

# R-2021



## Financial report

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## 1. General information

### 1.1. Information about the entity

The Company Apator Spółka Akcyjna (Apator S.A) with the office in Torun (ul. Gdanska 4a lok C4) was established by the employees of liquidated state enterprise acting under the name Pomorskie Zakłady Aparatury Elektrycznej Apator in Torun. The registration in the District Court in Torun, V 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 Torun, VII Commercial Division of the National Court Register under number 0000056456. The Company operates in the territory of Poland pursuant to the provisions of the Commercial Companies Code.

### 1.2. The Entity's core business

In accordance with the Company's Articles of Association, the Company's core business is production and services in the field of switchgear and controlgear of electricity and sale of measuring instruments and systems. Shares of APATOR S.A. are listed on the main market of the Warsaw Stock Exchange, sector according to classification of the Warsaw Stock Exchange - electrical machinery industry.

### 1.3. Composition of the Management Board and Supervisory Board

#### The Management Board

Arkadiusz Chmielewski - President of the Management Board (from 25 November 2021, Member of the Management Board until 24 November 2021)

Mirosław Klepacki - President of the Management Board (until November 24, 2021)

Tomasz Łątka - Management Board Member

#### The 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 on the basis of preparation of the financial statements, the reporting currency and the applied level of rounding.

### 2.1. Basis for the preparation of the individual financial statement

The presented annual separate financial statement of Apator S.A. on the day and for the year ending on 31st December 2021 was prepared in accordance with International Accounting Standards, International Financial Reporting Standards and related interpretations announced in the form of regulations of the European Commission.

The annual separate financial statement of Apator SA covers the year 2021 and contains comparative data for the year 2020.

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## 2.2. Accounting principles

In preparing the annual separate financial statements for the period from January 1, 2021 to December 31, 2021, substantially the same accounting policies and methods of computation were applied as in the most recent separate financial statements for the year ended December 31 2020. The recognition of inventory write-down costs and inventory scrapping costs, as well as employee benefit reserve costs from actuarial valuation has changed. These are currently presented in core expenses (inventory write-downs and inventory scrap costs) or in general and administrative expenses (actuarial valuation provisions for employee benefits). Previously, they were charged to other operating expenses. In connection with this change, the presentation of the comparative period has been adjusted accordingly (Note 7.28).

## 2.3. Applied International Financial Accounting Standards

### AMENDMENTS TO INTERNATIONAL FINANCIAL ACCOUNTING STANDARDS AND THEIR IMPACT ON THE SEPARATE FINANCIAL STATEMENTS

Standards that became effective January 1, 2021 but do not have a material impact in preparing the Company's annual financial statements are:

- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 related to the IBOR reform,
- Amendment to IFRS 4: Application of IFRS 9 "Financial Instruments"

### STANDARDS PUBLISHED BY THE INTERNATIONAL ACCOUNTING STANDARDS COUNCIL, WHICH ARE NOT ALREADY ENFORCED OR APPLIED BY THE COMPANY

The Company has not elected to apply standards, interpretations or amendments that are not yet effective 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 effective for periods ending 31 December 2021 and have not been applied in the annual separate financial statements:

- IFRS 17 "Insurance Contracts" and amendments to IFRS 17,
- Amendments to IAS 1, "Presentation of Financial Statements",
- Amendments to IFRS 3 "Business Combinations",
- Amendments to IAS 16, "Property, Plant and Equipment",
- Amendments to IAS 37 "Provisions, Contingent Liabilities and Contingent Assets",
- Annual Amendment to IFRS 2018 - 2020,
- Amendments to IAS 1 "Presentation of Financial Statements" and the IFRS Board's guidance on accounting policy disclosures in practice,
- Amendments to IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors",
- Amendments to IFRS 16 "Leases",
- Amendments to IAS 12 "Income Taxes".
- IFRS 14 "Regulatory Accruals",
- Amendments to IFRS 10 and IAS 28 regarding the sale or contribution of assets between an investor and its associates or joint ventures.

The Company believes that the introduction of these standards will not have a material impact on the Company.

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## 2.4. Reporting and functional currency and the applied level of rounding

The reporting currency of these annual separate financial statements is the Polish zloty, all amounts are expressed in thousands of Polish zlotys (unless indicated otherwise).

The functional currency of the Company is also the Polish zloty.

## 2.5. Duration of the entity's activity

The duration of activity of Apator SA is indefinite.

The separate financial statements have been prepared on the assumption that the Company will continue as a going concern in the foreseeable future, i.e. within a period not shorter than 12 months from the end of the reporting period.

## 2.6. Approval of the financial statement

These separate financial statements were approved for publication by the Company's Management Board on 28 April 2022.

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Level of rounding:	all amounts are expressed in thousands of Polish zlotys (unless indicated otherwise)	

### 3. Unconsolidated financial statement of Apator S.A.

#### 3.1. Unconsolidated financial statements

SPECIFICATION	NOTE	as of	
		31.12.2021	31.12.2020
<b>Fixed assets</b>		<b>402 920</b>	<b>396 309</b>
Intangible assets	7.2	10 751	10 418
Tangible fixed assets	7.3	96 899	101 215
Right to use assets	7.4	9 626	9 382
Investment property	7.5	1 011	976
Other long-term financial assets	7.6	270 495	258 259
- <i>in related entities</i>		270 495	258 259
Assets by virtue of deferred income tax	7.17	14 138	16 059
<b>Current assets</b>		<b>137 734</b>	<b>104 912</b>
Stocks	7.7	91 811	49 314
Commercial receivables	7.8	39 038	47 078
- <i>from related entities</i>		2 025	4 126
- <i>from other entities</i>		37 013	42 952
Receivables from corporate income tax	7.8	540	-
Receivables from other taxes, customs duties and social security		1 245	1 662
Other short-term liabilities	7.8	206	359
- <i>from other entities</i>		206	359
Other short-term financial assets	7.6	166	41
- <i>in other entities</i>		166	41
Cash and cash equivalents	7.9	2 407	4 488
Short-term interim settlements	7.10	2 321	1 970
<b>TOTAL ASSETS</b>		<b>540 654</b>	<b>501 221</b>

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SPECIFICATION	NOTE	as of	
		31.12.2021	31.12.2020
<b>Equity capital</b>		<b>363 238</b>	<b>369 404</b>
Share capital	7.11	3 278	3 281
Own shares		(450)	(300)
Other capitals	7.12	342 759	331 200
Capital from the revaluation of a defined benefit plan		(862)	(1 026)
Capital from valuation of hedging transactions and foreign exchange differences from consolidation		77	(550)
Undistributed financial result	7.13	18 436	36 799
<b>Liabilities</b>		<b>177 416</b>	<b>131 817</b>
<b>Long-term liabilities and provisions</b>		<b>18 677</b>	<b>12 381</b>
Long-term loans and borrowings	7.14	7 000	-
- from other entities		7 000	-
Long-term liabilities	7.16	300	-
- towards other entities		300	-
Long-term liabilities due to the right to use assets	7.4	7 542	7 315
Long-term liabilities arising from employee benefits		3 835	5 066
<b>Short-term liabilities and provisions</b>		<b>158 739</b>	<b>119 436</b>
Short-term loans and borrowings	7.14	98 691	50 742
- from other entities		98 691	50 742
Commercial liabilities	7.16	34 949	32 125
- towards affiliated entities		1 220	2 553
- towards other entities		33 729	29 572
Corporate income tax liabilities		-	1 392
Liabilities due to other taxes, customs duties and social security		3 254	3 935
Other short-term liabilities	7.16	10 093	9 946
- towards affiliated entities		372	-
- towards other entities		9 721	9 946
Short-term liabilities due to the right to use assets	7.4	1 551	1 383
Short-term liabilities arising from employee benefits	7.15	4 159	7 151
Other short-term provisions	7.15	6 042	12 762
<b>LIABILITIES TOTAL</b>		<b>540 654</b>	<b>501 221</b>

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### 3.2. Unconsolidated statement of profit or loss and other total income

SPECIFICATION	NOTE	for period	
		from 01.01.2021	from 01.01.2020
		till 31.12.2021	till 31.12.2020*
<b>Revenue from sales and services</b>		<b>282 486</b>	<b>353 424</b>
- to related entities		47 427	41 822
- other entities		235 059	311 602
<b>Cost of goods sold</b>		<b>(250 765)</b>	<b>(281 969)</b>
- to related entities		(38 658)	(29 551)
- other entities		(212 107)	(252 418)
<b>Gross sales profit</b>		<b>31 721</b>	<b>71 455</b>
Sales costs		(7 827)	(8 413)
General administrative costs		(38 132)	(39 804)
<b>Profit (loss) from sales</b>		<b>(14 238)</b>	<b>23 238</b>
<b>Other operating revenues (costs), including:</b>		<b>3 874</b>	<b>730</b>
Revenues	7.19	4 706	1 952
Costs	7.19	(832)	(1 222)
- including result on impairment of receivables		-	(31)
<b>Profit (loss) from operating activities</b>		<b>(10 364)</b>	<b>23 968</b>
<b>Financial revenues, including:</b>		<b>31 956</b>	<b>32 641</b>
Revenues	7.20	34 670	33 983
Costs	7.20	(2 714)	(1 342)
- including net impairment losses on financial assets		(23)	-
<b>Profit before tax</b>		<b>21 592</b>	<b>56 609</b>
Current income tax	7.17	(1 421)	(2 840)
Deferred income tax	7.17	(1 735)	(2 214)
<b>Net profit</b>		<b>18 436</b>	<b>51 555</b>

\* - Transformed (note 7.29).

SPECIFICATION	NOTE	for period	
		from 01.01.2021	from 01.01.2020
		till 31.12.2021	till 31.12.2020
<b>Other comprehensive income / (expenses)</b>			
<b>Other comprehensive income / (expenses) net</b>		<b>791</b>	<b>(780)</b>
<b>Items that may be reclassified to profit or loss in the future:</b>			
Result on hedge accounting with tax effect		627	(676)
<b>Items that will not be reclassified to profit or loss in the future:</b>			
Actuarial profits and losses		164	(104)
<b>Total comprehensive income</b>		<b>19 227</b>	<b>50 775</b>
<b>Net profit, of which attributable:</b>		<b>18 436</b>	<b>51 555</b>
company's shareholders		18 436	51 555
<b>Total comprehensive income, including accrued income:</b>		<b>19 227</b>	<b>50 775</b>
company's shareholders		19 227	50 775
<b>Net income per ordinary share:</b>			
<b>from continued operations</b>			
- basic		0.56	1.57
- diluted		0.56	1.57
<b>Weighted average number of shares</b>		<b>32 778 619</b>	<b>32 804 907</b>

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### 3.3. Unconsolidated statement of changes in equity

SPECIFICATION	Share capital	Own shares	Other capitals	Capital from the revaluation of a defined benefit plan	Capital from valuation of hedging transactions	Undistributed financial result	TOTAL EQUITY CAPITAL
<b>Balance as at 01.01.2020</b>	<b>3 286</b>	<b>(1 053)</b>	<b>314 447</b>	<b>(922)</b>	<b>126</b>	<b>39 304</b>	<b>355 188</b>
<b>Changes in equity during the period from 01.01.2020 to 31.12.2020</b>							
<b>Comprehensive income:</b>							
Net profit for the period from 01.01.2020 to 31.12.2020	-	-	-	-	-	51 555	51 555
Distribution of result to supplementary capital	-	-	17 980	-	-	(17 980)	-
<b>Other comprehensive income:</b>							
<b>Items that can be reclassified in the future:</b>							
Result on hedge accounting with tax effect	-	-	-	-	(676)	-	(676)
<b>Items that will not be reclassified to profit or loss in the future:</b>							
Revaluation of a provision for a defined benefit plan with tax effect	-	-	-	(104)	-	-	(104)
<b>Total other comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(104)</b>	<b>(676)</b>	<b>-</b>	<b>(780)</b>
<b>Comprehensive income recognized in the period from 01.01.2020 to 31.12.2020</b>	<b>-</b>	<b>-</b>	<b>17 980</b>	<b>(104)</b>	<b>(676)</b>	<b>33 575</b>	<b>50 775</b>
<b>Transactions with owners recognised directly in equity:</b>							
Dividends	-	-	-	-	-	(21 324)	(21 324)
Advances paid for dividends	-	-	-	-	-	(14 756)	(14 756)
Purchase of treasury shares	-	(479)	-	-	-	-	(479)
Redemption of own shares	(5)	1 232	(1 227)	-	-	-	-
<b>Balance as at 31.12.2020</b>	<b>3 281</b>	<b>(300)</b>	<b>331 200</b>	<b>(1 026)</b>	<b>(550)</b>	<b>36 799</b>	<b>369 404</b>

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SPECIFICATION	Share capital	Own shares	Other capitals	Capital from the revaluation of a defined benefit plan	Capital from valuation of hedging transactions	Undistributed financial result	TOTAL EQUITY CAPITAL
<b>Balance as at 01.01.2021</b>	<b>3 281</b>	<b>(300)</b>	<b>331 200</b>	<b>(1 026)</b>	<b>(550)</b>	<b>36 799</b>	<b>369 404</b>
<b>Changes in equity during the period from 01.01.2021 to 31.12.2021</b>							
<b>Comprehensive income:</b>							
Net profit for the period from 01.01.2021 to 31.12.2021	-	-	-	-	-	18 436	<b>18 436</b>
Distribution of result to supplementary capital	-	-	12 216	-	-	(12 216)	-
<b>Other comprehensive income:</b>							
<b>Items that can be reclassified in the future:</b>							
Result on hedge accounting with tax effect	-	-	-	-	627	-	<b>627</b>
<b>Items that will not be reclassified to profit or loss in the future:</b>							
Revaluation of a provision for a defined benefit plan with tax effect	-	-	-	164	-	-	<b>164</b>
<b>Total other comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>164</b>	<b>627</b>	<b>-</b>	<b>791</b>
<b>Comprehensive income recognized in the period from 01.01.2021 to 31.12.2021</b>	<b>-</b>	<b>-</b>	<b>12 216</b>	<b>164</b>	<b>627</b>	<b>6 220</b>	<b>19 227</b>
<b>Transactions with owners recognised directly in equity:</b>							
Dividends	-	-	-	-	-	(39 339)	<b>(39 339)</b>
Settlement of the advance dividend from the previous year	-	-	-	-	-	14 756	<b>14 756</b>
Purchase of treasury shares	-	(810)	-	-	-	-	<b>(810)</b>
Redemption of own shares	(3)	660	(657)	-	-	-	-
<b>Balance as at 31.12.2021</b>	<b>3 278</b>	<b>(450)</b>	<b>342 759</b>	<b>(862)</b>	<b>77</b>	<b>18 436</b>	<b>363 238</b>

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### 3.4. Unconsolidated cash flow statement

SPECIFICATION	NOTE	for period	
		from 01.01.2021	from 01.01.2020
		till 31.12.2021	till 31.12.2020
<b>Cash flow from operating activities</b>			
<b>Profit before tax (continued operations)</b>		<b>21 592</b>	<b>56 609</b>
<b>Adjustments:</b>		<b>(13 599)</b>	<b>(13 392)</b>
Depreciation of intangible assets	7.2	2 819	2 501
Depreciation of property, plant and equipment	7.3	16 476	15 171
Profit on sale of property, plant and equipment and intangible assets		(155)	(118)
(Profits) losses on investment property valuation at fair value	7.5	(35)	81
Losses on change in fair value of derivatives		332	602
Cost of interest		1 209	926
Interest revenue		-	(8)
Dividend income	7.20	(34 473)	(31 446)
Other adjustments	7.21	228	(1 101)
<b>Cash flows from operating activities before changes in working capital</b>		<b>7 993</b>	<b>43 217</b>
Change in inventories	7.7	(42 497)	(14 580)
Change in the state of a depreciated contractual asset		-	10 320
Change in receivables	7.21	8 609	(639)
Change in liabilities	7.21	1 163	(603)
Changes in provisions	7.21	(10 739)	894
Changes in prepayments and accruals	7.10	(351)	253
<b>Cash generated in the course of operating activity</b>		<b>(35 822)</b>	<b>38 862</b>
Income tax paid		(3 353)	(2 547)
<b>Net cash flows from operating activities</b>		<b>(39 175)</b>	<b>36 315</b>
<b>Cash flows from investing activities</b>			
Expenditure on the acquisition and production of intangible assets	7.21	(3 277)	(3 088)
Expenditure on the acquisition of property, plant and equipment and PDAs	7.21	(12 949)	(21 732)
Proceeds from the sale of fixed assets		181	178
Inflows on sale of financial assets available for sale		-	4 184
Investments in subsidiaries	7.6	(7 127)	(1 506)
Proceeds from repayment of loans granted		-	2 500
Interest received		-	127
Dividends received		34 473	31 446
Other inflows (expenses)	7.21	(813)	1 222
<b>Net cash provided by investing activities</b>		<b>10 488</b>	<b>13 331</b>
<b>Cash flows from financing activities</b>			
Purchase of own shares		(810)	(479)
Inflows from loans and borrowings taken out		58 916	-
Repayment of loans and credits		(4 000)	(10 356)
Interest paid		(992)	(722)
Dividends paid		(24 583)	(36 081)
Repayment of liabilities under financial lease		(1 591)	(1 408)
Other expenses	7.21	(334)	(314)
<b>Net cash from financial operations</b>		<b>26 606</b>	<b>(49 360)</b>
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Level of rounding:	all amounts are expressed in thousands of Polish zlotys (unless indicated otherwise)		

SPECIFICATION	NOTE	for period	
		from 01.01.2021	from 01.01.2020
		till 31.12.2021	till 31.12.2020
Net increase (decrease) in cash and cash equivalents		(2 081)	286
Opening balance of cash and cash equivalents		4 488	4 202
Closing balance of cash and cash equivalents		2 407	4 488

## 4. Accounting principles applied

### 4.1. Basis for preparation (general principles)

Unconsolidated financial statements have been prepared on the historical cost basis, except for the measurement of certain fixed assets (investment property) and financial instruments (derivative instruments), which are measured at fair value.

