

Results of the Apator Group in 2020

Presentation for shareholders

Toruń. 29 June 2021



Financial reports for 2020



- The presentation includes selected issues from the following documents:
 - consolidated annual financial statements for 2020.
 - the report of the Executive Board on activity of the Apator Group in 2020.

- The full financial statements and Executive Board's report are available as of April 28, 2021:
 - on the website of Apator SA www.apator.com.
 - in original in Apator SA. centre at the address: Ostaszewo 57C. 87-148 Łysomice.

Apator Group in year 2020



External factors:

- COVID-19 pandemic:
 - reduction in customer orders, reduction in the scale of installation of equipment (especially water meters)
 - suspension of investment by DSOs and the industry
 - employee absenteeism
- price pressure from competitors (mainly from Asia)
- erosion of margins - significant drop in prices especially in electricity meters. increase in manufacturing costs

Actions to minimize the impact of the environment on performance:

- diversification of markets and products
- ensuring business continuity (continuous monitoring of absenteeism. temporary employees. incentive program for direct production workers)
 - ensure safety of employees (rotating work, remote work, distance)
 - control of expenditures and financial liquidity
 - investments in production scalability. progressive automation of processes

Despite challenging market conditions, the Group conducted its business without major disruptions and achieved good financial results:



PLN 935 M

Sales
revenues



PLN 131 M

EBITDA profit



PLN 62 M

Net profit



Segments of activity



- PLN 444.3 million revenue
- PLN 60.8 million EBITDA
- 84% of domestic revenue
- Implementation of the contract "Power Market,"
- Increased sales on the German market (+11% y/y)
- Achieving economies of scale



- PLN 251 million revenue
- PLN 38 million EBITDA
- 74% of export revenue
- Lower exports due to significant reductions in gas meter orders and installations due to pandemic
- Major overseas markets: United Kingdom, Belgium, Netherlands, Germany



- PLN 239.6 million revenue
- PLN 36.5 million EBITDA
- 53% of export revenue
- Pandemic's impact on reduced sales and water meter replacements
- Commencement of the relocation process of Apator Powogaz near Poznań
- Optimize current assets and increase efficiency of operations



Financial results of the Apator Group

PLN million	2020	2019	Δ y/y
Sales	934.9	877.6	+6.5%
Export	381.4 40.8%	412.2 47.0%	-7.5%
Gross profit on sales	238.9 25.6%	237.8 27.1%	+0.5%
Selling and general expenses (SG&A)	158.3	163.2	-3%
Profit on sales	80.6 8.6%	74.5 8.5%	+8.1%
EBITDA	131.1 14.0%	126.3 14.4%	+3.8%
Net profit	62.2 6.7%	55.3 6.3%	+12.6%

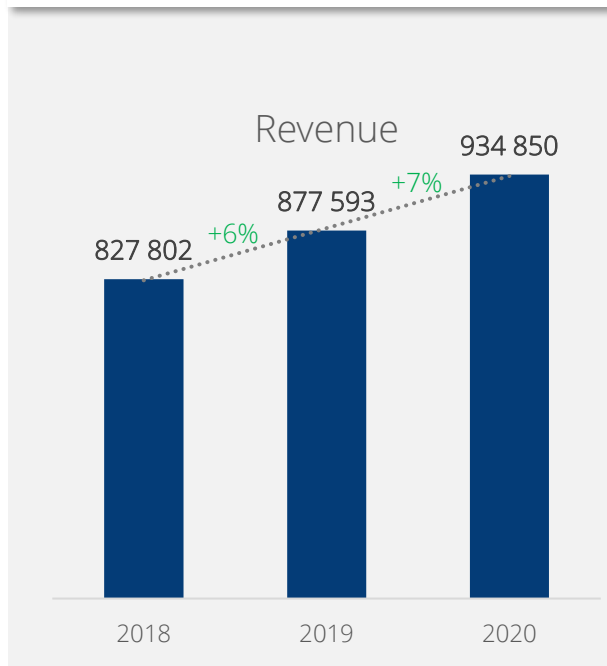
The dynamics of change

- Increase in sales revenue generated in the EE segment
- Slowdown of high export growth related to sales restrictions caused by pandemic in major export markets of Gas and Water & Heat segments.
- Maintain gross profit on sales with lower profitability:
 - a significant drop in prices as a result of competitive pressure (margin squeeze) which the Group compensates with a higher scale of sales
 - Increase in material costs due to increased sales of lower margin products (product mix) and due to pandemic (e.g. transportation costs)
 - EBITDA increase:
 - lower SG&A costs - effective expense control with significantly higher turnover
 - obtaining subsidies from the anti-crisis shield by some companies (+ PLN 5.7 million)
- Increase in net profit due to positive FX differences and positive result on FX transactions (+ PLN 6.6 million)

