

R-2023



Financial report

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

1. General information

1.1. Information about the entity

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

1.2. Core business activity of the entity:

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

1.3. Members of the Management Board and the Supervisory Board

Management Board

Arkadiusz Chmielewski – President of the Management Board (until 28 February 2023)
 Maciej Wyczesany – President of the Management Board (since 1 March 2023)
 Tomasz Łątka - Member of the Management Board (until 27 September 2023)
 Łukasz Zaworski - Member of the Management Board (from 22 November 2023)
 Robert Kowalski - Member of the Management Board (from 19 December 2023 to 14 May 2024)

Supervisory Board

Janusz Niedźwiecki – Chairman of the Supervisory Board
 Mariusz Lewicki – Deputy Chairman of the Supervisory Board
 Janusz Marzygliński – Member of the Supervisory Board
 Danuta Guzowska – Member of the Supervisory Board
 Marcin Murawski – Member of the Supervisory Board
 Kazimierz Piotrowski – Member of the Supervisory Board
 Tadeusz Sosgórnik – Member of the Supervisory Board

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

2.1. Basis for the preparation of the separate financial statements

These annual separate financial statements of Apator S.A. as at and for the year ending on 31 December 2023 was prepared in accordance with International Financial Reporting Standards approved by the European Union and related interpretations announced in the form of regulations of the European Commission.

The annual separate financial statements of Apator S.A. covers the year 2023 and includes comparative data for the year 2022.

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2.2. Accounting principles

In the preparation of the annual separate financial statements for the period from 1 January 2023 to 31 December 2023, the same accounting principles (policies) and calculation methods were applied as in the most recent separate financial statements for the year ending on 31 December 2022.

2.3. Applied International Financial Accounting Standards

CHANGES IN INTERNATIONAL FINANCIAL ACCOUNTING STANDARDS AND THEIR IMPACT ON THE SEPARATE FINANCIAL STATEMENTS

Standards that came into effect on 1 January 2023 but do not have a material impact in the preparation of the Company's annual financial statements are:

- Amendments to IAS 1 "Presentation of Financial Statements" (introducing the requirement to disclose material information on accounting policies),
- IFRS 17 "Insurance Contracts" and amendments to IFRS 17,
- Amendments to IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors",
- Amendments to IAS 12 "Income Taxes" (settling deferred tax on leasing transactions and decommissioning liabilities).

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

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

The following new Standards, amendments to Standards and Interpretations have not been adopted by the EU or are not yet in force for periods ending 31 December 2023 and have not been applied in the annual separate financial statements:

- Amendments to IFRS 16 "Leases" (clarifying the requirements for subsequent measurement of the lease liability, for sale and leaseback transactions, when the criteria of IFRS 15 are met and the transaction should be accounted for as a sale),
- Amendments to IAS 1 "Presentation of Financial Statements" (presentation of liabilities as long-term and short-term)
- IFRS 14 "Regulatory prepayments",
- Amendments to IFRS 10 and IAS 28 on the sale or contribution of assets between an investor and its associates or joint ventures,
- Amendments to IAS 7 "Statement of cash flows" and IFRS 7 "Financial Instruments: Disclosures" (disclosure of information about supplier finance arrangements),
- Amendments to IAS 21 "The effects of changes in foreign exchange rates".

The Company assesses that the introduction of the above standards will not have a material impact on the Company.

2.4. Reporting and functional currency and the rounding level applied

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

The functional currency of the Company is also Polish zloty.

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2.5. Duration of the activity of the entity

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

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

2.6. Approval of the financial statements

These separate financial statements were approved for publication by the entity's Management Board on 25 April 2024.

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

3.1. Separate statement of financial position

ITEM	NOTE	as at	
		31.12.2023	31.12.2022
Fixed assets		336,423	346,008
Intangible assets	7.2	20,324	24,539
Goodwill	7.2	34,506	34,506
Tangible fixed assets	7.3	80,079	88,483
Right to use assets	7.5	15,196	10,771
Investment property	7.6	1,180	1,177
Other long-term financial assets	7.7	171,007	170,957
- <i>in related entities</i>		171,007	170,957
Long-term prepayments	7.11	286	-
Deferred tax assets	7.18	13,845	15,575
Current assets		184,556	188,257
Inventory	7.8	111,094	96,732
Trade receivables	7.9	63,951	69,981
- <i>from related parties</i>		1,566	6,880
- <i>from other entities</i>		62,385	63,101
Receivables from corporate income tax		-	1,344
Receivables from other taxes, customs duties, and social insurance		1,077	1,040
Other short-term receivables	7.9	1,657	1,223
- <i>from related parties</i>		528	37
- <i>from other entities</i>		1,129	1,186
Other short-term financial assets	7.7	185	17
- <i>in other entities</i>		185	17
Cash and cash equivalents	7.10	3,298	1,903
Short-term prepayments	7.11	3,294	3,154
Fixed assets classified as held for sale	7.4	-	12,863
TOTAL ASSETS		520,979	534,265

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ITEM	NOTE	as at	
		31.12.2023	31.12.2022
Equity		381,335	362,987
Share capital	7.12	3,265	3,265
Other capital	7.13	350,271	334,472
Capital from the revaluation of a defined benefit plan		(164)	(165)
Capital from valuation of hedging transactions		(122)	(178)
Undistributed financial result	7.14	28,085	25,593
- result for the current period		34,615	25,593
- write-downs from current year result		(6,530)	-
Liabilities		139,644	171,278
Long-term liabilities and provisions		14,826	14,156
Long-term credits and loans	7.15	-	3,119
- from other entities		-	3,119
Long-term liabilities from the right to use assets	7.5	11,385	7,934
Long-term liabilities due to employee benefits	7.16	3,441	3,103
Short-term liabilities and provisions		124,818	157,122
Short-term credits and loans	7.15	45,408	75,354
- from other entities		45,408	75,354
Trade liabilities	7.17	36,525	48,292
- toward related entities		3,449	1,934
- toward other entities		33,076	46,358
Liabilities due to corporate income tax		1,511	-
Liabilities due to other taxes, customs duties, and social insurance		7,970	7,330
Other short-term liabilities	7.17	9,852	9,717
- toward other entities		9,852	9,717
Short-term liabilities from the right to use assets	7.5	3,097	2,366
Short-term liabilities due to employee benefits	7.16	11,178	5,113
Other short-term provisions	7.16	9,277	8,950
TOTAL LIABILITIES		520,979	534,265

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

ITEM	NOTE	for the period	
		from 01.01.2023 to 31.12.2023	from 01.01.2022 to 31.12.2022
Sales revenue of products and services	7.20	479,177	411,884
- to related entities		59,846	58,934
- to other entities		419,331	352,950
Cost of goods sold	7.19	(373,458)	(349,735)
- to related entities		(51,700)	(49,563)
- to other entities		(321,758)	(300,172)
Gross profit from sales		105,719	62,149
Sales costs	7.19	(16,236)	(12,434)
General administrative costs	7.19	(59,861)	(48,619)
Profit on sales		29,622	1,096
Other operating revenue, including:		271	507
Revenue	7.21	1,871	1,601
Costs	7.21	(1,600)	(1,094)
- including the result due to (impairment)/ reversal of receivables		(190)	101
Profit on operating activity		29,893	1,603
Financial revenue, including:		9,285	24,410
Revenue	7.22	14,814	32,760
Costs	7.22	(5,529)	(8,350)
- including the result due to (impairment)/ reversal of receivables		31	(12)
Profit before tax		39,178	26,013
Current income tax	7.18	(2,847)	(1,258)
Deferred income tax	7.18	(1,716)	838
Net profit		34,615	25,593

ITEM	NOTE	for the period	
		from 01.01.2023 to 31.12.2023	from 01.01.2022 to 31.12.2022
Other comprehensive income			
Other net comprehensive income		57	442
Items that may be reclassified to the financial result in the future			
Result on hedge accounting with tax effect		56	(255)
Items that will not be reclassified to the financial result in the future:			
Actuarial profit/loss		1	697
Total comprehensive income		34,672	26,035
Net profit, of which attributable to:		34,615	25,593
Company's shareholders		34,615	25,593
Total comprehensive income, of which attributable to:		34,672	26,035
Company's shareholders		34,672	26,035
Net profit (loss) per ordinary share:			
from continuing operations			
- basic		1,06	0,78
- diluted		1,06	0,78
Weighted average number of shares		32,647,073	32,670,559

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3.3. Separate statement of changes in equity

ITEM	Share capital	Other capital	Capital from the revaluation of a defined benefit plan	Capital from valuation of hedging transactions	Undistributed financial result	TOTAL EQUITY
Balance as at 01.01.2023	3,265	334,472	(165)	(178)	25,593	362,987
Changes in equity from 01.01.2023 to 31.12.2023						
Comprehensive income:						
Net profit for the period from 01.01.2023 to 31.12.2023	-	-	-	-	34,615	34,615
Distribution of result to supplementary capital	-	15,799	-	-	(15,799)	-
Other comprehensive income:						
Items that may be reclassified to the financial result in the future:						
Result on hedge accounting with tax effect	-	-	-	56	-	56
Items that will not be reclassified to the financial result in the future						
Revaluation of the defined benefit plan provision including tax effect	-	-	1	-	-	1
Total other comprehensive income	-	-	1	56	-	57
Comprehensive income recognised in the period from 01.01.2023 to 31.12.2023	-	15,799	1	56	18,816	34,672
Transactions with owners recognised directly in equity:						
Dividends	-	-	-	-	(9,794)	(9,794)
Settlement of advance dividend	-	-	-	-	(6,530)	(6,530)
Balance as at 31.12.2023	3,265	350,271	(164)	(122)	26,085	381,335

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ITEM	Share capital	Own shares	Other capital	Capital from the revaluation of a defined benefit plan	Capital from valuation of hedging transactions	Undistributed financial result	TOTAL EQUITY
Balance as at 01.01.2022	3,278	(450)	342,759	(862)	77	18,436	363,238
Changes in equity from 01.01.2022 to 31.12.2022							
Comprehensive income:							
Net profit for the period from 01.01.2022 to 31.12.2022	-	-	-	-	-	25,593	25,593
Distribution of result to supplementary capital	-	-	2,083	-	-	(2,083)	-
Other comprehensive income:							
Items that may be reclassified to the financial result in the future:							
Result on hedge accounting with tax effect	-	-	-	-	(255)	-	(255)
Items that will not be reclassified to the financial result in the future							
Revaluation of the defined benefit plan provision including tax effect	-	-	-	697	-	-	697
Total other comprehensive income	-	-	-	697	(255)	-	442
Comprehensive income recognised in the period from 01.01.2022 to 31.12.2022	-	-	2,083	697	(255)	23,510	26,035
Transactions with owners recognised directly in equity:							
Dividends	-	-	-	-	-	(16,353)	(16,353)
Purchase of own shares	-	(1,950)	-	-	-	-	(1,950)
Redemption of own shares	(13)	2,400	(2,387)	-	-	-	-
Capital from merger of entities	-	-	(7,983)	-	-	-	(7,983)
Balance as at 31.12.2022	3,265	-	334,472	(165)	(178)	25,593	362,987

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3.4. Separate statement of cash flows

SPECIFICATION	NOTE	for the period	
		from 01.01.2023	from 01.01.2022
		to 31.12.2023	to 31.12.2022
Cash flows from operating activity			
Profit before tax (continuing operation)		39,178	26,013
Adjustments:		15,803	381
Depreciation of intangible assets	7.2	8,582	8,131
Amortisation of tangible fixed assets	7.3	16,342	17,348
Write-downs on tangible fixed assets		59	-
Profit on sale of tangible fixed assets and intangible assets		(1 501)	(274)
Profit on fair value measurement of investment property	7.6	(4)	(165)
(Profit) loss due to change in fair value of derivatives		70	(414)
Interest costs		4,901	6,941
Revenue from dividends	7.22	(11,544)	(31,240)
Other adjustments	7.23	(1,102)	54
Cash from operating activity before changes in working capital		54,981	26,394
Change in inventory	7.8	(14,362)	15,656
Change in receivables	7.23	6,148	(11,710)
Change in liabilities	7.23	(7,467)	14,703
Change in provisions	7.23	6,730	654
Change in prepayments and accruals	7.11	(426)	(686)
Cash generated in the course of operating activity		45,604	45,011
Tax return		1,548	787
Income tax paid		(1,539)	(3,906)
Net cash from operating activity		45,613	41,892
Cash flows from investment activity			
Expenditure on the acquisition of intangible assets	7.23	(3,322)	(3,375)
Expenditure on the acquisition of tangible fixed assets and lease assets	7.23	(4,728)	(6,226)
Proceeds from the sale of tangible fixed assets		10,030	404
Investments in subsidiaries	7.7	(50)	(5,109)
Cash acquired in the merger with Apator Elkomtech S.A.		-	176
Dividends received		11,544	31,235
Other inflows (expenses)	7.23	(1,097)	619
Net cash used from investment activity		12,377	17,724
Cash flows from financial activity			
Purchase of own shares		-	(1,950)
Inflow from credits and loans		-	21,159
Repayment of credits and loans		(32,648)	(53,125)
Interest paid		(4,597)	(6,682)
Dividends paid		(16,324)	(16,353)
Repayment of lease liabilities		(2,594)	(2,554)
Other expenditure	7.23	(432)	(615)
Net cash flows from financial activity		(56,595)	(60,120)
Net increase (decrease) in cash and cash equivalents		1,395	(504)
Opening balance of cash and cash equivalents		1,903	2,407
Closing balance of cash and cash equivalents		3,298	1,903

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4. Accounting principles applied

4.1. Basis for preparation (general principles)

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

The most significant of the accounting policies applied by the entity are presented in sections 4.2.1 to 4.2.17.

