop innovative solutions.

The production companies of the Apator Group monitor performance indicators relating to the customer within the ISO management system, such as complaint rates, customer satisfaction levels (Apator Metrix and Apator Powogaz), and product quality level.

15.4. ESRs G1 Business conduct

15.4.1. ESRs G1-1 Corporate culture and business conduct policies and corporate culture

The key issues identified by the Group and its stakeholders in this area include:

- Promoting organisational culture and corporate values as an opportunity for the Group. These serve as the foundation for shaping internal attitudes and behaviours within the Group and for building business relationships with external stakeholders.
- The occurrence of corruption, which may negatively affect Apator’s reputation as a publicly listed company.

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- The risk related to insufficiently effective protection of whistleblowers and reports of misconduct by contractors and other Group stakeholders.
- Risks in the area of supplier relationship management, particularly due to the extensive supply chain of the Apator Group and unstable macroeconomic factors that cause disruptions in global raw material markets, as well as growing regulatory requirements in the environmental area.
- Implementation of measures in the area of cyber security and data protection as a way to mitigate risks associated with the growing digital threat, to ensure the IT security of the Group's operations, to meet current and upcoming legal requirements (including the NIS2, RED and CRA directives), and to develop ICT solutions and devices that meet cyber security standards (an entity-specific issue).

Group-wide policies that standardise key processes within the Apator Group and introduce common operational principles across Group companies take the form of group guidelines, which are approved and overseen by the Management Board of Apator SA. In the area of business conduct, these guidelines cover, among others:

- Strategy management within the Apator Group
- Apator Group Code of Ethics
- ESG Strategy
- Risk Management
- Compliance process
- Internal control in the Group
- Anti-Corruption Policy
- Human Rights Policy
- Integrated Management System policies
- Membership of Apator Group companies in industry organisations
- Functional guidelines (covering areas such as procurement processes, financial management, environmental management, information security management, marketing and sponsorship activities)

The core documents defining the framework for conduct within the Apator Group, which collectively shape the Group's corporate culture, include:

- **Apator Group Code of Ethics**

This document sets out the overarching principles that define the framework for business conduct. It contains examples of good practice and guidance applicable in business relations with clients, suppliers and business partners, as well as the principles forming the basis for internal cooperation within the Group and between team members.

The Code defines the roles of employees and managers in implementing and promoting ethical principles. It covers internal organisational rules, including those related to human resources policy, health and safety, equal opportunities and mutual respect. It also offers practical guidance for problematic situations (such as conflicts of interest, acceptance of gifts, behaviour outside of work, etc.).

The Code also provides guidance for the Apator Group's relations with the business and social environment, including principles for cooperation with clients and suppliers, fair competition, and expectations and conduct with regard to environmental protection and the conservation of natural resources.

The Apator Group Code of Ethics refers to:

- The "Best Practice for WSE Listed Companies", relating to the observance of corporate governance principles by companies listed on the Warsaw Stock Exchange,
- Fundamental Conventions of the International Labour Organization (ILO),

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- United Nations Guiding Principles on Business and Human Rights,
- OECD Guidelines for Multinational Enterprises.

The Code of Ethics is available on the website www.apator.com and on the Apator internal portal.

▪ **Apator Group Human Rights Policy**

This Policy complements the Apator Group Code of Ethics. Its objective is to promote human rights within the Apator Group, to emphasise their role in social and economic life as well as in business relations, to define the fundamental principles related to the respect for human rights, and to outline the measures for preventing violations or addressing potential breaches of these rights.

The Human Rights Policy also constitutes a commitment by Apator Group companies to analyse and assess the practices of their contractors or other business partners prior to establishing cooperation with them, as well as to require from them the respect for human rights.

The Policy obliges Apator Group companies to actively respond to any signs of human rights violations and, where possible and justified, to apply appropriate sanctions or report such breaches to the relevant authorities.

The Human Rights Policy is aligned with international standards and legal frameworks, including:

- The International Bill of Human Rights,
- Fundamental Conventions of the International Labour Organization (ILO),
- OECD Guidelines for Multinational Enterprises,
- United Nations Guiding Principles on Business and Human Rights.

The Human Rights Policy is available on the website www.apator.com and in the form of a group guideline published on the Apator internal portal.

▪ **Apator Group Anti-Corruption Policy**

This Policy also complements the Apator Group Code of Ethics. Its objective is to promote ethical conduct within the Apator Group and among entities cooperating with Apator Group companies, to eliminate bribery and corruption, and to prevent conflicts of interest. It also includes recommendations for broadening awareness in this area and for undertaking actions aimed at minimising the risks associated with such practices.

The Anti-Corruption Policy also represents a commitment by Apator Group companies to analyse and assess the practices of their contractors or other business partners prior to initiating cooperation, and to enforce from them adherence to ethical business standards, particularly those based on objective and independent criteria for selecting employees, associates and business partners.

The Policy obliges Apator Group companies to actively respond to any signs of corrupt practices, bribery or conflicts of interest and, where possible and justified, to apply appropriate sanctions or report such violations to the relevant authorities.

The Apator Group Anti-Corruption Policy is based on applicable national and international legal regulations and its provisions are consistent with the United Nations Convention against Corruption (UNCAC).

The Anti-Corruption Policy is available on the website www.apator.com and in the form of a group guideline published on the Apator internal portal.