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

The accounting principles and policies presented below were applied to all periods presented in the financial statements by the Company.

### 4.2. Detailed rules for the valuation of assets and liabilities

#### 4.2.1. Intangible assets

##### Research and development

Expenditure incurred in the research stage with a view to acquiring new scientific or technical knowledge is recognised as a profit or loss as incurred.

Expenditures incurred on development work, the effects of which are applied in the development or production of a new or significantly improved product, are subject to activation if the production of a new product (or process) is technically possible and economically justified and the Company has technical, financial and other resources necessary to complete the development work. Activated costs include: costs of materials, salaries of employees directly involved in development works, a reasonable part of costs indirectly related to the production of an intangible asset and activated costs of external financing. Other development costs are recognised as profit or loss when incurred.

Development costs are recognised as intangible assets based on their purchase price less accumulated amortisation and impairment losses.

##### Other intangible assets

Other intangible assets acquired by the Company with a definite period of economic useful life are disclosed at their purchase price less amortisation and impairment losses.

##### Expenditure incurred at a later date

Subsequent expenditures on existing intangible assets are subject to activation only when they increase future economic benefits related to a given asset. Other expenditure, including expenditure on internally generated trademarks and brands, is recognised in profit or loss as incurred.

##### Depreciation

Depreciation write-offs are made in relation to the purchase price of an asset or its equivalent value less its residual value.

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Depreciation cost is recognised in profit or loss using the straight-line method for the estimated useful life of an intangible asset, other than goodwill, from the moment it is determined that it is suitable for use, which reflects as closely as possible the manner in which the future economic benefits associated with the asset are realised with the use of the asset.

The Group assumes the following useful lives for particular categories of intangible assets:

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

#### 4.2.2. Tangible fixed assets

Property, plant and equipment are property, plant and equipment held by an entity for the purpose of using to manufacture, supply or service goods or services, to supply them to third parties for valuable consideration or for administrative purposes for which they are expected to be used for more than 12 months. They are valued according to the purchase price or production costs decreased by depreciation or amortization write-offs and write-offs due to permanent loss of value. Under the component-based approach, an entity adopts different depreciation rates for significant components of property, plant and equipment. Depreciation begins when it is put into service. The annual depreciation rates are determined taking into account the useful life of property, plant and equipment. The correctness of the application of depreciation periods and rates by the entity is periodically verified by the managers of production departments. For the purpose of depreciation of property, plant and equipment, the straight-line method is used. The useful lives of the individual assets are as follows:

- Buildings and structures from 10 to 40 years
- Machines and Equipment from 2 to 25 years
- Means of transport from 4 to 10 years
- Other property, plant and equipment from 3 to 10 years

If there are circumstances indicating that the reporting value of property, plant and equipment may not be recoverable, the assets are reviewed for impairment. If there are indications that an impairment loss may have occurred and the reporting value exceeds the estimated recoverable amount, then the value of those assets or cash-generating units to which the assets belong is reduced to the recoverable amount. The recoverable amount is the higher of the following two values: fair value less costs to sell or value in use. In 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 associated risk with a particular asset. In the case of an asset that does not generate cash inflows in a significantly independent manner, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Gains or losses arising from the sale / liquidation or discontinued use of property, plant and equipment are determined as the difference between the sales proceeds and the net value of the assets and are recognized in earnings in the period in which the sale occurs.

Property, plant and equipment under construction relate to assets under construction or assembly and are recognised at cost. Property, plant and equipment under construction are not depreciated until their completion and commissioning.

#### 4.2.3. Investments in subsidiaries and associated entities

Investments in subsidiaries are carried at cost plus non-refundable capital contributions granted, including for losses recognised in the subsidiary's accounts, less impairment losses.

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Associates are entities on whose operating and financial policy the Company has a significant influence, but does not control them.

A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity which is subject to joint control and both parties are entitled to the net assets of the joint venture.

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

If the Company's share in losses exceeds the carrying amount of an associate or joint venture, the amount is reduced to zero and no further losses are recognised if the Company is not required to cover them.

#### 4.2.4. Leasing

The lease is classified in accordance with IFRS 16.

Recognition of whether an arrangement contains the characteristics of a lease depends on the substance of the arrangement at the time it is entered into, indicating whether implementation of the arrangement depends on the use of a particular asset or whether the arrangement gives rise to an effective right to use a particular asset, even if that right is not specifically included in the arrangement.

Contracts may contain leasing and non-leasing elements. The Company allocates the remuneration specified in the contract to lease and non-lease elements, respectively, based on their relative fair values. However, for property leases where the Company is the lessee, the Company has elected not to separate the non-lease elements from the lease elements and to account for them as a single lease element.

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

- fixed lease payments (including substantially fixed lease payments) less any lease incentives payable,
- variable lease payments that depend on an index or rate, initially measured using that index or rate according to their value on the inception date,
- the amounts expected to be paid by the Company under the guaranteed residual value,
- the strike price of the call option if it can be assumed with reasonable certainty that the Company will exercise the option, and
- monetary 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, this rate is directly derived from the terms of the contract. If this rate cannot be easily determined, the lessee's marginal interest rate, which is the interest rate the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value, in a similar economic environment, for a similar term and with similar collateral, is used.

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

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

The Company is exposed to potential future increases in variable index or rate-based lease payments that are not included in the lease liability until they are implemented. When adjustments to index or rate-based lease payments become effective, the lease liability is reassessed and adjusted in conjunction with the right-of-use asset.

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Lease payments are allocated between principal and finance charges. Finance costs are charged to profit or loss over the term of the lease so as to produce 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 lives of the assets, not to exceed the lease term. If the Company is reasonably certain that it will exercise the call option, the asset rights to use are amortised over the useful life of the asset.

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

- perpetual usufruct of land - perpetual,
- lease of office space and production building - 3 years,
- computer equipment - 3 years
- means of transportation - 4 years.

Payments related to short-term leases and leases of low-value assets are recognized as expenses on a straight-line basis in the income statement. Short-term leases mean leases for a period of 12 months or less. Low value assets include computer equipment. The materiality threshold was set at PLN 20 thousand for the value of the right to use a single asset under lease.

Lease terms are individually negotiated and include a wide range of varying terms. Lease agreements do not impose any special conditions (covenants) other than collateral on the leased assets for the benefit of the lessor. Leased assets cannot serve as collateral for loans and borrowings.

The Company's lease agreements do not contain an option to renew, which, however, does not preclude renewal for a further period. However, these contracts, as a general rule, contain termination clauses used to ensure the greatest possible operational flexibility with regard to the management of assets used in the Company's operations. 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 case of perpetual usufruct of land - perpetual usufruct is established,
- in the case of term contracts - the maximum period that can generate a liability is assumed,
- in case of contracts concluded for indefinite period of time - their individual business analysis is performed determining the assumed period of use,
- discount rate - determined in accordance with the adopted rules.

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

#### 4.2.5. Investment property

Investment property includes real estate which is treated as a source of income from rents and/or are held due to the expected increase in their value. Investment properties are measured at fair value at the reporting date, which is based on historical experience and market assumptions and judgments about their potential. Profits and losses resulting from changes in the fair value of investment property are recognized in the financial result in which they occurred.

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#### 4.2.6. Stocks

Materials and goods are valued at purchase price (purchase price plus transport costs, border fees, customs duty, unloading and loading costs). Expenditure on materials and merchandise is valued at weighted average.

Products are priced on an ongoing basis at production cost, and the stock of products and goods is valued according to production costs not higher than their net sales prices, possible to obtain if the sale took place on the reporting date. The production cost includes the sum of direct costs (materials, wages) and a justified part of indirect costs related to the production of the product, including indirect production costs and a part of fixed indirect costs corresponding to the level of these costs with the normal use of production capacity.

Inventories are verified at the end of each reporting period. A 100% impairment loss is recognised on inventories that are not economically useful. In addition, for the purpose of making the value of inventory more realistic, an analysis of the age structure is carried out, the decisive factor of which is the date of arrival and departure from the warehouse. This method of statistically calculating write-downs includes an estimation component that affects the reporting value of inventory. Allowance for inventories is recognized in the costs of core operations.

#### 4.2.7. External financing costs

The Company capitalises borrowing costs (interest and other costs incurred by the Company in connection with the mobilisation of financing) that are directly attributable to the acquisition or construction of property, plant and equipment. Activation rules are not applied to investment property and stocks produced in a repeatable manner, with a short production cycle.

To the extent that the Company borrows funds specifically to finance the acquisition of an asset, the amount of borrowing costs that can be activated is the difference between the actual borrowing costs in a given period and the units' revenues from temporary investments of such borrowed funds.

If the Company borrows funds for general purpose and then uses them to obtain an asset, then the capitalisation rate (weighted average of borrowing costs, including all credits and loans remaining to be settled in this period) is applied to expenses incurred in a given period.

#### 4.2.8. Financial instruments

The Company classifies as a financial instrument any agreement which results in the simultaneous creation of a financial asset by one of the parties and a financial liability or equity instrument in the other party, provided that the contract between the two or more parties gives rise to unequivocal economic effects. 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 to collect contractual cash flows, which include only principal and interest repayments. In this category, the Company classifies and presents in the statement of financial position in particular:
  - trade, investment and other receivables,
  - loans granted
  - cash;
  - cash equivalents
  - funds accumulated on the VAT account;
- assets at fair value through other comprehensive income - debt instruments whose flows represent solely payments of principal and interest and which are held for the purpose of collecting contractual cash flows and for sale; they are measured at fair value through other comprehensive income, except for impairment

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gains and losses, interest income and foreign exchange gains and losses, which are recognized in earnings (in particular forward contracts),

As at 1 January 2021 and 31 December 2021, the Company did not hold any debt instruments classified in this category. With respect to equity instruments held that do not give control, joint control or significant influence over entities, after initial recognition the Company measures such investments in equity instruments at fair value with presentation of gains and losses due to changes in fair value in other comprehensive income.

- assets measured at fair value through profit or loss - assets that do not meet the criteria to be measured at amortised cost or at fair value through profit or loss are measured at fair value through profit or loss. The Company classifies derivatives into this category (in particular forward and swap contracts);

Financial liabilities are classified into one of the following two categories:

- presented at fair value through profit or loss - are disclosed under "Trade liabilities and other current liabilities" and include derivative instruments held by the Company (in particular forward contracts and swaps);
- measured at amortised cost - financial liabilities not classified as "recognised at fair value through profit or loss"; they are included primarily in "Trade liabilities and other current liabilities" and "Liabilities due to frequency reservations and other permits".

### **Recognition and measurement of financial assets and financial liabilities at the time of recognition and derecognition**

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

They are initially measured at fair value. Transaction costs directly attributable to the purchase or issue of financial assets and liabilities (except for financial assets and liabilities measured at fair value through profit or loss) are added to or deducted from the fair value of financial assets and liabilities at initial recognition, as appropriate. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities measured at fair value through profit or loss are recognised directly in profit or loss.

Financial assets are derecognised from the accounting books when the rights to receive cash flows from them have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. If the Company neither transfers all risks and rewards of ownership nor retains control over the transferred asset, it shall recognise the retained interest in the transferred asset and the associated liabilities that it will have to pay.

If the Company retains all the risks and rewards of ownership of the transferred asset, it continues to recognise the transferred asset and the hedged external financing for the benefits received.

The Company ceases to recognise financial liabilities only in the event of their fulfillment, cancellation or expiration. The difference between the carrying amount of a derecognised financial liability and the consideration paid or receivable is recognised in profit or loss.

### **Valuation after initial recognition**

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

Financial liabilities other than those measured at fair value through profit or loss are carried at amortised cost using the effective interest rate method.

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Financial assets and liabilities classified into categories measured at fair value through profit or loss (including derivative instruments) are revalued to fair value with the recognition of the effects of measurement in profit or loss.

### Impairment of financial assets

The Company applies the expected credit losses ("ECL") model to the following categories of financial assets measured at amortised cost:

- trade receivables - are 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 losses related to financial assets measured at amortised cost, regardless of whether there is any indication of impairment.

### Write-off for impairment of trade receivables

In the case of short-term trade receivables, the Company applies a simplified approach (consistent with the following

IFRS 9) and measures impairment losses in the amount of credit losses expected over the life of the receivable from its initial recognition.

The impairment write-off is created for current receivables, past due (doubtful), in debt collection and disputed in the gross amount (including VAT). A write-down for impairment of past due receivables is created after taking into account the accumulated write-down for disputable receivables and in debt collection.

Impairment losses are recognised on the basis of the probability of recoverability of assets, based on historical data. Moreover, the Company creates specific write-offs for receivables threatened with being uncollectible (being the subject of disputable cases, covered by 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 rate method.

### Trade and other payables

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

### Hedge accounting

#### Cash flow hedges

The Company has decided to stay with the hedge accounting requirements in IAS 39 instead of the requirements in IFRS 9. Derivative financial instruments, such as fx forward contracts, are used to hedge the risk of changes in foreign exchange rates. The level of collateral adopted in a given period may not exceed 50% of the annual foreign currency exposure for import hedging, while for export hedging, the level of hedging is in the range of 50-80% of the annual currency exposure. Being based on planned exposure is a type of estimation that affects the value of instruments.

To hedge against the risk of rising interest rates, the Company uses IRS (Interest Rate Swap) hedging transactions. These transactions enable the management of interest rate risk, e.g. by converting the interest rate of a loan from a variable to a fixed rate, thus providing the possibility to hedge against the increase in the cost of the loan.

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Due to the fact that future planned payments due to sales or purchases are not recognised in the Company's financial statements, whereas hedging instruments hedging FX forward without hedge accounting are measured at fair value through profit or loss, a potential accounting mismatch arises. In order to eliminate it, the Company has introduced hedge accounting since 1 July 2011.

If a derivative financial instrument is designated as a hedge of the volatility of cash flows attributable to a specific risk associated with a recognised asset, with a recognised liability or a highly probable planned transaction that could affect the profit or loss of the current period, the part of profits or losses related to the hedging instrument that constitutes an effective hedge is recognised in other comprehensive income and presented, as a separate item on account of the hedge, in equity. Profits or losses previously recognized in equity are transferred to profit or loss in the same period and in the same item, in which the hedged cash flows are recognised in profit or loss. The ineffective portion of the change in the fair value of a derivative shall be recognised immediately in profit or loss.