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

4.2. Detailed principles for the valuation of assets and liabilities

4.2.1. Intangible assets

Research and development

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

Expenditure incurred on development work, the results of which find application in the development or manufacture of a new or substantially improved product, is capitalised where the manufacture of a new product (or process) is technically possible and economically justified and the Company has the technical, financial and other resources necessary to complete the development work. Costs to be capitalised include: costs of materials, remuneration of employees directly involved in the development work, a reasonable portion of the costs indirectly related to the generation of the intangible asset, and capitalised borrowing costs. Other development costs are recognised as a profit or loss for the current period as they are incurred.

Development costs are recognised as intangible assets based on their acquisition price, reduced by accumulated amortisation write-offs and impairment loss.

Other intangible assets

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

Expenditure incurred at a later date

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

Amortisation and depreciation

Amortisation and depreciation is made with regard to the acquisition price of a given asset or its equivalent value less its residual value.

The cost of amortisation and depreciation is recognised as a profit or loss for the current period using the straight-line method

in respect of the Company's estimated useful life of an intangible asset, other than goodwill, from the point at which it is determined to be fit for use, which best reflects how the future economic benefits associated with the use of the asset will be realised.

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

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

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4.2.2. Tangible fixed assets

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

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

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

with the asset. In the case of an asset that does not generate cash inflows in a substantially independent manner, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

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

Tangible fixed assets under construction refer to assets under construction or assembly and are recognised at the purchase price or manufacturing cost. Tangible fixed assets under construction are not depreciated until the construction is completed and the asset is handed over for use.

4.2.3. Investments in subsidiaries and associates

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

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

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

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

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

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4.2.4. Leases

The classification of leases is made in accordance with IFRS 16.

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

Contracts may contain lease and non-lease components. The Company allocates the consideration specified in the contract to the lease and non-lease components respectively, based on their relative fair values. However, in the case of property leases where the Company is the lessee, the Company has elected not to separate non-lease components from lease components and to recognise them as a single lease components.

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

- fixed lease payments (including in-substance fixed lease payments) less any lease incentives receivable,
- variable lease payments that depend on an index or a rate, initially measured using the index or rate according to their value at the commencement date,
- amounts expected to be payable by the Company under residual value guarantees;
- the exercise price of a purchase option if the Company is reasonably certain to exercise that option, and
- financial penalties for lease termination if the lease terms provide that the Company may exercise the option to terminate the lease.

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

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

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

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

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

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

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

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

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

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- right of perpetual usufruct of land – perpetual,
- lease of office space and production building – 3 years,
- computer hardware – 3 years,
- means of transport – 4 years.

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

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

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

The value of the lease liability is calculated based on the following assumptions:

- in the case of perpetual usufruct of land – perpetual usufruct is assumed,
- in the case of fixed-term agreements – the maximum period that can generate a liability is assumed,
- in the case of agreements concluded for an indefinite period of time – an individual business analysis is conducted to determine the assumed period of use,
- discount rate – determined in accordance with the adopted principles.

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

4.2.5. Investment property

Investment property is considered to be property that is treated as a source of rental income and/or is held due to expected appreciation in value. Investment property is measured at fair value at the reporting date, i.e. based on historical experience and market assumptions and judgements about their potential. Profit and loss arising from changes in the fair value of investment property is recognised in the financial result in the period in which they arise.

4.2.6. Inventory

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

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

The inventory is reviewed at the end of each reporting period. A 100% write-down is made on economically unusable inventory. In addition, to make inventory values realistic, an age structure analysis is carried out, with the decisive factor being the date of acceptance and release from the warehouse. This way of statistically

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calculating write-downs includes an element of estimation that affects the reporting value of the inventory. The write-down updating inventory value is charged to the costs of the core business.

4.2.7. Financial instruments

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

Financial assets are classified into one of the following categories:

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

The Company's trade and other receivables primarily include trade receivables from unrelated entities (mainly for invoices issued as a result of the Group's performance of contracts) and budget receivables, including corporate income tax and value-added tax receivables. Trade receivables, which typically have a maturity of between 14 and 90 days, are recognised at their nominal value, i.e. according to the amounts originally invoiced. Trade receivables are held for collection and meet the SPPI test, therefore at the balance sheet date these items are measured at amortised cost, taking into account any write-downs calculated using the expected loss model.

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

Financial liabilities are classified into one of the following categories:

- presented at fair value through financial result – are recorded under "Trade liabilities and other short-term liabilities" and include derivatives held by the Company (in particular forward and swap contracts),
- measured at amortised cost – financial liabilities not classified as "recognised at fair value through financial result"; are primarily recorded under the item "Trade liabilities and other short-term liabilities".

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

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

They are initially measured at fair value. Costs of transaction allocated directly to the purchase or issue of financial assets and liabilities (except for financial assets and liabilities valued at fair value through profit and loss) are added to or deducted from, respectively, fair value of financial assets or liabilities at their initial recognition. Costs of transaction allocated directly to the purchase of financial assets or taking over of financial liabilities measured at fair value through profit and loss are recognised directly in the result.

Financial assets are derecognised when the rights to receive cash flows from them have expired or have been transferred, and the Company has transferred substantially all the risks

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and benefits resulting from their ownership. Where the Company does not transfer or retain all the risks and benefits resulting from the ownership rights but continues to control the transferred asset, it recognises the retained interest in the asset and the associated liabilities it will have to pay.

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

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

Valuation after initial recognition

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

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

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

Impairment of financial assets

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

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

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

Impairment loss on trade receivables

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

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

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

Bank loans

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

Trade liabilities and other liabilities

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

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Hedge accounting

Cash flow hedging

Derivative financial instruments, such as fx forward exchange contracts, are used to hedge the risk of changes in exchange rates. The level of hedging adopted in a given period may not exceed 50% of the annual currency exposure in the case of import hedging, while in the case of export hedging, the level of hedging is in the range of 50-80% of the annual currency exposure. Relying on the planned exposure is a type of estimation that affects the value of the instruments.

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

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

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

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

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

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

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4.2.8. Provisions

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

The costs relating to a particular provision are shown in profit or loss, less any refunds. Where the effect of the time value of money is material, the amount of the provision is determined by discounting the projected future cash flows to their present value, using a gross discount rate, which reflects current market assessments of the time value of money and the risks, if any, associated with the liability. If the discounting method is used, any increase in the provision due to the passage of time is recognised as a financing cost. Provisions are also created for future liabilities due to restructuring, if the Company is obliged to undergo the process of restructuring pursuant to separate regulations or concluded binding agreements, and the restructuring plans make it possible to estimate the value of future liabilities in a reliable way.

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

4.2.9. Employee benefits

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

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

- criteria for entitlement to the said benefits,
- actuarial assumptions.

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

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

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

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

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4.2.10. Revenue

Revenue from sales of goods

The Company recognises all sales revenue at a point in time when the customer obtains control of the good.

Sales revenue is recognised at the fair value of the consideration received or due and represents receivables for products, goods and services provided in the normal course of business, less discounts, value-added tax and other sales-related taxes. Revenue is recognised to the extent that it is probable that the economic benefits associated with the transaction will flow to the Company and when the amount of revenue can be reliably measured.

Revenue from sales of services

Service revenue relating to short-term orders is recognised at a point in time when the service is finalised, upon confirmation of the performance of the contract bond (upon receipt of the acceptance report).

Determining the transaction price

In the case of contracts involving several performance obligations, a transaction price is assigned to each of these obligations based on the unit selling price. If these prices cannot be determined from direct observations, they are estimated based on expected costs plus a mark-up.

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

For fixed-price contracts, the customer pays a fixed amount according to the payment schedule. If the value of the services provided by the Company exceeds the value of the payment, a customer contract asset is recognised. If the value of the payment exceeds the value of the services provided, a customer contract liability is recognised.

The fixed component of the remuneration is the product of the price (according to the price list offered) and the number of goods sold. The variable component of remuneration consists of discounts. They are granted periodically, in the case of contracts with regular customers, when the agreed volume of purchases is completed, or they are determined individually, in accordance with the provisions of the existing contracts. Discounts are calculated as a percentage of turnover (using established turnover thresholds).

Guarantees and payment terms

As a rule, Apator S.A. uses payment terms between 30 and 90 days. In the switchgear business line they are generally 30-90 days, while in the electricity metering line they are 30 days.

Guarantees in the form of performance bonds are generally provided for a period of 1-1.5 years and, after their expiry, warranty guarantees apply for a further 2-5 years (depending on the contract).

Guarantees are standard business practice and are not a separate performance obligation in contracts with customers.

Other revenue

Interests

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

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Dividends

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

4.2.11. Costs

The Company recognises costs in accordance with the principle of matching revenues and costs and the principle of prudence.

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

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

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

4.2.12. Transactions in foreign currencies

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

4.2.13. Taxes

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

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

Deferred tax is recognised in connection with temporary differences between the reporting value of assets and liabilities and their values determined for tax purposes. Deferred income tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities arising from a transaction that is not a business combination and affects neither current period profit or loss nor taxable profit, differences associated with investments in subsidiaries and associates to the extent that it is not probable that they will be disposed of in the foreseeable future. In addition, no deferred tax is recognised on temporary differences arising from the initial recognition of goodwill. Deferred tax is measured using the tax rates that are expected to apply when temporary differences reverse, whereby the tax laws that have been legally or actually in force by the reporting date are taken as the basis. Deferred tax assets and provisions are offset if the Company has an enforceable legal right to offset current tax liabilities and assets, and provided that the deferred tax assets and provisions relate to the income tax imposed by the same tax authority on the same taxpayer or different taxpayers that intend to settle income tax liabilities and receivables on a net basis or to simultaneously realise the receivables and settle the liability.

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

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4.2.14. Grants

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

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

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

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

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

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

The company recognises the tax credit resulting from its activities in the Special Economic Zone (exemption from corporate income tax) in accordance with IAS 12, i.e. it recognises it as a deferred tax asset up to the amount of public assistance that can be obtained. The maximum amount of assistance available is calculated by multiplying the assistance intensity applicable in the province by the value of the investment expenditure considered eligible. Deferred tax assets relating to unused tax credits are recognised on an estimated basis to the extent that it is probable that taxable profit will be available against which they can be utilised. These assets are reassessed at each reporting date and reduced to the extent that it is not probable that the related income tax benefits will be realised.

On 3 June 2020, the Company received Support Decision No. PSSE.DW.11.2020 for a new investment to increase production capacity (expansion of an existing plant). The decision assumes that eligible costs of at least PLN 30 million (not more than PLN 39 million) will be incurred by the end of 2025 and will make it possible to benefit from the tax exemption for conducting business activities in the Special Economic Zone. The decision was issued for a fixed period - 15 years.