The implementation and compliance with the Apator Group Code of Ethics, the Human Rights Policy and the Anti-Corruption Policy are supervised by the Management Boards of Apator Group companies. The Boards appoint individuals responsible for carrying out the implementation process and for monitoring any potential breaches related to the aforementioned Policies.

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▪ **Compliance process**

The Apator Group operates a compliance system regulated in the form of a group guideline. The objectives of the compliance process are as follows:

- to ensure that the business activities conducted by Apator Group companies comply with applicable legal regulations as well as the ethical principles and procedures outlined in the Apator Group Code of Ethics,
- to increase employees' legal awareness and protect them from committing prohibited acts or engaging in unlawful conduct,
- to protect Apator Group companies from the risk of legal sanctions resulting from unlawful actions by employees or companies and from damage to the companies' reputation,
- to support employees in identifying legal regulations relevant to their activities and in implementing legal obligations into internal procedures,
- to define the procedure for dealing with violations and the principles for protecting whistleblowers.

The Group has established a Compliance Team responsible for the following tasks:

- supporting employees and managers in identifying proposed or enacted legislation affecting the operations of Apator Group companies and distributing this information to the appropriate company or organisational unit (within Apator SA),
- supporting employees and managers in implementing legal requirements into the internal procedures of individual companies or into group guidelines,
- supporting auditors in verifying adjustment (implementation) activities,
- conducting explanatory proceedings related to reported violations.

The Compliance Team includes representatives of the domestic Apator Group companies appointed by the Management Boards of those companies, along with the legal counsel of Apator SA, who acts as the chair of the Team.

Both the Code of Ethics and the policies concerning ethical matters take into account the interests of the company's key stakeholders (employees, technology partners, suppliers, customers and investors/shareholders). They address principles of conduct within the organisation (manager–employee and peer-to-peer relations), including matters of employee health and safety, and the principles of equal opportunity and mutual respect. They also define the rules governing the company's relationships with business partners, including customer cooperation, supplier expectations, fair competition principles, and forms of social and philanthropic engagement. Respect, responsibility and high ethical standards, which form the basis of mutual relations, are in the interest of all parties involved in cooperation.

▪ **Company values**

The organisational culture of the Apator Group is built upon four core values: Responsibility, Development, Cooperation and Agility.

Fig. 9 Apator Group Values

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APATOR GROUP VALUE



These values are translated into specific behaviours expected from all employees. These behaviours are embedded in the competency model and form the basis of employee evaluations, while also providing feedback on whether employees adhere to the company’s values. In addition, as part of the biennial employee satisfaction and engagement survey, employees assess the company's organisational culture.

In 2024, the Management Board of Apator SA adopted a strategic initiative aimed at implementing measures to create an innovative organisational culture. Joint group-wide initiatives are also undertaken, in which employees engage in social activities. Depending on current needs, individual companies implement projects and activities that strengthen or align the organisational culture with the values and principles accepted by the organisation. An example of such an initiative is the “Organisation Analysis” project carried out in 2024 at Apator Rector, a company operating in the IT sector. This involved a psychological diagnosis to assess the current state of the organisation, which identified employee needs related to cooperation, communication and development. Based on the findings, an internal project was launched under the name AR.3.0 (“Apator Rector 3.0 – A New Organisational Framework”), aimed at strengthening effective communication, organisational efficiency, a culture of recognition and inter-team cooperation.

Elements of organisational culture supported by the management bodies of the companies include integration events (e.g. employee picnics), shared celebration of holidays (company anniversaries, Christmas gatherings), and regular communication between managers and employees (meetings, staff forums), during which employees have the opportunity to raise concerns and express expectations directly to management boards. Employees of Apator Group companies may also use formal channels to submit feedback and complaints.

▪ **Submitting complaints and reporting of violations**

Reports of violations may take the form of:

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- ✓ **reporting violations under the Whistleblower Protection Act** – applies to internal reports made by employees of Apator Group companies.

The procedure for handling internal reports regarding breaches of the law, as well as the procedure for follow-up actions in response to such reports, is defined in the Internal Reporting and Follow-Up Procedures implemented in the companies. These procedures are aligned with the provisions of Directive (EU) 2019/1937 of the European Parliament and of the Council of 23 October 2019 on the protection of persons who report breaches of Union law (OJ EU L 305 of 26.11.2019, as amended – hereinafter referred to as the “Directive”), and the Polish Whistleblower Protection Act of 14 June 2024 (Dz. U. /Journal of Laws/ of 2024, item 928 – hereinafter referred to as the “Act”), which implements the Directive.

The procedure for handling reports under the Whistleblower Protection Act is described in section S1-3.

- ✓ **reporting of other violations**, i.e. by entities not covered by the Whistleblower Protection Act, including contractors, customers, their employees and representatives.

The procedure for handling this type of report is outlined in the group-wide guideline Identification of Legal Requirements and Compliance Management.

Reports of violations may be submitted via:

- e-mail to: compliance@apator.com,
- written correspondence sent to the registered office of Apator SA in Ostaszewo (headquarters of the Apator Group).

Reports relating to health and safety violations are treated as a priority. The communication is forwarded immediately.

This reporting process also applies to any breaches of the Human Rights Policy or Anti-Corruption Policy.

