



Financial report



Consolidated quarterly report of the Apator Group for Q1 2024

Toruń, 16 May 2024

Selected financial data, including key items of the summary financial statement (also converted into EUR)

ITEM	in thous. PLN		in thous. EUR	
	current period	preceding period	current period	preceding period
Consolidated statement	Q1 2024	Q1 2023	Q1 2024	Q1 2023
Revenue from sales of products, goods and materials	296,377	288,506	68,588	61,378
Profit on operating activities	18,621	17,676	4,309	3,760
EBITDA	31,914	31,553	7,386	6,713
Gross profit	15,378	13,286	3,559	2,827
Net profit	12,019	8,800	2,781	1,872
Net profit attributable to shareholders of the Group's parent company	11,970	8,546	2,770	1,818
Net profit attributable to non-controlling interests	49	254	11	54
Weighted average number of shares	29,047,073	29,047,073	29,047,073	29,047,073
Net profit per ordinary share [PLN/share]	0.41	0.29	0.10	0.06
Cash flows from operating activities	27,435	21,801	6,349	4,638
Cash flows from investment activities	(11,433)	(9,772)	(2,646)	(2,079)
Cash flows from financial activities	(19,400)	(14,350)	(4,490)	(3,053)
Total cash flows	(3,398)	(2,321)	(787)	(494)
Consolidated statement	31 March	2023	31 March	2023
Total assets	984,531	975,198	228,913	224,286
Fixed assets	493,475	492,647	114,738	113,304
Current assets	491,056	482,551	114,175	110,982
Equity with non-controlling interests	550,007	539,023	127,882	123,970
Non-controlling interests	2,107	2,058	490	473
Share capital	3,265	3,265	759	751
Long-term liabilities and provisions	79,431	80,106	18,468	18,424
Short-term liabilities and provisions	355,093	356,069	82,562	81,893
Weighted average number of shares	29,047,073	29,047,073	29,047,073	29,047,073
Net book value per common share [PLN/share]	18.94	18.56	4.40	4.27

The above financial data for the three months of 2024 and three months of 2023 and as at 31 December 2023 have been translated into EUR according to the following principles:

- the individual items of the statement of comprehensive income and the statement of cash flows – at an exchange rate representing the arithmetic mean of the average EUR exchange rates set by the National Bank of Poland on the last day of each month of the reporting period: from 1 January 2024 to 31 March 2024 – EUR/PLN 4.3211 and from 1 January 2023 to 31 March 2023 – EUR/PLN 4.7005;
- individual items of the statement of financial position – according to the average EUR exchange rate set by the National Bank of Poland as at 31 March 2024 – 4.3009, as of 31 December 2023 – 4.3480

Name of entity:	Apator Group		
Period covered by the financial statements:	1 January 2024 – 31 March 2024	Reporting currency:	Polish zloty (PLN)
Rounding level:	all amounts are expressed in thousands of Polish zloty (unless otherwise indicated)		



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Name of entity:	Apator Group		
Period covered by the financial statements:	1 January 2024 – 31 March 2024	Reporting currency:	Polish zloty (PLN)
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1. Consolidated financial statements

The consolidated and separate financial statements for the first quarter of 2024 have been prepared in accordance with the International Accounting Standards (IAS / IFRS) and related interpretations promulgated in the form of regulations of the European Commission and the Ordinance of the Minister of Finance of 29 March 2018 on current and periodic information provided by issuers of securities and the conditions for recognizing as equivalent the information required by the laws of a non-member state (Dz. U. /Journal of Laws/ of 2018, item 757).

The interim financial statements (consolidated and parent company) for the first quarter ended 31 March 2024 have been prepared in accordance with IAS 34 (Interim Financial Reporting). The interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual report as of 31 December 2023.

1.1. Consolidated statement of financial position

ITEM	as at	
	31 March 2024	31 December 2023
Fixed assets	493,475	492,647
Intangible assets	94,615	94,114
Goodwill	120,431	120,672
Tangible fixed assets	195,664	196,811
Right to use assets	56,397	54,800
Investment property	2,200	2,234
Other long-term financial assets	356	-
- <i>in other entities</i>	356	-
Long-term receivables	3,375	3,536
- <i>from other entities</i>	3,375	3,536
Long-term prepayments and accruals	276	303
Deferred tax assets	20,161	20,177
Current assets	491,056	482,551
Inventories	224,588	242,296
Trade receivables	207,587	188,117
- <i>from other entities</i>	207,587	188,117
Receivables from corporate income tax	6,270	6,285
Receivables from other taxes, customs duties, and social insurance	14,343	8,780
Other short-term receivables	5,466	3,293
- <i>from other entities</i>	5,466	3,293
Other short-term financial assets	3,732	5,152
- <i>in other entities</i>	3,732	5,152
Cash and cash equivalents	19,541	22,939
Short-term prepayments and accruals	9,529	5,689
TOTAL ASSETS	984,531	975,198

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ITEM	as at	
	31 March 2024	31 December 2023
Equity	550,007	539,023
Equity attributable to the shareholders of the parent company	547,900	536,965
Share capital	3,265	3,265
Own shares	(3,522)	(3,522)
Other capital	600,182	600,182
Capital from the revaluation of a defined benefit plan	894	894
Capital from valuation of hedging transactions and foreign exchange differences on consolidation	7,810	8,845
Undistributed financial result	(60,729)	(72,699)
- undistributed result from previous years	(66,889)	(75,028)
- result for the current period	11,970	8,138
- write-downs from current year result	(5,810)	(5,809)
Non-controlling interests	2,107	2,058
Liabilities	434,524	436,175
Long-term liabilities and provisions	79,431	80,106
Long-term credits and loans	28,314	29,545
- from other entities	28,314	29,545
Other long-term liabilities	2,660	2,750
- towards other entities	2,660	2,750
Long-term liabilities from the right to use leased assets	38,289	37,608
Provision for deferred income tax	3,649	3,684
Long-term liabilities due to employee benefits	5,315	5,315
Other long-term provisions	1,204	1,204
Short-term liabilities and provisions	355,093	356,069
Short-term credits and loans	150,247	162,511
- from other entities	150,247	162,511
Trade liabilities	99,212	93,591
- towards related entities	744	351
- towards other entities	98,468	93,240
Liabilities due to corporate income tax	1,383	3,241
Liabilities due to other taxes, customs duties, and social insurance	22,883	16,957
Other short-term liabilities	35,238	34,791
- towards other entities	35,238	34,791
Short-term liabilities from the right to use leased assets	11,736	11,110
Short-term liabilities due to employee benefits	20,629	20,954
Other short-term provisions	13,765	12,914
TOTAL LIABILITIES	984,531	975,198

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Information on changes in contingent liabilities or contingent assets that have occurred since the end of the last fiscal year (off-balance sheet items) of the Apator Group:

ITEM	as at	
	31 March 2024	31 December 2023
Contingent receivables	2,595	1,190
Contingent receivables from other entities	2,595	1,190
Contingent liabilities	47,645	66,099
Contingent liabilities concerning related entities	162	20,126
- including from granting guarantees and sureties to related entities	162	20,126
Contingent liabilities towards other entities	47,483	45,974
- including from granting guarantees and sureties	47,483	45,974
Other off-balance sheet items	449,674	455,972
Mortgage	48,500	48,780
Capped mortgage	182,783	182,783
Security on assets	218,391	224,410
Total off-balance sheet items	499,913	523,262

In addition to contingent liabilities arising from guarantees issued by insurance and banking institutions, the Apator Group has the following collateral established for the repayment of liabilities:

- Multi-product agreement with ING Bank Śląski S.A (Group limit of PLN 250 million):
 - contractual mortgage on the real estate of Apator S.A. in Ostaszewo up to PLN 40 million (included in the table above),
 - registered pledge on inventories owned by Apator S.A., Apator Telemetria Sp. z o.o., Apator Powogaz S.A., FAP Pafal S.A. with a book value of not less than PLN 148.8 million (included in the table above),
 - pledge on tangible fixed assets owned by Apator S.A., Apator Powogaz S.A., Apator Metrix S.A. and Apator Telemetria Sp. z o.o. with a contractual value of PLN 30 million (included in the table above),
 - Power of Attorney to dispose of funds in bank accounts,
 - Blank promissory notes together with promissory note declarations submitted by 6 borrowers' companies (joint and several liability of Group's companies),
 - Assignment of rights under an all-risk property insurance policy.

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

- from used credit limits – PLN 112.8 million,
 - from guarantees and letters of credit issued – PLN 16.8 million,
 - from supplier financing – PLN 4.4 million.
- Multi-purpose limit credit agreement with Powszechna Kasa Oszczędności Bank Polski S.A. (PKO BP S.A.) of 26 May 2023 for the total amount of PLN 80 million (in addition to Apator S.A., the parties to the agreement are: Apator Powogaz S.A., Apator Metrix S.A. and GWI):
 - contractual mortgage on real estate owned by Apator Powogaz S.A. and Apator Metrix S.A. up to the amount of PLN 182.8 million,

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- statement of submission to execution under Article 777 of the Code of Civil Procedure of the companies Apator S.A, Apator Powogaz S.A and Apator Metrix S.A, to the amount of PLN 80 million,
- registered pledge over fixed assets of Apator S.A. and Apator Powogaz S.A. with a total value of PLN 12.4 million,
- registered pledge over inventories of Apator Metrix S.A. with the value of PLN 27.1 million,
- Power of Attorney to dispose of funds in bank accounts,
- Assignment of rights under an all-risk property insurance policy.

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

- from used credit limits – PLN 28.8 million,
 - from guarantees and letters of credit issued – PLN 12 million,
- Other collateral for credits and loans:

Apator S.A.

- ✓ credit agreement with Bank Handlowy S.A. (Long-term credit for purchase of shares in Apator Telemetria Sp. z o.o. in the amount of PLN 13 million, converted into EUR). The credit was repaid on 15 December 2023. The statement of submission to execution pursuant to Art. 777 of the Code of Civil Procedure up to PLN 15.6 million remains in force.

Apator Metrix Group

- ✓ Agreement on credit on current account concluded by George Wilson Industrial Ltd. (GWi) with Citibank N.A.: The credit was refinanced with a line in PKO BP. The statement of submission to execution pursuant to Art. 777 of the Code of Civil Procedure up to GBP 4,8 million, i.e. PLN 24.1 million according to the average exchange rate of ING BŚ bank as at 29 March 2024 remains in force.

Apator Powogaz Group

- ✓ Investment credit agreement of Apator Powogaz S.A. for the construction of manufacturing plant, concluded with PKO BP:
 - joint contractual mortgage on real estate owned by Apator Powogaz S.A. in Żerniki to the amount of PLN 182.8 million. The mortgage also secures a multi-purpose agreement with PKO,
 - blank promissory note and promissory note declaration,
 - assignment of rights under the insurance policy on the mortgaged property.
- ✓ Credit agreement for financing suppliers of Apator Telemetria Sp. z o.o. concluded with mBank S.A.:
 - blank promissory note and promissory note declaration.
- ✓ Agreement on credit on current account of Apator Metra concluded with Raiffeisenbank a.s.:
 - mortgage in the amount of CZK 50 million, i.e. PLN 8.5 million. according to the average exchange rate of ING WB as at 29 March 2024,
 - assignment of rights under insurance agreement established on property of Apator Metra.

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During the reporting period, the Group's companies fulfilled their obligations under their credit agreements.

Impact of the situation in the East

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

Since the outbreak of war in February 2022, the Group has completely ceased sales in the Russian and Belarusian markets. Sales to Ukraine accounted in Q1 2024 for approx. 1.3% of the total sales of the Apator Group.

As regards receivables from contractors from endangered markets, at the end of Q1 2024, the share of receivables

from the Ukrainian market in the total value of receivables of the Apator Group was about 0.9%. The Group had no trade receivables from the Russian and Belarusian markets. Therefore, as at the date of publication of this report, the situation in the East has no significant impact on the Group's operations.

The detailed values of the receivables as at 31 March 2024 are presented in the table below.