4.2.16. Equity

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

5. Basic judgements and basis for uncertainty estimation

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

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

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

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The following areas require significant estimates and subjective assessment:

- revenue recognition and transaction price allocation for contracts with several contractual obligations for which revenue is recognised over time,
- the recognition of deferred tax assets on tax loss from previous periods,
- uncertainty about estimates and subjective assessments made in relation to leasing transactions,
- estimated useful life of intangible assets,
- estimated useful life of tangible fixed assets,
- estimated valuation of investment property,
- estimate of the pension liability under the defined benefit plan,
- estimation of other provisions,
- impairment of financial and non-financial assets,
- impairment of inventory,
- impairment of receivables,
- the value of derivatives resulting from the assumed level of hedging of future cash flows.

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

- Intangible assets (note 4.2.1, note 7.2),
- Tangible fixed assets (note 4.2.2, note 7.3),
- Right-of-use assets, lease obligations (note 4.2.4, note 7.5),
- Investment property (note 4.2.5, note 7.6),
- Other financial assets (note 4.2.7, note 7.7),
- Inventory (note 4.2.6, note 7.8),
- Trade and other receivables (note 4.2.7, note 7.9),
- Provisions for liabilities (notes 4.2.8, 4.2.9; note 7.16),
- Deferred income taxes (notes: 4.2.13, 4.2.15; note 7.18),
- Derivatives (note 4.2.7, note 7.24).

6. Information on the seasonality of operations

The seasonality phenomenon in the Group's operations is not particularly relevant, especially as, due to the effects of the pandemic and the war in Ukraine, the turnover structure for 2020–2022 should not be taken as representative of the seasonality phenomenon, since it is strongly influenced by atypical factors (difficulties in accessing materials and components, inflation).

7. Explanatory notes to the separate financial statements

7.1. Operating segments

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

- Water and Heat
- Gas
- Electricity,

while the activities of Apator S.A. focus on the Electricity segment. An analysis of the segments was performed in the consolidated financial statements of the Apator Group for 2023.

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7.2. Intangible assets

Data on intangible assets is presented in the tables below.

ITEM	as at	
	31.12.2023	31.12.2022
Customer relations	2,106	5,757
Patents, licenses, computer software	2,908	3,181
Costs of development works	8,762	6,825
Other intangible assets	149	224
Unfinished investment in intangible assets	329	515
Unfinished investment in development work	6,070	8,037
Total	20,324	24,539

ITEM	CUSTOMER RELATIONS	PATENTS AND LICENCES, COMPUTER SOFTWARE	DEVELOPMENT WORK COSTS	OTHER INTANGIBLE ASSETS	UNCOMPLETED INVESTMENTS IN INTANGIBLE ASSETS	UNCOMPLETED INVESTMENTS IN DEVELOPMENT WORKS	TOTAL
Net value as at 01.01.2022	-	4,228	2,359	12	761	3,391	10,751
Change due to merger with Apator Elkomtech S.A.	29,809	1,351	16,123	372	-	4,493	52,148
Increase due to acquisition	-	549	-	-	-	-	549
Increase on account of own production	-	-	2,817	-	-	-	2,817
Expenditure on intangible assets	-	-	-	-	303	2,983	3,286
Decrease due to liquidation	-	(103)	-	(29)	-	-	(132)
Decrease due to abandonment of investments	-	-	-	-	-	(13)	(13)
Accounting for expenditure on intangible assets	-	-	-	-	(549)	(2,817)	(3,366)
Amortisation and depreciation	(2,981)	(1,622)	(3,443)	(86)	-	-	(8,132)
Depreciation at the date of derecognition	(21,071)	(1,325)	(11,031)	(74)	-	-	(33,501)
Decrease in existing depreciation due to liquidation	-	103	-	29	-	-	132
Net value as at 31.12.2022	5,757	3,181	6,825	224	515	8,037	24,539
Net value as at 01.01.2023	5,757	3,181	6,825	224	515	8,037	24,539
Increase due to acquisition	-	1,311	-	-	-	-	1,311
Increase on account of own production	-	-	5,209	-	-	-	5,209
Increase due to reclassification - other	-	-	-	-	261	-	261
Expenditure on intangible assets	-	-	-	-	865	3,242	4,107
Decrease due to liquidation	-	(282)	(222)	-	-	-	(504)
Accounting for expenditure on intangible assets	-	-	-	-	(1,312)	(5,209)	(6,521)
Amortisation and depreciation	(3,651)	(1,584)	(3,272)	(75)	-	-	(8,582)
Decrease in existing depreciation due to liquidation	-	282	222	-	-	-	504
Net value at 31.12.2023	2,106	2,908	8,762	149	329	6,070	20,324

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ITEM	CUSTOMER RELATIONS	PATENTS AND LICENCES, COMPUTER SOFTWARE	DEVELOPMENT WORK COSTS	OTHER INTANGIBLE ASSETS	UNFINISHED INVESTMENTS IN INTANGIBLE ASSETS	UNCOMPLETED INVESTMENTS IN DEVELOPMENT WORKS	TOTAL
Status as at 31.12.2022							
Gross value	29,809	18,462	29,430	865	515	8,037	87,118
Total accumulated depreciation and impairment loss to date	(24,052)	(15,281)	(22,605)	(641)	-	-	(62,579)
Net value	5,757	3,181	6,825	224	515	8,037	24,539
As at 31.12.2023							
Gross value	29,809	19,492	34,417	865	329	6,070	90,982
Total accumulated depreciation and impairment loss to date	(27,703)	(16,584)	(25,655)	(716)	-	-	(70,658)
Net value	2,106	2,908	8,762	149	329	6,070	20,324

Additional information is presented in the table below.

ITEM	as at	
	31.12.2023	31.12.2022
Gross value of all fully amortised intangible assets still in use	59,737	25,104
Value of research and development expenditure recognised as an expense during the period	11,552	13,642
Amount of borrowing costs capitalised during the period	320	376

7.3. Tangible fixed assets

The most significant expenditures on tangible fixed assets during 2023 included investments in machinery and equipment and other property, plant and equipment (tools, instrumentation and workstations).

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

ITEM	as at	
	31.12.2023	31.12.2022
Land, buildings and structures	34,114	34,594
Machinery and equipment	19,162	21,635
Means of transport	642	502
Other tangible fixed assets	22,644	28,177
Unfinished investment in tangible fixed assets	3517	3,575
Total	80,079	88,483

Name of the organisational unit:	Apator S.A.		Page 25
Period covered by the financial statements:	01.01.2023 - 31.12.2023	Reporting currency:	Polish zloty (PLN)
Rounding level:	all amounts are expressed in PLN thousand (unless otherwise indicated)		

ITEM	LAND, BUILDINGS AND STRUCTURES	MACHINERY AND EQUIPMENT	MEANS OF TRANSPORT	OTHER TANGIBLE FIXED ASSETS	INVESTMENTS IN TANGIBLE FIXED ASSETS NOT YET COMPLETED	TOTAL
Net value as at 01.01.2022	35,044	26,286	437	27,716	6,633	96,116
Change due to merger with Apator Elkomtech S.A.	16,609	7,004	2,500	736	-	26,849
Increase due to acquisition	-	606	-	5,636	-	6,242
Increase due to modernisation	120	158	-	220	-	498
Increase on account of own production	-	105	-	2,033	-	2,138
Increase due to reclassification - from right to use leased assets to tangible fixed assets	-	-	1,109	-	-	1,109
Expenditures on tangible fixed	-	-	-	-	5,819	5,819
Decrease due to disposal	-	(239)	(415)	-	-	(654)
Decrease due to liquidation	-	(550)	(8)	(25)	-	(583)
Decrease due to reclassification - to assets held for sale	(15,898)	-	-	-	-	(15,898)
Settlement of expenditures on tangible fixed assets under construction (acceptance)	-	-	-	-	(8,877)	(8,877)
Amortisation and depreciation	(1,416)	(6,168)	(285)	(7,454)	-	(15,323)
Depreciation at the date of derecognition	(2,900)	(6,351)	(2,499)	(710)	-	(12,460)
Increase in existing depreciation due to reclassification - from right to use leased assets to tangible fixed assets	-	-	(740)	-	-	(740)
Decrease in existing depreciation due to disposal	-	234	395	-	-	629
Decrease in existing depreciation due to liquidation	-	550	8	25	-	583
Decrease in existing depreciation due to reclassification - to assets held for sale	3,035	-	-	-	-	3,035
Net value as at 31.12.2022	34,594	21,635	502	28,177	3,575	88,483
Net value as at 01.01.2023	34,594	21,635	502	28,177	3,575	88,483
Increase due to acquisition	-	1,972	424	817	-	3,213
Increase due to modernisation	818	1,316	-	220	-	2,354
Increase on account of own production	-	136	-	88	-	224
Increase due to reclassification - from right to use leased assets to tangible fixed assets	35	-	305	-	-	340
Expenditures on tangible fixed assets	-	-	-	-	5,798	5,798
Decrease due to disposal	-	(99)	(236)	(17)	-	(352)
Decrease due to liquidation	-	(2,012)	(98)	(690)	-	(2,800)
Decrease due to reclassification - other	-	(124)	-	-	(261)	(385)
Settlement of expenditures on tangible fixed assets under construction (acceptance)	-	-	-	-	(5,595)	(5,595)
Other impairment write-downs on assets	-	(6)	-	(52)	-	(58)
Amortisation and depreciation	(1,354)	(5,757)	(352)	(6,584)	-	(14,047)
Increase in depreciation due to reclassification - from tangible fixed assets to the right to use assets under lease	-	-	(184)	-	-	(184)

Name of the organisational unit:	Apator S.A.		Page 26
Period covered by the financial statements:	01.01.2023 - 31.12.2023	Reporting currency:	Polish zloty (PLN)
Rounding level:	all amounts are expressed in PLN thousand (unless otherwise indicated)		

Decrease in existing depreciation due to disposal	-	89	183	17	-	289
Decrease in existing depreciation due to liquidation	-	2,012	98	691	-	2,801
Other changes - gross	21	-	-	(23)	-	(2)
Net value at 31.12.2023	34,114	19,162	642	22,644	3517	80,079

ITEM	LAND, BUILDINGS AND STRUCTURES	MACHINERY AND EQUIPMENT	MEANS OF TRANSPORT	OTHER TANGIBLE FIXED ASSETS	UNFINISHED INVESTMENT IN TANGIBLE FIXED ASSETS	TOTAL
Status as at 31.12.2022						
Gross value	46,237	78,550	6,628	94,180	3,575	229,170
Total accumulated depreciation and impairment loss to date	(11,643)	(56,915)	(6,126)	(66,003)	-	(140,687)
Net value	34,594	21,635	502	28,177	3,575	88,483
As at 31.12.2023						
Gross value	47,111	79,739	7,023	94,575	3517	231,965
Total accumulated depreciation and impairment loss to date	(12,997)	(60,577)	(6,381)	(71,931)	-	(151,886)
Net value	34,114	19,162	642	22,644	3517	80,079

Information on write-downs on tangible fixed assets

ITEM	LAND, BUILDINGS AND STRUCTURES	MACHINERY AND EQUIPMENT	MEANS OF TRANSPORT	OTHER TANGIBLE FIXED ASSETS	UNFINISHED INVESTMENT IN TANGIBLE FIXED ASSETS	TOTAL
Value of write-downs as at 01.01.2023	-	-	-	-	-	-
Increase - creation of a write-off charged against current result	-	6	-	52	-	58
Value of write-downs as at 31.12.2023	-	6	-	52	-	58

7.4. Fixed assets classified as held for sale

On 22 December 2022, a preliminary contract was concluded (Notarial deed Rep. 11531/2022) for the sale of the property of Apator S.A. located in Łódź for PLN 14 million. The contract was finalised on 4 September 2023.

Therefore, the disposition of the property designated to this category as at 31 December 2022 was made.