Anonymous reports are not considered. The companies guarantee the confidentiality of the reporting person. Access to personal data of the reporting individual is restricted to the Compliance Team. No person may suffer, directly or indirectly, negative consequences as a result of submitting a report. In particular, the report must not be grounds for termination of employment or changes to working or pay conditions to the detriment of the employee.

Procedure for handling other reports

In order to investigate reported violations within the company, the following methods are applied:

- employee interviews (clarifications, etc.),
- institutional internal controls,
- internal audit.

Reports are reviewed by the Compliance Team, which consists of three members appointed by the Chair of the Team on a case-by-case basis for each report. If the reported violation concerns a subsidiary of Apator SA, the member of the Compliance Team prepares a written communication to the Management Board of that subsidiary, which includes:

- a detailed description of the report/case,
- a deadline by which clarifications must be provided (a statement regarding the validity of the report, description of the causes of non-compliance, proposed actions).

If the reported violation concerns a member of the Management Board, the Compliance Team forwards the report to the Supervisory Board of the respective company, which then decides on the further steps to be taken. If the nature of the violation indicates the possibility of a criminal offence, the Management Board of

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the company informs the relevant state authorities (e.g. the police or prosecutor’s office), as well as the Compliance Team. The Compliance Team maintains a register of other violations reported by entities not covered by the Whistleblower Protection Act, including contractors and customers.

Notification to supervisory bodies

The Supervisory Board of Apator SA reviews all reports submitted during the period at its meetings held at least once every six months, along with a description of the verification actions taken and, where justified, corrective measures implemented.

▪ **Training policy on business conduct**

To date, Apator Group has not had a formalised training policy on business conduct; however, training in this area has been delivered.

As part of the implementation of the Apator Group Code of Ethics (in 2021), a comprehensive educational campaign was carried out on ethical principles, targeting all employees (including regular newsletters for employees, articles in the company magazine, the display of posters and boards, and employee engagement through contests and quizzes). The Code of Ethics is available to all employees on the company website and the intranet. In order to ensure employees are aware of the ethical principles in force within the Group, those principles were subsequently incorporated into onboarding materials (the process of introducing a new employee to the company). Each newly hired employee is required to familiarise themselves with the ethical principles, and their knowledge is verified through a test.

Apator SA provides its employees with e-learning courses on counteracting mobbing and discrimination. In 2024, training was also delivered to Apator Group employees on the provisions of the Human Rights Policy and the Anti-Corruption Policy (concluded with a knowledge test).

Starting from 2025, Apator Group companies will adopt a business conduct training policy and define the scope of topics for specific employee groups. To this end, employees have been classified into groups and the frequency of training has been determined. Employee groups most exposed to the risk of corruption have also been identified: these include employees in the purchasing departments, sales departments and management, who together represent approximately 13% of the Group's total workforce. Matters related to the Anti-Corruption Policy are described in section G1-3 of this statement.

Tab. 42 Employee groups and frequency of training in Apator Group from 2025

	Functions exposed to corruption risk (employees of purchasing and sales departments, and managerial staff)	Managerial staff: division directors and department managers	Management Board and Supervisory Board	Other own employees
	Training frequency per year and delivery method			
Anti-Corruption Policy	1x on-site 1x elearning	1x on-site 1x elearning	1x on-site	1x elearning
Compliance – legal compliance		1x online	1x on-site	
Ethical principles in the organisation/corporate values		1x online 1x elearning	1x online	1x elearning
Anti-mobbing policy/prevention of harassment and discrimination in the workplace		1x on-site/online		1x online/elearning

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Tab. 43 Summary of training on organisational culture and business conduct conducted in Apator Group in 2024

Training	Functions exposed to risk	Management personnel*	Administrative, executive and supervisory bodies**	Other internal employees** *
Number of employees in the category [persons]	162 (including 144 in management)	144	54	2,126
Training scope				
Total				
Total number of employees trained	48	65	3	1,088
Total number of employees successfully trained (who completed the training with a passed final test)	48	45	0	730
Method and duration of training				
On-site			x	
Online	x	x		x
Mandatory	x	x	x	x
Voluntary				x
Frequency				
How often training is required	Every six months	Annually	Annually	Every six months
Training topics				
Anti-Corruption Policy				
Total number of employees trained	48			406
Total number of employees successfully trained (who completed the training with a passed final test)	48			406
Compliance – Legal Compliance/Human Rights Policy				
Total number of employees trained		52	3	455
Total number of employees successfully trained (who completed the training with a passed final test)		45		324
Ethical principles in the organisation / company values				
Total number of employees trained		13		215
Total number of employees successfully trained (who		0		0

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completed the training with a passed final test)

Anti-mobbing policy / prevention of harassment and discrimination in the workplace

Total number of employees trained	12
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Total number of employees successfully trained (who completed the training with a passed final test)	
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15.4.2. ESRS G1-2 Management of relationships with suppliers

- **General principles for working with suppliers**

Effective cooperation with suppliers is key to the implementation of the production activities of the Apator Group companies and to the Group’s ability to meet its obligations towards customers.

Apator works with suppliers in accordance with the principles of business ethics and the requirements set out in applicable laws and regulations. The main principles of cooperation with suppliers within the Apator Group are defined in the group-wide guideline “Cooperation Between Apator Group Companies and Business Partners and Suppliers,” which applies to all production companies within the Apator Group. Each production company has also developed a range of internal regulations detailing the procedures for the selection and assessment of suppliers and subcontractors. Business relationships with partners, including suppliers and subcontractors, are governed by the provisions of the Apator Group Code of Ethics.