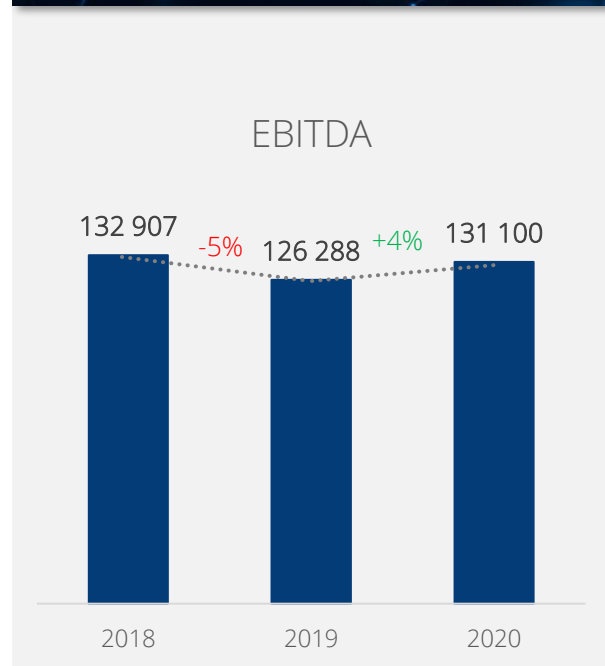
Performance of business strategy of Apator Group