Name of the organisational unit:	Apator S.A.		Page 27
Period covered by the financial statements:	01.01.2023 - 31.12.2023	Reporting currency:	Polish zloty (PLN)
Rounding level:	all amounts are expressed in PLN thousand (unless otherwise indicated)		

ITEM	in the period	
	from 01.01.2023	from 01.01.2022
	to 31.12.2023	to 31.12.2022
Value at the beginning of the period	12,863	-
Increase due to reclassification	(35)	12,863
Decrease due to disposal	(12,609)	-
Other	(219)	-
Value at the end of the period	-	12,863

7.5. Right to use assets, lease liabilities

The Company's capitalised leased assets include:

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

The discount rate for property lease agreements was determined in accordance with the adopted principle. It currently ranges from 1% to 6.9% (due to different contracting periods and high volatility of interest rates). For other lease liabilities, the discount rate follows directly from the terms of the contract.

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

ITEM	as at	
	31.12.2023	31.12.2022
Land, buildings and structures	13,863	9,195
Machinery and equipment	1,237	1,267
Means of transport	96	309
Total	15,196	10,771

ITEM	Land, buildings and structures	Machinery and equipment	Means of transport	Investments not yet completed in lease assets	Total
Net value as at 01.01.2022	8,300	100	896	330	9,626
Change due to merger with Apator Elkomtech S.A.	2,329	-	656	-	2,985
Increase due to leasing acceptance	488	513	-	-	1,001
Expenditure on right-of-use assets	-	-	-	1,453	1,453
Decrease due to disposal	-	-	(418)	-	(418)
Decrease due to reclassification - from right to use leased assets to tangible fixed assets	-	-	(1,109)	-	(1,109)
Settlement of expenditures on the right to use assets (acceptance to stock)	-	-	-	(1,001)	(1,001)
Amortisation and depreciation	(1,738)	(128)	(159)	-	(2,025)
Depreciation at the date of derecognition	(184)	-	(415)	-	(599)
Decrease in existing depreciation due to disposal	-	-	118	-	118
Decrease in existing depreciation due to reclassification - from right to use of leased assets to tangible fixed assets	-	-	740	-	740
Net value as at 31.12.2022	9,195	485	309	782	10,771

Name of the organisational unit:	Apator S.A.		Page 28
Period covered by the financial statements:	01.01.2023 - 31.12.2023	Reporting currency:	Polish zloty (PLN)
Rounding level:	all amounts are expressed in PLN thousand (unless otherwise indicated)		

Net value as at 01.01.2023	9,195	485	309	782	10,771
Increase due to leasing acceptance	6,717	841	-	-	7,558
Increase due to reclassification - from tangible fixed assets to right to use assets under lease	-	123	-	-	123
Expenditure on right-of-use assets	-	-	-	6,775	6,775
Decrease due to disposal	-	-	(102)	-	(102)
Decrease due to reclassification - from right to use leased assets to tangible fixed assets	-	-	(305)	-	(305)
Settlement of expenditures on the right to use assets (acceptance to stock)	-	-	-	(7,557)	(7,557)
Amortisation and depreciation	(2,049)	(212)	(33)	-	(2,294)
Decrease in existing depreciation due to disposal	-	-	42	-	42
Decrease in existing depreciation due to reclassification - from right to use leased assets to tangible fixed assets	-	-	185	-	185
Net value at 31.12.2023	13,863	1,237	96	-	15,196

ITEM	as at	
	31.12.2023	31.12.2022
Long-term liabilities from the right to use assets	11,385	7,934
Short-term liabilities from the right to use assets	3,097	2,366
Total	14,482	10,300

ITEM	as at 31.12.2023		as at 31.12. 2022	
	Fees	Present value of fees	Fees	Present value of fees
Payable within 1 year	3,441	3,097	2,396	2,366
Payable over a period of 1 to 5 years	6,423	5,902	2,461	2,162
Payable after 5 years	5,483	5,483	9,420	5,772
Total future minimum lease payments under finance lease contracts	15,347	14,482	14,277	10,300
Discount	(865)	X	(3,977)	X
Present value of minimum lease payments	14,482	14,482	10,300	10,300

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

ITEM	in the period	
	from 01.01.2023	from 01.01.2022
	to 31.12.2023	to 31.12.2022
Depreciation of right-of-use assets		
Buildings	(2,049)	(1,738)
Machinery and equipment	(212)	(128)
Means of transport	(33)	(159)
Total depreciation	(2,294)	(2,025)
Interest costs (included in financial costs)	(326)	(279)
Costs associated with short-term leases (included in cost of goods sold and general administrative costs)	(9)	(37)
Costs associated with leases of low-value assets not shown above as short-term leases (included in general administrative costs)	(37)	(29)

Total lease cash outflows amounted to PLN 2,770 thousand in 2023 (in 2022 - PLN 2,833 thousand).

Name of the organisational unit:	Apator S.A.		Page 29
Period covered by the financial statements:	01.01.2023 - 31.12.2023	Reporting currency:	Polish zloty (PLN)
Rounding level:	all amounts are expressed in PLN thousand (unless otherwise indicated)		

7.6. Investment property

To investment property, Apator S.A. qualified the purchased land with buildings, which the Company leased to unrelated entities.

ITEM	in the period	
	from 01.01.2023	from 01.01.2022
	to 31.12.2023	to 31.12.2022
Value at the beginning of the period	1,177	1,011
Increase in fair value	4	166
Value at the end of the period	1,181	1,177

Income and expenses from the investment property are presented in the table below

ITEM	in the period	
	from 01.01.2023	from 01.01.2022
	to 31.12.2023	to 31.12.2022
Rental income included in current result	17	35
Direct operating costs relating to an investment property that generated rental income during the period	13	14

7.7. Other financial assets

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

ITEM	as at	
	31.12.2023	31.12.2022
Other long-term financial assets	171,007	170,957
Other stocks and shares (not publicly traded)	171,007	170,957
Other short-term financial assets	185	17
Derivatives	185	17
Total other financial assets, including:	171,192	170,974
- in related entities	171,007	170,957
- in other entities	185	17

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

ITEM	as at	
	31.12.2023	31.12.2022
Shares in subsidiaries and jointly controlled entity	171,007	170,957
Shares in Apator Telemetry Sp. z o.o., (Słupsk)	12,236	12,236
Shares in Apator Metrix S.A. (Tczew)	8,935	8,935
Shares in Apator Mining Sp. z o.o. (Katowice)	4,747	4,747
Shares in Apator Powogaz S.A. (Poznań)	68,647	68,647
Shares in Apator Rector Sp. z o.o. (Zielona Góra)	74,287	74,287
Shares in FAP Pafal S.A. (Świdnica)	565	515
Shares in Apator GmbH (Berlin)	1,590	1,590

Data on subsidiaries is presented in the table below.

ITEM	Segment	Book value	Equity	% of share * equity	Difference
Shares in Apator Telemetry Sp. z o.o. (Słupsk)	Water and Heat	12,236	33,382	6,943	(5,293)
Shares in Apator Metrix S.A. (Tczew)	Gas	8,935	54,446	54,446	45,511
Name of the organisational unit:	Apator S.A.			Page 30	
Period covered by the financial statements:	01.01.2023 - 31.12.2023	Reporting currency:	Polish zloty (PLN)		
Rounding level:	all amounts are expressed in PLN thousand (unless otherwise indicated)				

Shares in Apator Mining Sp. z o.o. (Katowice)	Electricity	4,747	49,572	49,572	44,825
Shares in Apator Powogaz S.A. (Poznań)	Water and Heat	68,647	183,397	183,397	114,750
Shares in Apator Rector (Zielona Góra)	Network Automation Centre	74,287	6,990	6,990	(67,297)
Shares in FAP Pafal S.A. (Świdnica)	Electricity	565	7,414	7,414	6,849
Shares in Apator GmbH (Berlin)	Electricity, Gas	1,590	2,285	2,285	695
Total		171,007	337,486	311,047	140,040

As at 31 December 2023, the Company's Management Board carried out an impairment test on the shares in the Companies: Apator Rector Sp. z o.o. and Apator Telemetria Sp. z o.o. (in other subsidiaries there were no premises to perform the test). A weighted average cost of capital of 10.8% (previously 13%) and a five-year forecast period based on the companies' financial plans for 2024 - 2028 were assumed.

Based on the tests carried out, no impairment of assets was found within individual cash-generating units in the Apator Group (CGU). The impairment test on the shares in subsidiaries was performed based on an estimate of the present value of the sum of future free cash flows generated by each cash-generating unit, taking into account tax, change in current assets balances and expenditure on tangible and intangible assets (i.e. the recoverable amount of investments in shares in subsidiaries was estimated using the value-in-use method). For the determination of the residual value, a growth rate of 3.0% was applied in subsequent years after 2027.

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

In the case of the Network Automation Centre, the impairment test was carried out on the assumption that the companies' assets constitute a single cash-generating unit. The rationale for this approach is primarily the high level of operational integration resulting from the complementary offers of the two entities and the consolidation of hardware and ICT solutions planned in the business strategy of the Apator Group, as well as taking fuller advantage of new market opportunities in the areas of RES and energy efficiency. At present, the order of integration activities of the segment has been temporarily changed (in the first stage, Apator Elkomtech was merged with Apator S.A.; the planned in 2019 merge of Apator Rector Sp. z o.o. and Apator Elkomtech S.A. will be realised in subsequent stages which are subject to further analyses) the essential objectives and activities within the framework of integration remain valid and will be consequently realised in subsequent periods. At the same time, irrespective of formal legal and organisational changes, the Apator Group conducts systematic optimisation of organisational structures and activities aimed at increasing the synergy of the segment. As part of these initiatives, there are joint projects in the CGU in which the Automation and ICT Business Lines in Apator S.A. (former Apator Elkomtech S.A.) benefit from the knowledge and experience of Apator Rector Sp. z o.o. in the field of management and implementation of IT projects. In this sense, the completed earlier than originally planned merger of Apator Elkomtech S.A. with Apator S.A. did not in any way affect the current and target level of integration of the Network Automation Centre.

As a result of the test, the Company found no impairment through the value of the assets allocated to the Network Automation Centre. For the Network Automation Centre, a sensitivity analysis was carried out for the change in WACC caused by a change in the degree of foreign capital financing, changes in the cost of own capital and for the change in operating result. It was estimated that an increase in WACC of 2.9 p.p. or a 24.4 p.p. decrease in EBIT in each of the forecast years could cause the recoverable amount to equal the carrying amount (both factors were analysed separately).

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

7.8. Inventory

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

ITEM	as at	
	31.12.2023	31.12.2022
Materials	64,568	52,237
Work in progress	24,325	28,160
Finished products	20,180	12,922
Goods	1,833	2,499
Other inventory	188	914
Total value of inventory	111,094	96,732

Inventory write-downs are included below.

ITEM	in the period	
	from 01.01.2023	from 01.01.2022
Value of write-downs at the beginning of the period	15,511	8,982
Change due to merger	-	4,214
Increase - creation of a write-off charged against current result	4,452	7,253
Decrease — write-down of unused amounts as income	(1,054)	(1,738)
Exercise of a write-down - write-off	(952)	(3,200)
Value of write-downs at the end of the period	17,957	15,511

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

7.9. Trade receivables and other receivables

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

ITEM	as at	
	31.12.2023	31.12.2022
Short-term receivables, including:	66,685	73,588
Trade receivables	63,951	69,981
Gross trade receivables	66,447	72,321
Impairment loss on trade receivables	(2,496)	(2,340)
Receivables from corporate income tax	-	1,344
Receivables from other taxes, customs duties, and social insurance	1,077	1,040
Receivables from other taxes, customs duties, and social insurance	1,077	1,040
Other short-term receivables	1,657	1,223
Receivables from sold tangible fixed assets and intangible assets	3	37
Deposits, bid bonds, sureties	188	241
Prepayments - advances for the purchase of services	131	118
Advances on tangible fixed assets	1,308	690
Other claims	28	138
Impairment loss on other short-term receivables	(1)	(1)
Total receivables, including:	66,685	73,588
- from related parties	2,094	6,917
- from other entities	64,591	66,671

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

Name of the organisational unit:	Apator S.A.		Page 32
Period covered by the financial statements:	01.01.2023 - 31.12.2023	Reporting currency:	Polish zloty (PLN)
Rounding level:	all amounts are expressed in PLN thousand (unless otherwise indicated)		

ITEM	31.12.2023		31.12.2022	
	Gross value	Impairment loss on financial assets	Gross value	Impairment loss on financial assets
Not due	61,516	-	64,800	(45)
Overdue from 0 to 30 days	1,405	-	4,780	(16)
Overdue from 31 to 180 days	1,082	(51)	472	(10)
Overdue from 180 days to one year	377	(377)	87	(87)
Overdue more than 1 year	2,067	(2,068)	2,182	(2,182)
Total	66,447	(2,496)	72,321	(2,340)

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

ITEM	as at	
	31.12.2023	31.12.2022
Opening balance on 1 January	2,341	884
Change due to merger	-	1,786
Creation of individual write-downs (step 3 of the impairment model)	408	345
Creation of write-downs according to the write-down matrix	-	33
Reversal of individual write-downs	(240)	(467)
Exercise of individual write-downs	(12)	(240)
Closing balance on 31 December	2,497	2,341
Individual write-down	2,449	2,288
Write-down calculated based on matrix	53	53

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

7.10. Cash and cash equivalents

Cash at the bank bears interest at variable rates.