The group-wide guideline “Cooperation Between Apator Group Companies and Business Partners and Suppliers” sets out how to organise operational processes in the areas of purchasing and subcontracting, including the need to establish, in each company:

- criteria for the selection, qualification, and periodic assessment of partners,
- requirements for the organisation of the production process,
- procedures for auditing and visiting suppliers,
- methods for communicating the results of qualification and assessments, as well as the outcomes of supplier/subcontractor audits and on-site visits,
- methodology for assessing the risk associated with suppliers/subcontractors.

The general principles of supplier cooperation that support the Group’s risk management strategy include:

- in working with suppliers and subcontractors, Apator Group companies strive to conclude cooperation agreements, comply with internal procedures, and use appropriate tools for communication and service delivery with partners,
- the purchasing policy focuses primarily on selecting reliable partners that meet specified quality criteria, while also taking price requirements into account,
- Apator Group companies conduct a competitive and open procurement policy while ensuring compliance with applicable ethical standards,
- particular attention is paid to the protection of intellectual property rights, both with respect to partners’ rights and the rights held by Apator Group companies,
- when agreements are concluded with partners, the following clauses are applied: anti-corruption, conflict of interest, respect for human and labour rights, personal data protection, and fulfilment of ethical criteria by the supplier as a socially responsible entity, including the possibility of conducting

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- audits to confirm compliance with ethical, social, and environmental standards at the supplier’s premises,
- contracts include clauses concerning the occupational health and safety of suppliers and subcontractors, with regard to both employees and the environment,
- as part of supporting the immediate local environment, Apator Group companies, where possible, aim to seek out and use the services of domestic suppliers and subcontractors.

Detailed rules for cooperation with suppliers applicable to individual Group companies are developed in the form of internal procedures and instructions. In addition, to ensure due diligence in commercial transactions, the Apator Group has developed and implemented an internal guideline governing payment practices (described in section G1-6). Companies also apply detailed instructions (e.g. “Circulation and control of financial documents” in Apator SA), and payment reviews enable cyclical analysis and the implementation of actions aimed at preventing payment bottlenecks (more information in section G1-4).

▪ **Supply chain management**

At the product design stage, companies select materials and components that provide the highest possible flexibility in terms of availability. This is achieved, among other things, through the selection of alternative suppliers (where feasible). The supplier selection and implementation process is based on a structured supplier qualification procedure. Each Apator Group company uses its own internal procedures.

Geopolitical considerations also play an important role in the supplier selection process, which is why the Apator Group focuses on suppliers located in the domestic market and within Europe. If sourcing components or materials from within Europe is not possible, the search is extended to other global regions. In the field of electronics, following years of technology and production transfers from Europe and the USA to Asia, that region has become the primary source of such materials.

The distinction between strategic and non-strategic suppliers within the Group facilitates proper focus on the key group of suppliers. Strategic suppliers are subject to a structured monitoring process, including performance indicators and audit programmes developed on the basis of defined criteria (which differ across individual companies).

Due to the nature of the products manufactured and the diversity of materials used, the Apator Group relies, among others, on suppliers exposed to significant economic (e.g. financial instability), environmental (e.g. location in earthquake-prone zones or areas of climate instability), or social risks (e.g. social unrest, ethnic tensions, or political instability). Risks within the procurement area are reviewed annually as part of the Group’s risk management process. The Group mitigates risks in this area through dual sourcing and materials management strategies, such as maintaining increased stock levels and ensuring safety stock is held by suppliers for critical materials.

▪ **Supplier qualification and supervision**

The Apator Group defines the principles of cooperation and the requirements imposed on strategic suppliers and supervises their performance through ongoing assessments, qualification, and supplier audits, communicating both results and objectives.

The assessment and selection of suppliers are carried out based on detailed instructions implemented by individual companies. During the supplier quotation process, information is collected regarding the advancement level of management systems, including quality, environmental protection, and occupational health and safety, as well as whether the companies possess management system certifications (e.g. ISO 9001 / ISO 45001 / ISO 14001 / ISO 27001 / ISO 50001) and/or have implemented a documented ESG social responsibility strategy or other documents confirming compliance with legal requirements in the areas of quality, environmental protection, and occupational health and safety, such as:

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- documentation confirming compliance with REACH and RoHS regulations,
- disclosure of calculated carbon footprint for the product,
- material safety data sheets for chemical substances.

Strategic suppliers are verified based on criteria such as: the organisational reliability in terms of quality assurance, timely and dependable deliveries, the nature of the production processes or supplied products/components, political or economic considerations, or other circumstances that may affect the security of supply to Apator (e.g. changing legal regulations, natural disasters, etc.). Supplier certification is not critical in all areas and is not a decisive factor in supplier selection.

Apator Group companies maintain regular contact with strategic suppliers, setting out the terms of cooperation and expectations. Oversight and evaluation of supplier performance are carried out through ongoing assessments (e.g. monitoring of on-time deliveries and quality indicators of supplied materials in the ERP system) and audits. Suppliers are informed of the results and evaluations of the cooperation. Following audits, areas for improvement are identified and subsequently monitored. On average, approximately 10 percent of strategic suppliers are audited annually. Audit plans are prepared on a yearly basis; however, in justified cases, a supplier audit may be conducted outside the regular schedule.