If a hedging instrument no longer meets the criteria for hedge accounting, expires, is sold, terminated, exercised or its designation is changed, the Company discontinues the application of hedge accounting. Cumulative gains or losses previously recognised in other comprehensive income and presented in equity are retained in equity until the transaction is completed and recognised as profit or loss. Where an item is hedged with a non-financial asset, gains or losses previously recognised in other comprehensive income adjust the reporting value of that asset at the time of its recognition. If a forecast transaction is not expected to occur, any gain or loss recognised in the statement of financial position shall be recognised immediately in profit or loss. In other cases, amounts previously recognised in other comprehensive income are recognised in profit or loss in the same period or periods in which the hedged planned transaction affects the profit or loss of the current period.

At the inception of the hedge, the Company formally determines and documents the hedging relationship as well as the risk management objective and strategy for establishing the hedge. The documentation shall include identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the effectiveness of the hedging instrument has been assessed in compensating for the threat of changes in the fair value of the hedged item or cash flows related to the hedged risk. The hedge is expected to be highly effective in offsetting changes in fair value or cash flows arising from of the risk being hedged. The hedge effectiveness is constantly assessed to determine whether it is highly effective within all the reporting periods for which it was established.

#### 4.2.9. Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event and when it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made.

Costs related to a given provision are disclosed in the financial result after deducting all returns. If the effect of the time value of money is material, the amount of provision is determined by discounting the forecast future cash flows to their present value using a gross discount rate reflecting current market assessments of the time value of money the time and possible risks associated with the commitment in question. If the discounting method is used, any increase in the provision due to the passage of time is recognised as financial expense. Provisions are also recognised for future liabilities arising from restructuring if the Company is required by separate regulations to carry out such restructuring or if binding agreements have been entered into to that effect and the restructuring plans permit a reliable estimate of the value of such future liabilities.

The Company also creates a provision for warranty repairs. This provision is estimated on the basis of historical data concerning the share of defective products in revenues from sales of these products (statistical provision) and on the basis of actually reported claims concerning realized contracts (individual provision). The statistical

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reserve is calculated using an index based on a cost basis less the cost of using the individual reserve. The provision for warranty repairs is created as a special cost related to the production of the product.

#### 4.2.10. Employee benefits

In accordance with the remuneration systems, employees are entitled to retirement benefits and jubilee awards. Jubilee awards are paid to employees after they have worked for a specified number of years. Retirement severance pays are paid once, at the moment of retirement. The amount of retirement severance pays and jubilee awards depends on the length of service and permanent basis defined in the collective agreement of APATOR S.A. The Company creates the provision for future liabilities due to retirement severance pays and jubilee awards in order to allocate the costs to the periods to which they refer. According to IAS 19, jubilee awards are other long-term employee benefits, while retirement benefits are post-employment defined benefit plans.

Provisions for jubilee awards and retirement severance payments are determined using the projected unit credit method and actuarial techniques. The basis for a reliable estimation of the amount of provisions is as follows:

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

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

- costs of employee benefits - recognised in profit or loss (other operating costs);
- net interest on liabilities due to specified net benefits - recognised in the result (other operating costs);
- revaluation of liabilities due to specified net benefits Actuarial gains/losses - recognized in other comprehensive income (capital from the revaluation of a defined benefit plan).

The cost of other long-term employee benefits (jubilee bonuses) is recognized in overhead costs.

The Company creates a provision for the costs of cumulative compensated absences, which will have to be incurred by as a result of unused rights, which have accrued as at the reporting date. The provision for cumulative compensated absences is recognised as a liability after deducting any amounts already paid. The provision for the costs of cumulative compensated absences is a short-term provision, is not discounted and is recognised as an expense in the income statement.

#### 4.2.11. Revenues

##### Revenue from the sale of goods

The Company recognizes all revenues from sales "in a point in time", at the moment of taking control over a given good by the recipient.

Revenues from sales are recognized at fair value of received or due payments and represent receivables for products, goods and services provided in the normal course of business, net of rebates, value added tax and other sales-related taxes. Revenue is recognized in the amount in which it is probable that the Company will obtain economic benefits related to a given transaction and when the amount of revenue can be reliably estimated.

##### Revenues from the sales of services

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Revenues from the provision of services related to short-term orders are recognized "in point in time" at the moment of finishing the service, after confirming the performance of the contractual bond (after receiving the acceptance protocol).

### Determination of the transaction price

In the case of contracts covering several obligations to perform, a transaction price based on the unit selling price is assigned to each of these obligations. If these prices cannot be established on the basis of direct observation, they are estimated on the basis of expected costs plus a mark-up.

Estimates of revenues, costs or the degree of completion of works are verified when circumstances have changed. The resulting increase or decrease in estimated revenue or expense is recognised in profit or loss in the period in which management becomes aware of the circumstances underlying the verification of estimates.

In the case of fixed price contracts the customer pays a fixed amount according to the payment schedule. If the value of services rendered by the Company exceeds the value of payment, assets under the contract with customers are recognized. If the value of the payment exceeds the value of the services provided, a liability under the contract with customers is recognised.

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

### Price and payment terms

As a rule, in Apator SA the payment terms between 30 and 90 days are used. In the switching equipment business line they are generally 30-90 days, while in the electricity metering line they are 30 days.

As a rule, performance bonds are granted for a period of 1-1.5 years, and after their expiry, warranty bonds are valid for the next 2-5 years (depending on the contract).

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

### Other revenues

#### Interest

Interest income is recognized successively as it accrues, in relation to the net reporting value of a given financial asset, according to the effective interest rate method.

#### Dividends

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

## 4.2.12. Transactions denominated in foreign currencies

In the financial statement of the Company APATOR S.A. the transactions in foreign currency are converted according to the exchange rate binding on the day of making the transaction. As at the reporting date, monetary assets and liabilities are disclosed at the exchange rate of the leading bank prevailing at the end of the reporting period. Profits and losses resulting from currency conversion are recognized directly in the financial result.

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#### 4.2.13. Taxes

Income tax comprises current and deferred tax. Current and deferred income tax is recognised as profit or loss, except when it relates to a business combination and items recognised directly in equity or other comprehensive income.

Current tax is the expected amount of tax payable or receivable in respect of taxable profit for the year, using tax rates enacted or substantively enacted at the reporting date and adjusting the tax liability for prior years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities and their values for tax purposes. Deferred income tax is not recognised for the following temporary differences: initial recognition of assets or liabilities resulting from a transaction that is not a business combination and affects neither profit or loss nor taxable profit, differences associated with investments in subsidiaries and associated entities to the extent that it is not probable that they will be disposed of in the foreseeable future. In addition, deferred tax is not recognised for temporary differences arising from the initial recognition of goodwill. Deferred tax is measured at using tax rates that are expected to be applied when the temporary differences reverse, based on tax laws that have been enacted or substantively enacted by the reporting date. Deferred income tax assets and deferred income tax liabilities are offset if the Company has a legally enforceable right to set off current tax liabilities and assets and provided that the deferred income tax assets and liabilities relate to income tax imposed by the same tax authority on the same taxpayer or on different taxpayers who intend to settle income tax liabilities and liabilities in a net amount or to realise receivables and settle liabilities simultaneously.

Deferred tax assets related to unused tax loss, unused tax relief and negative 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 are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

#### 4.2.14. Subsidies

Government subsidies are government assistance that take the form of a transfer of funds to an entity in exchange for the entity's past or future compliance with certain conditions related to its operations.

In accordance with IAS 20, government grants are recognized in the books at the moment 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 recognized as a reduction of the corresponding cost. However, if the funds relate to an asset, then their fair value is deducted from the initial value of that asset.

In individual cases, the grant may also be recognized as other operating income.

#### 4.2.15. Zone relief resulting from operating in the Special Economic Zone

The Company benefits from income tax exemption for new investment costs under the permit to conduct business activities in the Pomeranian Special Economic Zone (PSSE) obtained on 28 December 2010. The exemption applies to zone income, i.e. income earned in the following areas from the business activity conducted within the area of the PSSE, within the framework of the obtained permit.

The Company recognizes the tax relief resulting from its operations in the Special Economic Zone (exemption from corporate income tax) in accordance with IAS 12, i.e. it recognizes it as an asset of deferred taxes up to the amount of public assistance available. The maximum amount of aid that may be granted is calculated by multiplying the current aid intensity by the following

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for the voivodship and the value of outlays incurred as part of investments recognised as eligible expenditure. 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 are reduced to the extent that it is no longer probable that the related income tax benefit will be realised.

On June 3rd 2020, the Company received the Decision on support No. PSSE.DW.11.2020 for the implementation of a new investment consisting in increasing production capacity (extension of the existing plant). The decision assumes incurring eligible costs in the amount of at least PLN 30 million (not more than PLN 39 million) until the end of 2025 and will enable the use of the tax exemption for business activities in the Special Economic Zone. The decision was made for fixed period of 15 years.

#### 4.2.16. Own assets

The Company's equity includes: share capital, other capital, capital from the revaluation of the defined benefit program, capital from the valuation of hedging transactions, undivided financial result from previous years, current year's result. Items reducing the amount of equity capital are deductions from the current year's financial result.

## 5. Basic judgments and bases for estimating uncertainty

The preparation of separate financial statements in accordance with IFRS requires the Management Board to make estimates, judgments and assumptions that affect the adopted principles and the presented values of assets, liabilities, income and expenses.

The estimates and related assumptions are based on historical experience and various factors that are considered reasonable under the circumstances. The results of these estimates provide a basis for professional judgement as to the book value of assets and liabilities. In significant matters, the Management Board of the Company bases its estimates on the opinions of independent experts. The actual value may differ from the estimated value.

Estimates and related assumptions are subject to ongoing verification. Changes in accounting estimates are recognised in the period in which the change is made.

The following areas require significant estimation and subjective evaluation:

- revenue recognition and transaction price allocation for agreements with multiple contractual obligations for which revenue is recognized over time,
- recognition of deferred tax assets on tax losses from prior periods,
- uncertainty in estimates and subjective judgments made with respect to lease transactions,
- estimated useful lives of intangible assets,
- estimated useful life of property, plant and equipment,
- estimated valuation of investment properties,
- estimate of the pension liability for the defined benefit plan,
- estimation of other reserves,
- impairment of financial and non-financial assets,
- inventory impairment,
- impairment of receivables,
- value of derivative instruments resulting from the adopted level of future cash flow hedges.

Estimates and assumptions that have a material impact 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),
- Property, plant and equipment (Note 4.4.2, Note 7.3),

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- Right-of-use assets, lease obligations (Note 4.2.4, Note 7.4),
- Investment properties (Note 4.2.5, Note 7.5),
- Other financial assets (note 4.2.8, note 7.6),
- Stocks (note 4.2.6, note 7.7),
- Trade and other receivables (Note 4.2.8, Note 7.8),
- Provisions for liabilities (notes: 4.2.9, 4.2.10; note 7.14),
- Deferred income tax (notes: 4.2.13, 4.2.15; note 7.16),
- Derivative instruments (note 4.2.8, note 7.21).

## 6. Information on the seasonality of activities

In Apator S.A. higher quarterly sales are observed in the period between II and IV quarter in relation to I quarter. It is related to the schedule of deliveries and seasonality of stocking of the Distribution System Operators in the scope of metering equipment and revival of the construction sector starting from Q2 in the scope of switchgear.

## 7. Explanatory notes to the separate financial statements

### 7.1. Operating segments

The activity of Apator Group is concentrated in three basic segments:

- Water and heating,
- Gas,
- Electric power,

whereas the activity of Apator S.A. is focused on the Electricity segment. The analysis of the segments was made in the consolidated financial statement of Apator Group for year 2021.

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## 7.2. Intangible assets

Data concerning intangible assets are presented in the tables below.

SPECIFICATION	PATENTS AND LICENSES, COMPUTER SOFTWARE	DEVELOPMENT COSTS	OTHER INTANGIBLE ASSETS	TOTAL
<b>Net value as at 01.01.2020</b>	<b>4 698</b>	<b>4 933</b>	<b>45</b>	<b>9 676</b>
Increases on account of	1 932	-	-	1 932
Increase on account of own production	-	1 311	-	1 311
Decrease due to liquidation	(1)	(1 442)	-	(1 443)
Depreciation	(1 238)	(1 242)	(21)	(2 501)
Decrease in the current depreciation due to liquidation	1	1 442	-	1 443
<b>Net value as at 31.12.2020</b>	<b>5 392</b>	<b>5 002</b>	<b>24</b>	<b>10 418</b>
<b>Net value as at 01.01.2021</b>	<b>5 392</b>	<b>5 002</b>	<b>24</b>	<b>10 418</b>
Increases on account of	1 244	-	-	1 244
Increase on account of own production	-	1 908	-	1 908
Decrease due to liquidation	(185)	-	-	(185)
Depreciation	(1 647)	(1 160)	(12)	(2 819)
Decrease in the current depreciation due to liquidation	185	-	-	185
<b>Net value as at 31.12.2021</b>	<b>4 989</b>	<b>5 750</b>	<b>12</b>	<b>10 751</b>

SPECIFICATION	PATENTS AND LICENSES, COMPUTER SOFTWARE	DEVELOPMENT COSTS	OTHER INTANGIBLE ASSETS	TOTAL
<b>Status as of 31.12.2020</b>				
Gross value	16 367	11 972	522	28 861
Total amortization to date and revaluation write-offs	(10 975)	(6 970)	(498)	(18 443)
<b>Net value</b>	<b>5 392</b>	<b>5 002</b>	<b>24</b>	<b>10 418</b>
<b>Status as of 31.12.2021</b>				
Gross value	17 426	13 880	522	31 828
Total amortization to date and revaluation write-offs	(12 437)	(8 130)	(510)	(21 077)
<b>Net value</b>	<b>4 989</b>	<b>5 750</b>	<b>12</b>	<b>10 751</b>

Additional information is presented in the table below.

SPECIFICATION	as of	
	31.12.2021	31.12.2020
Gross value of all fully amortised intangible assets still in use	14 786	13 664
Value of research and development expenditures recognized as cost in the period	6 666	6 817
Amount of borrowing costs activated in a given period	12	62

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### 7.3. Tangible fixed assets

The most significant expenditures for property, plant and equipment during 2021 were investments in machinery and equipment and other property, plant and equipment (tools, tooling and workstations).

Data concerning property, plant and equipment are presented in the tables below.