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

The specification of cash and cash equivalents is shown in the table below. Due to the relatively low balance of cash held in VAT accounts (split payment) in relation to the turnover in the cash accounts and the fact that these funds are highly liquid, the Company does not show the balance of these accounts in a separate balance sheet item. The write-down for IFRS 9 was immaterial as at 31 December 2023.

ITEM	as at	
	31.12.2023	31.12.2022
Cash on bank accounts	1,009	203
Other - VAT cash (split payment)	2,289	1,700
Total cash and cash equivalents	3,298	1,903

Name of the organisational unit:	Apator S.A.		Page 33
Period covered by the financial statements:	01.01.2023 - 31.12.2023	Reporting currency:	Polish zloty (PLN)
Rounding level:	all amounts are expressed in PLN thousand (unless otherwise indicated)		

7.11. Prepayments

Information on accruals and prepayments is presented in the table below.

ITEM	as at	
	31.12.2023	31.12.2022
Long-term prepayments	286	-
IT services	131	-
Other prepayments	155	-
Short-term prepayments	3,294	3,154
Subscription	4	7
Marketing services	11	8
Trade fair	79	83
Business trips	34	8
Car insurance policies	97	130
Training	28	32
Membership fees	30	32
Insurance	464	485
IT	2,075	2,013
Warranties	-	324
Other	472	32

7.12. Share capital

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

- 7,331,391 registered voting preference shares at a ratio of 1:4,
- 25,315,682 bearer shares.

On 31.12.2023, the above shares entitled to exercise 54,641,246 votes at the general meeting.

Information concerning share capital is presented in the tables below.

ITEM	as at	
	31.12.2023	31.12.2022
Number of issued, fully paid shares	32,647,073	32,647,073
Nominal value of shares	0,10	0,10
Share capital	3,265	3,265

ITEM	in the period	
	from 01.01.2023	from 01.01.2022
	to 31.12.2023	to 31.12.2022
Opening balance of share capital	3,265	3,278
Decrease in share capital during the period, of which	-	(13)
Redemption of own shares	-	(13)
Closing balance of share capital	3,265	3,265

Name of the organisational unit:	Apator S.A.		Page 34
Period covered by the financial statements:	01.01.2023 - 31.12.2023	Reporting currency:	Polish zloty (PLN)
Rounding level:	all amounts are expressed in PLN thousand (unless otherwise indicated)		

The shareholder structure as at 31 December 2023 is shown in the table below

First name and surname	Registered shares	Bearer shares	Total shares	Number of votes	Share in capital	Share of votes
Mariusz Lewicki	1,187,376	1,130,624	2,318,000	5,880,128	7.10%	10.76%
T. Sosgórnik with a person closely associated	1,490,000	439,700	1,929,700	6,399,700	5.91%	11.71%
Danuta Guzowska	954,214	566,065	1,520,279	4,382,921	4.66%	8.02%
Zbigniew Jaworski	766,348	720,954	1,487,302	3,786,346	4.56%	6.93%
Apator Mining sp. z o. o.	0	3,600,000	3,600,000	3,600,000	11.03%	6.59%
Kazimierz Piotrowski and his wife	664,774	159,181	823,955	2,818,277	2.52%	5.16%
PTE Allianz Polska*	0	4,545,864	4,545,864	4,545,864	13.92%	8.32%
Others	2,268,679	14,153,294	16,421,973	23,228,010	50.30%	42.51%
TOTAL	7,331,391	25,315,682	32,647,073	54,641,246	100%	100%

(*) total status for: Allianz OFE, Allianz DFE and Drugi Allianz OFE determined on the basis of a notification from PTE Allianz Polska S.A.

7.13. Other capital

Information on other capitals is presented in the table.

ITEM	as at	
	31.12.2023	31.12.2022
Supplementary capital, including:	358,254	332,455
<i>Share premium reserve</i>	15,142	15,142
<i>Other supplementary capital</i>	343,112	317,313
Capital from merger of entities	(7,983)	(7,983)
Own shares	-	-
Reserve capital	-	10,000
Total other capital	350,271	334,472

In accordance with Resolution No. 17/VI/2023 of the Ordinary General Meeting of Shareholders of Apator S.A. of 28 June 2023, the net profit for the financial year 2022 in the amount of PLN 25,593,156.05 was distributed as follows:

Dividend PLN 9,794,121.90

Reserve capital PLN 15,799,034.15

The dividend in the amount of PLN 0.30 per share was paid on 10 August 2023.

Pursuant to Resolution 18/VI/2023, the Share Repurchase Programme (adopted pursuant to Resolution 32/VI/2022) was closed and the related Share Redemption Fund was liquidated (in the original amount of PLN 10 million). Unused Fund resources were transferred to supplementary capital.

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7.14. Undistributed financial result

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

ITEM	as at	
	31.12.2023	31.12.2022
Undistributed financial result	28,085	25,593
- result for the current period	34,615	25,593
- write-downs from current year result	(6,530)	-

As of the publication date of this report, the Management Board of Apator S.A. has not made a recommendation on the distribution of the result for 2023. This recommendation will be made closer to the date of the General Shareholders Meeting.

7.15. Credits and loans

Information on credits and loans is presented below.

ITEM	as at	
	31.12.2023	31.12.2022
Long-term credits and loans	-	3,119
payable over 1 and up to 2 years	-	3,119
Short-term credits and loans	45,408	75,354
Total credits and loans, including	45,408	78,473
- from other entities	45,408	78,473

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

As at 31 December 2023, Apator S.A. had a total credit debt of PLN 45,408 thousand. The terms of the credit agreements are presented below.

ITEM	LIABILITY	COSTS	LIABILITY	COSTS
	as at	from 01.01.2023	as at	from 01.01.2022
	31.12.2023	to 31.12.2023	31.12.2022	to 31.12.2022
Credits	45,408	4,682	78,473	6,642
Credit 1	25,237	3,493	55,922	5,631
Credit 2	20,171	847	15,077	66
Credit 3	-	259	7,278	552
Credit 4	-	1	196	318
Credit 5	-	-	-	75
Credit 6	-	82	-	-
Loans	-	-	-	13
Loan 1	-	-	-	13
Total	45,408	4,682	78,473	6,655

Credit (1)

Bank name	ING Bank Śląski S.A.
Date of conclusion of the agreement and any annexes thereto	22 June 2016, latest annex no. 17 of 25 September 2023
Amount of credit granted	Limit up to PLN 250 million (maximum limit for the Apator Group of Companies) the limit can be used in the form of revolving credits, bank guarantees and letters of credit

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Credit (1)

Credit repayment date	30 June 2025
Type of security	Contractual mortgage on the real estate of Apator S.A. in Ostaszewo of up to PLN 40 million, Registered pledge over inventory of PLN 73.3 million, Registered pledge over fixed assets of PLN 20.6 million, Assignment of rights under an all-risk property insurance policy, Blank promissory note and promissory note declaration.
Interest rate	WIBOR 1M + margin per annum

Credit (2)

Credit line denominated in EUR within the limit defined as Credit (1).
Interest rate: EURIBOR 1M + margin per annum.

Credit (3)

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

Credit (4)

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

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Credit (5)

A non-revolving credit of PLN 5 million provided within the limit defined as Credit (1), repaid in full on 31 August 2022.

Credit (6)

Bank name	Powszechna Kasa Oszczędności Bank Polski S.A.
Date of conclusion of the agreement and any annexes thereto	26 May 2023, annex no. 1 of 23 November 2023
Amount of credit granted	Limit up to PLN 80 million (maximum limit for the Apator Group)
Credit repayment date	26 May 2025
Type of security	Registered pledge on fixed assets PLN 9.6 million, Assignment of rights under an all-risk property insurance policy, Declaration of submission to enforcement up to the amount of PLN 80 million,
Interest rate	WIBOR 1M + margin per annum

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

7.16. Provisions for liabilities

Information on provisions for liabilities is presented in the table.

ITEM	PROVISIONS / LIABILITIES			OTHER PROVISIONS		TOTAL
	RETIREMENT BENEFITS, JUBILEE AWARDS	BONUSES	LEAVES	WARRANTIES	OTHER	
Value of provisions as at 01.01.2022	4,482	2,134	1,378	6,042	-	14,036
Change due to acquisition of an entity	1,493	691	497	263	392	3,336
Increase - creation of a provision charged against current result	-	4,022	628	2,803	3,561	11,014
Decrease — write-down of unused amounts as income	(663)	(2,578)	-	(361)	-	(3,602)
Exercise of a provision — cost settlement	(505)	(2,272)	(231)	(1,964)	(1,786)	(6,758)
Revaluation of provisions recognised in other comprehensive income	(860)	-	-	-	-	(860)
Value of provisions as at 31 December 2022, including:	3,947	1,997	2,272	6,783	2,167	17,166
- long-term provisions	3,103	-	-	-	-	3,103
- short-term provisions	844	1,997	2,272	6,783	2,167	14,063
Value of provisions as of 01.01.2023	3,947	1,997	2,272	6,783	2,167	17,166
Increase - creation of a provision charged against current result	743	8,885	344	1,314	4,517	15,803
Decrease — write-down of unused amounts as income	-	-	-	(42)	-	(42)
Exercise of a provision — cost settlement	(752)	(2,423)	(393)	(1,339)	(4,123)	(9,030)
Revaluation of a provision recognised in other comprehensive income	(1)	-	-	-	-	(1)
Value of provisions as at 31.12.2023, of which:	3,937	8,459	2,223	6,716	2,561	23,896

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- long-term provisions	3,441	-	-	-	-	3,441
- short-term provisions	496	8,459	2,223	6,716	2,561	20,455

Employee benefits – actuarial assumptions

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

▪ Discount rate at 31 December 2023	5,7 %	
▪ Wage growth rate	3,6 %	
▪ Future increase in the rate of revalorisation of the basis for calculating jubilee awards		0%
▪ Number of employees		891

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

The following mobility parameters were also applied:

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

7.17. Liabilities

Information on liabilities is presented in the table below.