Level of receivables as at 31 March 2024	Apator S.A.	Apator Group
Receivables from contractors		
Ukraine	1.6	1,817
Total trade receivables as at 31 March 2024	86,964	207,587
Share in Company's trade receivables	0.0%	-
Share in trade receivables of the Apator Group	-	0.9%

1.2. Consolidated statement of comprehensive income

ITEM	for the period	
	1 January 2024	1 January 2023
	31 March 2024	31 March 2023
Sales revenue of products and services	296,377	288,506
- to other entities	296,377	288,506
Cost of goods and services sold	(225,564)	(218,370)
- to other entities	(225,564)	(218,370)
Gross profit from sales	70,813	70,136
Sales costs	(11,253)	(11,483)
General administrative costs	(40,512)	(39,286)
Profit on sales	19,048	19,367
Result on other operating activities	(427)	(1,691)
Revenue	195	263
Costs	(622)	(1,954)
- of which result from impairment of receivables	(44)	(283)
Profit on operating activities	18,621	17,676
Result on financial activities	(3,243)	(4,390)
Revenue	1,575	1,293
Costs	(4,818)	(5,683)
- of which result from impairment of receivables	2	1

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Profit before tax	15,378	13,286
Current income tax	(3,309)	(4,623)
Deferred income tax	(50)	137
Net profit	12,019	8,800

ITEM	for the period	
	1 January 2024	1 January 2023
	31 March 2024	31 March 2023
Other comprehensive income		
Other net comprehensive income	(1,035)	2,693
Items that may be reclassified to profit or loss in the future		
Foreign exchange differences on translation of foreign operations	(979)	1,386
Result on hedge accounting with tax effect	(56)	1,307
Total comprehensive income	10,984	11,493
Net profit, of which attributable to:	12,019	8,800
shareholders of the parent company	11,970	8,546
non-controlling interests	49	254
Total comprehensive income, of which attributable to:	10,984	11,493
shareholders of the parent company	10,935	11,239
non-controlling interests	49	254

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1.3. Consolidated statement of changes in equity

ITEM	CAPITAL ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT COMPANY							Non-controlling interests	TOTAL EQUITY
	Share capital	Own shares	Other capital	Capital from the revaluation of a defined benefit plan	Capital from valuation of hedging transactions and foreign exchange differences on consolidation	Undistributed financial result	TOTAL		
Balance as at 1 January 2024	3,265	(3,522)	600,182	894	8,845	(72,699)	536,965	2,058	539,023
Changes in equity from 1 January 2024 to 31 March 2024									
Comprehensive income									
Net profit for the period from 1 January 2024 to 31 March 2024	-	-	-	-	-	11,970	11,970	49	12,019
Items that may be reclassified to financial result in the future									
Result on hedge accounting with tax effect	-	-	-	-	(56)	-	(56)	-	(56)
Net foreign exchange differences on translation of financial statements into presentation currency	-	-	-	-	(979)	-	(979)	-	(979)
Comprehensive income recognised in the period from 1 January 2024 to 31 March 2024	-	-	-	-	(1,035)	11,970	10,935	49	10,984
Balance at 31 March 2024	3,265	(3,522)	600,182	894	7,810	(60,729)	547,900	2,107	550,007

ITEM	CAPITAL ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT COMPANY							Non-controlling interests	TOTAL EQUITY
	Share capital	Own shares	Other capital	Capital from the revaluation of a defined benefit plan	Capital from valuation of hedging transactions and foreign exchange differences on consolidation	Undistributed financial result	TOTAL		
Balance as at 1 January 2023	3,265	(3,522)	562,967	1,147	2,705	(29,215)	537,347	1,801	539,148
Changes in equity from 1 January 2023 to 31 March 2023									
Comprehensive income									
Net profit for the period from 1 January 2023 to 31 March 2023	-	-	-	-	-	8,546	8,546	254	8,800
Distribution of result to supplementary capital	-	-	11	-	-	(11)	-	-	-
Items that may be reclassified to financial result in the future									
Result on hedge accounting with tax effect	-	-	-	-	1,307	-	1,307	-	1,307
Net foreign exchange differences on translation of financial statements into presentation currency	-	-	-	-	1,386	-	1,386	-	1,386
Comprehensive income recognised in the period from 1 January 2023 to 31 March 2023	-	-	11	-	2,693	8,535	11,239	254	11,493
Transactions with owners recognised directly in equity									
Other changes in capital	-	-	-	-	-	127	127	-	127
Total transactions with owners from 1 January 2023 to 31 March 2023	-	-	-	-	-	127	127	-	127
Balance as at 31 March 2023	3,265	(3,522)	562,978	1,147	5,398	(20,553)	548,713	2,055	550,768

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1.4. Consolidated cash flow statement

ITEM	for the period	
	1 January 2024	1 January 2023
	31 March 2024	31 March 2023
Cash flows from operating activities		
Profit before tax	15,378	13,286
Adjustments	17,655	20,526
Depreciation of intangible assets	3,207	3,729
Depreciation of tangible fixed assets	10,086	10,148
Profit on sale of tangible fixed assets and intangible assets	(10)	(53)
(Profit) loss due to change in fair value of derivatives	1,136	(1,031)
Interest costs	2,875	3,737
Revenue from interest	(74)	(80)
Other adjustments	435	4,076
Cash from operating activities before changes in working capital	33,033	33,812
Change in inventories	17,707	(12,270)
Change in receivables	(26,639)	(7,375)
Change in liabilities	11,814	10,407
Change in provisions	682	5,040
Change in prepayments and accruals	(4,032)	(3,326)
Cash generated in the course of operating activities	32,565	26,288
Income tax paid	(5,130)	(4,487)
Net cash from operating activities	27,435	21,801
Cash flows from investment activities		
Expenditure on the acquisition of intangible assets	(4,062)	(5,594)
Expenditure on the acquisition of tangible fixed assets	(6,849)	(4,202)
Proceeds from the sale of tangible fixed assets	1,487	45
Other expenditure	(2,009)	(21)
Net cash used from investment activities	(11,433)	(9,772)
Cash flows from financial activities		
Proceeds from credits and loans	5,658	9,306
Repayment of credits and loans	(19,379)	(17,009)
Interest	(2,401)	(3,438)
Repayment of liabilities arising from financial leases	(2,871)	(2,929)
Other expenditure	(407)	(280)
Net cash from financial activities	(19,400)	(14,350)
Net decrease in cash and cash equivalents	(3,398)	(2,321)
Opening balance of cash and cash equivalents	22,939	28,980
Closing balance of cash and cash equivalents	19,541	26,659

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1.5. Consolidated statement by operating segment

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

- Electricity
- Gas
- Water and Heat

Activities outside these segments were presented as “unallocated.”

ITEM	Electricity	Gas	Water and Heat	Unallocated	Total
Financial results of operating segments for the period from 1 January 2024 to 31 March 2024					
Revenue from sales	134,569	73,176	88,632	-	296,377
Cost of goods sold	101,863	60,843	62,858	-	225,564
Gross profit from sales	32,706	12,333	25,774	-	70,813
Sales costs	5,075	1,616	4,494	68	11,253
General administrative costs	17,425	7,990	14,426	671	40,512
Profit on sales	10,206	2,727	6,854	(739)	19,048
Other operating revenue (costs)	(361)	4	(70)	-	(427)
Profit on operating activities	9,845	2,731	6,784	(739)	18,621
Other financial revenue / costs	(844)	(997)	(1,402)	-	(3,243)
GROSS PROFIT	9,001	1,734	5,382	(739)	15,378
Amortisation and depreciation	5,946	2,764	4,583	-	13,293
EBITDA	15,791	5,495	11,367	(739)	31,914
Financial results of operating segments for the period from 1 January 2023 to 31 March 2023					
Revenue from sales	118,739	71,467	98,300	-	288,506
Cost of goods sold	94,528	56,646	67,196	-	218,370
Gross profit from sales	24,211	14,821	31,104	-	70,136
Sales costs	4,967	2,211	4,237	68	11,483
General administrative costs	15,037	8,574	14,434	1,241	39,286
Profit on sales	4,207	4,036	12,433	(1,309)	19,367
Other operating revenue (costs)	(452)	3	(1,242)	-	(1,691)
Profit on operating activities	3,755	4,039	11,191	(1,309)	17,676
Other financial revenue / costs	(991)	(1,213)	(2,186)	-	(4,390)
GROSS PROFIT	2,764	2,826	9,005	(1,309)	13,286
Amortisation and depreciation	6,704	3,146	4,027	-	13,877
EBITDA	10,459	7,185	15,218	(1,309)	31,553

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1.6. Geographical sales structure

The sales of the Apator Group by the following geographies are presented below:

- Country – covering sales within the country
- European Union + UK – sales made in the European Union and the United Kingdom
- Export – sales made in other countries

ITEM	Country	Export	EU	TOTAL
Sales revenues of geographical segments for the period from 1 January 2024 to 31 March 2024				
Total revenue	155,071	20,892	120,414	296,377
External sales	155,071	20,892	120,414	296,377
Sales revenues of geographical segments for the period 1 January 2023 to 31 March 2023				
Total revenue	147,659	23,842	117,005	288,506
External sales	147,659	23,842	117,005	288,506

1.7. Costs by type

ITEM	for the period	
	from 1 January 2024	from 1 January 2023
	to 31 March 2024	to 31 March 2023
Amortisation and depreciation	13,293	13,877
Consumption of materials and energy	138,305	156,077
External services	26,984	25,811
Employee benefits	75,887	65,318
Other costs	10,584	10,589
Manufacturing costs of products for entity's own purposes	(1,087)	(1,055)
Change in the status of finished goods, work in progress and prepayments and accruals	1,992	(19,270)
Cost of goods and materials sold	11,372	17,792
Total costs	277,329	269,139

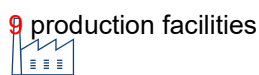
Name of entity:	Apator Group		
Period covered by the financial statements:	1 January 2024 – 31 March 2024	Reporting currency:	Polish zloty (PLN)
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2. General information

This quarterly report should be read in conjunction with Apator Group's 2023 statement of activities, available at the following link: https://api.apator.com/uploads/relacje-inwestorskie/dane-finansowe-i-raporty-okresowe/raporty-okresowe/2023/sko-roczne/Sprawozdanie_Zarzadu.xhtml

2.1. Organisation of the Apator Group

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



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

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



listed on the Warsaw Stock Exchange for 27 years



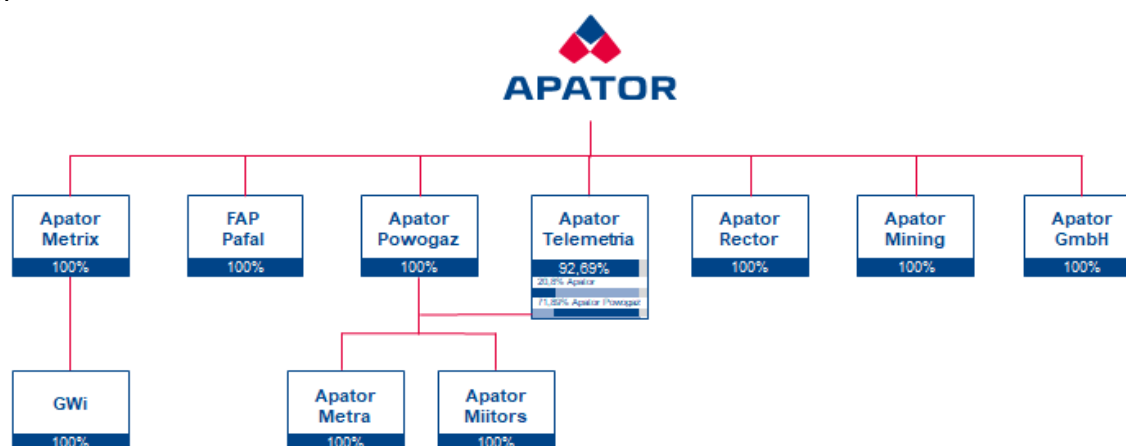
included in the sWIG80 and WIGdiv indexes



dividend company

2.2. Composition of the Apator Group and its business segments

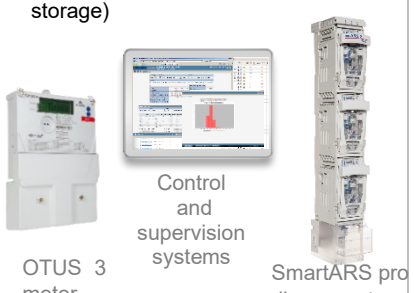


The structure of the Group as at 31 March 2024 and on the date of submission of this report was as follows:



After the balance sheet date, due to the unfavourable situation in the UK gas market in GWi Ltd. and a significant deterioration in the prospects of its operation and financial condition, the Board of Directors, having analysed the company's situation and legal options, decided to commence the procedure for the pre-packaged sale, where a potential purchaser of the whole company, its part or individual components of assets is sought.

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

Business segments	electricity	gas	water&heat
Business Business	<ul style="list-style-type: none"> electricity metering switchgear automation ICT 		
Companies forming the Segment	<ul style="list-style-type: none"> Apator S.A. (Toruń, Łódź, Poznań) Apator Rector (Zielona Góra) FAP Pafal (Świdnica) Apator GmbH (Germany) 	<ul style="list-style-type: none"> Apator Metrix (Tczew) GWi (the UK) Apator GmbH (Germany) 	<ul style="list-style-type: none"> Apator Powogaz (Jarzycki) Apator Telemetria (Słupsk) Apator Metra (Czech Republic) Apator Miitors (Denmark)
Solutions	<ul style="list-style-type: none"> Electronic energy meters (household, residential, industrial, prosumer), including smart class solutions (with remote reading function) Energy distribution devices Control and supervision systems Measurement data management systems Solutions for RES (automation, RES management systems, energy storage)  <p>OTUS 3 meter Control and supervision systems SmartARS pro disconnector</p>	<ul style="list-style-type: none"> Bellows gas meters (household, industrial), including smart class solutions (with remote reading function) Remote reading services, a system enabling stopping and resuming gas supply via the GSM network  <p>iSMART 2 gas meter hybridSMART</p>	<ul style="list-style-type: none"> Mechanical water meters (residential, household, industrial) - including smart class solutions (with remote reading function) Ultrasonic water meters Heat meter and heat cost allocators Remote reading and utility billing services, systems supporting network infrastructure management  <p>ULTRIMIS W water meter JS Smart + E-ITN allocator</p>
Main customers	<ul style="list-style-type: none"> distribution system operators (DSO) electricity grid wholesalers, electric assembly and wiring installation companies construction, industry and railway companies photovoltaic and wind farms, energy clusters and cooperatives, other RES sector entities 	<ul style="list-style-type: none"> gas companies/gas distributors and suppliers 	<ul style="list-style-type: none"> water, sewerage and heating companies housing cooperatives construction industry
Main markets	Poland, Germany, Brazil, Romania, Turkey, Estonia	Poland, Belgium, United Kingdom, Germany, Turkey	Poland, Czech Republic, Germany, Greece, Spain, Italy
Scale of sales in Q1 2024	PLN 134.6 million	PLN 73.2 million	PLN 88.6 million
Share of exports in revenue of the segment in Q1 2024	20.5%	85.0%	58.1%

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3. Summary of financial results

This section identifies significant achievements or failures with a list of the most important events concerning the Issuer and its Group, as well as factors and events, including those of an unusual nature, that have a significant impact on the financial statements. This quarterly report should be read in conjunction with Apator Group's 2023 statement of activities, available at the following link: https://api.apator.com/uploads/relacje-inwestorskie/dane-finansowe-i-raporty-okresowe/raporty-okresowe/2023/sko-roczne/Sprawozdanie_Zarzadu.xhtml

3.1. Results obtained in the first quarter of 2024

The Apator Group achieved the following financial results in the first quarter of 2024:

Item	Q1 2024	Q1 2023	Change	Growth rate
Sales revenue, including:	296,377	288,506	7,871	102.7%
country	155,071	147,659	7,412	105.0%
export	141,306	140,847	459	100.3%
Cost of goods sold	225,564	218,370	7,194	103.3%
Gross profit from sales	70,813	70,136	677	101.0%
Sales costs	11,253	11,483	-230	98.0%
General administrative costs	40,512	39,286	1,226	103.1%
Profit on sales	19,048	19,367	-319	98.4%
Result on other operating activities	-427	-1,691	1,264	25.3%
Share in profit of entities consolidated using the equity method	-	-	-	-
Profit on operating activities	18,621	17,676	945	105.3%
EBITDA	31,914	31,553	361	101.1%
Result on financial activities	-3,243	-4,390	1,147	73.9%
Profit before tax	15,378	13,286	2,092	115.7%
Current income tax	-3,309	-4,623	1,314	71.6%
Deferred income tax	-50	137	-187	-
Net profit	12,019	8,800	3,219	136.6%
Profitability ratios:				
Gross profit margin on sales	23.9%	24.3%		
Profit margin on sales	6.4%	6.7%		
EBITDA profit margin	10.8%	10.9%		
Net profit margin	4.1%	3.1%		

The main factors affecting financial performance in the first half of 2024 include:

- continued very strong performance of the Electricity segment in a favourable macroeconomic environment (lower raw material costs, strengthening of the PLN). An increase of more than 20% in domestic turnover, driven by revenue approaching its highest level in the electricity metering line. Significantly higher y/y profitability ratios at all levels;
- reversal of last year's trend of declining turnover in the Gas Segment, particularly in the context of an unfavourable political and economic environment and high uncertainty about the future of the sector;
- lower y/y results in Water and Heat due to the high baseline of the first quarter of 2023 and product mix changes resulting in lower profitability levels. Despite declines, margin ratios traditionally highest among all segments of the Apator group of companies;
- effective management of working capital and debt resulting in reduction of net working capital, inventory levels and a significantly lower level of debt of the Group y/y and, as a result, optimisation of costs of financing the inventories and interest costs while maintaining continuity of production and securing the future supplies;
- consistent work on cost efficiency in all areas of the Group's operations resulting – in a context of persistently high inflation – in lower growth of SG&A cost compared to revenues;

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- an improvement in the Group's result on financial activities due to significantly reduced debt servicing costs and the favourable situation on foreign exchange markets (better y-o-y result on foreign exchange transactions fully compensating for negative exchange rate differences).

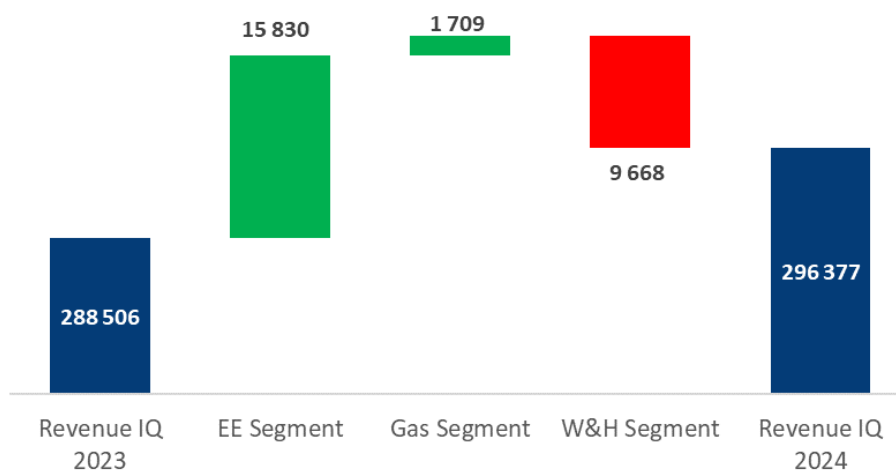
Revenue from sales

In the first quarter of 2024, the Apator Group generated revenues at a comparable y/y level, with total turnover reaching PLN 296.4 million. Sales increased in the Electricity and Gas segments, with lower y/y turnover recorded by the Water and Heat segment. Taking into account the directions of the conducted sales, mainly due to dynamic changes in Electricity, also in the scale of the entire Apator Group, an advantage of domestic turnover was marked. Revenue in Poland increased by 5.0% y/y, while export remained at a level similar to Q1 2023. As a consequence of this, the share of domestic sales in total turnover increased by 1.1 p.p., reaching 52.3% of the Group's revenue in the first quarter of 2024.

Item	Q1 2024 (PLN thous.)	Q1 2023 (PLN thous.)	Change y/y (PLN thous.)	Growth rate (%)
Electricity segment	134,569	118,739	15,830	113.3%
<i>country</i>	106,963	87,887	19,076	121.7%
<i>export</i>	27,606	30,852	-3,246	89.5%
<i>Share of exports in segment revenue</i>	20.5%	26.0%		
<i>share of exports of the Electricity segment in total sales revenue</i>	9.3%	10.7%		
Gas segment	73,176	71,467	1,709	102.4%
<i>country</i>	10,996	19,104	-8,109	57.6%
<i>export</i>	62,180	52,363	9,818	118.7%
<i>Share of exports in segment revenue</i>	85.0%	73.3%		
<i>share of exports of the Gas segment in total sales revenue</i>	21.0%	18.1%		
Water and Heat (W&H) segment	88,632	98,300	-9,668	90.2%
<i>country</i>	37,113	40,668	-3,555	91.3%
<i>export</i>	51,519	57,632	-6,113	89.4%
<i>Share of exports in segment revenue</i>	58.1%	58.6%		
<i>share of exports of the W&H segment in total sales revenue</i>	17.4%	20.0%		
Total sales revenue	296,377	288,506	7,871	102.7%
<i>country</i>	155,071	147,659	7,412	105.0%
<i>export</i>	141,306	140,847	459	100.3%
<i>share of total exports in total revenue</i>	47.7%	48.8%		

+ 2.7%

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The sales of individual segments were as follows:

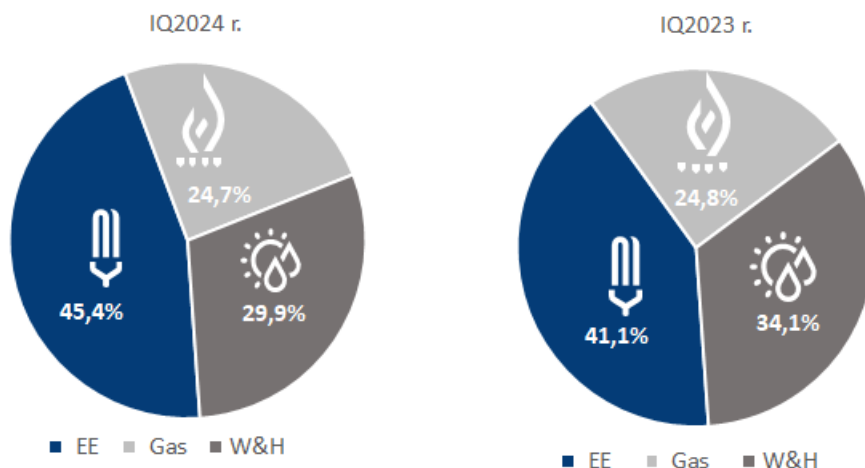
- Electricity segment – a strong increase in sales y/y driven by rapidly increasing turnover in the domestic market (+21.7% y/y):

 - electricity metering line (business line representing more than 70% of the revenues of the entire electricity segment in Q1 2024) – higher sales in the country by more than 70% y/y driven by the delivery of smart meters as part of the ongoing roll-outs in Poland;
 - weaker sales performance in the Switchgear line, as a result of a high baseline in Q1 2023, delays in the decision-making processes of some customers – the elections and personnel replacements in state-owned companies (which, however, should translate into cumulative demand and a gradual rebuilding of sales in the following quarters) and high price pressure from non-European suppliers;
 - a decrease in sales in the Automation line (accounting for less than 7% of the electricity segment's revenue), while sales in the ICT line (accounting for approximately 6% of the segment's sales) were higher by nearly 24% y/y.
- Gas segment – sales at last year's level, as a result of an 18.7% increase in exports, despite the negative impact of exchange rate changes (strengthening of the PLN against the euro). The improved performance is linked to the execution of a contract for smart gas meters in the Belgian market. On the other hand, the y/y decrease in domestic sales is due to delays in the decision-making processes regarding tender awards by the main gas grid operator in Poland, primarily in connection with the post-election replacement of customer personnel. As a result, deliveries of bellows gas meters are postponed – since the end of March this year.
- Water and Heat – lower turnover y/y, both domestically and in exports, in view of the high baseline of the first quarter of 2023 (in which the positive effects of intensified promotional activities, improved availability of components and overcoming the backlog of orders still postponed from 2022 were cumulative). In the case of exports, an additional unfavourable factor was the change in exchange rates (strengthening of the PLN against the euro). At the same time, the Segment, relying on a relatively dispersed and diverse group of existing and potential customers, is taking steps to increase turnover in other countries, resulting in increased sales in Germany, Greece, Italy and Norway, among others.

In view of the above-described changes in the sales structure of the Apator Group, the Electricity segment increased its share, and the share of the Gas segment remained at the level from the first quarter of 2023.

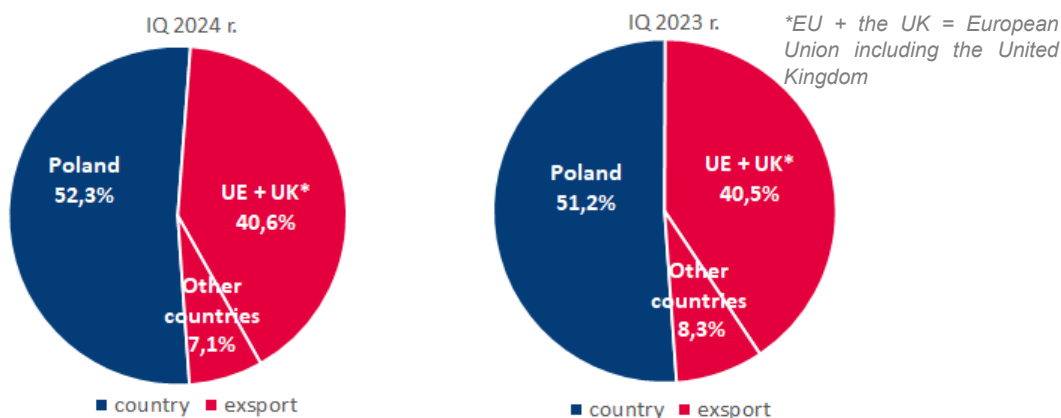
The sales structure of individual segments is as follows:

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Geographical sales structure

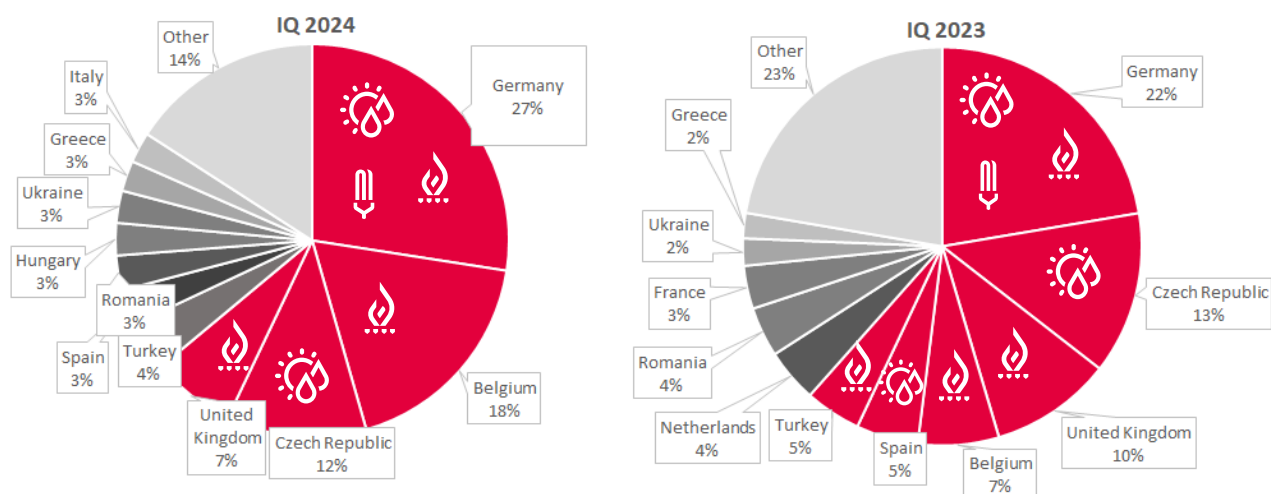
Domestic sales of the Apator Group developed in the first quarter of 2024 at a rate of 5% y/y, while turnover abroad remained at a level similar to the situation a year ago. The geographic structure of the Group's sales remains balanced, with revenues generated in Poland and in export accounting for a comparable share in sales (share fluctuations do not exceed a few per cent). This ensures stable diversification of operations and greater predictability of future sales results regardless of changes in the situation in the respective sales markets.



The main sales market for the Apator Group is Poland. The European Union (with a dominant share of the German, Belgian, Czech and Spanish markets) and Great Britain remain the Group's second largest sales market. In the sales structure of the Group in the first quarter of 2024 - compared to the first quarter of 2023 - the German market has consolidated its position at the top of the export destinations, thus taking over from the UK. The increase in the share of sales to Germany (by 5 p.p. y/y, to 27% in Q1 2024) was the result of rapidly increasing turnover in Water and Heat (ultrasonic water meters). An even higher increase in the share in total exports of the Apator Group was recorded by the Belgian market (by 11 p.p. to 18% in Q1 2024) due to the performance of further deliveries of smart gas meters as part of the ongoing roll-out in this market. New countries among the main export destinations, meanwhile, are Hungary and Italy. The Italian market is being supplied with flow sensors, cost allocators and ultrasonic water meters, while in the Hungarian market increased deliveries are being made by the Gas segment. At the same time, despite the ongoing war in

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Ukraine, the Group (mainly the Water and Heat and Gas segments) is gradually rebuilding sales in that market, hence the renewed presence of Ukraine among important export destinations.