SPECIFICATION	as of	
	31.12.2021	31.12.2020
Land, buildings and structures	35 044	36 084
Machinery and equipment	26 286	24 726
Means of transport	437	250
Other non-current assets	27 717	25 551
Property, plant and equipment under construction	6 632	14 586
Advances on property, plant and equipment	783	18
<b>Total</b>	<b>96 899</b>	<b>101 215</b>

SPECIFICATION	Land, buildings and structures	Machinery and equipment	Means of transport	Other non-current assets	Property, plant and equipment under construction	Advances on property, plant and equipment	Total
<b>Net value as at 01.01.2020</b>	<b>34 344</b>	<b>28 282</b>	<b>338</b>	<b>22 826</b>	<b>3 321</b>	<b>2 543</b>	<b>91 654</b>
Increases on account of	2 583	2 829	-	6 305	-	-	11 717
Increase due to modernization	294	65	-	746	-	-	1 105
Increase on account of own production	-	120	-	1 547	-	-	1 667
Increase due to from reclassification - from the right to use leased assets to property, plant and equipment	-	-	545	-	-	-	545
Increase due to expenditures on tangible fixed assets under construction and advances on tangible fixed assets	-	-	-	-	25 753	8 254	34 007
Decrease due to disposal	-	(100)	-	(522)	-	-	(622)
Decrease due to liquidation	-	(366)	-	(555)	-	-	(921)
Settlement of outlays for tangible fixed assets under construction (acceptance) and advances for tangible fixed assets	-	-	-	-	(14 488)	(10 779)	(25 267)
Depreciation	(1 137)	(6 569)	(224)	(5 873)	-	-	(13 803)
Increase in the current depreciation due to reclassification - from the right to use assets under lease to property, plant and equipment	-	-	(409)	-	-	-	(409)
Reduction of the existing disposal write-offs	-	99	-	498	-	-	597
Decrease in the current depreciation due to liquidation	-	366	-	579	-	-	945
<b>Net value as at 31.12.2020</b>	<b>36 084</b>	<b>24 726</b>	<b>250</b>	<b>25 551</b>	<b>14 586</b>	<b>18</b>	<b>101 215</b>
<b>Net value as at 01.01.2021</b>	<b>36 084</b>	<b>24 726</b>	<b>250</b>	<b>25 551</b>	<b>14 586</b>	<b>18</b>	<b>101 215</b>
Increases on account of	19	7 818	126	6 969	-	-	14 932
Increase due to modernization	14	67	-	703	-	-	784

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SPECIFICATION	Land, buildings and structures	Machinery and equipment	Means of transport	Other non-current assets	Property, plant and equipment under construction	Advances on property, plant and equipment	Total
Increase on account of own production	31	510	-	1 423	-	-	1 964
Increase due to from reclassification - from the right to use leased assets to property, plant and equipment	-	-	1 361	-	-	-	1 361
Increase due to expenditures on tangible fixed assets under construction and advances on tangible fixed assets	-	-	-	-	9 726	4 029	13 755
Decrease due to disposal	-	(182)	(233)	(25)	-	-	(440)
Decrease due to liquidation	-	(1 314)	-	(836)	-	-	(2 150)
Settlement of outlays for tangible fixed assets under construction (acceptance) and advances for tangible fixed assets	-	-	-	-	(17 680)	(3 264)	(20 944)
Depreciation	(1 104)	(6 787)	(376)	(6 929)	-	-	(15 196)
Increase in the current depreciation due to reclassification - from the right to use assets under lease to property, plant and equipment	-	-	(899)	-	-	-	(899)
Reduction of the existing disposal write-offs	-	182	208	25	-	-	415
Decrease in the current depreciation due to liquidation	-	1 266	-	836	-	-	2 102
<b>Net value as at 31.12.2021</b>	<b>35 044</b>	<b>26 286</b>	<b>437</b>	<b>27 717</b>	<b>6 632</b>	<b>783</b>	<b>96 899</b>

SPECIFICATION	Land, buildings and structures	Machinery and equipment	Means of transport	Other non-current assets	Property, plant and equipment under construction	Advances on property, plant and equipment	Total
<b>Status as of 31.12.2020</b>							
Gross value	45 342	64 569	2 188	77 345	14 586	18	204 048
Total amortization to date and revaluation write-offs	(9 258)	(39 843)	(1 938)	(51 794)	-	-	(102 833)
<b>Net value</b>	<b>36 084</b>	<b>24 726</b>	<b>250</b>	<b>25 551</b>	<b>14 586</b>	<b>18</b>	<b>101 215</b>
<b>Status as of 31.12.2021</b>							
Gross value	45 406	71 468	3 442	85 579	6 632	783	213 310
Total amortization to date and revaluation write-offs	(10 362)	(45 182)	(3 005)	(57 862)	-	-	(116 411)
<b>Net value</b>	<b>35 044</b>	<b>26 286</b>	<b>437</b>	<b>27 717</b>	<b>6 632</b>	<b>783</b>	<b>96 899</b>

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## 7.4. 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 production building,
- computer hardware,
- means of transport.

The discount rate for property leases was determined in accordance with the adopted rules. Due to the significant systematic increase in interest rates, a discount rate of 2.9% was assumed for contracts entered into through the end of 2021. For other lease liabilities, the discount rate results directly from the terms of the contract.

Data concerning the right to use assets under lease are presented in the tables below.

SPECIFICATION	as of	
	31.12.2021	31.12.2020
Land, buildings and structures	8 300	7 806
Machinery and equipment	100	270
Means of transport	896	1 306
Property, plant and equipment under construction	330	-
<b>Total</b>	<b>9 626</b>	<b>9 382</b>

SPECIFICATION	Land, buildings and buildings	Machines and equipment	Means of transport	Property, plant and equipment under construction	Total
<b>Net value as at 01.01.2020</b>	<b>7 018</b>	<b>440</b>	<b>1 936</b>	-	<b>9 394</b>
Increase due to leasing acceptance	1 323	-	223	-	<b>1 546</b>
Increase due to expenditures on tangible fixed assets under construction and advances on tangible fixed assets	-	-	-	1 546	<b>1 546</b>
Decrease due to disposal	-	-	(346)	-	<b>(346)</b>
Decrease due to liquidation	-	-	(62)	-	<b>(62)</b>
Reduction due to retraining from the right to use leased assets to property, plant and equipment	-	-	(545)	-	<b>(545)</b>
Settlement of outlays for tangible fixed assets under construction (acceptance) and advances for tangible fixed assets	-	-	-	(1 546)	<b>(1 546)</b>
Depreciation	(535)	(170)	(663)	-	<b>(1 368)</b>
Reduction of the existing amortization due to disposal	-	-	318	-	<b>318</b>
Reduction of the existing amortization due to liquidation	-	-	36	-	<b>36</b>
Decrease in current depreciation resulting from reclassification - from the right to use assets under lease to property, plant and equipment	-	-	409	-	<b>409</b>
<b>Net value as at 31.12.2020</b>	<b>7 806</b>	<b>270</b>	<b>1 306</b>	-	<b>9 382</b>
<b>Net value as at 01.01.2021</b>	<b>7 806</b>	<b>270</b>	<b>1 306</b>	-	<b>9 382</b>
Increase due to leasing acceptance	1 230	-	426	-	<b>1 656</b>

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SPECIFICATION	Land, buildings and buildings	Machines and equipment	Means of transport	Property, plant and equipment under construction	Total
Increase due to expenditures on tangible fixed assets under construction and advances on tangible fixed assets	-	-	-	756	<b>756</b>
Reduction due to retraining from the right to use leased assets to property, plant and equipment	-	-	(1 361)	-	<b>(1 361)</b>
Settlement of outlays for tangible fixed assets under construction (acceptance) and advances for tangible fixed assets	-	-	-	(426)	<b>(426)</b>
Depreciation	(736)	(170)	(374)	-	<b>(1 280)</b>
Decrease in current depreciation resulting from reclassification - from the right to use assets under lease to property, plant and equipment	-	-	899	-	<b>899</b>
<b>Net value as at 31.12.2021</b>	<b>8 300</b>	<b>100</b>	<b>896</b>	<b>330</b>	<b>9 626</b>

SPECIFICATION	as of	
	31.12.2021	31.12.2020
Long-term liabilities due to the right to use assets	7 542	7 315
Short-term liabilities due to the right to use assets	1 551	1 383
<b>Total</b>	<b>9 093</b>	<b>8 698</b>

SPECIFICATION	as at 31.12.2021		as at 31.12.2020	
	Fees	Current fees fees	Fees	Current fees fees
Payable over 1 year	1 571	1 551	1 399	1 383
Payable over 1 and 5 years	2 072	1 763	1 842	1 530
Payable over 5 years	9 570	5 779	9 719	5 785
<b>Future minimum lease payments on account of financial lease agreements in total</b>	<b>13 213</b>	<b>9 093</b>	<b>12 960</b>	<b>8 698</b>
Compensatory amount	(4 120)	X	(4 262)	X
<b>Current value of minimum lease fees</b>	<b>9 093</b>	<b>9 093</b>	<b>8 698</b>	<b>8 698</b>

The following lease amounts are reported in the statement of profit or loss and other comprehensive income:

SPECIFICATION	in the period	
	from 01.01.2021	from 01.01.2020
	till 31.12.2021	till 31.12.2020
Amortization of right-of-use assets		
Buildings	(736)	(535)
Machinery and equipment	(170)	(170)
Means of transport	(374)	(663)
<b>Depreciation total</b>	<b>(1 280)</b>	<b>(1 368)</b>
Interest expense (included in financial expenses)	(184)	(201)
Cost associated with short-term leases (included in cost of products sold and general and administrative expenses)	(37)	(40)
Cost associated with leases of low-value assets that were not reported above as short-term leases (included in general and administrative expenses)	(26)	(26)

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Total cash outflows from leasing amounted to PLN 1,775 thousand in 2021 (PLN 1,609 thousand in 2020).

## 7.5. Investment property

The Company APATOR S.A. qualified to investment property the purchased land together with buildings which the Company leased to unrelated entities.

SPECIFICATION	in the period	
	from 01.01.2021	from 01.01.2020
	till 31.12.2021	till 31.12.2020
<b>Value at the beginning of the period</b>	<b>976</b>	<b>1 057</b>
Increase / decrease in fair value	35	(81)
<b>Value at the end of the period</b>	<b>1 011</b>	<b>976</b>

Income and costs on account of investment property are presented in the table below.

SPECIFICATION	in the period	
	from 01.01.2021	from 01.01.2020
	till 31.12.2021	till 31.12.2020
Rent income recognised in the current result	20	20
Direct operating expenses relating to investment property that generated rental income during the period	11	11

## 7.6. Other financial assets

On August 26, 2021, an agreement was entered into with four natural persons - partners of the company Apator Telemetria Sp. z o. o. (Słupsk) - contracts under which Apator S.A. acquired 512 shares of this company for the total amount of PLN 12.1 million. These shares are 20,80% of share capital of Apator Telemetria Sp. z o. o. and are entitled to exercise 20.80% of the total number of votes. The payment for the shares was divided into two parts. The amount of PLN 7.1 million was paid upon execution of the agreement, while the remaining amount was paid in January 2022.

Data concerning other financial assets are presented in the table below.

SPECIFICATION	as of	
	31.12.2021	31.12.2020
<b>Other long-term financial assets</b>	<b>270 495</b>	<b>258 259</b>
Other shares (not publicly traded)	270 495	258 259
<b>Other short-term financial assets</b>	<b>166</b>	<b>41</b>
Derivative instruments	166	41
<b>Total other financial assets, including:</b>	<b>270 661</b>	<b>258 300</b>
- in related entities	270 495	258 259
- in other entities	166	41

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

SPECIFICATION	as of	
	31.12.2021	31.12.2020
<b>Shares in subsidiaries and jointly controlled undertakings</b>	<b>270 495</b>	<b>258 259</b>
Shares in Apator Telemetria Sp. z o.o., (Słupsk)	12 236	-
Apator Metrix S.A. shares (Tczew)	8 935	8 935
Shares in Apator Mining Sp. z o.o. (Katowice)	4 747	4 747
Apator Powogaz S.A. shares (Poznań)	68 648	68 648
Shares in Apator Rector (Zielona Góra)	74 287	74 287
FAP Pafal SA shares (Świdnica)	515	515
Shares in Apator GmbH (Berlin)	1 590	1 590
Apator Elkomtech S.A. shares (Łódź)	99 537	99 537

Data concerning subsidiaries are presented in the table below.

SPECIFICATION	Segment	Value accountant	Equity own	% share * Equity capital	Difference
Shares in Apator Telemetria Sp. z o.o., (Słupsk)	Water and heating	12 236	24 816	5 162	(7 074)
Apator Metrix S.A. shares (Tczew)	Gas	8 935	85 935	85 935	77 000
Shares in Apator Mining Sp. z o.o. (Katowice)	Electricity	4 747	62 348	62 348	57 601
Apator Powogaz S.A. shares (Poznań)	Water and heating	68 648	210 811	210 811	142 163
Shares in Apator Rector Sp. z o.o. (Zielona Góra)	Network	74 287	(1 507)	(1 507)	(75 794)
Apator Elkomtech S.A. shares (Łódź)	Automation Center	99 537	51 018	51 018	(48 519)
FAP Pafal SA shares (Świdnica)	Electricity	515	13 834	13 834	13 319
Shares in Apator GmbH (Berlin)	Electricity, Gas	1 590	2 247	2 247	657
<b>Total</b>		<b>270 495</b>	<b>449 502</b>	<b>429 848</b>	<b>159 353</b>

As of December 31, 2021, the Company's management has performed an impairment test of its shares in subsidiaries. We assumed a weighted average cost of capital of 8.8% (previously 7.8%) and a five-year forecast period based on the companies' financial plans for 2022 - 2026, with the caveat that 2022 assumes the most realistic situation for the companies in a very volatile and currently difficult to predict reality due to the geopolitical situation. In the following years, economies are assumed to recover from the economic crisis caused by the pandemic and the war in Ukraine.

Based on the tests carried out no impairment of assets within particular centres generating cash in Apator Group (CGU) was found. The value impairment test in subsidiaries was carried out based on the estimation of the present value of the sum of future free cash flows generated by individual cash-generating units, taking into account tax, change in current assets balances and expenditures on fixed assets and intangible assets (i.e. the recoverable amount of investments in shares in subsidiaries was estimated using the value in use method). The residual value was determined using a 2% growth rate in subsequent years after 2026.

In Apator Group, the centres generating cash are the direct subsidiaries of Apator S.A. except Apator Elkomtech S.A. and Apator Rector Sp. z o.o. which are hereinafter referred to collectively as the Network Automation Centre.

In the case of the Network Automation Centre, the impairment test was conducted under the assumption, that the companies' assets constitute a single cash-generating unit. The justification for such approach is first of all high level of operational integration resulting from complementary offer of the two entities and consolidation of hardware and ICT solutions planned in business strategy of Apator Group and fuller exploitation of new market opportunities in RES and power effectiveness areas. Although due to uncertain

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situation caused by COVID-19, the order of integration activities of the segment was temporarily changed (in the first stage, Apator Elkomtech was merged with Apator S.A., whereas the merger of subsidiaries planned still in 2019: Apator Rector Sp. z o.o. and Apator Elkomtech SA. The integration of Apator Rector Sp. z o.o. with Apator Elkomtech SA will be performed in the next stage by merger of Apator Rector with Apator S.A.) essential purposes and activities remain valid and will be consequently performed in the following periods. At the same time, irrespective of formal legal and organizational changes, Apator Group conducts systematic optimization of organizational structures and actions aimed at the increase of synergy of the segment, but all the initiatives taken include both current subsidiaries of Apator S.A. being the Automation Centre of Network Operation. Under these initiatives both entities among other things perform jointly projects, where Apator Elkomtech S.A. so far takes advantage of knowledge and experience of Apator Rector Sp. z o.o. in management and performance of IT projects. In this sense, the merger of Apator Elkomtech S.A. with Apator S.A., which was performed earlier than originally planned, did not affect in any degree the weakening of current and target level of integration of the Network Operation Automation Centre.

As a result of the test, the Company did not identify any impairment of its investment in subsidiaries. For the Network Automation Centre, a sensitivity analysis was carried out to the change in WACC caused by a change in the degree of financing with foreign capital, changes in the cost of equity and changes in operating result. It was estimated that a 1.32 p.p. increase in WACC or a 17.5% EBIT decrease in each of the forecast years could cause the recoverable amount to equal the carrying amount (both factors were analysed separately). Accordingly, changes in the value of the discount rate and the extent to which operating profit declines do not affect significantly the outcome of the test performed.

## 7.7. Stocks

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

SPECIFICATION	as of	
	31.12.2021	31.12.2020
Materials	67 654	33 080
Production in progress	14 782	9 929
Finished products	7 270	4 193
Goods	795	309
Advances for deliveries	1 310	1 803
<b>Total value of inventories</b>	<b>91 811</b>	<b>49 314</b>

Write-downs on inventories are presented below.

SPECIFICATION	in the period	
	from 01.01.2021	from 01.01.2020
	till 31.12.2021	till 31.12.2020
<b>Revaluation write-off on total inventories</b>		
<b>Value of write-offs at the beginning of the period</b>	<b>8 263</b>	<b>3 081</b>
Increase - creation of a write-down on the current result	3 045	5 367
Decrease - decrease in costs due to unused amounts	(22)	(185)
Use of write-off- write-down	(2 304)	-
<b>Value of write-offs at the end of the period</b>	<b>8 982</b>	<b>8 263</b>

A registered pledge for the benefit of ING Bank Śląski S.A. is established on inventories worth PLN 45.8 million. (in connection with the Multi-Product Agreement).