As part of the ESG Strategy of the Apator Group published in December 2024, a new objective has been adopted regarding supplier relations: Responsible partnership in the value chain. This will be monitored using a KPI – Number of strategic suppliers assessed in terms of ESG (the objectives of the ESG strategy are presented in the General Information section, SBM-1 Strategy, Business Model and Value Chain).

In January 2025, new policies concerning corruption and human rights were adopted, applying to all partners in the Apator Group’s value chain. These policies have been published on the website www.apator.com. In 2025, the company plans to implement communication activities aimed at familiarising suppliers with the principles set out in these policies.

▪ **Qualifications of purchasing department employees**

The qualifications of purchasing department employees are outlined in a competency matrix. The development and improvement of the purchasing team are carried out through internal and external training, which are evaluated during the performance of their duties, such as audits, negotiation meetings, and direct contact with suppliers (e.g. at industry trade fairs). In 2024, the following training sessions were held for internal auditors from the Apator Group:

- Second-party auditor: suppliers/subcontractors – supplier verification, including ESG criteria – 19 participants.
- Functioning of the Integrated Management System in the Apator Group and its auditing according to the requirements of ISO 9001, 14001, 45001, 27001, including sustainable development and the ESG pillars – 28 participants.

Currently, the Apator Group does not operate an incentive system for employees responsible for procurement management. From 2025, Anti-Corruption Policy training for employees in purchasing departments will be conducted twice a year, in accordance with their classification as high-risk individuals (see section G1-2 – Management of relationships with suppliers).

Tab. 44 Apator Group suppliers

Total number of suppliers	2023*	2024
1. strategic suppliers, including:	242	205
domestic	149	125
foreign	93	80

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indirect imports	-	-
2. other suppliers	6,013	6,337
domestic	5,454	5,729
foreign	557	604
indirect imports	2	4
Total [1 + 2]***	6,255	6,542
Purchases		
Share of purchases from domestic suppliers in total purchases [%]	70.3%	73.1%

*) To ensure data comparability, figures for 2023 exclude GWi data

15.4.3. ESRS G1-3 Prevention and detection of corruption and bribery

Ethical principles regarding anti-corruption activities are outlined in the Apator Group's Code of Ethics, while the process of preventing and reporting corruption within the Apator Group is described in the Apator Group Anti-Corruption Policy. Any violations of this Policy may be reported via email: compliance@apator.com. Individuals who report misconduct are guaranteed the confidentiality of their data and are protected from any form of retaliation as a result of their report. In accordance with the adopted policy, every report must be investigated, and the handling process must be documented in line with the established procedure for reviewing notifications within the compliance process. Reports are reviewed by a committee appointed by the independent Compliance Team, and the results of the proceedings are reported to the Supervisory Board.

To ensure transparency and independence in the management processes of the Apator Group companies, employees are required to report family relationships and informal ties between individuals employed within these companies. This is aimed at eliminating potential conflicts of interest, such as influencing objective employee assessments, misuse of hierarchical dependencies, or the unjustified granting of benefits. Such reports should be submitted to the immediate supervisor, who then forwards the information to the Compliance Team.

In the case of business, family or similar ties between persons involved in the selection of a supplier, contractor or other business partner, or persons influencing such a decision during the tender process, it is mandatory to inform the Compliance Team of this fact.

Training sessions designed to raise employee awareness of the applicable rules and appropriate responses to ethically challenging situations are an integral part of efforts to prevent corruption and bribery. A table listing training in the area of organisational culture, including those related to anti-corruption, is included in section G1-1.

To address breaches of procedures and standards related to corruption and bribery, the above-mentioned topics have been incorporated into onboarding processes in selected companies (Apator SA, Apator Powogaz and Apator Rector). Newly hired employees undergo a series of training sessions that include, among other things, the ethical principles applicable within the organisation, as outlined in the Apator Group Code of Ethics. In 2025, the Group plans to implement a unified onboarding policy across the remaining companies, which will also cover issues related to corruption and bribery.

As part of the implementation of the new Anti-Corruption Policy in the Apator Group, in December 2024 employees were introduced to the procedures concerning anti-corruption measures in force within the organisation. Starting from 2025, a system of regular training will be implemented across the Group, with a particular focus on individuals holding positions identified as especially exposed to corruption risk. Preventive functions are also performed by the compliance process and the whistleblowing system in operation within the Group (as described in sections G1-1 and S1-3).

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15.4.4. ESRS G1-4 Confirmed incidents of corruption or bribery

In 2024, no incidents of corruption or bribery were reported. No legal proceedings were initiated either.

Tab. 45 Complaints and court rulings related to companies within the Apator Group

Complaints, court rulings	2024 Apator Group
Number of final convictions in the areas of human rights, corruption, unfair competition practices, and taxation	0
Number of convictions for violations of anti-corruption and anti-bribery regulations	0
Amount of financial penalties for breaches of anti-corruption and anti-bribery regulations	0

**) The data presented in the table have not been verified by an external entity or public authority due to the absence of any incidents, suspicions, or reports thereof.*

15.4.5. ESRS G1-5 Political influence and lobbying activities

The companies within the Apator Group do not engage in political projects or activities, nor do they support candidates or political parties. Members of supervisory and management bodies have not held positions in public administration (including regulatory bodies) in the past two years. The companies within the Apator Group have not made any financial or in-kind contributions to initiatives or individuals involved in political activity.