Foreign sales – countries with a share of more than 5% in exports	Share in exports in Q1 2024	Sold products
Germany	27%	electricity meters, gas meters and water meters
Belgium	18%	gas meters
Czech Republic	12%	mainly water meters and cost allocators
United Kingdom	7%	gas meters

Seasonality of sales

The phenomenon of seasonality in the activity of the Apator Group is not particularly significant, the more so that due to the effects of the pandemic and now also the war in Ukraine, the turnover structure in recent years should not be considered representative of the phenomenon of seasonality, where factors of an unusual nature (disturbances in supply chains, high inflation) have a substantial impact.

Revenue reported in years	Q1	Q2	Q3	Q4
2022	237,063	256,711	281,226	306,792
2023	288,506	275,565	288,693	284,410
2024	296,377			

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Operating costs by function and nature

Item	Q1 2024 (PLN thous.)	Q1 2023 (PLN thous.)	Change y/y (PLN thous.)	Growth rate (%)
Costs by function				
Cost of goods sold (COGS)	225,564	218,370	7,194	103.3%
Selling, general and administrative expenses (SG&A)	51,765	50,769	996	102.0%
Total	277,329	269,139	8,190	103.0%
Costs by nature				
Amortisation and depreciation	13,293	13,877	-584	95.8%
Consumption of materials and energy	138,305	156,077	-17,772	88.6%
External services	26,984	25,811	1,173	104.5%
Employee benefits	75,887	65,318	10,569	116.2%
Other	10,584	10,589	-5	99.9%
Change in finished goods, work in progress and accruals	1,992	-19,270	21,262	-
Cost of goods and materials sold	11,372	17,792	-6,420	63.9%
Total	277,329	269,139	8,190	103.0%

The increase in operating expenses is linked to the increase in the scale of revenues and is driven by macroeconomic factors (including continued inflation and the increase in wages in the economy due to the increase in the minimum wage – both factors mainly affecting salary and third-party service items). The growth rate of changes in costs recorded in the first quarter of 2024 in the entire Apator Group was maintained at a level similar to the growth rate of revenues, which was due to the differentiated situation in individual segments of the Group:

- in the Electricity segment, which is the most dynamically developing, the rate of change of both the manufacturing cost and SG&A costs was below the growth rate of revenues, hence the definite improvement of profitability ratios y/y;
- in the Gas segment, with a relatively small increase in turnover, the growth rate of the cost of generation exceeded the rate of change in sales, which is related to a lower-margin product mix and the unfavourable impact of exchange rates. On the other hand, the effects of work to control and reduce selling and general costs (consequently lower by nearly 11% y/y) are clearly visible;
- less favourable was the situation in Water and Heat, where, with lower quarterly turnover, cost changes were unable to offset the scale of the reduction in sales (impact of inflation, exchange rates and increased competition). The perceived high competitive pressure in the field of ultrasonic water meters is currently a challenge in gaining new customers especially in the European Union countries, which also affects the cost of sales. In addition, the level of SG&A costs, which, being largely fixed costs in nature, depend more on the market situation than on the current scale of the company's operations. In spite of this, the profitability of the W&H Segment still remains at the highest level in the whole Apator Group.

The level of costs is subject to constant control and is optimised by measures aimed, among others, at further improvement of the efficiency of operations.

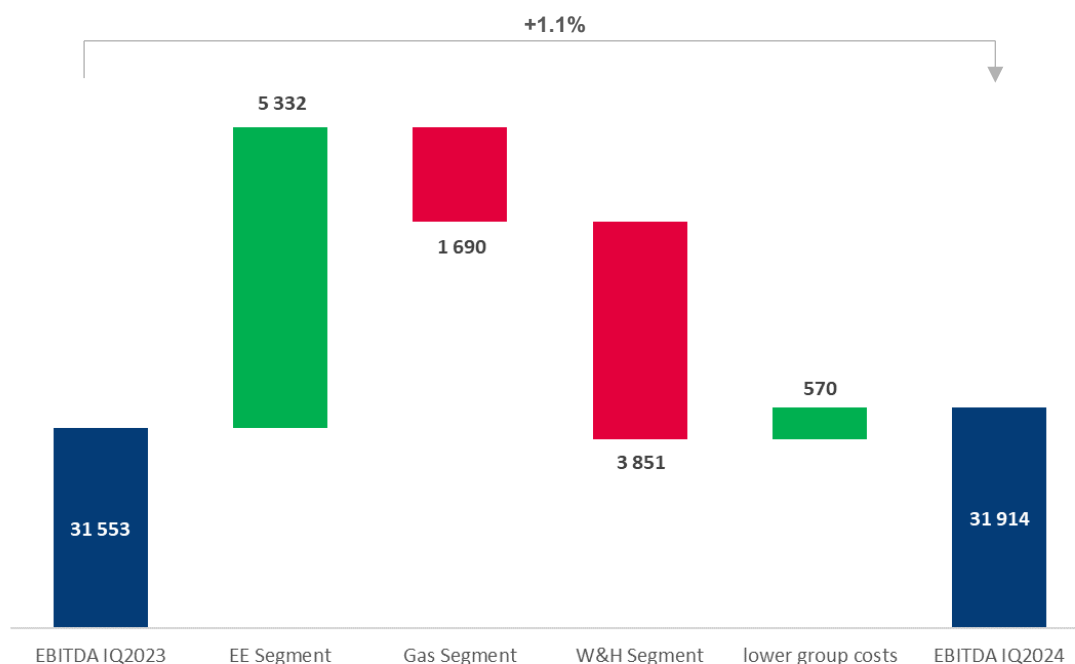
EBITDA

The impact on the comparable y/y level of consolidated EBITDA of the Apator Group in the first quarter of 2024 (PLN 31.9 million against PLN 31.6 million a year earlier) was due to the consistent improvement of results in the Electricity segment (an increase by more than 50% y/y), effectively compensating for the lower results of the other segments. This is a result of the simultaneous strong growth in turnover and higher profitability

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(EBITDA margin improvement of 2.9 p.p. to 11.7%). The increase in the level of margins (by 3.9 p.p. y/y for the gross margin and by more than 5.6 p.p. for the margin on sales) was possible primarily due to the work done in the area of purchasing policy resulting in the optimisation of the cost of TMC in the conditions of a more favourable macroeconomic situation (including lower raw material prices and the strengthening of the PLN). In addition, even in view of the significant impact of cost-generating factors (i.e. inflation and an increase in the minimum wage), also the dynamics of changes in the segment's SG&A costs was in the first quarter of this year lower than the rate of change of revenues. The EBITDA results of the other two segments were lower y/y, as mentioned in the section above.

At the same time, EBITDA was impacted by a negative result on other operating activities, which was mainly determined by provisions for liabilities in the electricity segment and write-downs on receivables in the other segments.



Net result

Consolidated net profit stood at PLN 12.0 million (up 36.6% y/y) driven by an improvement in the Group's result on financial activities and lower taxes. The improved result on financial activities is due to a significant reduction in the cost of servicing credit debt and the hedging policy against currency risks. Positive result on foreign exchange transactions: PLN 1.4 million, i.e. by PLN 0.4 million above the level of Q1 2023, fully offset the negative foreign exchange differences (PLN 1.1 million vs. PLN 0.9 million y/y).

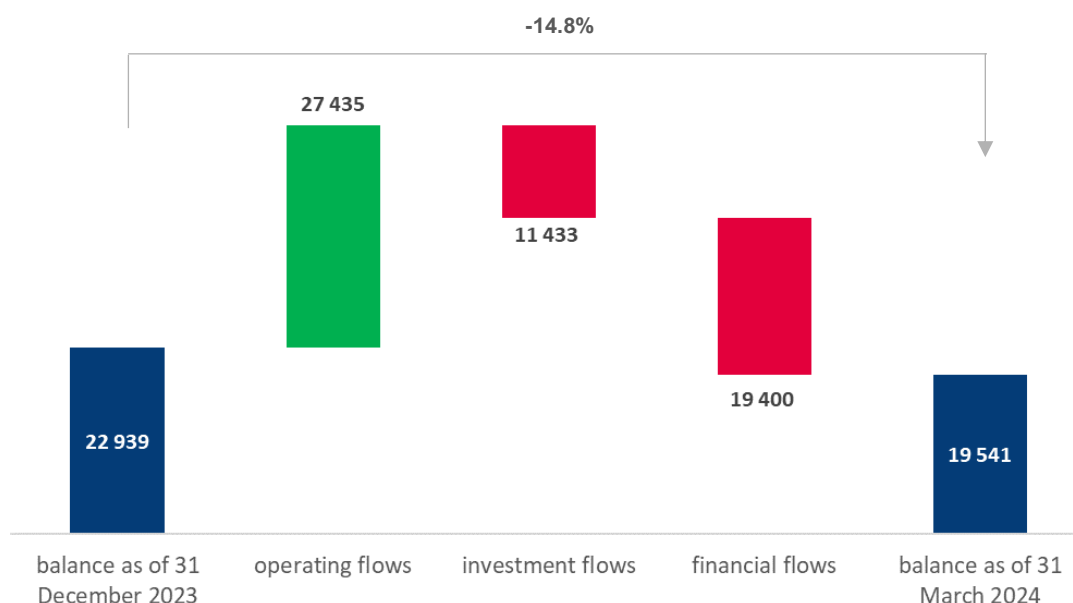
3.2. Assessment of the financial position

As at 31 March 2024, the cash balance was PLN 3.4 million lower compared to the end of 2023 and amounted to PLN 19.5 million. Cash levels were affected by the following factors:

- high positive cash flows from operating activity related to improved EBITDA-to-cash conversion ratio as a result of consistent working capital optimisation in an environment of growing sales, including a reduction in the level of inventories (by PLN 17.7 million y/y compared to the level at the end of last year) while maintaining provision for the needs of increased production and planned deliveries;

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- negative cash flows from investment activities mainly as a result of capital expenditure on fixed assets and intangible assets (including expenditure on new machinery and equipment, R&D work);
- negative cash flow balance related to repayment of credit debt (balance of credit liabilities including interest costs paid – PLN 16.1 million) and repayment of liabilities arising from financial leases (PLN -2.9 million).



Other key indicators	Q1 2024	Q1 2023	Formula
Current liquidity ratio	1.38	1.24	current assets/short-term liabilities
Quick ratio	0.75	0.63	(current assets – inventories) / short-term liabilities
Return on asset (ROA)*	3.99%	3.28%	net profit for the last 12 months / average total assets, calculated as an average of the opening and closing balances
Return on equity (ROE)*	7.18%	6.32%	net profit for the last 12 months / average equity calculated as the average of the opening and closing balances
Net debt (PLN thous.)	159,020	206,010	credits and loans – cash and cash equivalents – granted loans
Net debt / LTM EBITDA*	1.39	1.76	(credits and loans – cash and cash equivalents – granted loans) / EBITDA profit level for the last 12 months
CAPEX (PLN thous.)**	12,920	9,817	tangible and intangible investment expenditure
Working capital (PLN thous.)	266,669	276,154	(current assets – cash) – (short-term liabilities – short-term credits and loans)

*) LTM EBITDA and net profit adjusted for the effect of write-downs for GWi.

**) Change in capex for Q1 2023 compared to the version presented in last year's quarterly report is related to the change in the presentation of capital expenditures in the Apator Group (transition from the controlling method to accounting recognition, in accordance with CF).

The level of net working capital (NWC) was at the end of March 2024 by PLN 9.5 million lower compared to the end of March 2023, and at the same time slightly (by PLN 0.6 million) higher than at the end of last year. The

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y/y decrease in working capital was mainly driven (by PLN 39.3 million) by a lower level of inventories, which – with higher turnover – was the result of consistent work on their optimisation. As throughout 2023, in the first few months of this year, the Group's individual companies also took measures to reduce the cost of maintaining higher storage levels and the debt that finances them, while maintaining security and continuity of production and supply.

Thanks to the optimisation of working capital and the associated reduction in the scale of borrowing, the Apator Group's net financial debt at the end of Q1 2024 amounted to 159.0 million PLN and was lower both in comparison with the end of March 2023 and with the state at the end of the previous year (by PLN 47.0 million and PLN 10.1 million, respectively). The level of credit utilisation decreased in these periods by PLN 54.1 million (compared with the end of March 2023) and by PLN 13.5 million (compared with the end of December 2023), respectively. As a result of the reduction in debt and a comparable y/y EBITDA, the net debt to EBITDA LTM ratio (adjusted) at the end of Q1 2024 was even lower than that in the earlier periods and amounted to 1.39x (compared to 1.76x at the end of March 2023 and 1.48x at the end of last year).

The capital expenditure incurred in the first quarter of 2024 related primarily to Group-wide research and development expenditure. work continued, for example, on the development of the Ultrimis family of water meters – new applications, measurement ranges and accuracy classes, new types of electricity meters, the development of new or implementation of the next generation of software solutions, e.g. the remote reading system for water and heat meters, and a number of other solutions to support management and improve energy efficiency for customers).

4. Information on factors that will affect the future results of the Apator Group

4.1. Risk and threat factors

All significant risk factors and threats in the Apator Group are identified, analyzed and controlled on an ongoing basis. Risk management is implemented based on the model of three lines of defense and uniform principles and methodology developed based on the international standard ISO 31000. At the individual Group companies, risk management is an integral part of their management systems and continues to be supervised by the parent company.