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Level of rounding:	all amounts are expressed in thousands of Polish zlotys (unless indicated otherwise)		

## 7.8. Trade receivables and other receivables

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

SPECIFICATION	as of	
	31.12.2021	31.12.2020
<b>Short-term receivables, including:</b>	<b>41 029</b>	<b>49 099</b>
<b>Commercial receivables</b>	<b>39 038</b>	<b>47 078</b>
<b>Receivables from corporate income tax</b>	<b>540</b>	<b>-</b>
<b>Receivables from other taxes, customs duties and social security</b>	<b>1 245</b>	<b>1 662</b>
Receivables from other taxes, customs duties and social security	1 245	1 662
<b>Other short-term liabilities</b>	<b>206</b>	<b>359</b>
Receivables from sales of property, plant and equipment and intangible assets	-	1
Deposits	27	84
Prepayments - advances for the purchase of services	72	167
Other receivables	108	108
Write-off for impairment of other short-term receivables	(1)	(1)
<b>Total receivables, including:</b>	<b>41 029</b>	<b>49 099</b>
- from related entities	2 025	4 126
- from other entities	39 004	44 973

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

SPECIFICATION	31.12.2021		31.12.2020	
	Gross value	Impairment due to losses on financial assets	Gross value	Impairment due to losses on financial assets
Current	35 432	-	44 196	-
Past due from 0 to 30 days	2 280	-	2 051	-
Past due from 31 to 180 days	1 326	-	780	1
Past due from 181 days to one year	2	2	70	18
Past due over a year	881	881	841	841
<b>Total</b>	<b>39 921</b>	<b>883</b>	<b>47 938</b>	<b>860</b>

The change in the allowance for impairment of receivables is presented below.

SPECIFICATION	in the period	
	from 01.01.2021	from 01.01.2020
	till 31.12.2021	till 31.12.2020
<b>Revaluation write-off on total receivables</b>		
<b>Value of write-offs at the beginning of the period</b>	<b>861</b>	<b>834</b>
Creation of individual write-downs (level 3 of the impairment model)	29	504
Creation of write-downs according to the write-down matrix	3	11
Reversal of individual deductions	(9)	(484)
Use of individual allowances	-	(4)
<b>Value of write-offs at the end of the period</b>	<b>884</b>	<b>861</b>
Individual deduction	864	844
Write-off calculated on the basis of the matrix	20	17

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Level of rounding:	all amounts are expressed in thousands of Polish zlotys (unless indicated otherwise)		

The Company's management considered the allowance for impairment of current receivables to be immaterial based on the expected credit loss model. The Company divides the 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 parameters of receivables.

## 7.9. Cash and cash equivalents

Cash at bank are subject to interest at volatile interest rates.

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

The specification of cash and cash equivalents is presented in the table below. Due to the relatively low balance of cash held on VAT accounts (split payment) in relation to turnover on cash accounts and the fact that these funds are highly liquid, the Company does not present the balance of these accounts in a separate balance sheet item. The IFRS 9 allowance was immaterial at 31 December 2020 and 31 December 2021.

SPECIFICATION	as of	
	31.12.2021	31.12.2020
Cash at bank accounts	1 310	3 490
Other - VAT cash (split payment)	1 097	998
<b>Cash and general cash equivalents</b>	<b>2 407</b>	<b>4 488</b>

## 7.10. Prepayments and accruals

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

SPECIFICATION	as of	
	31.12.2021	31.12.2020
Subscription	7	6
Marketing services	8	33
Car insurance	77	80
Trainings	15	10
Membership contributions	31	29
Insurance	348	182
IT	1 820	1 620
Other	15	10
<b>Short-term interim settlements</b>	<b>2 321</b>	<b>1 970</b>

## 7.11. Capital stock

On 29 December 2021. The District Court in Toruń, VII Economic Division of the National Court Register registered the redemption of 29,100 bearer shares.

Therefore, the share capital amounts to PLN 3,277,722.80 and is divided into 32,777,228 shares, including:

- 7,337,001 registered shares preferred to voting at a ratio of 1:4,
- 25,440,227 bearer shares.

As at 31 December 2020, the above shares entitled to 54,788,231 votes at the General Meeting.

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Level of rounding:	all amounts are expressed in thousands of Polish zlotys (unless indicated otherwise)		

Information on share capital are presented in tables below.

SPECIFICATION	as of	
	31.12.2021	31.12.2020
Number of shares	32 777 228	32 806 328
Shares face values	0.10	0.10
<b>Capital stock</b>	<b>3 278</b>	<b>3 281</b>

SPECIFICATION	in the period	
	from 01.01.2021	from 01.01.2020
	till 31.12.2021	till 31.12.2020
Basic capital at beginning of period	3 281	3 286
Reduction in share capital in the period	(3)	(5)
Redemption of own shares	(3)	(5)
Basic capital at the end of the period	3 278	3 281

The shareholders' structure as at 31 December 2021 is presented in the table below.

Name and surname	Registered shares	Bearer shares	Total number of shares	Number of votes	Equity participation	Votes participation
Mariusz Lewicki	1 187 376	1 122 624	2 310 000	5 872 128	7.05%	10.72%
Tadeusz Sosgórnik with a person closely related to	1 253 602	663 706	1 917 308	5 678 114	5.85%	10.36%
Danuta Guzowska	954 214	566 065	1 520 279	4 382 921	4.64%	8.00%
Zbigniew Jaworski	760 848	679 152	1 440 000	3 722 544	4.39%	6.79%
Apator Mining Sp. z o. o.	0	3 600 000	3 600 000	3 600 000	10.98%	6.57%
Kazimierz Piotrowski with a person closely related	664 774	159 181	823 955	2 818 277	2.51%	5.14%
Aviva Otwarty Fundusz Emerytalny Aviva Santander SA	0	3 338 000	3 338 000	3 338 000	10.18%	6.09%
Others	2 516 187	15 311 499	17 827 686	25 376 247	54.40%	46.33%
<b>TOTAL</b>	<b>7 337 001</b>	<b>25 440 227</b>	<b>32 777 228</b>	<b>54 788 231</b>	<b>100.00%</b>	<b>100.00%</b>

## 7.12. Other capitals

Information on other capital is presented in the table below.

SPECIFICATION	as of	
	31.12.2021	31.12.2020
Supplementary capital, including:	332 759	321 200
<i>Supplementary capital from the sale of own shares above their nominal value</i>	15 142	15 142
<i>Other reserve capital</i>	317 617	306 058
Reserve capitals	10 000	10 000
<b>Other total capitals</b>	<b>342 759</b>	<b>331 200</b>

In accordance with the Resolution No 17/VI/2021 of the Ordinary General Shareholders Meeting of Apator S.A. dated

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On June 29, 2021, net profit for the financial year 2020 in the amount of PLN 51,554,955.61 was distributed in following way:

- Dividend PLN 39 339 333.60
- Supplementary capital PLN 12 215 622.01

On 31 December 2020, an advance payment of PLN 14,756,412.60, i.e. PLN 0.45 per share, was paid on account of the expected dividend from the profit for the financial year 2020. The remaining dividend of PLN 24,582,921.00, or PLN 0.75 per share, was paid on August 23, 2021.

Pursuant to Resolution 18/VI/2021, the Share Repurchase Program (adopted pursuant to Resolution 31/VII/2020) was closed and the related Share Redemption Fund (in the original amount of PLN 10 million) was liquidated. Unused Fund resources in the amount of PLN 9.34 million were transferred to supplementary capital.

At the same time, by virtue of resolution 23/VI/2021, a new Share Repurchase Program was opened with a Share Redemption Fund of PLN 10 million.

On 24th November 2021 the Management Board of Apator S.A. took the decision on payment of advance payment towards expected dividend from the profit in 2021 in gross amount of PLN 0.30 per share. 32,744,028 series A registered shares and series A, B and C bearer shares were entitled to the advance payment. 33,200 bearer shares acquired by the Company under the share buy-back program adopted at the General Meeting on 29 June 2021 did not participate in the advance payment.

The right to payment of advance payment towards the dividend from the profit for financial year 2021 obtained the shareholders holding the shares of Apator S.A. on 17th January 2022, but the payment was made on the 24th January 2022.

### 7.13. Undistributed financial result

Specification of retained earnings is included in the following table.

SPECIFICATION	as of	
	31.12.2021	31.12.2020
Undistributed financial result	18 436	36 799
- result of the current period	18 436	51 555
- write-offs from the current year's result	-	(14 756)

### 7.14. Credits and loans

Information on loans and borrowings is presented below.

SPECIFICATION	as of	
	31.12.2021	31.12.2020
<b>Long-term loans and borrowings</b>	<b>7 000</b>	<b>-</b>
payable over 1 to 2 years	4 000	-
payable over 2 to 5 years	3 000	-
<b>Short-term loans and borrowings</b>	<b>98 691</b>	<b>50 742</b>
<b>Total loans and borrowings, including</b>	<b>105 691</b>	<b>50 742</b>
- from other entities	105 691	50 742

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Level of rounding:	all amounts are expressed in thousands of Polish zlotys (unless indicated otherwise)		

All loans were granted in Polish zlotys (PLN), below the statement of credit liabilities:

SPECIFICATION	LIABILITIES	COSTS	LIABILITIES	COSTS
	as of	from	as of	from
	31.12.2021	01.01.2021 till 31.12.2021	31.12.2020	01.01.2020 till 31.12.2020
<b>Loans</b>	<b>105 691</b>	<b>1 106</b>	<b>50 742</b>	<b>704</b>
Loan 1	91 641	853	43 837	575
Loan 2	3 050	165	6 905	129
Loan 3	11 000	88	-	-
<b>Loans</b>	<b>-</b>	<b>3</b>	<b>-</b>	<b>-</b>
Loan 1	-	3	-	-
<b>Total</b>	<b>105 691</b>	<b>1 109</b>	<b>50 742</b>	<b>704</b>

At 31st December 2021 Apator S.A. had the debt due to loans in total amount 105.691 thousand PLN. The terms and conditions of the loan agreements are set out below.

#### Loan (1)

Bank name	ING Bank Śląski S.A.:
Date of contract and any addenda to the contract	June 22, 2016, Amendment No. 10 dated June 30, 2021
Amount of loan granted	Limit up to PLN 110,000 thousand <sup>1</sup> - this limit may be used in the form of working capital loans, bank guarantees and letters of credit.
Loan repayment date	21 September 2022
Type of security	Contractual mortgage on the property of Apator S.A. in Ostaszewo up to the amount PLN 35.9 million Registered pledge on inventories worth PLN 45.8 million, Registered pledge on fixed assets of PLN 17.3 million, Assignment of rights under the property insurance policy against all risks, Registered pledge on receivables of Apator S.A. under the bank account agreement kept in ING Bank Śląski, Blank promissory note together with a promissory note declaration.
Interest rate	WIBOR 1M + margin on an annual basis

#### Loan (2)

Bank name	CITI Bank Handlowy SA.
Date of contract and any addenda to the contract	January 13, 2017, last addendum dated March 9, 2021
Amount of loan granted	PLN 10.000 thousand - overdraft in the current account
Loan repayment date	25 March 2022 year
Type of security	Registered pledge on fixed assets of PLN 8.3 million, Assignment of rights under the property insurance policy against all risks.
Interest rate	WIBOR 3M + margin on an annual basis

<sup>1</sup>Maximum limit for Apator Group in total cannot exceed PLN 180.000 thousand

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Level of rounding:	all amounts are expressed in thousands of Polish zlotys (unless indicated otherwise)		

<b>Loan (3)</b>	
Bank name	CITI Bank Handlowy SA.
Date of contract and any addenda to the contract	August 13, 2021, last addendum dated August 27, 2021
Amount of loan granted	13.000 000 PLN - long-term credit for purchase of shares in Apator Telemetria Sp. z o.o.
Loan repayment date	9 August 2024
Type of security	Registered pledge on the acquired shares with a value of PLN 12.1 million and on fixed assets with a value of PLN 2.8 million, Registered pledge on receivables of Apator S.A. due to the contract of bank account in CITI Bank Handlowy S.A., Assignment of rights under the property insurance policy against all risks, Statement on submission to execution up to the amount of PLN 15.6 million.
Interest rate	WIBOR 3M + margin on an annual basis

In the reporting period Apator S.A. performed the obligations resulting from the concluded credit agreements.

On the 6th December 2021 FAP Pafal S.A. granted Apator S.A. short-term loan in the amount of PLN 2 million, bearing interest at WIBOR3M plus margin. It has been repaid in full 28 December 2021.

## 7.15. Provisions for liabilities

Information on provisions for liabilities is presented in the table below.

SPECIFICATION	RESERVES / LIABILITIES			OTHER PROVISIONS		TOTAL
	RETIREMENT SEVERANCE PAY, JUBILEE AWARDS	BONUSES	ANNUAL LEAVES	GUARANTEES	OTHER	
<b>Provisions as at 01.01.2020</b>	<b>5 797</b>	<b>2 760</b>	<b>1 261</b>	<b>13 978</b>	<b>160</b>	<b>23 956</b>
Increase - creation of a provision charged to the current result	753	8 301	110	4 310	1 220	<b>14 694</b>
Decrease - write-off in revenues / decrease in costs due to unused amounts	-	(433)	-	-	(578)	<b>(1 011)</b>
Use of the provision - settlement of costs	(834)	(5 525)	(101)	(6 286)	(42)	<b>(12 788)</b>
Revaluation of the provision recognised in other comprehensive income	128	-	-	-	-	<b>128</b>
<b>Value of provisions as at 31.12.2020, including:</b>	<b>5 844</b>	<b>5 103</b>	<b>1 270</b>	<b>12 002</b>	<b>760</b>	<b>24 979</b>
- long term provisions	5 066	-	-	-	-	<b>5 066</b>
- short-term provisions	778	5 103	1 270	12 002	760	<b>19 913</b>
<b>Provisions as at 01.01.2021</b>	<b>5 844</b>	<b>5 103</b>	<b>1 270</b>	<b>12 002</b>	<b>760</b>	<b>24 979</b>
Increase - creation of a provision charged to the current result	-	4 546	199	3 105	-	<b>7 850</b>
Decrease - write-off in revenues / decrease in costs due to unused amounts	(705)	(968)	0	-	(463)	<b>(2 136)</b>
Use of the provision - settlement of costs	(454)	(6 547)	(91)	(9 065)	(297)	<b>(16 454)</b>
Revaluation of the provision recognised in other comprehensive income	(203)	-	-	-	-	<b>(203)</b>

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Level of rounding:	all amounts are expressed in thousands of Polish zlotys (unless indicated otherwise)		

SPECIFICATION	RESERVES / LIABILITIES			OTHER PROVISIONS		TOTAL
	RETIREMENT SEVERANCE PAY, JUBILEE AWARDS	BONUSES	ANNUAL LEAVES	GUARANTEES	OTHER	
<b>Value of provisions as at 31.12.2021, including:</b>	<b>4 482</b>	<b>2 134</b>	<b>1 378</b>	<b>6 042</b>	-	<b>14 036</b>
- long term provisions	3 835	-	-	-	-	<b>3 835</b>
- short-term provisions	647	2 134	1 378	6 042	-	<b>10 201</b>

### Employee benefits - actuarial assumptions

Main actuarial assumptions adopted as at the reporting date (expressed as weighted average values):

- Discount rate as at 31 December 2021 2.0%
- Rate of increase in salaries 2.8%
- Future increase in the revaluation ratio of the basis for calculating jubilee awards 0%
- Number of employees 653

Assumptions regarding future mortality and invalidity shall be based on published statistics and mortality tables.

Mobility parameters were also used:

- For persons up to 40 years of age 5%
- For persons aged 41 to 45 years 4%
- For persons aged 46 to 50 years 3%
- For persons above 50 years of age 1%

## 7.16. Liabilities

Information on liabilities is presented in the table below.