The members of the Management Board of Apator SA are responsible for representing the Apator Group in contacts with representatives of state administration at national and regional levels. At the same time, the companies within the Apator Group are active in industry-related activities. Experts are engaged in the work of selected industry and standardisation organisations, participating in working groups that review or develop recommendations, standards and technical norms relevant to the sectors in which the Apator Group operates. Current list of organisations in which Apator Group companies are members is prepared in the form of the Group Guideline "Membership of Apator Group Companies in Organisations"; said list includes the description of the subject matter of activity of the organisation and indicates the persons who coordinate the cooperation on behalf of the company in terms of formal and technical aspects.

Cooperation with industry organisations is based on agreements and contracts. The companies within the Apator Group are not legally obliged to be members of a chamber of commerce or any other organisation representing their interests. Participation in industry organisations is voluntary.

In 2024, companies of the Apator Group were members of, among others, the following organisations:

- ESMIG - European Smart Metering Industry Group
- AQUA - Association Européenne des Fabricants de Compteurs d'Eau et d'Energie Thermique
- Prime Alliance
- Standard Transfer Specification Association
- OSGP Alliance
- DLMS User Association
- LoRa Alliance
- Polish Committee for Standardisation
- Polish Chamber of Commerce for Electronics and Telecommunications
- Polish Energy Storage Association
- Chamber of Commerce for the Gas Industry

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The principles for engaging in industry cooperation are also defined by the Apator Group’s Code of Ethics. The overarching principle is to act in accordance with applicable law, and all opinions and recommendations made by Apator experts are submitted in accordance with the formal procedures relevant to each process.

As an expert in the energy sector, Apator participates in debates and economic events that bring together stakeholders from the energy sector. In 2024, the Company’s experts participated in public debates held during:

- 16th TIME Economic Forum, 11–12 March 2024
- Europower & OZEPower Conference, 18–19 April 2024, Warsaw
- Future Energy Congress, 16–17 April 2024, Toruń
- Polish Security Congress, 21–22 October 2024, Warsaw
- Energy Days, 2–3 October 2024, Katowice
- Europower & OZEPower Conference, 7–8 November 2024, Warsaw

The main topics and positions taken by Apator SA in the context of industry activity included:

- Technological sovereignty of Poland and the EU, and a strategic approach to local content aimed at strengthening Poland’s and the region’s economic position, enhancing national security, and ensuring fair competition by supporting local manufacturers and technology suppliers, while counteracting price dumping by Asian suppliers.
- The transformation and digitalisation of energy distribution sectors, including the benefits of implementing smart grid and smart metering solutions for effective network management.
- Threats to the cyber security of national energy infrastructure arising from the use of communication devices sourced from unverified suppliers.
- The promotion of energy storage technologies, highlighting their role in grid stabilisation and addressing investment financing challenges (need for funding and support programmes).

These issues directly relate to the material impacts, risks and opportunities identified by the Apator Group, particularly:

- the economic and social contributions of European manufacturers (such as Apator), including taxes, job creation, development of technical expertise, and innovation, as well as the Apator Group’s contribution to the development of technologies for precise metering, remote reading and billing of energy and water consumption, integration of renewable energy sources, energy storage, and other technologies that support economic processes in the direction of transformation, decarbonisation and digitalisation.
- opportunities stemming from the Apator Group’s provision of solutions that support the transformation, digitalisation and decarbonisation of the energy sector and the broader economy, including the implementation of cyber-secure products (with Apator managing the entire value chain, including software design and deployment).
- risks including the increased scale of cyberattacks, which heighten the vulnerability of solutions to digital threats, as well as the extended life cycle of devices, which, while environmentally beneficial, also introduce risks related to technological obsolescence and increased susceptibility of products to cyberattacks.

15.4.6. ESRS G1-6 Payment practices

Duties related to due diligence in commercial transactions, including obligations arising from regulations aimed at mitigating payment bottlenecks, are governed within the Apator Group by a group-wide directive.

Standard payment terms in the Apator Group are established based on applicable legislation aimed at eliminating payment bottlenecks. In accordance with these regulations:

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- the maximum payment term in transactions with small, medium-sized, and micro-enterprises for purchase invoices is 60 days,
- a payment term exceeding 60 days may only be applied in transactions with large enterprises.

For a supplier to be recognised as a large enterprise, it must meet both of the following criteria:

- employment level greater than 250 employees,
- annual turnover exceeding EUR 50 million or annual balance sheet total exceeding EUR 43 million.

These principles apply to suppliers from domestic markets, EU countries, and EFTA countries.

In justified cases, advance payments may be made. If the advance exceeds PLN 500,000, the supplier is required to secure the transaction with an advance repayment guarantee.

Tab. 46 Payment practices in the Apator Group companies

Payment practices	Apator SA	Apator Metrix	Apator Powogaz	Apator Telemetria	Metra	Miitors	FAP Pafal	Apator Rector
Average invoice payment time from the start date of the contractual or statutory payment period [days]	39	34	51	5	38	14	14	30
Percentage of payments made in accordance with standard terms	91%	91%	66%	59%	93%	100%	100%	100%
Number of ongoing court proceedings due to payment delays	0	0	0	0	0	0	0	0

*) The measurements are not validated by an external authority. The report on payment practices applied in the companies is submitted electronically to the Ministry of Entrepreneurship and Technology by 30 April each year for the previous year. Responsibility for timely submission of the reports lies with the management boards of the respective companies. The reports are submitted by Apator Powogaz and Apator Metrix. Apator SA is exempt from the obligation due to its operations in an economic zone.