The risk management policy adopted at the Group includes risk controls broken down into:

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

The detailed description of risk factors that may have an impact on the activity of the Apator Group is presented in the Report of the Management Board on the Activities of the Apator Group for 2023 in Chapter 8 under the link: https://api.apator.com/uploads/relacje-inwestorskie/dane-finansowe-i-raporty-okresowe/raporty-okresowe/2023/sko-roczne/Sprawozdanie_Zarzadu.xhtml

In the opinion of the Management Board, the risks identified in the aforementioned document remain valid. Nevertheless, the Management Board notes that the factors that will affect results in the coming quarters are the global and local effects of the overlapping crises that have occurred in recent years. At the same time, the Apator Group is subject to global trends and environmental conditions, which continue to be influenced by, among other things, the negative effects of the war in Ukraine and the conflict in the Middle East.

Key risk factors that could negatively affect performance in the coming quarters remain:

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- potential costs related to the company GWi Ltd, which are difficult to estimate at the date of publication of this report. A pre-packaged sale of the company is currently underway, where a potential purchaser of the whole company, its part or individual components of assets is sought;
- uncertainty in the gas market related to EU energy policy and the approach to gaseous fuel. The gradual switch of the economy and consumers to other fuels (fuel switching) is visible in EU countries – the industry emphasises that the future of the energy sector is gaseous fuels being a mixture of natural gas and renewable gases, and consequently renewable gases alone. The Apator Group expects the gas market to stabilise in 2024, and the future of the Gas segment is the subject of strategic measures, where alternative markets for the existing product lines are actively sought and the offer is modified to suit new customer groups. It should be borne in mind that the effects of these measures are expected over a longer period of time;
- uncertainty about the market for production components in terms of availability, prices and delivery times (further influenced by the unfavourable situation in the Red Sea). However, it is worth noting that there has been a partial normalization and stabilization of the situation in this market, a trend of supply chains turning back to Europe can be noted — the anticipated better availability of electronic components in the medium term, with the situation still being a significant challenge for all companies in the Apator Group;
- a slowdown in new investment and purchasing decisions in the energy sector related to personnel changes in state-owned companies. This factor is likely to influence DNO investment decisions in the first half of 2024;
- noticeable weaker financial condition of local governments and housing cooperatives as a result of high inflation, especially in energy utilities, affecting reduced demand for new metering solutions (particularly in the area of water and sewerage and district heating). The industry is looking forward to the distribution of funds under the RRF;
- inflation, increases in labour costs, unstable prices of energy carriers (coal, gas, district heating, etc.); In order to mitigate the negative effects of price increases, the Apator Group all the time works on optimisation of costs and implements a number of measures to improve efficiency, such as optimization/automation of production, changes in the product mix aimed at improving profitability and dynamic pricing policies;
- volatile financial markets, high interest rates and high exchange rate volatility. The companies of the Group — by reducing their exposure to financial risks — take care of securing currency positions, effective involvement of working capital and minimization of debt servicing costs.

At the same time, the Management Board notes that risk factors arising from legal, political, economic conditions (both local and global), which are beyond the reach and control of the Company/Group, may actually result in underperformance.

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

4.2. Prospects

A detailed description of the prospects and development factors for individual segments, which will determine the operations and results of the Apator Group, is presented in Chapters 3 and 4 of the Report of the Management Board on the activities of the Apator Group for 2023. In the opinion of the Management Board, the prospects indicated in the aforementioned document remain valid.

Link to the document: https://api.apator.com/uploads/relacje-inwestorskie/dane-finansowe-i-raporty-okresowe/raporty-okresowe/2023/sko-roczne/Sprawozdanie_Zarzadu.xhtml

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The Apator Group operates in sectors of the economy that have recently been undergoing dynamic regulatory and technological transformation, which creates new opportunities and development possibilities for the Group. Among the important favorable trends, the following should be noted:

- the focus of EU policy on supporting and shifting European economies towards climate neutrality (The European Green Deal, Blue Deal, Fit for 55 and REPowerEU) is redirecting funding toward environmentally sustainable technologies and innovations, increasing demand for green energy, pressure to conserve natural resources and increasing environmental awareness of societies;
- positive effects resulting from the unlocking of funding under the National Recovery and Resilience Plan, which envisages the allocation of a significant portion of funds for green transition (among other things, for further development of RES, modernization and expansion of electricity grids, energy efficiency, green transformation of cities and municipalities, etc.). The first part of the funds, in the form of an advance of about PLN 5 billion, was unlocked in Q4 2023. Subsequent tranches will be released sequentially in 2024, so the procedures for allocating these funds to beneficiaries can be expected to accelerate;
- the digitization of all sectors of the economy, including the energy sector, related, among others, to the collection and processing of huge amounts of data, as well as the need for high-quality digital security and automation of processes;
- the gradual decentralization of the energy sector and the growing participation of new market participants: RES power generators and prosumers, which necessitates the need to ensure system balancing with a dynamically increasing share of distributed generation on the part of DNOs, and generates demand for new products and services for RES energy management on the part of business and individual customers.
- the acceleration of regulatory efforts to foster the return of supply chains to Europe, which has been supported by regulations at the EU level (the European Chips Act, the EU's NetZero Industry Act — NZIA, and the European Critical Raw Materials Act — CRMA)-
- good prospects related to rising utility costs and the consequent growing trend towards utility savings, including water conservation as a result of shortages of this resource, as well as regulatory pressures (replacements of traditional water and heat meters with remote-reading meters being implemented throughout Europe). In the domestic market, increased demand for smart class solutions due to the introduced amendment to the Energy Efficiency Act imposing on owners or management of multi-unit buildings the obligation to install, by January 1, 2027, heat meters, water meters and heat allocators with remote reading. In addition, interest is expected to increase in remote reading systems, water and heat billing services, technical solutions for water quality monitoring or leak detection (particularly strong demand for complex solutions among water and sewage companies);
- successively increasing demand for electronic (as opposed to mechanical) flow/water consumption measurement technologies that guarantee the highest classes of measurement accuracy. Increased customer interest, particularly in ultrasonic water meters that eliminate water losses;

5. List of most significant events

5.1. List of events in 2024

1. On 31 January 2024, at a Shareholder's request, 4,876 series A registered shares of the nominal value of PLN 0.10 each, with 1:4 voting preference at the General Meeting, were converted into ordinary bearer shares. As a result of the conversion of series A registered shares, the preference of 4,876 shares subject to conversion expired, the amount of the Company's share capital did not change and was PLN 3,264,707.30, while the total number of votes at the Company's Shareholders Meeting

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- changed and amounted to 54,626,618 votes after the conversion. The aforementioned shares were assimilated and listed on 29 February 2024.
2. On 14 February 2024, the Management Board of Apator S.A. informed about receipt from Incobex sp. z o.o. of orders for installation and delivery of balancing systems for a total amount of PLN 20.6 million with delivery dates by the end of November 2024. The final recipient of the balancing systems is Energa - Operator SA under a non-public procedure: "Supply of integrated balancing systems." By the end of April 2024, the value of completed deliveries amounted to nearly PLN 5 million.
 3. On 21 February 2024, Apator S.A. received an order for payment, issued on 2 February 2024 by the District Court in Poznań, by which the Court awarded from Apator S.A. in favour of Enea Operator Sp. z o.o. with its registered office in Poznań, the amount of PLN 1.8 million with statutory interest and costs of the proceedings. Apator S.A. intends to file an objection to the order for payment, in which it will request that the claim be dismissed in its entirety. The adjudged amount refers to the contractual penalty for untimely performance by Apator S.A. of a service, the value of which was much lower than the adjudged amount (approx. 13% of that amount). Apator S.A. voluntarily paid Enea Operator Sp. z o.o. part of the claimed contractual penalty, which it considered undisputed, which was not indicated in the statement of claim. Moreover, significantly, the service was performed by Apator S.A. and received by Enea Operator Sp. z o.o. without comments. Enea Operator Sp. z o.o. did not suffer any damage due to the untimely completion.
 4. On 22 February 2024, the Management Board of Giełda Papierów Wartościowych w Warszawie S.A. adopted Resolution No. 220/2024 in which it stated that 4,876 ordinary bearer shares of Apator S.A. of the nominal value of PLN 0.10 each, marked by Krajowy Depozyt Papierów Wartościowych S.A. with the code "PLAPATR00133", were admitted to trading on the main market. At the same time, as of 29 February 2024, the Management Board of Giełda Papierów Wartościowych w Warszawie S.A. decided to introduce the above-mentioned shares for trading on the main market, subject to their assimilation by Krajowy Depozyt Papierów Wartościowych S.A., on 29 February 2024, with the listed shares of the Company marked with the "PLAPATR00018" code. On 26 February 2024, Krajowy Depozyt Papierów Wartościowych S.A. issued a statement that it had decided to perform, as of 29 February 2024, the assimilation of 4,876 ordinary bearer shares with the "PLAPATR00133" code with the traded shares of the Company bearing the "PLAPATR00018" code. Accordingly, on 29 February 2024, the condition set out in the aforementioned Resolution of the Management Board of Giełda Papierów Wartościowych w Warszawie S.A. was fulfilled and the shares were listed on the main market on that date.
 5. On 27 February 2024, the Management Board of Apator S.A. informed about receipt from ZUP Emiter sp. z o.o. of an order for the installation and delivery of balancing systems for the total amount of PLN 31 million with delivery dates until the end of November 2024. By the end of April 2024, the value of completed deliveries amounted to PLN 5 million.
 6. On 4 March 2024, the Management Board of Apator S.A. received information about the selection of the offer of the subsidiary Apator Metrix S.A. as the most favourable one, in nine tasks being part of the tender for the supply of bellow gas meters for Polska Spółka Gazownictwa Sp. z o.o. The value of the offer is PLN 54.5 million and the deliveries will be made within 24 months from the date of the contract. The terms of the tender provide for the right of option, enabling a possible increase or decrease in the order volume by a maximum of 20%. Since the procurement procedure was non-public and conducted by open tender, the Contracting Authority stipulated that no protests or appeals could be lodged. The agreement for the supply of bellow gas meters between Apator Metrix S.A. and Polska Spółka Gazownictwa Sp. z o.o. was concluded on 11 March 2024. By the end of April this year, deliveries of a total value of nearly PLN 4.6 million were completed.
 7. On 21 March 2024, the Management Board of Apator S.A. received resignation from Robert Kowalski from his position as a Member of the Management Board of Apator S.A. as of 14 May 2024. The reason for the resignation is the appointment of Robert Kowalski to perform the function in the Management Board of the state-owned company.

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5.2. List of events after the balance sheet date

- On 5 April 2024, the Management Board of Apator S.A. informed that as a result of the lack of continuation of operations of GWi, based in Coventry, the UK it created in the consolidated statement for 2023 appropriate write-downs in the estimated amount of GBP 2 million (approx. PLN 10 million). The announcement further notes that the potential costs associated with the liquidation of GWi are difficult to estimate, while the liabilities under the loan taken by GWi amounting to GBP 4 million, under the joint credit limit under the multi-purpose agreement with bank PKO BP S.A., remain in the Apator Group and have no impact on the consolidated statements of the Apator Group. The credit will be repaid in accordance with the agreement.
At present, the Board of Directors of GWi Ltd, having analysed the situation of the company and legal possibilities, decided to start the procedure of pre-packaged sale, where a potential purchaser of the whole company, its part or individual components of assets is sought.

6. Additional information

6.1. Credits, loans, guarantees

The state of credits and loans of the Apator Group:

Item	as at		Change
	31 March 2024	31 December 2023	
Long-term credits and loans	28,314	29,545	-1,231
Short-term credits and loans	150,247	162,511	- 12,646
Total credits and loans	178,561	192,056	- 13,495

6.1.1. Credits

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

1. Apator Group

- Multi-product agreement of 22 June 2016

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

The collateral of the Agreement is as follows:

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

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

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

- from used credit limits – PLN 112.8 million,
- from guarantees and letters of credit issued – PLN 16.8 million,
- from supplier financing – PLN 4.4 million.

b) Multi-purpose agreement dated 26 May 2023

On May 26, 2023, by and among Powszechna Kasa Oszczędności Bank Polski S.A. and companies of Apator Group: Apator S.A., Apator Powogaz S.A. and Apator Metrix S.A. a multi-purpose credit limit agreement was concluded for the total amount of PLN 80 million. The agreement was concluded for a period of two years, i.e. until 26 May 2025. On 23 November, Annex 1 to the Agreement was concluded, under which another Borrower was added - GWi, a company based in the UK. The amount of the credit limit has not changed. The limit can be used in the form of working capital credits, bank guarantees and letters of credit. The interest rate on the limit is based on WIBOR/EURIBOR 1M, SOFR/SONIA ON plus the bank's margin.

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

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

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

- from used credit limits PLN 28.8 million,
- from guarantees and letters of credit issued – PLN 12 million,

2. Apator Powogaz S.A.:

a) on 4 December 2020, concluded with PKO Bank Polski S.A. with its registered office in Warsaw, an investment credit agreement in the amount of PLN 39.1 million with the possibility of increasing it to PLN 41 million. On 6 May 2022, an annex was concluded, which increased the financing amount by PLN 0.9 million. The credit was used to finance the acquisition of land and the construction of a production facility in Jarzyski near Poznań, on the basis of an agreement with the General Contractor. The interest rate is determined as follows:

- up to PLN 39.1 million — fixed interest rate of 1.3% p.a. increased by the Bank margin.
- above PLN 39.1 million and up to PLN 41.9 million — interest rate based on a variable interest rate of WIBOR 1M increased by the Bank margin.

As at 31 March 2024, credit collateral includes:

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

The credit repayment period is determined to be from 31 July 2022 to 4 December 2030. As at 31 March 2024, the debt under the above credit amounted to PLN 33.7 million.

b) on June 5, 2023, Apator Powogaz S.A. concluded, with PKO Faktoring S.A., a factoring agreement with a financing limit of up to PLN 15 million, effective until June 4, 2024. The interest rate was determined based on the WIBOR/EURIBOR 1M rate plus margin. The

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agreement is secured by a power of attorney to the bank account and a blank promissory note with a promissory note agreement. As at 31 March 2024, the value of the used limit was PLN 5.6 million.