ITEM	as at	
	31.12.2023	31.12.2022
Long-term liabilities	11,385	7,934
Long-term liabilities from the right to use leased assets	11,385	7,934
Short-term liabilities, including:	58,955	67,705
Trade liabilities	36,525	48,292
Current liabilities	29,831	44,572
Overdue liabilities	6,694	3,720
Liabilities due to corporate income tax	1,511	-
Liabilities due to other taxes, customs duties, and social insurance	7,970	7,330
Other short-term liabilities	9,852	9,717
Payroll liabilities	4,592	4,049
Dividend liabilities	42	42
Derivative liabilities	332	166
Investment liabilities	794	376
Prepayments - advances received for deliveries	1,101	4,501
Deferred revenue	2,608	-
Other liabilities	383	583
Short-term liabilities from the right to use leased assets	3,097	2,366
Total liabilities, including:	70,340	75,639
- toward related entities	3,449	1,934
- toward other entities	66,891	73,705

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

7.18. Income tax

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

ITEM	in the period	
	from 01.01.2023	from 01.01.2022
	to 31.12.2023	to 31.12.2022
Profit and loss account		
Current income tax	2,847	1,258
Current income tax burden	2,847	1,258
Deferred income tax	1,716	(838)
Related to the emergence and reversal of temporary differences	(2,994)	(838)
Utilisation of income tax assets from SEZ activities	6,710	-
Creation of a deferred tax asset for SEZ activities	(2,000)	-
Tax burden recognised in the statement of comprehensive income	4,563	420
Statement of changes in equity		
Other comprehensive income		
Deferred income tax	14	103
Net deferred income tax on cash flow hedges settled during the financial year	14	(60)
Deferred income tax on actuarial provision revaluation	-	163
Tax benefit (burden) shown in equity	14	103

ITEM	Assets		Provisions		Net value	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022	31.12.2023	31.12.2022
Tangible fixed assets	11	-	1,860	2,401	(1,849)	(2,401)
Investment property	-	-	15	14	(15)	(14)
Financial assets	268	268	34	-	234	268
Derivatives	64	33	1	3	63	30
Inventory	3,412	2,879	-	-	3,412	2,879
Liabilities under employee benefits	2,823	1,713	-	-	2,823	1,713
Provisions	2,290	1,886	-	-	2,290	1,886
Write-downs on receivables	473	437	-	-	473	437
Tax credit to be settled in future periods	5,807	10,517	-	-	5,807	10,517
Other	714	344	107	84	607	260
Total	15,862	18,077	2,017	2,502	13,845	15,575
Netting of assets and provisions	(2,017)	(2,502)	-	-	-	-
Deferred tax assets / liabilities recognised in the statement of financial position	13,845	15,575	-	-	13,845	15,575

On 28 December 2010, the Company received Permit No 69/PSSE to conduct business activities in the Pomeranian Special Economic Zone. At the date of commencement of operations in the PSEZ, deferred tax assets in the amount of PLN 20,357 thousand were recognised due to a tax credit that could be used. The value of this asset as at 31 December 2023 amounts to PLN 5,807 thousand. The amount of the utilisable relief for which an asset was not created is PLN 3.8 million.

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

Presentation of the effective tax rate:

ITEM	in the period	
	from 01.01.2023	from 01.01.2022
	to 31.12.2023	to 31.12.2022
Tax base	39,178	26,013
Tax rate applied	19,00%	19,00%
Income tax calculated at the applicable rate	7,444	4,942
Tax on tax-exempt income (dividends from related entities)	(2,197)	(5,936)
Uncreated asset from loss on zone activities	-	771
Other	-	2
Tax on customer relationships recognized on the acquisition of Apator Elkomtech S.A. (permanent differences)	637	509
Tax on non-tax-deductible expenses (permanent differences)	648	137
Tax asset for SEZ activities	(2,000)	-
Adjustment of tax loss from previous years	33	-
Other tax deductions	(1)	(5)
Income tax	4,563	420
Effective tax rate	11,65%	1,61%

7.19. Costs by type

ITEM	for the period	
	from 01.01.2023	from 01.01.2022
	to 31.12.2023	to 31.12.2022
Amortisation and depreciation	24,924	25,479
Consumption of materials and energy	238,762	229,230
External services	67,503	55,258
Employee benefits	90,437	78,694
Other costs	11,755	10,629
Manufacturing costs of products for entity's own purposes	-3,831	-3,602
Change in the status of finished goods, work in progress and prepayments and accruals	3,373	-8,099
Cost of goods and materials sold	16,632	23,199
Total costs	449,555	410,788

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

7.20. Revenue

The Company recognises the vast majority of revenue from sales at a point in time: either when the customer takes control of the good in question or when the service is finalised, following confirmation that the obligation under the contract/agreement has been fulfilled (upon receipt of an acceptance report). The value of revenue from the sale of services recognised over time amounts to PLN 8.1 million. The value of deferred revenue from contracts capitalised in the balance sheet as at 31.12.2023 amounts to PLN 2.6 million.

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

ITEM	from 01.01.2023	from 01.01.2022
	to 31.12.2023	to 31.12.2022
Switchgear, including:	131,742	128,207
<i>domestic</i>	82,164	77,763
<i>export</i>	49,578	50,444
Measuring apparatus, including:	286,328	229,858
<i>domestic</i>	240,186	187,347
<i>export</i>	46,142	42,511
Automation, including:	61,107	53,819
<i>domestic</i>	61,107	53,746
<i>export</i>	0	73
Total	479,177	411,884

7.21. Other operating revenues and expenses

ITEM	in the period	
	from 01.01.2023	from 01.01.2022
	to 31.12.2023	to 31.12.2022
Operating revenue	1,871	1,601
Result on sales of fixed tangible assets	248	274
Revenue received for property, plant and equipment	1,116	-
Valuation of investment property	4	165
Release of write-downs on receivables	-	101
Compensation received for tangible fixed assets	80	179
Compensations and contractual penalties received	355	775
Donations received	6	12
Reimbursement of costs of court proceedings, representation in proceedings	3	78
Other revenue	59	17
Operating costs	(1,600)	(1,094)
Creation of write-downs of tangible fixed assets	(59)	-
Creation of write-downs on receivables	(190)	-
Creation of provisions for liabilities	(192)	-
Fortuitous loss and other damage to assets	(440)	(362)
Discontinued investments	(24)	-
Donations made	(19)	(25)
Penalties, fines, compensation paid	(637)	(416)
Court fees, bailiff's fees, representation in court	-	(31)
Other costs	(39)	(260)
Net operating revenues (expenses)	271	507

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

7.22. Financial revenues and expenses

ITEM	in the period	
	from 01.01.2023	from 01.01.2022
	to 31.12.2023	to 31.12.2022
Financial revenues	14,814	32,760
Dividends and share in profit	11,544	31,240
Interest on funds in bank accounts	12	10
Interest on receivables	136	140
Positive exchange differences	2,469	-
Revenue from foreign exchange transactions (including derivatives)	545	1,261
Release of write-downs on receivables	31	
Guarantees provided	77	109
Financial expenses	(5,529)	(8,350)
Interest on credits and loans	(4,104)	(6,319)
Interest payable to the budget	(39)	(6)
Interest on liabilities	(1)	(3)
Interest on lease liabilities	(326)	(279)
Other interest	(144)	(158)
Negative exchange differences	-	(651)
Creation of write-downs on receivables	-	(12)
Commissions on credits and loans	(107)	(336)
Bank guarantees and commissions (excluding credit commissions)	(477)	(585)
Other costs	(331)	(1)
Net financial revenue (cost)	9,285	24,410

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

ITEM	in the period	
	from 01.01.2023	from 01.01.2022
	to 31.12.2023	to 31.12.2022
Revenue	889	1,067
Execution of foreign exchange spot transactions	335	302
Execution of forward transactions	466	725
Closing valuation	168	80
Opening valuation	(80)	(40)
Costs	(344)	194
Execution of foreign exchange spot transactions	(69)	(73)
Execution of forward transactions	(117)	(106)
Closing valuation	(165)	(8)
Opening valuation	7	381
Result on derivatives	545	1,261

7.23. Explanations regarding the cash flow statement

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

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

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Period covered by the financial statements:	01.01.2023 - 31.12.2023	Reporting currency:	Polish zloty (PLN)
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ITEM	in the period	
	from 01.01.2023	from 01.01.2022
	to 31.12.2023	to 31.12.2022
Change in inventory		
Change in inventory	(14,362)	(4,921)
Inventory at the date of acquisition of the subsidiary	-	20,577
Change in the balance shown in the cash flow statement	(14,362)	15,656
Change in receivables		
Change in trade receivables	6,030	(30,943)
Change in corporate tax receivables	1,344	(804)
Change in receivables from other taxes, customs duties and social insurances	(37)	205
Change in other receivables	(434)	(234)
Change in advances for tangible fixed assets	617	(690)
Receivables at the date of acquisition of the subsidiary	-	19,922
Adjustment for income tax receivables	(1,344)	804
Adjustment for investment receivables	(28)	30
Change in the balance shown in the cash flow statement	6,148	(11,710)
Change in liabilities		
Change in long-term liabilities	-	(300)
Change in long-term liabilities from the right to use leased assets	3,451	392
Change in trade liabilities	(11,767)	13,343
Change in corporate tax liabilities	1,511	-
Change in liabilities from other taxes, customs duties and social insurances	640	4,076
Change in other liabilities	135	(376)
Change in short-term liabilities from the right to use leased assets	731	815
Liabilities at the date of acquisition of the subsidiary	-	(11,998)
Adjustment for liabilities due to the purchase of shares	-	5,109
Adjustment for finance lease liabilities	(4,182)	1,102
Adjustment for derivative liabilities	(167)	247
Adjustment for income tax liabilities	(1,511)	1,056
Adjustment for investment liabilities	(508)	1,237
Other changes	4,200	-
Change in the balance shown in the cash flow statement	(7,467)	14,703
Change in provisions		
Change in long-term provisions for employee benefits	338	(732)
Change in short-term provisions for employee benefits	6,065	954
Change in other short-term provisions	326	2,908
Provisions at the date of acquisition of the subsidiary	-	(3,336)
Other changes	1	860
Change in the balance shown in the cash flow statement	6,730	654
Change in prepayments and accruals		
Change in long-term prepayments and accruals	(286)	-
Change in short-term prepayments and accruals	(140)	(833)
Prepayments at the date of acquisition of the subsidiary	-	147
Change in the balance shown in the cash flow statement	(426)	(686)

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ITEM	in the period	
	from 01.01.2023	from 01.01.2022
	to 31.12.2023	to 31.12.2022
Expenditure on the acquisition of tangible fixed assets		
Purchase of tangible fixed assets	(12,644)	(7,576)
Change in inventory for internal projects	71	303
Lease purchase	6,775	1,453
Change in the balance of liabilities	380	(1,189)
Other	690	783
Total	(4,728)	(6,226)

ITEM	in the period	
	from 01.01.2023	from 01.01.2022
	to 31.12.2023	to 31.12.2022
Expenditure on the acquisition of intangible assets		
Purchase of intangible assets	(4,718)	(3,067)
Lease purchase	-	-
Change in development work under construction	1,267	(219)
Change in net investment liabilities	129	(48)
Other	-	(41)
Total	(3,322)	(3,375)

ITEM	in the period	
	from 01.01.2023	from 01.01.2022
	to 31.12.2023	to 31.12.2022
Other adjustments to cash flows from operating activity		
Liquidation of tangible fixed assets and intangible assets	-	29
Discontinued investments	24	-
Grant settlement	(488)	97
(Profit) loss on settlement of derivatives	(349)	(619)
Commissions and fees on credits and loans	107	336
Exchange rate differences on consolidation	(396)	-
Other	-	211
Total	(1,102)	54

ITEM	in the period	
	from 01.01.2023	from 01.01.2022
	to 31.12.2023	to 31.12.2022
Other proceeds (expenses) from investing activity		
Proceeds and expenses related to forward contracts and options	349	619
Payment of commissions and other costs related to the sale and disposal of property, plant and equipment	(138)	-
Advances on tangible fixed assets	(1,308)	-
Total	(1,097)	619
Other proceeds (expenses) from financing activity		
Lease interest	(326)	(279)
Commissions and fees on credits and loans	(107)	(336)
Total	(433)	(615)

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7.24. Financial instruments

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

- Financial assets and liabilities measured at fair value through financial result - derivatives,
- Financial assets measured at amortised cost - trade and other receivables, cash and cash equivalents, cash on the VAT account,
- Financial liabilities measured at amortised cost - trade liabilities and other liabilities, debt.