**) The data refers to the 2024 reporting year and is collected based on ERP systems. All payments were included, and no exclusions were applied.

15.4.7. Cyber security and data protection

Cyber security and data protection issues have been identified in the Apator Group’s materiality analysis as significant matters specific to the organisation. They relate to two areas:

- Information security and digital security management within the operational activities of the Apator Group.
- Operational activity and data privacy of customers and end-users of the Apator Group’s products and solutions – this aspect is discussed in section S4-4.

▪ Data security and protection policy

The Apator Group has introduced a range of internal regulations defining security policies related to:

- information security,
- ICT security,
- personal data protection,
- optimisation of the cyber security area across the Apator Group companies,
- preparation of the Apator Group companies to meet the requirements of the Act on the National Cyber Security System (implementation of the NIS2 Directive).

▪ Information security

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The Apator Group's Information Security Management System is part of the Integrated Management System and covers the establishment, implementation, operation, monitoring, maintenance and improvement of information security. The Group's companies operate in accordance with the requirements of the PN-ISO/IEC 27001 standard (implemented in Apator SA, Apator Metrix, Apator Telemetria, with preparations for implementation ongoing in Apator Powogaz and Apator Rector). Apator SA is currently preparing for recertification in line with ISO 27001:2022.

The main guidelines of the system are contained in the Information Security Process Procedure. The Procedure details the principles of information management and the process in question, in particular:

- characteristics of the information processing area,
- information classification,
- principles of managing and inventorying information assets,
- procedures for dealing with security incidents,
- risk management approach,
- actions to ensure continuity of the information security system,
- information security areas,
- methods for monitoring and improving the process.

The principles and safeguards adopted are based on the results and conclusions of the processes of estimating and handling risks, as well as analysing legal requirements and contractual requirements in relation to information security. The system is subject to periodic certification audits.

▪ **Personal Data Protection**

Taking into account the nature, scope, context and purposes of processing, as well as the risk of infringement of the rights or freedoms of natural persons with varying likelihood and severity, and to ensure compliance with data protection regulations, Apator SA (as the Data Controller) has implemented a Personal Data Protection Policy. This policy applies to all persons employed by Apator SA or authorised to process data on behalf of the company.

The policy specifies in particular:

- authorisations and information obligations,
- personal data outsourcing and sharing principles,
- handling data protection incidents,
- methods of securing personal data,
- employee training,
- data subject rights and their exercise,
- action by the Data Protection Officer.

Other companies within the Group have introduced their own personal data protection regulations/policies. In 2025, work will be undertaken to harmonise documentation related to personal data protection across the Group.

In 2024, no data breaches requiring notification to the President of the Personal Data Protection Office were recorded in the Apator Group.

▪ **ICT security**

Apator Group companies have implemented system-wide instructions regarding ICT security. They set out detailed procedures and modus operandi to ensure due diligence in the processing of personal data of natural persons in accordance with applicable law and to strengthen the area of digital security. In particular, they specify:

- ICT infrastructure management rules,

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- access control, including physical and environmental security, permission management process, cryptographic security policy, password policy, clean desk and clear screen policy,
- software management, including software security, change management, system monitoring and supervision, principles of information systems audits,
- personnel security, including staff responsibilities and qualifications, staff training,
- ICT environment continuity, including backup rules (business continuity plan defined in an additional detailed instruction),
- IT security exception management,
- risk assessment and mitigation,
- ICT security incident management (additional detailed instruction),
- third-party access security (additional detailed instruction).

The pace of technology development, the exponential growth of generated and processed data (which poses a serious challenge to systems, especially backup systems) and the need to provide direct IT support across numerous Apator Group facilities raises many new challenges related to cyber security. The Apator Group has introduced the Group Guideline "Optimisation of cybersecurity at the Apator Group", which aims to determine the scope of actions to be taken by the Group's management boards to verify the level of IT infrastructure security. The Guidelines also introduce a plan for consistent actions to bolster the Group's cyber security.

Further, the Guidelines set out a detailed range of activities on:

- penetration testing of IT infrastructure,
- a series of employee training courses,
- continuous monitoring of incoming and outgoing internet traffic,
- carrying out verification of e-mail account compliance with the least functionality principle,
- reviewing and modifying the Active Directory structure,
- establishing cooperation with external providers of cyber protection services,
- expanding backup systems.

In 2024, Apator SA undertook several initiatives to enhance digital security. These actions included:

- extending the scope of cooperation with a SOC (Security Operations Centre) provider,
- increasing the number of computer systems under continuous monitoring,
- conducting an attack surface audit (ASM) through the SOC provider,
- enabling automatic backup for production workstations in the metering equipment production area (OT systems).

A pilot launch of two classes of network control systems was also carried out. The tests evaluated:

- NAC class system – controlling and managing access to the computer network (active network access control),
- NDR class system – monitoring traffic between various systems operating within the local network (passively analysing copies of network traffic).