- c) has entered into a factoring agreement with ING Commercial Finance Polska S.A. with a limit of up to PLN 4.5 million to finance current operations. On 22 September 2022, an annex to the above agreement was signed extending the method of financing to both with and without assuming the solvency risk of customers. The interest rate on the financing was set at a variable rate, depending on use, equal to WIBOR 1M or EURIBOR 1M plus the Bank's margin. The agreement is secured by a blank promissory note. As at 31 March 2024, the company has not used funding.

3. Spółka Apator Metra s.r.o. has drawn a credit from Raiffeisenbank a.s. in the amount of CZK 30 million, the purpose of which is to finance current business activities. The agreement is concluded for an indefinite period. The interest rate was determined based on the variable 1D PRIBOR rate plus the bank margin. The credit is secured by a pledge on property in the amount of CZK 50 million (i.e. PLN 8.5 million according to the average exchange rate of the ING bank as at 29 March 2024 for CZK = PLN 0.17), together with the assignment of rights under the all-risk property insurance policy. As at 31 March 2024, the use of the credit was CZK 8,4 million (PLN 1,4 million).

4. Apator Telemetria Sp. z o.o. on 24 March 2022, concluded with mBank S.A. an e-credit agreement for supplier financing, with a limit of PLN 7 million. On 28 February 2023, an annex to the agreement was concluded, extending its term to 20 June 2024. The interest rate on the financing was set at a variable rate, depending on use, equal to WIBOR 1M or EURIBOR 1M plus the Bank's margin. The agreement is secured by a blank promissory note. As at 31 March 2024, the amount of used financing was PLN 1.9 million.

In the first quarter of 2024, no bank terminated a credit agreement for any company of the Apator Group, and the companies of the Apator Group were duly repaying their liabilities under the concluded credit agreements.

6.1.2. Loans

In 2023, the companies in the Apator Group did not grant loans to entities outside the Group.

As at 31 March 2024, Apator Powogaz S.A. has a receivable under a consolidated loan in the amount of EUR 1.5 million granted to the subsidiary Apator Miitors ApS. The nominal interest rate on the loan is 2%. On 20 November 2020, Apator Powogaz and Apator Miitors ApS concluded an annex extending the loan repayment period until the end of 2029. As at 31 March 2024, the amount of the outstanding loan (including interest) was EUR 1.1 million (i.e. PLN 4.7 million according to the average exchange rate of the ING bank as at 29 March 2024 for EUR = PLN 4.2959).

6.1.3. Sureties and guarantees

In the first quarter of 2024, the companies in the Apator Group did not grant sureties to entities outside the Group.

As at 31 March 2024, the state of granted sureties and guarantees is as follows:

1. Apator S.A.:

- conditional surety for payment under the concluded lease agreement for the purchase of tangible assets by and between Apator Rector Sp. z o.o. and mLeasing Sp. z o.o. in the total amount of PLN 0.2 million with a maximum term until 14 December 2024. The commission for the granted surety is calculated on a quarterly basis based on the rate of 1.2% p.a.

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As at 31 March 2024, the Apator Group also had active guarantees issued by insurers and banks.

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

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

6.3. Transactions with related entities

Between the companies of the Apator Group, there is cooperation in business areas, in the field of financial activity and in the field of support functions (mainly IT). In 2024, under that cooperation, as in the previous periods, neither Apator S.A., nor any of its subsidiaries entered into transactions with related entities concluded on terms other than arm's length terms.

6.4. Entities subject to consolidation as at 31 March 2024

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

Segment	Business line	Company	Registered office	Share in capital	Relation with Apator S.A.
Electricity (EE)	Electricity metering	FAP Pafal S.A.	Świdnica	100%	Subsidiary of Apator S.A.
	ICT	Apator Rector Sp. z o. o.	Zielona Góra	100%	Subsidiary of Apator S.A.
	Trading in mining equipment (small-scale activity — not a business line)	Apator Mining Sp. z o. o.	Katowice	100%	Subsidiary of Apator S.A.
Electricity / Gas	Electricity and gas metering	Apator GmbH	Berlin (Germany)	100%	Subsidiary of Apator S.A.
Gas	-	Apator Metrix S.A.	Tczew	100%	Subsidiary of Apator S.A.
		GWi Ltd.	Coventry (the UK)	100%	Indirect subsidiary of Apator S.A. through Apator Metrix S.A. Indirect participation through Apator Metrix S.A.
Water & Heat (W&H)	-	Apator Powogaz S.A.	Jaryszki	100%	Subsidiary of Apator S.A.
		Apator Metra s. r. o.	Sumperk (Czech Republic)	100%	Indirect subsidiary of Apator S.A. through Apator Powogaz S.A.

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Segment	Business line	Company	Registered office	Share in capital	Relation with Apator S.A.
					Indirect participation through Apator Powogaz S.A.
		Apator Miitors ApS	Aarhus (Denmark)	100%	Indirect subsidiary of Apator S.A. through Apator Powogaz S.A. Indirect participation through Apator Powogaz S.A.
		Apator Telemetry Sp. z o. o.	Ślupsk	92.69%	Direct subsidiary of Apator S.A. in 20.8% and indirect subsidiary of Apator Powogaz S.A. in 71.89%

6.5. Changes in the organisation of the Apator Group in the first quarter of 2024

In the first quarter of 2024 and until the date of publication of this report, there were no changes in the structure of the entity, including as a result of business combinations, acquisitions or sales of entities in the Apator Group, long-term investments, demergers and restructurings.

After the balance sheet date, due to the unfavourable situation in the UK gas market in GWi Ltd. and a significant deterioration in the prospects of its operation and financial condition, the Board of Directors of that company, having analysed the company's situation and legal options, decided to commence the procedure for the pre-packaged sale, where a potential purchaser of the whole company, its part or individual components of assets is sought.

6.6. Composition of management and supervisory bodies of the parent company

Supervisory Board

As at 31 March 2024, and as at the date of publication of this report, the composition of the Supervisory Board of Apator S.A. was as follows:

1. Janusz Niedźwiecki - President of the Supervisory Board (independent within the meaning of the Good Practices of WSE Listed Companies 2021),
2. Mariusz Lewicki - Deputy President of the Supervisory Board,
3. Janusz Marzygłowski - Supervisory Board Member,
4. Danuta Guzowska - Supervisory Board Member,
5. Kazimierz Piotrowski - Supervisory Board Member,
6. Marcin Murawski - Member of the Supervisory Board (independent within the meaning of the Good Practices of WSE Listed Companies 2021),
7. Tadeusz Sosgórnik - Supervisory Board Member.

The current 5-year term of the Supervisory Board began on the date of the Ordinary General Meeting approving the 2019 statements i.e. on July 2, 2020 and will last until the date of the Ordinary General Meeting in 2025.

Management Board

In the first "Waste management and closed-loop economy" the Management Board of Apator SA is composed of three persons:

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

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On 21 March 2024, the Management Board of Apator S.A. received the resignation from Robert Kowalski from his position as a Member of the Management Board of Apator S.A. as of 14 May 2024, therefore, as of 15 May 2024, the number of Members of the Management Board decreased to two.

The joint term of office of the Management Board lasts three years and the terms of office of Management Board Members expire on the day of the General Shareholders Meeting to be held in 2025.

6.7. Shares, Shareholders

6.7.1. Share capital

As at 31 March 2024 and on the date of publication of this report, the share capital of Apator S.A. amounts to PLN 3,264,707.30 and consists of 32,647,073 shares with a nominal value of PLN 0.10 each, which is divided as follows:

	Status as at 16 May 2024			
	Number of shares	Structure of shares %	Number of votes	Structure of votes %
Registered shares	7,326,515	22.4%	29,306,060	53.6%
Bearer shares	25,320,558	77.6%	25,320,558	46.4%
Total shares	32,647,073	100.00%	54,626,618	100.00%

Each bearer share gives the right to one vote, while registered shares are preference shares – one share gives the right to four votes at the Shareholders Meeting of the Company.

6.7.2. Ownership status and changes in the structure of significant shareholders

Information on shareholders holding at least 5% of the total number of votes:

Item	Status as at February 29, 2024				Status as at 16 May 2024				Change in the balance	
	shares	votes	shares (%)	votes (%)	shares	votes	shares (%)	votes (%)	purchase	sales
Apator Mining	3,600,000	3,600,000	11.03%	6.59%	3,600,000	3,600,000	11.03%	6.59%	-	-
PTE Allianz Polska S.A.*	4,545,864	4,545,864	13.92%	8.32%	4,545,864	4,545,864	13.92%	8.32%	-	-
Mariusz Lewicki	2,318,000	5,880,128	7.10%	10.76%	2,318,000	5,880,128	7.10%	10.76%	-	-
Tadeusz Sosgórnik with a closely associated person**	1,908,731	6,423,731	5.85%	11.76%	1,864,200	6,439,200	5.71%	11.79%	-	-44,531
Danuta Guzowska	1,520,279	4,382,921	4.66%	8.02%	1,520,279	4,382,921	4.66%	8.02%	-	-
Zbigniew Jaworski	1,502,000	3,801,044	4.60%	6.96%	1,502,000	3,801,044	4.60%	6.96%	-	-
Kazimierz Piotrowski with a closely associated person	823,955	2,818,277	2.52%	5.16%	823,955	2,818,277	2.52%	5.16%	-	-
Summary	16,218,829	31,451,965	49.68%	57.58%	16,174,298	31,467,434	49.54%	57.60%	0	-44,531

*) Shares held by PTE Allianz Polska S.A. determined based on a notification from PTE Allianz Polska S.A. of 5 January 2023. The balance includes shares credited to the account of Allianz OFE (due to the liquidation of Drugi Allianz OFE and the transfer of its assets to Allianz OFE) and Allianz DFE. In addition, according to information from PTE Allianz Polska S.A. of 12 May 2023, after the liquidation of Drugi Allianz OFE, 4,539,876 shares, representing 13.91% of the Company's share capital, were credited to Allianz OFE's account, which gives the right to exercise 4,539,876 votes from shares representing 8.31% of the total number of votes at the Company's General Meeting.

**) The shareholding of Tadeusz Sosgórnik is presented together with the shareholding of a person closely associated with him.

Name of entity:	Apator Group		
Period covered by the financial statements:	1 January 2024 – 31 March 2024	Reporting currency:	Polish zloty (PLN)
Rounding level:	all amounts are expressed in thousands of Polish zloty (unless otherwise indicated)		

6.7.3. Ownership and changes in shareholding by management and supervisory personnel

Item	Status as at 29 February 2024*				Status as at 16 May 2024*				Change in the balance	
	shares	votes	shares (%)	votes (%)	shares	votes	shares (%)	votes (%)	purchase	Sale/donation
Supervisory Board Mariusz Lewicki	2,318,000	5,880,128	7.10%	10.76%	2,318,000	5,880,128	7.10%	10.76%	-	-
Supervisory Board Tadeusz Sosgórnik	1,659,200	6,174,200	5.08%	11.30%	1,679,200	6,254,200	5.14%	11.45%	20,000	-
Supervisory Board Danuta Guzowska	1,520,279	4,382,921	4.66%	8.02%	1,520,279	4,382,921	4.66%	8.02%	-	-
Supervisory Board Janusz Marzygliński	289,849	893,431	0.89%	1.64%	289,849	893,431	0.89%	1.64%	-	-
Supervisory Board Kazimierz Piotrowski	587,147	2,107,853	1.80%	3.86%	587,147	2,107,853	1.80%	3.86%	-	-
Supervisory Board Janusz Niedźwiecki	255,810	945,117	0.78%	1.73%	255,810	945,117	0.78%	1.73%	-	-
Summary	6,630,285	20,383,650	20.31%	37.31%	6,650,285	20,463,650	20.37%	37.46%	20,000	-

*) The data includes only shares held by management and supervisory personnel, not including shares held by close friends and relatives.

Members of the Management Board of Apator S.A. do not hold shares in the Company.

6.7.4. Profit dividend for 2023

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

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

Apator S.A., since its stock exchange debut in 1997, has paid its shareholders approx. PLN 530 million in dividends and share buyback programs.

7. Summary

the Management Board of Apator S.A. states that the factors and events indicated in the consolidated interim report include all relevant information on significant achievements and failures, as well as information relevant for the assessment of the situation of the Apator Group, including the personnel, property, financial situation, financial result and changes thereto and the assessment of the possibility of the Company and the Group to meet their liabilities.

Name of entity:	Apator Group		
Period covered by the financial statements:	1 January 2024 – 31 March 2024	Reporting currency:	Polish zloty (PLN)
Rounding level:	all amounts are expressed in thousands of Polish zloty (unless otherwise indicated)		

8. Information on the principles adopted in the preparation of the report, in particular, information on changes in the applied accounting principles (policies)

8.1. Accounting Principles

Starting from 2005, in accordance with the obligation imposed by the amendment to the Accounting Act, consolidated financial statements of the Apator Group are prepared in accordance with International Financial Reporting Standards. At the same time, the opportunities provided by the Accounting Act and the general meetings of Apator S.A. were used and companies in the Apator Group have adopted resolutions that reports of entities in the Group will be prepared according to IFRS/IAS (both separate and consolidated).

The financial statements (separate and consolidated) as of 31 March 2024, have been prepared in accordance with the International Financial Reporting Standards (IFRS/IAS) and related interpretations announced in the form of regulations of the European Commission, in Polish zloty, due to the fact that Polish zloty is the basic currency in which the business operations of Grupa Apator are denominated.

The financial statements of foreign group entities have been translated into the reporting currency based on the principles derived from International Accounting Standard No. 21.

The financial statements have been prepared on the assumption that the Group companies will continue as a going concern for the foreseeable future. As of the date of the statements, there are no circumstances indicating a threat to the Group companies' continued operations.