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

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

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

ITEM	NOTE	Assets measured at fair value through financial result	Assets measured at amortised cost	Financial liabilities measured at fair value through financial result	Liabilities measured at amortised cost	Lease liabilities	Total
Carrying amount at 31.12.2023							
Derivatives	7.7	185					185
Trade and other receivables	7.9		63,954				63,954
Cash and cash equivalents	7.10		1,009				1,009
VAT cash and cash equivalents	7.10		2,289				2,289
Derivative liabilities	7.17			332			332
Trade liabilities and other liabilities	7.17				37,361		37,361
Debt	7.5, 7.15				45,408	14,481	59,889
TOTAL		185	67,252	332	82,769	14,481	165,019
Carrying amount as at 31 December 2022							
Derivatives	7.7	17					17
Trade and other receivables	7.9		81,840				81,840
Cash and cash equivalents	7.10		203				203
Cash on the VAT account;	7.10		1,700				1,700
Derivative liabilities	7.17			165			165
Trade liabilities and other liabilities	7.17				53,960		53,960
Debt	7.5, 7.15				78,473	10,301	88,774
TOTAL		17	83,743	165	132,433	10,301	226,659

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ITEM	Financial assets measured at amortised cost	Financial liabilities measured at amortised cost	Hedging Instruments	TOTAL
As at 31.12.2023	574	(2,484)	280	(1,630)
Revenues (expenses) from interest	148	(4,575)	-	(4,427)
Foreign exchange gains (loss)	378	2,091	-	2,469
Revenues from realisation of derivatives	-	-	466	466
Expenses on realisation of derivatives	-	-	(117)	(117)
Revenues from valuation of derivatives	-	-	88	88
Expenses on valuation of derivatives	-	-	(157)	(157)
Creation of write-downs	(249)	-	-	(249)
Reversal of write-downs	31	-	-	31
Profit (loss) on foreign exchange spot transactions	266	-	-	266
Status as at 31.12.2022	(8,294)	1,346	1,032	(5,916)
Revenues (expenses) from interest	150	(6,765)	-	(6,615)
Foreign exchange gains (loss)	(8,762)	8,111	-	(651)
Revenues from realisation of derivatives	-	-	619	619
Revenues from valuation of derivatives	-	-	413	413
Creation of write-downs	(12)	-	-	(12)
Reversal of write-downs	101	-	-	101
Profit (loss) on foreign exchange spot transactions	229	-	-	229

The table below provides an analysis of financial instruments measured at fair value, grouped according to a three-level hierarchy, where:

- Level 1 - fair value is based on quoted (unadjusted) prices;
- Level 2 - fair value is determined based on values observable in the market, but which are not direct market quotations;
- Level 3 - fair value is determined on the basis of various valuation techniques not based on any observable market data.

ITEM	as at 31.12.2023			as at 31.12. 2022		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Derivatives (assets)	-	185	-	-	17	-
Derivatives (liabilities)	-	(332)	-	-	(166)	-
Total	-	(147)	-	-	(149)	-

Transfers between levels did not occur.

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

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7.25. Derivative financial instruments, hedge accounting

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

As at 31 December 2023, the Company applies cash flow hedge accounting.

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

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

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

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

Foreign exchange inflow hedges are concluded over a time horizon of 24 consecutive months (at the turn of the year, the hedging period may cover three calendar years) and the sum of the hedges for 24 months may not exceed the export plan for the current year.

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

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

Type of hedge	Hedging the volatility of future cash flows in EUR and USD
Hedged item	The hedged item is the portion of future highly probable flows from EUR-denominated sales and USD-denominated purchases.
Hedging Instruments	The hedging instrument is FX forward transactions in which the Company undertakes to sell EUR and purchase USD for PLN.
Risk to be hedged	The Company hedges the volatility of its cash flows for currency risk.
Financial statements recognition method	The portion of the change in the fair value measurement of hedging instruments, corresponding to the effective hedge, is recognised in the capital from the valuation of hedging transactions (statement of changes in capital). The ineffective portion of the change in the fair value measurement of hedging instruments is recognised in financial revenues or expenses.
Period in which cash flows are expected to occur	The hedged item is expected to generate cash flows in the period up to 31 October 2023.
Nominal value	PLN 5.250 thousand USD

Type of hedge	Copper price volatility hedge
Hedged item	The hedged item represents a portion of future copper purchases [t].
Hedging Instruments	The hedging instrument is SWAP transactions in which the Company undertakes to purchase copper raw material

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

Risk to be hedged	The Company hedges the volatility of raw material prices
Financial statements recognition method	The portion of the change in the fair value measurement of hedging instruments, corresponding to the effective hedge, is recognised in the capital from the valuation of hedging transactions (statement of changes in capital). The ineffective portion of the change in the fair value measurement of hedging instruments is recognised in financial revenues or expenses.
Period in which cash flows are expected to occur	The hedged item is expected to generate cash flows over the period to 31 May 2024.
Nominal value	125 tonnes

The table below shows the fair value of financial instruments at the reporting date.

ITEM	as at	
	31.12.2023	31.12.2022
Short-term assets	185	17
Hedging Instruments	185	17
Total assets	185	17
Long-term liabilities	-	-
Hedging Instruments	-	-
Short-term liabilities	332	166
Hedging Instruments	332	166
Total liabilities	332	166

The table below shows the amounts for cash flow hedge accounting recognised by the Company in 2023 in profit or loss and capital.

ITEM	as at	
	31.12.2023	31.12.2022
Valuation of instruments, including:	(147)	(149)
Capital from the valuation of hedging transactions (changes in the fair value measurement of hedging derivatives for hedged risk, corresponding to effective hedging)	(150)	(221)
Financial result of the period (changes in the valuation of hedging derivatives for hedged risks, corresponding to ineffective hedging)	3	72

The table below shows the changes in capital from the valuation of hedging transactions due to cash flow hedge accounting.

ITEM	in the period	
	from 01.01.2023 to 31.12.2023	from 01.01.2022 to 31.12.2022
	Opening balance	(221)
Reversal of valuation from previous period	221	(94)
Closing valuation	(150)	(221)
Closing balance	(150)	(221)

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

7.26. Objectives and principles of risk management

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

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

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

Foreign exchange risk

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

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

The balance of futures contracts as at 31 December 2023 is presented in note 7.25 and the table below.

As at 31 December 2023, Apator S.A. held forward and SWAP currency contracts.

ITEM	Flows			
	as at 31.12.2023		as at 31.12. 2022	
	in currency	in PLN at the date of the conclusion of the contract	in currency	in PLN at the date of the conclusion of the contract
Cash flow hedging instruments in EUR	-	-	(1,760)	(8,038)
Cash flow hedging instruments in USD	5,250	21,068	-	-
Instruments hedging copper price volatility	-	1,023	-	-

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

ITEM	as at 31.12.2023		as at 31.12. 2022	
	in currency	in PLN	in currency	in PLN
Items in euro (EUR)	(3,996)	(17,348)	1,894	8,869
Trade receivables	2,036	8,842	3,461	16,205
Cash	1	4	-	-
Trade liabilities	(1,307)	(5,677)	(1,561)	(7,306)
Advances received for deliveries	(6)	(27)	(6)	(30)
Other liabilities	(74)	(319)	-	-
Other	(4,646)	(20,171)	-	-
Items in US dollars (USD)	(1,756)	(6,916)	(2,135)	(9,391)
Trade receivables	20	80	62	271

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Advances provided for purchase of materials and services	262	1,042	77	352
Cash	2	8	30	133
Trade liabilities	(2,039)	(8,043)	(2,304)	(10,147)
Advances received for deliveries	(1)	(3)	-	-
Items in Czech crowns (CZK)	(7)	(1)	-	-
Trade liabilities	(7)	(1)	-	-
Items in Hungarian forints (HUF)	-	-	24,100	281
Trade receivables	-	-	24,100	281
Items in Chinese yuan (CNY)	(1,894)	(1,053)	(845)	(496)
Advances provided for purchase of materials and services	38	25	852	561
Cash	-	-	8	5
Trade liabilities	(1,902)	(1,061)	(1,705)	(1,062)
Other liabilities	(30)	(17)	-	-

At the reporting date of 31 December 2023, monetary assets and liabilities have been converted at an exchange rate which is the arithmetic mean of the closing rates (spot exchange rates at the end of the reporting period): the buying rate and the selling rate of the currency of the leading bank, i.e. ING.

ITEM	as at 31.12.2023
EUR	4,3415
USD	3,9272
CNY	0,5511
CZK	0,1756

In accordance with the "Forward Contracts Regulations" guideline adopted by Apator S.A., forward contracts and options are used to hedge export inflows exceeding import expenditure. For the conclusion of forward contracts, the approval of the Management Board in the form of a resolution is required; the resolution establishes the maximum denomination of the hedges, determined on the basis of the foreign trade balance plan and the level of existing hedges. The conclusion of a complex hedging structure follows the favourable opinion of the Supervisory Board, which makes its decision after the Management Board has presented the reasons for its intention to apply such hedging and its potential impact on the financial results.

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

ITEM	in the period from 01.01.2023 to 31.12.2023		from 1 January 2022 to 31 December 2022	
	Impact on gross financial result	Direct impact on equity	Impact on gross financial result	Direct impact on equity
EUR / PLN				
+10%	(1,735)	-	887	(804)
- 10%	1,735	-	(887)	804
USD / PLN				
+10%	(692)	2,107	(939)	-
- 10%	692	(2,107)	939	-
HUF / PLN				
+10%	-	-	28	-
- 10%	-	-	(28)	-
CNY / PLN				
+10%	(105)	-	(50)	-
- 10%	105	-	50	-
copper				

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+10%	-	102,00	-	
- 10%	-	(102,00)	-	-

Interest rate risk

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

Financial instruments by interest rate are presented below.

ITEM	as at	
	31.12.2023	31.12.2022
Financial instruments with a variable interest rate	(31,355)	(88,571)
Financial assets	3,298	202
Financial commitments	(34,653)	(88,773)
Total	(4,720)	(88,571)

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

ITEM	in the period from 01.01.2023 to 31.12.2023	
	Impact on gross financial result	Impact on equity
WIBOR		
+ 250 basis points	(314)	-
- 250 basis points	314	-

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

Credit risk

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

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

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

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

At the end of 2023, one customer – PGE Dystrybucja S.A. - had a receivables balance of more than 10% of the total trade receivables balance (28%).

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

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Presented below are the ratings of the banks for 2023 with which the Company, as at the balance sheet date, had concluded credit agreements:

- ING Bank Śląski S.A. - Rating: BBB (at ING, the Company holds 100% of its debt)
- PKO Bank Polski S.A. - Rating: A (a revolving credit facility was in operation at PKO).

Liquidity risk

Apator S.A. monitors liquidity risk on a weekly basis through net liquidity reports and on a monthly basis through half-yearly cash flow compilations. Comprehensive, aggregate information is reported to the level of directors and Management Board. Apator S.A. uses an overdraft facility to finance day-to-day operations.

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

ITEM	Value as at the reporting date	Contractual cash flows					TOTAL
		over 6 months	from 6 to 12 months	from 1 to 2 years	from 2 to 5 years	over 5 years	
As at 31.12.2023	97,583	87,855	1,593	2,220	4,203	5,483	101,354
Credits and loans	45,408	48,314	-	-	-	-	48,314
Leasing liabilities	14,482	1,881	1,560	2,220	4,203	5,483	15,347
Derivative payments	332	299	33	-	-	-	332
Trade liabilities	36,525	36,525	-	-	-	-	36,525
Investment liabilities	794	794	-	-	-	-	794
Other financial liabilities	42	42	-	-	-	-	42
Status as at 31.12.2022	137,649	123,444	3,182	4,741	839	9,420	141,626
Credits and loans	78,473	73,275	2,079	3,119	-	-	78,473
Leasing liabilities	10,300	1,293	1,103	1,622	839	9,420	14,277
Derivative payments	166	166	-	-	-	-	166
Trade liabilities	48,292	48,292	-	-	-	-	48,292
Investment liabilities	376	376	-	-	-	-	376
Other financial liabilities	42	42	-	-	-	-	42

Tax risk

Regulations on value-added tax, corporate income tax, personal income tax or social security contributions are subject to modifications, as a result of which there is often no reference to established regulations or legal precedents. Applicable regulations also include ambiguities that cause differences in opinions as to the legal interpretation of tax regulations both between government bodies and between companies and government bodies. Tax and other (for example, customs or foreign exchange) settlements may be audited by bodies authorised to impose significant penalties, and additional amounts of liabilities determined as a result of the audit must be paid with interest. Due to these phenomena, the tax risk in Poland is higher than the usual tax risks in countries with more developed tax regimes.

The supply of technologically advanced products to the most demanding customers in Poland and abroad is currently an important factor in the development of the Company's business, generating stable profits, but 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, it automatically increases the

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financial risks associated with conducting international business. One element of risk is the tax risks associated with the movement of goods between companies cooperating in the performance of agreements and coming from different countries as well as the tax interpretations accompanying these transactions.