The access control system was replaced and the number of restricted access points significantly increased. Access was limited to areas where information of particular importance is processed. Access was limited to areas where information of particular importance is processed.

Efforts were also continued to assess employee resilience to digital threats they may encounter in their daily work. Employee behaviour was tested using smishing campaigns (sending text messages containing links to spoofed websites) and phishing simulations. The results of these activities point to the necessity of ongoing employee knowledge monitoring and the continued implementation of educational initiatives. Analysis of cyberattack trends identifies human resources as the weakest and most exploited link enabling unauthorised access to IT systems.

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The provisions of the draft Cyber Security Act were reviewed to assess whether Apator Group companies may be subject to its requirements. The results of this analysis indicate that due to their business profiles, size, and the markets in which they operate, these companies will indeed fall within the scope of the Act and will be granted the status of Important Entities under its provisions. Consequently, preparatory actions were initiated to ensure compliance with the obligations imposed by the Cyber Security Act.

Tab. 47 Security indicators for selected Apator Group companies in 2024

	Apator SA	Apator Powogaz	Apator Rector	Apator Telemetria	Apator Metrix
IT capital expenditure	917,640	343,262	865,681	276,732	1,062,457
SLA (solving IT incidents according to assumed SLA limits)	89.7	N/A	N/A	N/A	N/A
Critical IT systems availability indicator*	98.00	99.96	99.95	N/A	99.63

*) In 2024, the scope of activities within the Apator Group was expanded to reinforce the level of IT infrastructure safeguards (update of the group-wide guideline). One of the measures taken was to obligate subsidiaries directly owned by Apator SA to expand the range of monitored and reported information security indicators. Among others, mandatory quarterly measurements of the availability of key IT systems were introduced.

GLOSSARY OF ABBREVIATIONS

Abbreviation	Full name
NMI	National Measurement Institute
CSA	Canadian Standards Association (electrical safety)
PTB	Physikalisch-Technische Bundesanstalt
GUM	Główny Urząd Miar [Central Office of Measures]
VDE	Verband der Elektrotechnik Elektronik Informationstechnik
SLM	Slovenská legálna metrológia
CMI	Czech Metrology Institute
IMQ	Instituto Italiano del Marchio di Qualità
DNVGL	Det Norske Veritas Germanischer Lloyd
BBJ-SEP	

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	Biuro Badawcze ds. Jakości Stowarzyszenia Elektryków Polskich [Quality Research Office of the Association of Polish Electrical Engineers]
MID	Measuring Instruments Directive – 2014/32/EU
EMC	Electromagnetic Compatibility Directive – 2014/30/EU
RED	Radio Equipment Directive – 2014/53/EU
LVD	Low Voltage Directive – 2014/35/EU
PED	Pressure Equipment Directive – 2014/68/EU
MIR	Measuring Instruments Regulation (UK equivalent of MID)
PZH	Państwowy Zakład Higieny [National Institute of Hygiene], responsible for issuing Hygiene Certificates and Health Quality Certificates of the National Institute of Public Health
ACS	Attestation de Conformité Sanitaire – relates to the approval of products intended for contact with drinking water on the French market and is accepted in France's post-colonial countries.
WRAS	Water Regulations Advisory Scheme: the name of both an institution and a standard/scheme concerning water regulations in the United Kingdom, ensuring that products comply with water quality standards (related to "Regulation 4 of the Water Supply (Water Fittings) Regulations 1999").
KIWA	A certification organisation that ensures the compliance of products and services with quality and safety standards, particularly in the water industry.
NSF	National Sanitation Foundation pertains to approvals for products in contact with drinking water).
KTW-BWGL	Kunststoff-Trinkwasser-Bewertungsgrundlage: hygienic assessment guidelines for plastics and other materials.
W270	DVGW W270 – standard for the growth of microorganisms on organic materials in contact with drinking water, applied in Germany.
OECD	Organisation for Economic Cooperation and Development
OMM	Operation and Maintenance Manual

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ToR	Terms of Reference
DSC	Description of the Subject of the Order
MessEV	Mess- und Eichverordnung
PRIME	PRIME Alliance – an organisation focused on the development of an open, public protocol that supports not only smart metering functionalities but also advancements in the field of Smart Power Grids.
RED DOT	Red Dot Design Award – one of the most prestigious global industrial design awards.
NIS2	Network and Information Systems Directive
ARG	Cyber Resilience Act
UNCAC	United Nations Convention Against Corruption
REACH	EU Regulation on the Registration, Evaluation, Authorisation and Restriction of Chemicals
RoHS	EU Directive on the restriction of the use of certain hazardous substances in electrical and electronic equipment
OSGP Alliance	A global non-profit organisation whose purpose is to promote the use of the Open Smart Grid Protocol (OSGP) and the infrastructure for smart grid applications, with the aim of developing modern smart grids ready to meet future challenges.
DLMS User Association	Device Language Message Specification User Association
LoRa Alliance	Global organisation supporting the development and promotion of LoRa (Long Range) low-power, long-range data communication technology.
SOC	Security Operations Centre
ASM	Attack Surface Management

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Signatures

24 April 2025

Maciej Wyczęsany

signed with a qualified electronic signature

President of the Management Board, General Director of Apator S.A.

24 April 2025

Łukasz Zaworski

signed with a qualified electronic signature

Member of the Management Board, Product Development Director