SPECIFICATION	as of	
	31.12.2021	31.12.2020
<b>Long-term liabilities</b>	<b>7 842</b>	<b>7 315</b>
Derivatives payables	300	-
<b>Long-term liabilities due to the right to use assets under lease</b>	<b>7 542</b>	<b>7 315</b>
<b>Short-term liabilities, including:</b>	<b>49 847</b>	<b>48 781</b>
<b>Commercial liabilities</b>	<b>34 949</b>	<b>32 125</b>
Current liabilities	33 760	30 958
Overdue liabilities	1 189	1 167
<b>Corporate income tax liabilities</b>	<b>-</b>	<b>1 392</b>
<b>Liabilities due to other taxes, customs duties and social security</b>	<b>3 254</b>	<b>3 935</b>
<b>Other short-term liabilities</b>	<b>10 093</b>	<b>9 946</b>
Payroll liabilities	2 430	2 441
Dividend liabilities	42	42
Derivatives payables	112	730
Investment liabilities	1 814	5 972
Liabilities due to purchase of shares and stocks	5 109	-
Payments and accrued income	96	240
Other liabilities	490	521
<b>Short-term liabilities due to the right to use assets under lease</b>	<b>1 551</b>	<b>1 383</b>
<b>Total liabilities, including:</b>	<b>57 689</b>	<b>56 096</b>
- towards affiliated entities	1 592	2 553

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Level of rounding:	all amounts are expressed in thousands of Polish zlotys (unless indicated otherwise)		

SPECIFICATION	as of	
	31.12.2021	31.12.2020
- towards other entities	56 097	53 543

## 7.17. Income tax

The specificity of income tax and deferred tax for the reporting period is presented in the tables below.

SPECIFICATION	in the period	
	from 01.01.2021	from 01.01.2020
	till 31.12.2021	till 31.12.2020
<b>Profit and loss statement</b>		
<b>Current income tax</b>	<b>1 421</b>	<b>2 840</b>
Current income tax expense	1 421	2 840
<b>Deferred income tax</b>	<b>1 735</b>	<b>2 214</b>
Related to the creation and reversal of temporary differences	1 735	(1 474)
Tax relief on account of operations in SEZ	-	3 688
<b>Tax burden disclosed in the statement of comprehensive income</b>	<b>3 156</b>	<b>5 054</b>
<b>Statement of Changes in Equity</b>		
<b>Other comprehensive income</b>		
<b>Deferred income tax</b>	<b>186</b>	<b>(183)</b>
Deferred net income tax on cash flow hedges settled during the financial year	147	(159)
Deferred income tax on revaluation of actuarial reserve	39	(24)
<b>Tax advantage (burden) disclosed in the equity capital</b>	<b>186</b>	<b>(183)</b>

SPECIFICATION	Assets		Provisions		Net value	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020	31.12.2021	31.12.2020
Tangible fixed assets	-	-	1 543	1 641	(1 543)	(1 641)
Financial assets	268	268	-	-	268	268
Derivative instruments	80	140	32	8	48	132
Stocks	1 707	1 570	-	-	1 707	1 570
Liabilities arising from employee benefits	1 490	2 346	-	-	1 490	2 346
Provisions	1 257	2 486	-	-	1 257	2 486
Write-downs on receivables	147	147	-	-	147	147
Tax relief to be accounted for in future periods	10 517	10 517	-	-	10 517	10 517
Other	276	284	29	50	247	234
<b>Total</b>	<b>15 742</b>	<b>17 758</b>	<b>1 604</b>	<b>1 699</b>	<b>14 138</b>	<b>16 059</b>
Netting of assets and reserves	(1 604)	(1 699)	-	-	-	-
<b>Deferred tax assets / liabilities disclosed in the statements of financial situation</b>	<b>14 138</b>	<b>16 059</b>	<b>-</b>	<b>-</b>	<b>14 138</b>	<b>16 059</b>

On 28 December 2010, the Company obtained Permit No. 69/PSSEZ for conducting business activities within the Pomeranian Special Economic Zone. As of business starting date the PSSE recognized deferred tax assets in the amount of PLN 20,357 thousand on account of a possible impairment of the Group's financial assets to use the tax credit. The value of this asset as of December 31, 2021 has not changed in relation to the comparative period and amounts to PLN 10,517 thousand. The Company assumes that settlement of the activated relief will occur by the end of 2026.

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Presentation of the effective tax rate:

SPECIFICATION	in the period	
	from 01.01.2021	from 01.01.2020
	till 31.12.2021	till 31.12.2020
Tax base	21 592	56 609
Applied tax rate	19.00%	19.00%
Income tax calculated at the applicable rate	4 102	10 756
Tax on exempt income (dividends from related entities)	(6 550)	(5 975)
Unrecognized asset for losses on zone operations	5 361	-
Tax on non-deductible costs (fixed differences)	248	303
Other tax deductions	(5)	(30)
Income tax	3 156	5 054
<b>Effective tax rate</b>	<b>14.62%</b>	<b>8.93%</b>

## 7.18. Generic costs

SPECIFICATION	for period	
	from 01.01.2021	from 01.01.2020
	till 31.12.2021	till 31.12.2020*
Depreciation	19 295	17 672
Materials and energy consumption	170 385	196 822
External services	53 241	42 085
Employee benefits	59 535	57 036
Other costs	7 525	7 179
Costs of manufacturing products for the entity's own needs	10 069	8 651
Change in finished products, work in progress and prepayments	-18 471	5 960
Cost of goods and materials sold	-4 855	-5 219
<b>Total costs</b>	<b>296 724</b>	<b>330 186</b>

\* - Transformed (note 7.29).

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Level of rounding:	all amounts are expressed in thousands of Polish zlotys (unless indicated otherwise)		

## 7.19. Other operating income and costs

SPECIFICATION	in the period	
	from 01.01.2021	from 01.01.2020
	till 31.12.2021	till 31.12.2020
<b>Operating revenue</b>	<b>4 706</b>	<b>1 952</b>
Result on sale of property, plant and equipment	155	118
Valuation of investment property	35	-
Reversal of provisions for future liabilities	760	-
Compensations received for property, plant and equipment	39	171
Compensations and contractual penalties received	3 391	1 350
Other revenues	326	313
<b>Operating expenses</b>	<b>(832)</b>	<b>(1 222)</b>
Cost of liquidated property, plant and equipment	(48)	(26)
Valuation of investment property	-	(81)
Creation of revaluation write-offs on receivables	-	(31)
Creation of a reserve for liabilities	-	(600)
Random losses and other damage to assets	(281)	(181)
Donations made	(31)	(172)
Penalties, fines, damages paid	(328)	(50)
Other costs	(144)	(81)
<b>Net operating income</b>	<b>3 874</b>	<b>730</b>

## 7.20. Financial revenue and costs

SPECIFICATION	in the period	
	from 01.01.2021	from 01.01.2020
	till 31.12.2021	till 31.12.2020
<b>Financial revenue</b>	<b>34 670</b>	<b>33 983</b>
Dividends and shares in profits	34 473	31 446
Interest on receivables	60	101
Positive exchange rate differences	-	1 698
Revenue from foreign exchange transactions (including derivative instruments)	-	649
Guarantees issued	137	71
Other	-	18
<b>Financial costs</b>	<b>(2 714)</b>	<b>(1 342)</b>
Interest on loans and borrowings	(973)	(591)
Interest on lease liabilities	(184)	(201)
Other interest	(58)	(22)
Negative exchange rate differences	(550)	-
Costs on account of foreign exchange transactions (including derivative instruments)	(310)	-
Creation of revaluation write-offs on receivables	(23)	-
Commissions on loans and borrowings	(150)	(113)
Bank guarantees and commissions (except credit commissions)	(466)	(405)
Other	-	(10)
<b>Net financial income (expenses)</b>	<b>31 956</b>	<b>32 641</b>

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Level of rounding:	all amounts are expressed in thousands of Polish zlotys (unless indicated otherwise)		

Revenues and costs related to currency transactions in derivatives are presented in the table below.

SPECIFICATION	in the period	
	from 01.01.2021	from 01.01.2020
	till 31.12.2021	till 31.12.2020
<b>Revenue</b>	<b>648</b>	<b>1 212</b>
Execution of spot foreign exchange transactions	79	107
Execution of forward transactions	631	1 659
Valuation at the end of the period	41	103
Valuation at the beginning of the period	(103)	(657)
<b>Costs</b>	<b>(958)</b>	<b>(563)</b>
Execution of spot foreign exchange transactions	(27)	(96)
Execution of forward transactions	(662)	(419)
Valuation at the end of the period	(381)	(112)
Valuation at the beginning of the period	112	64
<b>Net income on derivatives</b>	<b>(310)</b>	<b>649</b>

## 7.21. Explanations concerning the cash flow statement

Apator SA prepares the statement of cash flows in the part concerning operating activity using the indirect method by which the profit is adjusted by the effects of non-cash transactions, changes in inventories, receivables and liabilities and other items where the cash effects are cash flows from financial or investment activity.

The table below presents explanations of inconsistencies between the changes in the statement of financial position and the changes in these items disclosed in the statement of cash flows.

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Level of rounding:	all amounts are expressed in thousands of Polish zlotys (unless indicated otherwise)		

SPECIFICATION	in the period	
	from 01.01.2021	from 01.01.2020
	till 31.12.2021	till 31.12.2020
<b>Change in receivables</b>		
Change in trade receivables	8 040	(856)
Change in the balance of corporate income tax receivables	(540)	-
Change in other taxes, customs duties and social security receivables	417	(405)
Change in other receivables	153	4 832
Adjustment for receivables from the sale of shares	-	(4 184)
Adjustment for income tax receivables	540	-
Adjustment for investment receivables	(1)	(31)
Other changes	-	5
<b>Change in the balance as disclosed in the statement of cash flows</b>	<b>8 609</b>	<b>(639)</b>
<b>Change in liabilities</b>		
Change in long-term liabilities	300	-
Change in long-term liabilities for the right to use assets in leas	227	219
Change in trade liabilities	2 824	9 488
Change in contractual liabilities	-	(10 320)
Change in liabilities due to corporate income tax	(1 392)	293
Change in liabilities due to other taxes, customs duties and social security	(681)	(31)
Change in other liabilities	147	2 392
Change in current liabilities for right to use assets in leas	168	(82)
Adjustment for liabilities due to purchase of shares	(5 109)	-
Adjustment for financial lease liabilities	(395)	(138)
Adjustment for derivative liabilities	318	(494)
Adjustment for income tax liabilities	1 392	(293)
Adjustment for investment liabilities	3 364	(1 633)
Other changes	-	(4)
<b>Change in the balance as disclosed in the statement of cash flows</b>	<b>1 163</b>	<b>(603)</b>
<b>Changes in provisions</b>		
Change in long-term provisions for employee benefits	(1 231)	172
Change in short-term provisions for employee benefits	(2 992)	2 227
Change in other short-term provisions	(6 720)	(1 376)
Other changes	204	(129)
<b>Change in the balance as disclosed in the statement of cash flows</b>	<b>(10 739)</b>	<b>894</b>
<b>Changes in prepayments and accruals</b>		
Change in short-term prepayments and accruals	(351)	253
<b>Change in the balance as disclosed in the statement of cash flows</b>	<b>(351)</b>	<b>253</b>

SPECIFICATION	in the period	
	from 01.01.2021	from 01.01.2020
	till 31.12.2021	till 31.12.2020
<b>Expenses related to acquisition of property, plant and equipment</b>		
Purchase of property, plant and equipment	(8 709)	(26 383)
Change in inventories due to own works (internal projects)	(262)	(916)
Advances for property, plant and equipment settled with the opening balance sheet	18	2 542
Purchase from leasing	(756)	1 546
Change in net investment liabilities	(3 240)	1 479
<b>Total</b>	<b>(12 949)</b>	<b>(21 732)</b>

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Level of rounding:	all amounts are expressed in thousands of Polish zlotys (unless indicated otherwise)		

SPECIFICATION	in the period	
	from 01.01.2021	from 01.01.2020
	till 31.12.2021	till 31.12.2020
<b>Expenses related to acquisition of intangible assets</b>		
Purchase of intangible assets	(2 237)	(2 347)
Purchase from leasing	(915)	(896)
Change in net investment liabilities	(125)	155
<b>Total</b>	<b>(3 277)</b>	<b>(3 088)</b>

SPECIFICATION	in the period	
	from 01.01.2021	from 01.01.2020
	till 31.12.2021	till 31.12.2020
<b>Other cash flow adjustments from operating activities</b>		
Liquidation of property, plant and equipment and intangible assets	48	26
(Profit) loss on settlement of derivative instruments	30	(1 240)
Commissions and fees on credits and loans	150	113
<b>Total</b>	<b>228</b>	<b>(1 101)</b>

SPECIFICATION	in the period	
	from 01.01.2021	from 01.01.2020
	till 31.12.2021	till 31.12.2020
<b>Other inflows (outflows) from investing activities</b>		
Prepayments for property, plant and equipment under construction	(783)	(18)
Revenue and expenditure relating to forward contracts and options	(30)	1 240
<b>Total</b>	<b>(813)</b>	<b>1 222</b>
<b>Other outflows from financing activities</b>		
Leasing interest	(184)	(201)
Commissions and fees on credits and loans	(150)	(113)
<b>Total</b>	<b>(334)</b>	<b>(314)</b>

## 7.22. Financial instruments

Under IFRS 9, the Company classifies financial instruments into the following categories:

- Financial assets and liabilities at fair value through profit or loss - derivatives,
- Financial assets measured at amortized cost - trade and other receivables, cash and cash equivalents, cash in the VAT account,
- Financial liabilities measured at amortized cost - trade and other payables, debt.

The table below shows the carrying amount of significant groups of financial assets and financial liabilities by category. Carrying amount of financial assets held by the Company and financial liabilities presented in the following tables did not differ materially from their fair values for all periods presented. The principles for determining fair values are described in Note 4.2.8.

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Level of rounding:	all amounts are expressed in thousands of Polish zlotys (unless indicated otherwise)		

Below are presented categories and classes of financial instruments at the reporting value.

SPECIFICATION	NOTE	Financial assets valued at fair value through financial result	Assets valued at amortized cost	Liabilities at fair value through profit or loss	Liabilities measured at amortized cost	Leasing liabilities	Total
<b>Carrying amount as of 31.12.2020</b>							
Derivative instruments	7.6	41	-	-	-	-	<b>41</b>
Trade and other receivables	7.8	-	47 438	-	-	-	<b>47 438</b>
Cash and cash equivalents	7.9	-	3 490	-	-	-	<b>3 490</b>
Cash in the VAT account	7.9	-	998	-	-	-	<b>998</b>
Derivatives payables	7.15	-	-	730	-	-	<b>730</b>
Trade and other payables	7.15	-	-	-	38 900	-	<b>38 900</b>
Debt	7.4 7.13	-	-	-	50 742	8 698	<b>59 440</b>
<b>TOTAL</b>		<b>41</b>	<b>51 926</b>	<b>730</b>	<b>89 642</b>	<b>8 698</b>	<b>151 037</b>
<b>Carrying amount as of 31.12.2021</b>							
Derivative instruments	7.6	166	-	-	-	-	<b>166</b>
Trade and other receivables	7.8	-	39 245	-	-	-	<b>39 245</b>
Cash and cash equivalents	7.9	-	1 310	-	-	-	<b>1 310</b>
Cash in the VAT account	7.9	-	1 097	-	-	-	<b>1 097</b>
Derivatives payables	7.15	-	-	412	-	-	<b>412</b>
Trade and other payables	7.15	-	-	-	42 500	-	<b>42 500</b>
Debt	7.4 7.13	-	-	-	105 691	9 093	<b>114 784</b>
<b>TOTAL</b>		<b>166</b>	<b>41 652</b>	<b>412</b>	<b>148 191</b>	<b>9 093</b>	<b>199 514</b>

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Period covered by the financial statements:	01.01.2021 – 31.12.2021	Reporting currency:	Polish zloty (PLN)
Level of rounding:	all amounts are expressed in thousands of Polish zlotys (unless indicated otherwise)		

The following items are presented below: revenues, costs, profits and losses recognised in the financial result by category of financial instruments.