Tax settlements may be audited within a period of five years. As a result, amounts disclosed in the financial statements may change at a later date after they have been finally determined by a tax authority. The Company is of the opinion that appropriate provisions were created for probable and quantifiable liability risks.

Capital management

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

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

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

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

Leverage ratios are included in the table below.

ITEM	as at	
	31.12.2023	31.12.2022
Net debt	112,118	152,044
Debt	115,416	153,946
Cash and cash equivalents	(3,298)	(1,902)
Equity	379,336	362,987
Equity and net debt	491,454	515,031
Leverage ratio	23,00%	29,52%

Climate risk

Climate change and global warming resulting from greenhouse gas emissions associated with human activity are increasingly affecting the activities and financial performance of almost all economic sectors. On the one hand, these changes are increasing the risks of both abrupt and permanent physical weather changes, on the other hand, they imply regulatory and technological changes and increased reporting obligations imposed on companies. The impact of climate change on a business may include, e.g., 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. In the absence of adaptive and preventive measures (systemic approach to environmental protection) undertaken by companies, it carries an additional reputational risk. Failure to comply with the reporting obligation, in turn, raises the risk of administrative penalties.

The growing impact of climate risks makes it crucial to integrate this area of risk into organisational management, which can be challenging. As part of its existing climate risk management system, the Apator Group monitors, e.g., the carbon footprint emitted during production processes on an ongoing basis, actively follows changing legal and market requirements in the field of climate protection and adapts its products accordingly.

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7.27. Information about related entities

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

ITEM	for the period	
	from 01.01.2023	from 01.01.2022
	to 31.12.2023	to 31.12.2022
Short-term employee benefits	4,181	5,463
Post-employment benefits	650	-
Termination benefits	270	-
Total	5 101	5,463

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

a. Subsidiaries

- Apator Mining sp. z o.o. (Katowice)
- FAP Pafal S.A. (Świdnica)
- Apator Metrix S.A. (Tczew)
- Apator GmbH (Berlin, Germany)
- Apator Rector Sp. z o.o. (Zielona Góra)
- Apator Powogaz S.A. (Poznań)
- Apator Telemetria Sp. z o.o. (Słupsk) – a subsidiary of Apator Powogaz S.A. (71.89% of shares); Apator S.A. holds 20.8% of shares in Apator Telemetria Sp. z o.o.
- Apator Metra s.r.o. (Šumperk, Czech Republic) – a subsidiary of Apator Powogaz S.A.
- Apator Miitors ApS. (Horsens, Denmark) – a subsidiary of Apator Powogaz S.A.
- George Wilson Industries Ltd. (Coventry, United Kingdom) - subsidiary of Apator Metrix S.A.

b. Members of the Supervisory Board

c. Members of key management personnel

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

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

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

- Arkadiusz Chmielewski – President of the Management Board (until 28 February 2023)
- Maciej Wyczesany – President of the Management Board (since 1 March 2023)
- Tomasz Łątka - Member of the Management Board (until 27 September 2023)
- Łukasz Zaworski - Member of the Management Board (from 22 November 2023)
- Robert Kowalski - Member of the Management Board (from 19 December 2023 to 14 May 2024)

Other members of the management:

- Małgorzata Mazurek – Finance Director, Proxy
- Jolanta Dombrowska – Management and Corporate Communications Director, Proxy
- Artur Bratkowski – Metering Equipment & Systems Director, Proxy
- Krzysztof Kluszczyński – Power and Industrial Automation Director, Proxy
- Robert Łuczak - Switchgear Director, Proxy
- Stanisław Baluk - Automation and ICT Solutions Director, Proxy

Transactions with related entities were carried out at arm's length.

Data on transactions with related entities and information on unsettled balances are presented in the table.

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ITEM	Apator GmbH	Apator Metrix S.A.	Apator Mining Sp.z o.o.	Apator Powogaz S.A.	Apator Telemetry Sp.z o.o.	Apator Rector Sp. z o.o.	FAP Pafal S.A.	TOTAL
Transactions in the period from 01.01.2023 to 31.12.2023 and as at 31.12.2023								
Sales of products and services	48,377	2,827	13	6,761	165	1,103	192	59,438
Sales of goods and materials	130	173	-	-	2	45	58	408
Cost relating to sales transactions of products and services	47,877	837	-	1,937	71	446	180	51,348
Cost relating to sales transactions of goods and materials	99	163	-	-	2	31	57	352
Trade receivables	723	-	-	693	78	59	13	1,566
Advances for the purchase of services	-	528	-	-	-	-	-	528
Financial revenue from dividend	127	-	1,105	5,000	312	-	5,000	11,544
Other revenue	-	53	-	21	-	2	-	76
Purchase of products, services, goods and materials	161	101	-	1	1,286	4,660	5,129	11,338
Purchase of fixed assets and intangible assets	-	540	-	-	-	-	-	540
Trade liabilities	1	1,316	6	-	11	1,146	969	3,449

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ITEM	Apator GmbH	Apator Metrix S.A.	George Wilson Industries Ltd.	Apator Mining sp. z o.o.	Apator Powogaz S.A.	Apator Telemetria Sp. z o.o.	Apator Rector Sp. z o.o.	FAP Pafal S.A.	TOTAL
Transactions in the period from 1 January 2022 to 31 December 2022 and as at 31 December 2022									
Sales of products and services	42,825	6,095	2,278	11	5,742	229	1,117	202	58,499
Sales of goods and materials	185	29	-	-	209	12	-	-	435
Cost relating to sales transactions of products and services	40,459	3,795	2,480	-	1,648	104	500	192	49,178
Cost relating to sales transactions of goods and materials	151	27	-	-	196	11	-	-	385
Trade receivables	6,390	-	-	-	203	76	191	20	6,880
Investment receivables	-	-	-	-	-	-	37	-	37
Financial revenue from dividend	371	10,002	-	2,243	15,000	624	-	3,000	31,240
Purchase of products, services, goods and materials	229	137	-	-	22	4,734	2,056	3,283	10,461
Trade liabilities	-	75	-	5	-	790	455	609	1,934

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

Warranties

As at 31 December 2023, Apator S.A. had active guarantees issued by:

- ✓ TU Hermes S.A.:
 - For a performance bond in the amount of PLN 10.725 thousand, until 22 June 2025 at the latest,
 - For the removal of defects and faults in the amount of PLN 6.377 thousand until 8 June 2029 at the latest.
- ✓ ING Bank Śląski S.A.:
 - For a performance bond in the amount of PLN 1.117 thousand, until 30 May 2025, at the latest;
 - For the removal of defects and faults in the amount of PLN 2.048 thousand until 17 July 2028 at the latest;
 - For the performance of payments under lease agreements in the amount of PLN 506 thousand, until November 17, 2028, at the latest;
 - For the payment of a bid bond in the amount of PLN 1.860 thousand, until February 14, 2024;
- ✓ PZU S.A.:
 - For the removal of defects and faults in the amount of PLN 404 thousand until 17 January 2028, at the latest.
- ✓ KUKE S.A.:
 - For a performance bond in the amount of PLN 12 thousand until 15 June 2026 at the latest;
 - For the removal of defects and faults in the amount of PLN 121 thousand until 15 December 2024, at the latest.
- ✓ PKO BP S.A.:
 - For a performance bond in the amount of PLN 11,819 thousand, until October 24, 2026;
 - For the payment of a deposit in the amount of PLN 1,630 thousand, until 27 February 2024.

In addition, as of 31 December 2022, Apator S.A. was a party to an intra-group surety:

- surety of a lease agreement for Apator Rector Sp. z o.o. for a total amount of PLN 162 thousand with the term until 14 December 2024.

In addition, as of 31 December 2022, Apator S.A. was the beneficiary of payment guarantee for the amount of PLN 68,1 thousand .

Promissory notes

Apator S.A. submitted also (in addition to the promissory note securing the multi-product agreement with ING Bank Śląski S.A.) 10 pieces of blank promissory notes as the security under the agreement of TU Euler Hermes S.A. for the provision of contractual guarantees under the revolving limit (the limit for the Group is PLN 25 million), 1 promissory note as collateral for the lease agreement concluded with mLeasing Sp. z o.o., and 3 promissory notes as collateral for the guarantee agreement concluded with PZU S.A. and 5 promissory notes as collateral for the guarantee agreement concluded with KUKE S.A.

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7.29. Employment structure

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

ITEM	period	
	from 01.01.2023	from 01.01.2022
	to 31.12.2023	to 31.12.2022
Average employment in full-time positions for the period	887	838
Blue-collar workers	579	491
White-collar workers	308	347
Employment in full-time positions at the end of the period	879	876
Blue-collar workers	530	523
White-collar workers	349	353

In addition to workers employed at Apator S.A. under an employment contract, the Company also uses the services of a temporary employment agency. On average, 118 persons were temporarily employed in 2023.

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

On 14 July 2021, Apator S.A. signed an agreement with PricewaterhouseCoopers Polska Spółka z ograniczoną odpowiedzialnością Audyt sp. k. for the audit of the condensed semi-annual separate financial statements, review of the condensed half-yearly consolidated financial statements and audit of the annual separate and consolidated financial statements for 2021-2023.

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

ITEM	VALUE	
	2023	2022
Audit/review of interim statements	100	100
Audit of annual statements	190	140
Total remuneration of the auditor	290	240

In addition to the above remuneration, Apator S.A. also covers the documented costs of the audit team's stay away from the Auditors' premises (travel, accommodation), as well as the costs of the assurance service concerning the report in XBRL format (PLN 36 thousand) and after the publication of the financial statements, the Company will cover the costs of the attestation service for the assessment of the report on the remuneration of the Members of the Management Board and the Supervisory Board (PLN 24 thousand). Selected employees of Apator S.A. participated in open trainings conducted by PwC Academy concerning International Financial Reporting Standards.

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

All significant risk factors and threats are identified, analysed and controlled by the Company on an ongoing basis. The Management Board of Apator S.A. monitors the political and economic situation, analyses its influence on the Company's activity, checks the possibilities of protection against risk and takes adequate actions.

The key risk factors that may have a negative impact on the results still remain the following:

- the unstable situation in the energy commodity markets affecting the change of customers
- lack of stability in the components market (limitations in the availability of selected materials - mainly components from integrated circuit groups, persistently long delivery times, price fluctuations)
- extended delivery times and risk of cargo loss due to transportation disruptions in the Red Sea; continued volatility related to inflation, fluctuating price levels for metals, electronics, and high costs of energy, fuel, transportation services and labour
- volatile financial markets, high interest rates and high exchange rate volatility.

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 war in February 2022, the Group has completely ceased sales in the Russian and Belarusian markets. Therefore, as at the date of publication of this report, the situation in the East has no significant impact on the Group's operations.

9. Events after the balance sheet date

In connection with the repayment of the bank loan at CITI Bank Handlowy, on 26 January 2024 the registered pledge of the acquired shares worth PLN 12.1 million and fixed assets worth PLN 2.8 million, which served as security for the repayment, was released.

On 21 February 2024, Apator S.A. received the 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 the seat in Poznań the amount of PLN 1.8 million with statutory interest and costs of the proceedings. Apator S.A. filed an objection to the order for the payment within the time limit, in which it appeals for the claim to be dismissed in full. 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 taken into account in the order for the payment. Moreover, significantly, the service was performed by Apator S.A. and received by Enea Operator Sp. z o.o. without reservations. Enea Operator Sp. z o.o. did not suffer any damage due to the untimely completion. The Management Board assesses the claim of ENEA Operator Sp.z o.o. in the amount of PLN 1.8 million as unjustified, while the risk of this amount being awarded in court proceedings as marginal.

On 21 March 2024, the Supervisory Board of Apator S.A. received the resignation of Robert Kowalski from his position as Member of the Management Board of the Company, submitted with the effect as of 14 May 2024.

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10. Signatures

Management Board

2024-04-25

Maciej Wyczęsany

President of the Management Board, General Director

Łukasz Zaworski

Member of the Management Board, Product Development Director

Robert Kowalski

Member of the Management Board, Strategy Director of the Apator Group

The person responsible for maintaining the accounting records

2024-04-25

Małgorzata Mazurek

Financial Director

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