Business strategy objectives **2019-2023**

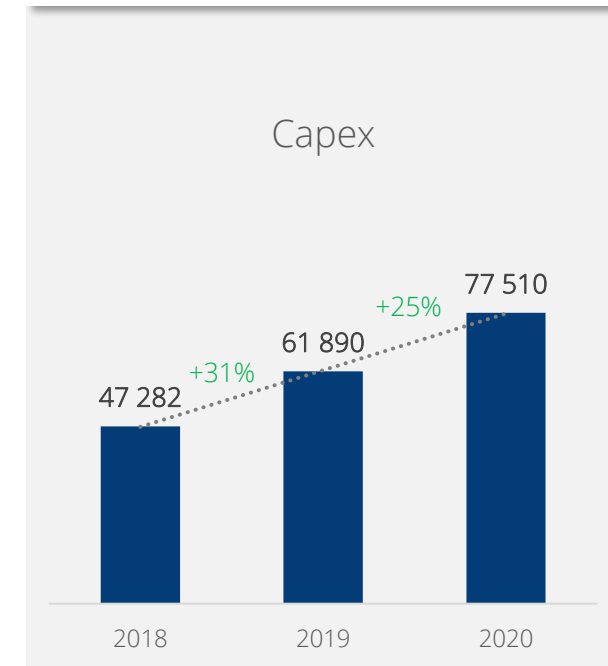
Sales revenue
PLN 1.4 billion
in 2023



EBITDA growth to
PLN 220 million
in 2023

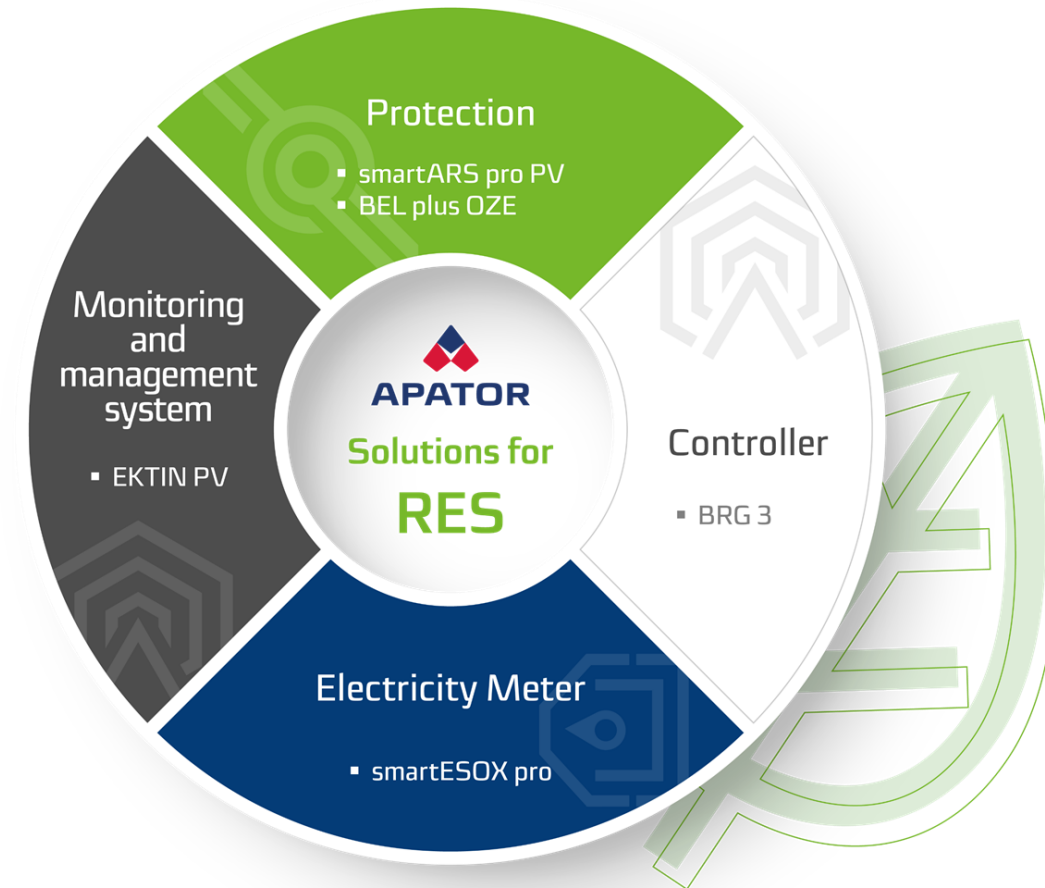


Investment
in production scalability



Summary

- Strategy update - planned completion - Q3/Q4 2021
- Consistent execution of market and product initiatives:
 - Strengthening the position on the DE market
 - Offer development (modern electricity meters. switchgear. development of smart metering in W&H)
 - Solutions for RES
 - Completion of the offer with system solutions for the gas industry (acquisition of ATREM)
- Automation of manufacturing processes - increase of efficiency and scalability robotics and automation department in Apator Metrix
- Commencement of the relocation process of Apator Powogaz



Modern factory of Apator Powogaz

- Agreement to sell current premises for a price of PLN 63.5 million w. impact on net result 2021: PLN 27.6 million
- Agreement for the purchase of real estate and construction of a plant for PLN 48.9 million (credit + own funds)
- Agreement on long-term investment credit - maximum amount of PLN 41 million
- Start on January 11 this year. - Foundation stone digging. Planned completion date -> Q1 2022
- Work is proceeding on schedule.
- Parallel automation of production processes: investments to increase efficiency in the areas of water meter legalization and component manufacturing.

New headquarters in numbers:

- 23,128 m² of total site area
- 7,776 m² of production area
- 2,040 sqm of warehouse space. including 1,720 sqm for a high-bay automatic warehouse (21 m high)
- 3,000 sqm of office and social space
- 4 storage docks



Outlook

- EE segment:
 - Energy transformation and RES development. digitalization of the energy sector. Improvement of energy efficiency of energy consumers (Energy Policy of Poland 2040. Energy Law)
 - Rollout in Poland - expected announcement of first tenders in 2022, first major tenders in 2023, strong pressure from Chinese producers (pursued expansion strategy similar to other Central European markets)
 - Erosion of profitability in hardware. Optimization activities conducted. especially in the operational sphere
- Gas segment: execution of contracts on key markets (Poland. United Kingdom. Belgium). new competence and IT solutions in the area of advanced IT systems for the gas industry. Further development of software solutions for customers in the gas sector.
- W&H segment: demand recovery after pandemic. Intensive efforts related to the optimization of current assets. Increasing the efficiency of operations and development of product portfolio.

- Pandemic-related market conditions still uncertain
- Disruptions in supply chains:
 - difficulties in obtaining components; extended lead-times
 - increases in prices of raw materials and materials
 - increases in transport prices

Activities conducted:

- operational efficiency project
- organisational changes
- constant contact with key suppliers and cooperators
- looking for alternative sources of supply
- building working capital
- further automation and computerization of processes

Aparator the dividend company

PLN1.20/share

2020 earnings per share dividend declaration

PLN 39.3 M

total dividend payment from profit for 2020

6.13%

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

Aparator in the group of 30 companies that "wrote the history of WSE".

- The company was awarded for the longest regularly sharing its profit with investors. The company paid its first dividend from 1996 profits and continues this tradition today.
- The total value of dividends paid is about PLN 475 million



Thank you for your attention!