SPECIFICATION	Financial assets valued at amortized cost	Financial liabilities measured at amortised cost	Other derivative liabilities measured at fair value through profit or loss	TOTAL
<b>Status as of 31.12.2020</b>	<b>(6 685)</b>	<b>7 663</b>	<b>638</b>	<b>1 616</b>
Interest income (expenses)	119	(818)	-	(699)
Foreign exchange gains (losses)	(6 784)	8 481	-	1 697
Revenues from exercise of derivative instruments	-	-	1 240	1 240
Costs on account of derivative instruments valuation	-	-	(602)	(602)
Creation of revaluation write-offs	(31)	-	-	(31)
Gains (losses) on spot foreign exchange transactions	11	-	-	11
<b>Status as of 31.12.2021</b>	<b>(8 320)</b>	<b>6 644</b>	<b>(362)</b>	<b>(2 038)</b>
Interest income (expenses)	60	(1 215)	-	(1 155)
Foreign exchange gains (losses)	(8 409)	7 859	-	(550)
Costs of realisation of derivative instruments	-	-	(31)	(31)
Costs on account of derivative instruments valuation	-	-	(331)	(331)
Creation of revaluation write-offs	(23)	-	-	(23)
Gains (losses) on spot foreign exchange transactions	52	-	-	52

The following table 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 on the basis of values observable on the market, but not being a direct market quotation;
- Level 3 - fair value is determined on the basis of various valuation techniques, not based on any observable market data.

SPECIFICATION	as at 31.12.2021			as at 31.12.2020		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Derivative instruments (assets)	-	166	-	-	41	-
Derivative instruments (liabilities)	-	(412)	-	-	(730)	-
<b>Total</b>	<b>-</b>	<b>(246)</b>	<b>-</b>	<b>-</b>	<b>(689)</b>	<b>-</b>

There were no transfers between levels.

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

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Level of rounding:	all amounts are expressed in thousands of Polish zlotys (unless indicated otherwise)		

### 7.23. Derivative financial instruments, hedge accounting

In APATOR S.A. the agreements on currency derivatives are concluded within the hedging policy against foreign exchange risk. The Company hedges export receipts in excess of expenditure on account of imports (EUR) and import outflows exceeding export inflows (USD).

As at 31 December 202, the Company applies hedge accounting for cash flows. As of 1 July 2011, the Company designated FX forward derivatives to hedge accounting to hedge against the risk of volatility of cash flows due to future planned cash flows from sales denominated in a foreign currency.

As of 10 July 2015, the Company designated FX forward derivatives to hedge accounting to hedge against the risk of volatility of cash flows from future planned cash flows from purchases denominated in foreign currencies.

The collaterals of foreign currency inflows are concluded within the time horizon encompassing consecutive 24 months (at the turn of the year the collaterals may refer to three calendar years), and the sum of collaterals for 24 months may not exceed the export plan for the current year.

Hedges for foreign currency outflows are concluded within a time horizon that includes rolling 12 months, and the level of hedges in the period may not exceed 50% of the annual foreign currency exposure.

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

Type of protection	Security for volatility of cash flows due to future cash flows in EUR and USD.
Hedged item	The hedged item is part of the future highly probable cash flows from sales denominated in EUR and purchases denominated in USD.
Hedging instruments	FX forward transactions, in which the Company undertakes to sell EUR and buy USD for PLN, are a hedging instrument.
Hedged risk	The Company hedges the variability of cash flows due to currency risk.
Recognition in the financial statements	The part of the change in fair value measurement of hedging instruments corresponding to the effective hedge is recognised in the hedge accounting (statement of changes in equity). The ineffective portion of the change in fair value measurement of hedging instruments is recognised in financial income or expenses.
Period during 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	EUR 3.764 thousand and USD 1.500 thousand

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Level of rounding:	all amounts are expressed in thousands of Polish zlotys (unless indicated otherwise)	

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

SPECIFICATION	as of	
	31.12.2021	31.12.2020
<b>Long-term assets</b>	-	-
Hedging instruments	-	-
<b>Short-term assets</b>	<b>166</b>	<b>41</b>
Hedging instruments	166	41
<b>Total assets</b>	<b>166</b>	<b>41</b>
<b>Long-term liabilities</b>	<b>300</b>	-
Hedging instruments	300	-
<b>Short-term liabilities</b>	<b>112</b>	<b>730</b>
Hedging instruments	112	730
<b>Total liabilities</b>	<b>412</b>	<b>730</b>

The table below presents the amounts due to cash flow hedge accounting recognised by the Company in 2021 in profit or loss and in equity:

SPECIFICATION	as of	
	31.12.2021	31.12.2020
<b>Valuation of instruments, including:</b>	<b>(246)</b>	<b>(689)</b>
Capital from valuation of hedging transactions (changes in fair value measurement of hedging derivatives due to hedged risk, corresponding to effective hedging)	94	(680)
Financial result of the period (changes in valuation of derivative hedging instruments on account of hedged risk, corresponding to ineffective hedging)	(340)	(9)

The following table presents the changes in the hedge accounting valuation reserve due to cash flow hedge accounting.

SPECIFICATION	in the period	
	from 01.01.2021	from 01.01.2020
	till 31.12.2021	till 31.12.2020
<b>At the beginning of the period</b>	<b>(680)</b>	<b>155</b>
Reversal of valuation from the previous period	680	(155)
Valuation at the end of the period	94	(680)
<b>Closing balance at the end of period</b>	<b>94</b>	<b>(680)</b>

## 7.24. Objectives and principles of financial risk management

Apart from derivatives, the main financial instruments used by the Company include bank loans, including overdrafts. The Company also holds financial assets such as trade receivables and cash and cash equivalents as well as other receivables and loans granted.

The Company enters into transactions with the participation of derivatives, which include mainly currency forward contracts. The purpose of these transactions is to manage the currency risk arising in the course of the Company's operations. Contracts for futures contracts are concluded on the basis of forecasts of currency exchange rates, in accordance with the corporate guideline and the resolution of the Management Board of the Company.

The risk that Apator S.A. is exposed to includes market risk (mainly foreign currency risk and interest rate risk) and also credit risk and liquidity risk.

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Level of rounding:	all amounts are expressed in thousands of Polish zlotys (unless indicated otherwise)	

### Currency exchange risk

The Company is exposed to currency risk due to commercial transactions. Such a risk arises as a result of sales and purchases made by companies in currencies other than the functional currency. Foreign exchange risk is associated with volatility in the financial market and high variability of exchange rates and foreign exchange differences. A change in exchange rates can permanently affect the competitiveness and market value of a company (it can decide about a significant increase in costs or a decrease in planned income from foreign trade operations). In 2021, an unfavourable trend in the PLN/USD exchange rate affecting the cost of raw materials and consumables was again noted.

In order to minimise the currency 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 takes a prudent approach when entering into new futures contracts and uses mostly natural hedging. The balance of futures contracts as of December 31, 2021 is presented in Note 7.22 and the table below.

As of 31st December 2021 Apator S.A. had forward currency contracts.

SPECIFICATION	Flows			
	as at 31.12.2021		as at 31.12.2020	
	in currency	in PLN as at the contract conclusion date	in currency	in PLN as at the contract conclusion date
Cash flow hedging instruments in EUR	(3 764)	(17 247)	(470)	(2 035)
Cash flow hedging instruments in USD	1 500	5 946	4 780	18 577

The exposure of the Company APATOR S.A. to currency risk is presented in the table below.

SPECIFICATION	as at 31.12.2021		as at 31.12.2020	
	in currency	in PLN	in currency	in PLN
<b>Items in euro (EUR)</b>	<b>641</b>	<b>2 405</b>	<b>1 689</b>	<b>7 116</b>
Commercial receivables	1 722	7 630	1 898	8 352
Advance payments made for the purchase of materials and services	7	34	-	-
Cash	277	1 227	787	3 462
Commercial liabilities	(1 323)	(6 288)	(995)	(4 692)
Advances received for deliveries	(42)	(198)	(1)	(6)
<b>US Dollar items (USD)</b>	<b>(1 361)</b>	<b>(5 759)</b>	<b>(475)</b>	<b>(1 878)</b>
Commercial receivables	46	181	117	421
Advance payments made for the purchase of materials and services	228	912	275	1 009
Cash	15	58	-	-
Commercial liabilities	(1 650)	(6 910)	(856)	(3 266)
Advances received for deliveries	-	-	(11)	(42)
<b>Items in pounds sterling (GBP)</b>	<b>(3)</b>	<b>(14)</b>	<b>-</b>	<b>-</b>
Commercial liabilities	(3)	(14)	-	-
<b>Positions in Swiss francs (CHF)</b>	<b>2</b>	<b>9</b>	<b>-</b>	<b>-</b>
Commercial receivables	2	9	-	-
<b>Chinese Yuan items (CNY)</b>	<b>594</b>	<b>384</b>	<b>92</b>	<b>72</b>
Advance payments made for the purchase of materials and services	638	412	1 407	793
Cash	-	-	20	11
Commercial liabilities	(44)	(28)	(1 335)	(732)

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Level of rounding:	all amounts are expressed in thousands of Polish zlotys (unless indicated otherwise)		

As at the reporting date, monetary assets and liabilities were translated at the exchange rate of the leading bank prevailing at the end of the reporting period (assets at the buy rate, liabilities at the sell rate).

SPECIFICATION	as at 31.12.2021		as at 31.12.2020	
	Purchase price	Selling price	Purchase price	Selling price
EUR	4.4310	4.7524	4.3985	4.7175
USD	3.9050	4.1882	3.5848	3.8448
CNY	0.6140	0.6585	0.5513	0.5913

In accordance with the guidelines adopted by Apator SA "Regulations concerning futures contracts", forward contracts and ordinary cost options are used to hedge export receipts in excess of import expenditure. The approval of the Board of Directors is required to enter into futures contracts in the form of a resolution that establishes the maximum denomination of collateral, determined on the basis of the foreign trade balance plan and the level of existing collateral. A complex hedging structure is concluded after obtaining a positive opinion of the Supervisory Board, which takes a decision after the Management Board presents the reasons for the intention to use such a hedge and its potential impact on the financial results.

The table below presents the sensitivity of the gross profit/loss and equity to reasonably possible fluctuations in foreign exchange rates. The Company expects that all currencies may fluctuate by 10% (with no volatility of other parameters).

SPECIFICATION	in the period from 01.01.2021 to 31.12.2021		in the period from 01.01.2020 to 31.12.2020	
	Impact on the gross financial result	Direct impact on equity capital	Impact on the gross financial result	Direct impact on equity capital
<b>EUR / PLN</b>				
+10%	241	(1 725)	712	(204)
- 10%	(241)	1 725	(712)	204
<b>USD / PLN</b>				
+10%	(576)	595	(188)	1 858
- 10%	576	(595)	188	(1 858)
<b>GBP / PLN</b>				
+10%	(1)	-	-	-
- 10%	1	-	-	-
<b>CHF / PLN</b>				
+10%	1	-	-	-
- 10%	(1)	-	-	-
<b>CNY / PLN</b>				
+10%	38	-	7	-
- 10%	(38)	-	(7)	-

### Interest rate risk

Due to the liabilities in the form of interest bearing credits according to variable interest rates, the Company APATOR S.A. is exposed to interest rate risk.

Below are presented financial instruments due to interest rate.

SPECIFICATION	as of	
	31.12.2021	31.12.2020
<b>Financial instruments with variable interest rates</b>	<b>(113 474)</b>	<b>(55 951)</b>
Financial assets	1 310	3 490
Financial liabilities	(114 784)	(59 441)
<b>Total</b>	<b>(113 474)</b>	<b>(55 951)</b>

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Period covered by the financial statements:	01.01.2021 – 31.12.2021	Reporting currency:	Polish zloty (PLN)
Level of rounding:	all amounts are expressed in thousands of Polish zlotys (unless indicated otherwise)		

The table below presents the sensitivity of the gross profit/loss and equity to reasonably possible fluctuations in WIBOR rates. For the purpose of the analysis, it is assumed that the amount of liabilities outstanding at the end of the reporting period was unpaid throughout the year.

SPECIFICATION	in the period from 01.01.2021 to 31.12.2021	
	Impact on the gross financial result	Impact on equity
<b>WIBOR</b>		
+ 250 index points	(2 837)	-
- 250 index points	2 837	-

In view of basing the debt instruments on WIBOR rate, the reform of IBOR system (liquidation of reference rate LIBOR) has no influence on Apator S.A.

### Credit risk

Credit risk is the risk that a counterparty will default on its obligations arising from with financial instrument or contract that causes the other party to incur a financial loss. The Company APATOR S.A. is exposed to credit risk resulting from its operating activity, mainly from trade receivables.

In order to mitigate this risk, transactions are concluded only with reputable companies with good creditworthiness. All customers who want to use deferred payment terms are subject to preliminary verification.

The Company has a manual for financial control of sales orders. The Company strives to ensure that its cooperation with all its customers is based on commercial agreements. Moreover, due to the ongoing monitoring of receivables, the Company's exposure to the risk of uncollectible receivables is insignificant.

Trade receivables include amounts due from a large number of customers, spread across different industries and geographical areas.

At the end of 2021, only one customer - Energa Operator S.A. - reported a balance of receivables exceeding 10% of the total balance of trade receivables. Its balance represented 25% of the trade receivables balance.

Credit risk related to cash and derivatives is limited because the contractors of APATOR S.A. are the banks with high rating granted by international rating agencies.

### Liquidity risk

Apator S.A. monitors the liquidity risk in weekly cycles by reporting the net liquidity and in monthly cycles by comparing the cash flow in the half-yearly period. Comprehensive, aggregate information is reported to the director and board level. In order to finance current operations Apator S.A. uses credit on current account.

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The table below presents information on contractual maturity dates of liabilities.

SPECIFICATION	Value at the reporting date	Contractual cash flows					TOTAL
		less than 6 months	6 to 12 months	from 1 year till 2 years	2 to 5 years	over 5 years	
<b>Status as of 31.12.2021</b>	<b>152 001</b>	<b>138 310</b>	<b>3 167</b>	<b>4 003</b>	<b>1 069</b>	<b>9 570</b>	<b>156 119</b>
Credits and loans	105 691	96 691	2 000	4 000	3 000	-	<b>105 691</b>
Lease liabilities	9 093	788	783	1 003	1 069	9 570	<b>13 213</b>
Payments on account of derivatives	412	27	85	300	-	-	<b>411</b>
Commercial liabilities	34 949	34 948	-	-	-	-	<b>34 948</b>
Investment liabilities	1 814	1 814	-	-	-	-	<b>1 814</b>
Other financial liabilities	42	42	-	-	-	-	<b>42</b>
<b>Status as of 31.12.2020</b>	<b>98 309</b>	<b>90 220</b>	<b>790</b>	<b>924</b>	<b>918</b>	<b>9 719</b>	<b>102 571</b>
Credits and loans	50 742	50 742	-	-	-	-	<b>50 742</b>
Lease liabilities	8 698	668	731	924	918	9 719	<b>12 960</b>
Payments on account of derivatives	730	671	59	-	-	-	<b>730</b>
Commercial liabilities	32 125	32 125	-	-	-	-	<b>32 125</b>
Investment liabilities	5 972	5 972	-	-	-	-	<b>5 972</b>
Other financial liabilities	42	42	-	-	-	-	<b>42</b>

### Tax risk

Provisions concerning value added tax, corporate income tax, personal income tax or social security contributions are subject to changes, which often results in a lack of reference to established regulations or legal precedents. The current regulations also contain ambiguities, which cause differences of opinion as to the legal interpretation of tax regulations both between state authorities and between state authorities. Tax and other settlements (e.g. customs or foreign exchange settlements) may be subject to control by the authorities, which are entitled to impose significant penalties, and the additional amounts of liabilities determined as a result of the control must be paid together with interest. These phenomena cause that the tax risk in Poland is higher than usual in countries with more developed tax systems.

Delivery of technologically advanced products for the most demanding customers in Poland and abroad is currently an important factor of business development in the Company, bringing stable profits, however, due to the scale and pace of development achieved, as well as the fact that the complexity of the subject matter of contracts for the supply of products often requires participation in international consortia, automatically increases the financial risks associated with conducting international activities. One of the risks is the tax risks associated with the flow of goods between companies cooperating in the performance of contracts and from different countries and the accompanying tax interpretations.