The financial statements have been prepared under the historical cost convention, except for the valuation of certain fixed assets (investment properties) and financial instruments (derivatives), which are measured at fair value. Detailed accounting principles applied by the Apator Group are presented in the consolidated report RS 2023.

8.2. Consolidation principles

The consolidated financial statements of the capital group include the data of the parent entity Apator S.A. and its subsidiaries.

Related entities apply uniform accounting principles of the parent company and uniform form and scope of separate and consolidated statements, which are the basis for consolidation in the capital group. The consolidated financial statements of the group are prepared as of the reporting date and for the fiscal period specified for the parent company's separate financial statements.

As at the date of acquisition, the assets and liabilities of the acquired entity are measured at their fair value. The excess of the purchase price over the fair value of the identifiable net assets of the entity acquired is recognized as goodwill. If the purchase price is lower than the fair value of the identifiable acquired net assets of the entity, the difference is recognised as profit in the income statement for the period in which the acquisition took place. Non-controlling interests are reported in the appropriate proportion of the fair value of assets and capital. The financial results of entities acquired or sold during the year are recognised in the consolidated statements from the time of acquisition or up to the date of sale, respectively.

In preparing the consolidated statement, the consolidation method was used, which consists in adding up the individual items of the statements, making exclusions and other adjustments. The following are excluded:

Name of entity:	Apator Group		
Period covered by the financial statements:	1 January 2024 – 31 March 2024	Reporting currency:	Polish zloty (PLN)
Rounding level:	all amounts are expressed in thousands of Polish zloty (unless otherwise indicated)		

- the value, expressed in the purchase price, of shares held by the parent company of subsidiaries;
- mutual receivables and liabilities and other settlements of a similar nature of the consolidated entities;
- revenue and costs of business operations between consolidated entities;
- gains or losses arising from business operations between consolidated entities, included in the value of assets subject to consolidation;
- dividends accrued or paid by consolidated entities to other consolidated entities.

8.3. Additional financial information

8.3.1. Weighted average number of shares

Book value per share was calculated by dividing shareholders' equity by the weighted average number of shares, while earnings per share was calculated by dividing net income from continuing operations by the weighted average number of shares.

8.3.2. Weighted average number of shares for the consolidated statement

The weighted average number of shares as at 31 March 2024, is 29,047,073 (at 31 December 2023, it was also 29,047,073) and includes shares held by a subsidiary.

8.3.3. Weighted average number of shares for separate statement

The weighted average number of shares as at 31 March 2024 is 32,647,073 (at 31 December 2023 it was also 32,647,073).

Name of entity:	Apator Group		
Period covered by the financial statements:	1 January 2024 – 31 March 2024	Reporting currency:	Polish zloty (PLN)
Rounding level:	all amounts are expressed in thousands of Polish zloty (unless otherwise indicated)		

8.4. Other operating activities

ITEM	in the period	
	from 1 January 2024	from 1 January 2023
	to 31 March 2024	to 31 March 2023
Other operating revenue	195	263
Result on sales of fixed tangible assets	21	93
Release of write-downs on inventories	28	-
Compensation received for tangible fixed assets	58	73
Compensation and contractual penalties received	-	10
Reimbursement of costs of court proceedings, representation in proceedings	6	-
Other revenue	82	87
Other operating expenses	(622)	(1,954)
Cost of liquidated tangible fixed assets	(3)	(81)
Creation of write-downs on receivables	(44)	(283)
Creation of provisions for liabilities	(254)	(279)
Fortuitous loss and other damage to assets	(24)	(64)
Discontinued investments	-	(1,164)
Donations made	(12)	-
Penalties, fines, compensation paid	(142)	-
Optional contributions	(15)	-
Other costs	(128)	(83)
Result on other operating activities	(427)	(1,691)

Name of entity:	Apator Group		
Period covered by the financial statements:	1 January 2024 – 31 March 2024	Reporting currency:	Polish zloty (PLN)
Rounding level:	all amounts are expressed in thousands of Polish zloty (unless otherwise indicated)		

8.5. Financial activities

ITEM	in the period	
	from 1 January 2024	from 1 January 2023
	to 31 March 2024	to 31 March 2023
Financial revenue	1,575	1,293
Interest on loan	-	16
Interest on funds in bank accounts	44	89
Interest on receivables	28	40
Other interest	19	-
Revenue from foreign exchange transactions (including derivatives)	1,396	1,019
Reduction in the discount of receivables	72	105
Guarantees provided	11	-
Other revenue	5	24
Financial expenses	(4,818)	(5,683)
Interest on credits and loans	(2,453)	(3,301)
Interest payable to the budget	(18)	-
Interest on promissory notes (or bonds) paid	(4)	-
Interest on lease liabilities	(690)	(566)
Other interest	(254)	(560)
Negative exchange differences	(1,086)	(936)
Commissions on credits and loans	(49)	(13)
Bank guarantees and commissions (excluding credit commissions)	(205)	(184)
Other costs	(59)	(123)
Result on financial activities	(3,243)	(4,390)

Name of entity:	Apator Group		
Period covered by the financial statements:	1 January 2024 – 31 March 2024	Reporting currency:	Polish zloty (PLN)
Rounding level:	all amounts are expressed in thousands of Polish zloty (unless otherwise indicated)		

8.6. Information on adjustments for provisions, deferred tax liabilities and assets as referred to in the Accounting Act, write-downs of assets

Deferred tax assets and provision for income taxes:

ITEM	Assets		Provisions	
	31 March 2024	31 December 2023	31 March 2024	31 December 2023
Tangible fixed assets	1,982	2,212	7,394	9,192
Investment property	-	-	15	-
Financial assets	-	-	-	34
Derivatives	266	324	936	1,244
Inventories	6,079	5,512	-	-
Liabilities arising from employee benefits	4,917	5,029	-	-
Provisions	5,960	4,015	-	-
Write-downs on receivables	860	873	-	-
Tax loss	912	869	-	-
Tax credit to be settled in future periods	3,736	5,807	-	-
Other	2,503	2,643	2,358	321
Total	27,215	27,284	10,703	10,791
Netting of assets and provisions	(7,054)	(7,107)	(7,054)	(7,107)
Deferred tax assets / liabilities recognised in the statement of financial position	20,161	20,177	3,649	3,684

Effective tax rate

ITEM	for the period	
	1 January 2024	1 January 2023
	31 March 2024	31 March 2023
Gross profit:	15,378	13,286
Income tax calculated at the applicable tax rates:	2,814	2,452
Adjustments	545	2,034
Tax on tax-exempt income (permanent differences)	(59)	(3)
Tax on non-tax-deductible expenses (permanent differences)	130	1,725
Tax on intra-group transactions (permanent differences)	484	163
Tax on items not recognized in the financial result of the period	(25)	(20)
Other additions to tax	123	174
Other tax deductions	(108)	(5)
Income tax shown in the statement of comprehensive income	3,359	4,486
Effective tax rate	21.84%	33.76%

Name of entity:	Apator Group		
Period covered by the financial statements:	1 January 2024 – 31 March 2024	Reporting currency:	Polish zloty (PLN)
Rounding level:	all amounts are expressed in thousands of Polish zloty (unless otherwise indicated)		

Write-downs on fixed and current assets:

ITEM	Opening balance	Change over the period	Net foreign exchange differences on translation of financial statements into presentation currency	Closing balance
Goodwill of subordinate entities	4,253	-	-	4,253
Other financial assets	190	-	-	190
Inventories	35,717	2,803	(8)	38,512
Receivables	6,902	42	-	6,944
Total	47,062	2,845	(8)	49,899

Name of entity:	Apator Group		
Period covered by the financial statements:	1 January 2024 – 31 March 2024	Reporting currency:	Polish zloty (PLN)
Rounding level:	all amounts are expressed in thousands of Polish zloty (unless otherwise indicated)		

Provisions for liabilities:

ITEM	EMPLOYEE BENEFITS			OTHER PROVISIONS		TOTAL
	RETIREMENT BENEFITS, JUBILEE AWARDS	BONUSES	LEAVES	WARRANTIES	OTHER	
Value of provisions at the beginning of the period	6,142	14,649	5,478	11,558	2,560	40,387
Increase – creation of a provision charged against the current result	-	4,323	2,263	966	900	8,452
Exercise of a provision – cost settlement	-	(6,787)	(113)	(641)	(357)	(7,898)
Net foreign exchange differences on translation of financial statements into presentation currency	-	(6)	(6)	(17)	-	(29)
Value of provisions at the end of the period, including	6,142	12,179	7,622	11,866	3,103	40,912
- long-term provisions	5,315	-	-	1,204	-	6,519
- short-term provisions	827	12,179	7,622	10,662	3,103	34,393

Name of entity:	Apator Group		
Period covered by the financial statements:	1 January 2024 – 31 March 2024	Reporting currency:	Polish zloty (PLN)
Rounding level:	all amounts are expressed in thousands of Polish zloty (unless otherwise indicated)		

9. Appendix: Separate Statement of Apator S.A.

Selected financial data, including key items of the summary financial statement (also converted into EUR).

ITEM	in thous. PLN		in thous. EUR	
	current period	preceding period	current period	preceding period
Separate statement	Q1 2024	Q1 2023	Q1 2024	Q1 2023
Revenue from sales of products, goods and materials	128,274	113,913	29,686	24,234
Profit on operating activities	10,007	4,033	2,316	858
EBIDTA	15,513	10,280	3,590	2,187
Profit before tax	9,162	8,466	2,120	1,801
Net profit	7,398	7,484	1,712	1,592
Net profit attributable to shareholders of the Group's parent company	7,398	7,484	1,712	1,592
Weighted average number of shares	32,647,073	32,647,073	32,647,073	32,647,073
Net earnings per common share [PLN/share]:	0.23	0.23	0.05	0.05
Cash flows from operating activities	18,244	10,277	4,222	2,186
Cash flows from investment activities	(6,840)	2,322	(1,583)	494
Cash flows from financial activities	(13,257)	(13,539)	(3,068)	(2,880)
Total cash flows	(1,853)	(940)	(429)	(200)
Statement	31 March 2024	31 December 2023	31 March 2024	31 December 2023
Total assets	528,413	520,979	122,861	119,820
Fixed assets	335,440	336,423	77,993	77,374
Current assets	192,973	184,556	44,868	42,446
Equity with non-controlling interests	389,015	381,335	90,450	87,704
Share capital	3,265	3,265	759	751
Long-term liabilities and provisions	14,074	14,826	3,272	3,410
Short-term liabilities and provisions	125,324	124,818	29,139	28,707
Weighted average number of shares	32,647,073	32,647,073	32,647,073	32,647,073
Net book value per common share [PLN/share]:	11.92	11.68	2.77	2.69

The above financial data for the three months of 2024 and three months of 2023 and as at 31 December 2023 have been translated into EUR according to the following principles:

- the individual items of the statement of comprehensive income and the statement of cash flows – at an exchange rate representing the arithmetic mean of the average EUR exchange rates set by the National Bank of Poland on the last day of each month of the reporting period: from 1 January 2024 to 31 March 2024 – EUR/PLN 4.3211 and from 1 January 2023 to 31 March 2023 – EUR/PLN 4.7005;
- individual items of the statement of financial position – according to the average EUR exchange rate set by the National Bank of Poland as at 31 March 2024 – 4.3009, as of 31 December 2023 – 4.3480.

Name of entity:	Apator Group		
Period covered by the financial statements:	1 January 2024 – 31 March 2024	Reporting currency:	Polish zloty (PLN)
Rounding level:	all amounts are expressed in thousands of Polish zloty (unless otherwise indicated)		

9.1. Change in items of the statement resulting from a change in accounting principles

The table below refers to the restatement of comparative data for Q1 2023. The presentation of licence fee income has been modified (from 2023 onwards, income from a particular source is deferred).

ITEMS IN THE STATEMENT	Change of data – 31 March 2023
	Licence fee – accrual of revenue over time
Statement of comprehensive income	
Continuing operations	
Revenue from sales	(5,840)
Revenue from sales of products and services	(5,840)
- to related entities	(5,840)
Gross profit from sales	(5,840)
Profit on sales	(5,840)
Profit on operating activities	(5,840)
Profit before tax	(5,840)
Income tax	1,110
Net profit	(4,730)
Other comprehensive income	
Total comprehensive income	(4,730)
Net profit, of which attributable to:	(4,730)
the company's shareholders	(4,730)
Total comprehensive income, of which attributable to:	(4,730)
the company's shareholders	(4,730)
Statement of cash flows	
Cash flows from operating activities	
Profit before tax	(5,840)
Cash from operating activity before changes in working capital	(5,840)
Change in liabilities	5,840

Name of entity:	Apator Group		
Period covered by the financial statements:	1 January 2024 – 31 March 2024	Reporting currency:	Polish zloty (PLN)
Rounding level:	all amounts are expressed in thousands of Polish zloty (unless otherwise indicated)		

9.2. Statement of financial position of the parent company Apator S.A.

ITEM	as at	
	31 March 2024	31 December 2023
Fixed assets	335,440	336,423
Intangible assets	20,115	20,324
Goodwill	34,506	34,506
Tangible fixed assets	80,762	80,079
Right to use assets	14,336	15,196
Investment property	1,180	1,180
Other long-term financial assets	171,363	171,007
- <i>in related entities</i>	171,007	171,007
- <i>in other entities</i>	356	-
Long-term prepayments and accruals	264	286
Deferred tax assets	12,914	13,845
Current assets	192,973	184,556
Inventories	94,792	111,094
Trade receivables	86,964	63,951
- <i>from related entities</i>	15,773	1,566
- <i>from other entities</i>	71,191	62,385
Receivables from other taxes, customs duties, and social insurance	853	1,077
Other short-term receivables	3,415	1,657
- <i>from related entities</i>	864	528
- <i>from other entities</i>	2,551	1,129
Other short-term financial assets	261	185
- <i>in other entities</i>	261	185
Cash and cash equivalents	1,445	3,298
Short-term prepayments and accruals	5,243	3,294
TOTAL ASSETS	528,413	520,979

Name of entity:	Apator Group		
Period covered by the financial statements:	1 January 2024 – 31 March 2024	Reporting currency:	Polish zloty (PLN)
Rounding level:	all amounts are expressed in thousands of Polish zloty (unless otherwise indicated)		

ITEM	as at	
	31 March 2024	31 December 2023
Equity	389,015	381,335
Share capital	3,265	3,265
Other capital	350,271	350,271
Capital from the revaluation of a defined benefit plan	(164)	(164)
Capital from valuation of hedging transactions and foreign exchange differences	160	(122)
Undistributed financial result	35,483	28,085
- undistributed result from previous years	34,615	-
- result for the current period	7,398	34,615
- write-downs from current year result	(6,530)	(6,530)
Liabilities	139,398	139,644
Long-term liabilities and provisions	14,074	14,826
Long-term liabilities from the right to use assets	10,633	11,385
Long-term liabilities due to employee benefits	3,441	3,441
Short-term liabilities and provisions	125,324	124,818
Short-term credits and loans	33,616	45,408
- from other entities	33,616	45,408
Trade liabilities	40,387	36,525
- towards related entities	3,353	3,449
- towards other entities	37,034	33,076
Liabilities due to corporate income tax	678	1,511
Liabilities due to other taxes, customs duties, and social insurance	12,006	7,970
Other short-term liabilities	17,857	9,852
- towards related entities	6,319	-
- towards other entities	11,538	9,852
Short-term liabilities from the right to use assets	3,097	3,097
Short-term liabilities due to employee benefits	8,343	11,178
Other short-term provisions	9,340	9,277
TOTAL LIABILITIES	528,413	520,979

Name of entity:	Apator Group		
Period covered by the financial statements:	1 January 2024 – 31 March 2024	Reporting currency:	Polish zloty (PLN)
Rounding level:	all amounts are expressed in thousands of Polish zloty (unless otherwise indicated)		

9.3. Information on changes in contingent liabilities or contingent assets that have occurred since the end of the last fiscal year (off-balance sheet items) of the parent company Apator S.A.