Tax settlements may be audited for a period of five years. As a result, the amounts disclosed in the financial statements may be changed at a later date after they are finally determined by the tax authorities. The Company believes that adequate provisions have been made for probable and quantifiable risks of liabilities.

### Capital Management

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

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

The Company APATOR S.A. monitors the state of capitals using the leverage ratio which is calculated as the ratio of net debt to total capitals increased by net debt.

The net debt of the Company includes interest-bearing loans and borrowings, trade liabilities and other liabilities excluding derivative instruments, less cash and cash equivalents. Equity capital comprises the equity shown in the statement of financial position.

The leverage ratios for the years 2020 and 2021 are presented in the table below.

SPECIFICATION	as of	
	31.12.2021	31.12.2020
<b>Net debt</b>	<b>160 561</b>	<b>101 620</b>
Debt	162 968	106 108
Cash and cash equivalents	(2 407)	(4 488)
<b>Equity capital</b>	<b>363 238</b>	<b>369 404</b>
<b>Equity and net debt</b>	<b>523 799</b>	<b>471 024</b>
Leverage indicator	<b>30.65%</b>	<b>21.57%</b>

## 7.25. Information on subsidiaries

Information on benefits for management personnel is presented in the table below.

SPECIFICATION	for period
	from 01.01.2021 till 31.12.2021
Short-term employee benefits	4 824
<b>Total</b>	<b>4 824</b>

The Company identified related entities. They were considered as related entities:

### a. Subsidiaries

- Apator Mining Sp. z o. o. (Katowice)
- FAP Pafal SA (Świdnica)
- Apator Metrix S.A. (Tczew)
- Apator GmbH (Berlin, Niemcy)
- Apator Rector Sp. z o. o. (Zielona Góra)
- Apator Powogaz S.A. (Poznań)
- Apator Elkomtech S.A. (Łódź)<sup>2</sup>
- Apator Telemetria Sp. z o. o. (Słupsk) - subsidiary of Apator Powogaz S.A. (61.8% share); Apator S.A. has 20,8% shares in Apator Telemetria Sp. z o.o.
- Apator Metra s. r. o. (Supmerk, Czechy) – subsidiary of Apator Powogaz S.A.
- Apator Miitors ApS. (Horsens, Dania) – subsidiary of Apator Powogaz S.A.
- George Wilson Industries Ltd. (Coventry, Wielka Brytania) – subsidiary of Apator Metrix S.A.

### b. Associated entities

- Teplovodomer (Mytishi, Russia) - associated entity with Apator Powogaz S.A.
- Inda d.o.o. (Slovenia) - associated entity with George Wilson Industries Ltd.

<sup>2</sup> On 3rd January 2022 the incorporation of Apator Elkomtech S.A. into the structure of Apator S.A. took place.

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- c. Members of the Supervisory Board
- d. Members of key management personnel
- e. Close family members of the members of the Supervisory Board and executive officers remaining in the Group in the common household
- f. Entities controlled by the persons referred to in points c. and d.

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 (from November 25, 2021, Member of the Management Board through November 24, 2021)
- Mirosław Klepacki - President of the Management Board (until November 24, 2021)
- Tomasz Łątka - Management Board Member

Other executives:

- Małgorzata Mazurek – FEO, Proxy
- Krzysztof Malec - Chief Operating Officer, Proxy (until June 1, 2021)
- Jolanta Dombrowska - Director of the Management and Corporate Communication, Proxy
- Artur Bratkowski - Director for Apparatus and Measurement Systems, Proxy

Transactions with related parties were carried out on market terms.

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

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SPECIFICATION	Apator GmbH	Apator Metrix S.A.	George Wilson Industries Ltd.	Apator Mining Sp. z o.o.	Apator Powogaz S.A.	Apator Telemetry Sp. z o. o.	Apator Rector Sp. z o. o.	Apator Elkomtech S.A.	FAP Pafal SA	TOTAL
<b>Transactions in the period from 01.01.2021 to 31.12.2021 and as of 31.12.2021</b>										
Sell of products and services	24 436	2 902	7 497	13	8 071	137	577	3 180	458	<b>47 271</b>
Sales of goods and materials	95	-	-	-	-	34	-	4	23	<b>156</b>
Cost relating to product sales transactions and services	21 833	761	8 739	-	4 246	52	206	2 168	432	<b>38 437</b>
Cost relating to transaction of sale of goods and materials	75	-	-	-	-	121	-	3	22	<b>221</b>
Commercial receivables	303	311	902	-	200	29	-	280	-	<b>2 025</b>
Financial revenue from dividends	-	13 001	-	5 471	10 000	-	-	3 001	3 000	<b>34 473</b>
Dividends paid	-	-	-	2 700	-	-	-	-	-	<b>2 700</b>
Purchase of products, services, goods and materials	504	102	487	-	3	573	266	249	6 490	<b>8 674</b>
Purchase of fixed assets and intangible assets	-	1 010	-	-	-	-	-	-	-	<b>1 010</b>
Commercial liabilities	-	38	14	3	-	326	477	-	362	<b>1 220</b>
Loans received in the period	-	-	-	-	-	-	-	-	2 000	<b>2 000</b>
Repayment of loans received	-	-	-	-	-	-	-	-	2 000	<b>2 000</b>
Interest on loans received	-	-	-	-	-	-	-	-	3	<b>3</b>
Other liabilities	-	372	-	-	-	-	-	-	-	<b>372</b>

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Period covered by the financial statements:	01.01.2021 – 31.12.2021	Reporting currency:	Polish zloty (PLN)
Level of rounding:	all amounts are expressed in thousands of Polish zlotys (unless indicated otherwise)		

SPECIFICATION	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.	Apator Elkomtech S.A.	FAP Pafal SA	TOTAL
<b>Transactions in the period from 01.01.2020 to 31.12.2020 and as of 31.12.2020</b>										
Sell of products and services	21 923	2 491	1 810	36	9 824	127	767	2 803	1 856	<b>41 637</b>
Sales of goods and materials	73	13	-	-	-	13	-	4	82	<b>185</b>
Sale of fixed assets and intangible assets	-	-	-	-	1	-	-	-	2	<b>3</b>
Cost relating to product sales transactions and services	16 568	640	2 136	33	5 766	44	415	1 928	1 862	<b>29 392</b>
Cost relating to transaction of sale of goods and materials	56	12	-	-	-	11	-	3	77	<b>159</b>
Cost related to transactions of sale of tangible and intangible assets	-	-	-	-	1	-	-	-	-	<b>1</b>
Commercial receivables	3 183	334	361	-	-	45	116	-	87	<b>4 126</b>
Received repayments of loans granted	-	-	-	-	-	-	2 500	-	-	<b>2 500</b>
Interest received on loans granted	-	-	-	-	-	-	127	-	-	<b>127</b>
Financial revenue from dividends	-	10 001	-	4 445	10 000	-	-	4 000	3 000	<b>31 446</b>
Dividends paid	-	-	-	3 960	-	-	-	-	-	<b>3 960</b>
Purchase of products, services, goods and materials	379	145	-	-	39	374	341	276	6 793	<b>8 347</b>
Purchase of fixed assets and intangible assets	-	-	-	-	48	-	890	-	-	<b>938</b>
Commercial liabilities	-	12	-	5	205	125	1 111	282	813	<b>2 553</b>

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## 7.26. Contingent items and other items not recognised in the statement of financial position

### Guarantees

At 31st December 2021, Apator S.A. had active guarantees issued by:

- ✓ TU Hermes S.A.:
  - Under performance bond in the amount of PLN 11,375 thousand up to October 17th year 2023,
  - Under warranty and quality guarantee in the amount of PLN 4,244 thousand up to June 29, 2029;
  - On account of the deposit in the amount of PLN 2,400 thousand, up to April 27, 2022.
  
- ✓ ING Bank Śląski S.A.:
  - On account of the performance bond in the amount of PLN 2,431 thousand until March 30th at the latest year 2022,
  - On account of warranty and quality guarantee in the amount of PLN 699 thousand until 16 January 2025 at the latest;
  - On account of performing payments under the lease agreement in the amount of PLN 48 thousand, until May 31, 2024;
  - From a deposit of PLN 250 thousand, up to a maximum of January 24, 2022;
  - Under a letter of credit in the amount of PLN 136 thousand, until September 14, 2023.

Moreover, at 31st December 2021, Apator S.A. was the party of the following guarantees and sureties intra-group:

- guarantee of return of advance payment by Apator Metrix S.A. in the amount of 1.2 m EUR (5.7 m PLN) towards Flonidan A/S with the period of validity till 30th June 2022,
- surety of three lease contracts for Apator Rector Sp. z o.o. for the total amount of PLN 0.7 million with the term to 14th December 2024.

Additionally, at 31st December 2021 Apator S.A. was the beneficiary of payment guarantee for the amount of 250 000 PLN issued by Bank Millenium S.A. with the term to 31st August 2022.

### Promissory notes

Apator S.A. submitted 10 blank promissory notes as the collateral of the contract TU Euler Hermes S.A. 1 bill of exchange as collateral for limit under multi-product agreement, concluded with ING Bank Śląski S.A., 1 bill of exchange as collateral for "confirming" factoring agreement for financing deliveries, concluded with Santander Faktoring Sp. z o.o., 1 bill of exchange as collateral for lease agreement, concluded with mLeasing Sp. z o.o. and 1 bill of exchange as collateral for full factoring agreement concluded with ING Commercial Finance Polska S.A.

### Disputes

On 5th February 2021 the Company received the copy of the suit of PySENSE Sp. z o.o. against Apator S.A. The lawsuit was brought on 29th December 2020 to Regional Court in Toruń, 6th Economic Department and it regards payment of PLN 21.5 million where damages for failure to perform by Apator S.A. the contract on cooperation, remuneration for transfer of property rights and remuneration for licensing software are included.

In its reply to the statement of claim, the Company requested that the claim be dismissed in its entirety, disputing not only the principle of liability but also the amount of the claim asserted.

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On 30th November 2021, Regional Court in Toruń, 6th Economic Department announced the verdict where the action of PySENSE Sp. z o.o. against Apator S.A. regarding the payment of the amount of PLN 21.5 million was dismissed in its entirety and the costs of proceedings were awarded in favour of the Company. The judgment became final on March 9, 2022.

## 7.27. Employment structure

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

SPECIFICATION	period	
	from 01.01.2021	from 01.01.2020
	till 31.12.2021	till 31.12.2020
<b>Average employment in full-time jobs for the period</b>	<b>643</b>	<b>680</b>
Manual workers	420	430
Intellectual workers	223	250
<b>Employment in full-time equivalents at the end of the period</b>	<b>644</b>	<b>647</b>
Manual workers	433	407
Intellectual workers	211	240

Apart from the employees employed in Apator S.A. on the basis of the contract of employment, the Company also uses from services of temporary work agencies. On average, 154 people were temporarily employed in 2021.

## 7.28. The amount of remuneration of the entity authorized to audit financial statements

On 14th July 2021 Apator S.A. signed with PricewaterhouseCoopers Polska Spółka z ograniczoną odpowiedzialnością Audyt sp. k. the contract on audit of abbreviated semi-annual separate financial statements, review of abbreviated semi-annual consolidated financial statements and audit of the annual separate and consolidated financial statements for the years 2021-2023.

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

SPECIFICATION	VALUE	
	year 2021	year 2020
Audit/review of interim reports	90	50
Auditing annual statements	130	45
<b>Total auditor's remuneration</b>	<b>220</b>	<b>95</b>

Besides the above remuneration, Apator S.A. covers also documented costs of stay of the auditing team outside the seat of the Auditors (travelling, accommodation) and costs of attestation service concerning the assessment of the Report on remuneration of the members of the Management Board and the Supervisory Board.

## 7.29. Transformation of comparative data

In this separate financial statement Apator S.A. has changed the presentation of comparable data. In connection with the change in accounting policy, effective January 1, 2021, regarding the recognition of inventory write-down costs, inventory scrap costs and employee provision costs, costs have been reclassified from other operating activities to core business expenses / general and administrative expenses (employee benefit provisions) in the comparative periods. In Management's opinion, this presentation better reflects the sales gains achieved. This reclassification has no impact on earnings in either period.

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Level of rounding:	all amounts are expressed in thousands of Polish zlotys (unless indicated otherwise)	

The impact of the reclassifications is presented in the table below.

ITEMS OF THE REPORT / CHANGE TITLE	from 01.01.2020	Effect of change in accounting policy	from 01.01.2020
	till 31.12.2020		till 31.12.2020
	untransformed data		transformed data
<b>Cost of goods sold</b>	(276 184)	(5 785)	(281 969)
- other entities	(246 633)	(5 785)	(252 418)
<b>Gross sales profit</b>	77 240	(5 785)	71 455
General administrative costs	(39 885)	81	(39 804)
<b>Sales profit</b>	28 942	(5 704)	23 238
<b>Other operating income (costs)</b>	(4 974)	5 704	730

### 7.30. The impact of COVID-19 on the situation of Apator S.A.

The continued spread of the SARS-CoV-2 virus continued to negatively impact the global economic situation. The impact of the COVID-19 pandemic is being felt by most sectors of the economy and they also have an impact on Apator S.A.

The Management Board of Apator S.A. has taken the steps to ensure the continuity of manufacturing processes and to provide proper safety and health measures to the employees (including the possibility to perform remote work). Areas that may pose a potential risk to the continuity of supply and the future financial situation (prices and availability of components, ensuring continuity of supply chains) are monitored on an ongoing basis.

In 2021, the Company did not utilize any funding under the crisis shields.

### 7.31. Events after the balance sheet date

On 3rd January 2022, District Court in Toruń, 7th Economic Department of National Court Register made the entry of merger of Apator S.A. seated in Toruń with subsidiary Apator Elkomtech S.A. seated in Łódź.

On 3 January 2022, a general agreement was concluded with PZU S.A. General agreement for the issuance of contractual guarantees with a limit up to PLN 10 million and security in the form of 3 bills of exchange.

On 21st January 2022 the company Apator Powogaz S.A. bought 10.1% shares in Apator Telemetry Sp. z o.o. from unrelated parties.

An advance dividend for 2021 was paid on January 24, 2022.

On 28th January 2022 the payment in amount of PLN 5.1 million was made for 216 shares of Apator Telemetry Sp. z o.o. (details in note 7.6).

On 14th February 2022 FAP Pafal S.A. granted Apator S.A. loan for the amount of PLN 2 million based on the contract concluded on 6th December 2021 (total loan amount PLN 3 million, payable till 9th December 2022, interest rate WIBOR 3M plus margin).

On February 16, 2022, an amendment to the Multi-product Agreement (ING) was entered into, pursuant to which the Company received a working capital loan of PLN 10 million under an additional sublimit. Repayment will be in 4 monthly installments starting May 31, 2022.

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On February 16th 2022, a general agreement was executed with KUKE S.A. General agreement for the provision of contractual insurance guarantees with the limit up to PLN 10 million and security in the form of 5 bills of exchange.

On March 24, 2022, an amendment to the Overdraft Agreement (CITI) was executed. This annex renewed the credit facility for another year (until March 22, 2023) and established a new collateral in the amount of PLN 5.4 million in the form of a registered pledge on property, plant and equipment.

In connection with the armed aggression of Russia in Ukraine, the Company is monitoring the situation on an ongoing basis. On the day of the publication of this report Apator does not identify the significant risks resulting from the war in Ukraine but their final level will depend on the development of the situation and its impact on currency rates, prices of raw materials and other areas of activity. Sales revenue for 2021 from Russian, Ukrainian markets and Belarusian ones were about 2,8% in total sales of Apator S.A. In the scope of receivables from contracting parties from endangered markets, their share in total value of receivables of Apator S.A. is only 0.3%.

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## 8. Signatures

### The Management Board

2022-04-28

**Arkadiusz Chmielewski**

**The President of the Management Board, Director-General**

**Tomasz Łątka**

**Member of the Management Board, Network Operations Automation Director**

### Person responsible for the book-keeping

2022-04-28

**Małgorzata Mazurek**

**CFO**

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