ITEM	as at	
	31 March 2024	31 December 2023
Contingent receivables	1,472	68
Contingent receivables from other entities	1,472	68
Contingent liabilities	44,297	36,781
Contingent liabilities concerning related entities	162	162
- including from granting guarantees and sureties to related entities	162	162
Contingent liabilities towards other entities	44,135	36,619
- including from granting guarantees and sureties	44,135	36,619
Other off-balance sheet items	143,573	158,494
Ordinary mortgage	40,000	40,000
Security on assets	103,573	118,494
Total off-balance sheet items	189,342	195,343

The Company has the following collateral in place in connection with its loan and guarantee obligations:

- Multi-product agreement with ING Bank Śląski S.A. (Group limit of PLN 250 million):
 - contractual mortgage on the real estate of Apator S.A. in Ostaszewo up to PLN 40 million (included in the table above),
 - registered pledge on inventories worth PLN 73.3 million (included in the table above),
 - registered pledge on fixed assets worth PLN 20.6 million (included in the table above),
 - assignment of rights under an all-risk property insurance policy,
 - blank promissory note and promissory note declaration.
- Agreement on a long-term investment credit with CITI Bank Handlowy S.A. — the credit was repaid on December 15, 2023. Statement of submission to enforcement up to PLN 15.6 million — remains in force until 31 August 2026.
- Multi-purpose limit credit agreement with Powszechna Kasa Oszczędności Bank Polski S.A. (PKO BP S.A.) of 26 May 2023 for the total amount of PLN 80 million (in addition to Apator S.A., the parties to the agreement are also Apator Group companies: Apator Powogaz S.A., Apator Metrix S.A. and GWI):
 - statement on submission to enforcement up to the amount of PLN 80 million,
 - registered pledge on fixed assets worth PLN 9.6 million,
 - Assignment of rights under an all-risk property insurance policy.

The working capital credit has not been drawn upon by 31 March 2024. The limit for guarantees and letters of credit, on the other hand, is being used.

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

Contingent items and other items not included in the summary separate statement of financial position

Warranties

As of 31 March 2024, Apator S.A. had active guarantees issued by:

TU Hermes S.A.:

- For a performance bond in the amount of PLN 10.725 thousand, until June 22, 2025, at the latest;

Name of entity:	Apator Group		
Period covered by the financial statements:	1 January 2024 – 31 March 2024	Reporting currency:	Polish zloty (PLN)
Rounding level:	all amounts are expressed in thousands of Polish zloty (unless otherwise indicated)		

- For the removal of defects and faults in the amount of PLN 5.046 thousand until to 29 June 2029 at the latest.

ING Bank Śląski S.A.:

- For a performance bond in the amount of PLN 1.218 thousand, until 30 January 2026 at the latest;
- For the removal of defects and faults in the amount of PLN 2.125 thousand until 17 July 2028 at the latest;
- For the performance of payments under lease agreements in the amount of PLN 506 thousand, until 17 November 2028 at the latest;
- For the payment of a bid bond in the amount of PLN 12.000 thousand, until 21 May 2024;

PZU S.A.:

- For the removal of defects and faults in the amount of PLN 404 thousand, until 17 January 2028 at the latest.

KUKE S.A.:

- For a performance bond in the amount of PLN 12 thousand, until 15 June 2026 at the latest;
- For the removal of defects and faults in the amount of PLN 121 thousand, until 15 December 2024 at the latest.

PKO BP S.A.:

- For a performance bond in the amount of PLN 11.978 thousand, until 24 October 2026;

In addition, as at 31 March 2024, Apator S.A. was a party to an intra-group surety:

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

In addition, as of 31 March 2024, Apator S.A. was the beneficiary of payment guarantee for the amount of PLN 1,472.4 thousand.

Promissory notes

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

Declarations of submission to enforcement

In addition to declarations of submission to enforcement related to credit agreements (with total value of PLN 95.6 million), Apator S.A. is a party to declarations of submission to enforcement related to the conclusion of rental agreements (PLN 673.7 thousand).

Name of entity:	Apator Group		
Period covered by the financial statements:	1 January 2024 – 31 March 2024	Reporting currency:	Polish zloty (PLN)
Rounding level:	all amounts are expressed in thousands of Polish zloty (unless otherwise indicated)		

9.4. Statement of comprehensive income of the parent company Apator S.A.

ITEM	for the period	
	from 1 January 2024	from 1 January 2023
	to 31 March 2024	to 31 March 2023
Sales revenue of products and services	128,274	113,913
- to related entities	18,208	21,910
- to other entities	110,066	92,003
Cost of goods sold	(97,116)	(90,176)
- to related entities	(16,048)	(18,997)
- to other entities	(81,068)	(71,179)
Gross profit from sales	31,158	23,737
Sales costs	(4,530)	(4,359)
General administrative costs	(16,326)	(14,854)
Profit on sales	10,302	4,524
Result on other operating activities	(295)	(491)
Revenue	123	76
Costs	(418)	(567)
- of which result from impairment of receivables	53	(279)
Profit on operating activities	10,007	4,033
Result on financial activities	(845)	4,433
Revenue	119	5,714
Costs	(964)	(1,281)
- of which result from impairment of interest receivables	2	1
Profit before tax	9,162	8,466
Current income tax	(899)	(1,614)
Deferred income tax	(865)	632
Net profit	7,398	7,484

ITEM	for the period	
	from 1 January 2024	from 1 January 2023
	to 31 March 2024	to 31 March 2023
Other comprehensive income		
Other net comprehensive income	282	54
Items that may be reclassified to profit or loss in the future:		
Result on hedge accounting with tax effect	282	54
Items that will not be reclassified to profit or loss in the future:		
Actuarial gains and losses	-	-
Total comprehensive income	7,680	7,538
Net profit, of which attributable to:	7,398	7,484
the company's shareholders	7,398	7,484
non-controlling shareholders	-	-
Total comprehensive income, of which attributable to:	7,680	7,538
shareholders of the parent company	7,680	7,538

Name of entity:	Apator Group		
Period covered by the financial statements:	1 January 2024 – 31 March 2024	Reporting currency:	Polish zloty (PLN)
Rounding level:	all amounts are expressed in thousands of Polish zloty (unless otherwise indicated)		

9.5. Statement of changes in equity of the parent company Apator S.A.

ITEM	Share capital	Other capital	Capital from the revaluation of a defined benefit plan	Capital from valuation of hedging transactions and foreign exchange differences on consolidation	Undistributed financial result	Total
Balance as at 1 January 2024	3,265	350,271	(164)	(122)	28,085	381,335
Changes in equity from 1 January 2024 to 31 March 2024						
Comprehensive income:						
Net profit for the period 1 January 2024 to 31 March 2024	-	-	-	-	7,398	7,398
Other comprehensive income:						
Items that may be reclassified to the financial result in the future:						
Result on hedge accounting with tax effect	-	-	-	282	-	282
Total other comprehensive income	-	-	-	282	-	282
Comprehensive income recognised in the period from 1 January 2024 to 31 March 2024	-	-	-	282	7,398	7,680
Balance at 31 March 2024	3,265	350,271	(164)	160	35,483	389,015

Name of entity:	Apator Group		
Period covered by the financial statements:	1 January 2024 – 31 March 2024	Reporting currency:	Polish zloty (PLN)
Rounding level:	all amounts are expressed in thousands of Polish zloty (unless otherwise indicated)		

ITEM	Share capital	Other capital	Capital from the revaluation of a defined benefit plan	Capital from valuation of hedging transactions and foreign exchange differences on consolidation	Undistributed financial result	TOTAL
Balance as at 1 January 2023	3,265	334,472	(165)	(178)	25,593	362,987
Changes in equity from 1 January 2023 to 31 March 2023						
Comprehensive income						
Net profit for the period from 1 January 2023 to 31 March 2023	-	-	-	-	7,484	7,484
Other comprehensive income						
Items that may be reclassified to financial result in the future						
Result on hedge accounting with tax effect	-	-	-	54	-	54
Comprehensive income recognised in the period from 1 January 2023 to 31 March 2023	-	-	-	54	7,484	7,538
Balance as at 31 March 2023	3,265	334,472	(165)	(124)	33,077	370,525

Name of entity:	Apator Group		
Period covered by the financial statements:	1 January 2024 – 31 March 2024	Reporting currency:	Polish zloty (PLN)
Rounding level:	all amounts are expressed in thousands of Polish zloty (unless otherwise indicated)		

9.6. Cash flow statement of the parent company Apator S.A.

ITEM	for the period	
	from 1 January 2024	from 1 January 2023
	to 31 March 2024	to 31 March 2023
Cash flows from operating activities		
Profit before tax (continuing operation)	9,162	8,466
Adjustments:	6,192	1,838
Depreciation of intangible assets	1,357	2,104
Depreciation of tangible fixed assets	4,149	4,143
Loss on sale of tangible fixed assets and intangible assets	(32)	(61)
Profits due to change in fair value of derivatives	(56)	(85)
Interest costs	631	1,154
Revenue from dividends	-	(5,503)
Other adjustments	143	86
Cash from operating activities before changes in working capital	15,354	10,304
Change in inventories	16,302	(325)
Change in receivables	(22,825)	(16,396)
Change in liabilities	15,843	16,389
Change in provisions	(2,771)	2,323
Change in prepayments and accruals	(1,927)	(1,545)
Cash generated in the course of operating activities	19,976	10,750
Tax return	-	-
Income tax paid	(1,732)	(473)
Net cash from operating activities	18,244	10,277
Cash flows from investment activities		
Expenditure on the acquisition of intangible assets	(1,294)	(1,151)
Expenditure on the acquisition of tangible fixed assets and lease assets	(3,571)	(1,186)
Proceeds from the sale of tangible fixed assets	34	177
Dividends received	-	4,503
Other expenditure	(2,009)	(21)
Net cash used from investment activities	(6,840)	2,322
Cash flows from financial activities		
Repayment of credits and loans	(11,792)	(11,796)
Interest paid	(499)	(1,083)
Repayment of lease liabilities	(834)	(575)
Other expenditure	(132)	(85)
Net cash from financial activities	(13,257)	(13,539)
Net decrease in cash and cash equivalents	(1,853)	(940)
Opening balance of cash and cash equivalents	3,298	1,903
Closing balance of cash and cash equivalents	1,445	963

Name of entity:	Apator Group		
Period covered by the financial statements:	1 January 2024 – 31 March 2024	Reporting currency:	Polish zloty (PLN)
Rounding level:	all amounts are expressed in thousands of Polish zloty (unless otherwise indicated)		

9.7. Costs by type

ITEM	for the period	
	from 1 January 2024	from 1 January 2023
	to 31 March 2024	to 31 March 2023
Amortisation and depreciation	5,506	6,247
Consumption of materials and energy	57,174	59,063
External services	13,845	14,996
Employee benefits	32,359	23,125
Other costs	3,034	2,632
Manufacturing costs of products for entity's own purposes	(1,075)	(1,032)
Change in the status of finished goods, work in progress and prepayments and accruals	4,681	(2)
Cost of goods and materials sold	2,448	4,360
Total costs	117,972	109,389

9.8. Other operating activities

ITEM	in the period	
	from 1 January 2024	from 1 January 2023
	to 31 March 2024	to 31 March 2023
Other operating revenue	123	76
Result on sales of fixed tangible assets	32	61
Release of write-downs on receivables	53	-
Compensation received for tangible fixed assets	25	-
Compensation and contractual penalties received	-	2
Reimbursement of costs of court proceedings, representation in proceedings	7	-
Other revenue	6	13
Other operating expenses	(418)	(567)
Cost of liquidated tangible fixed assets	(3)	-
Creation of write-downs on receivables	-	(279)
Creation of provisions for liabilities	(218)	(279)
Fortuitous loss and other damage to assets	(2)	-
Donations made	(3)	-
Penalties, fines, compensation paid	(113)	-
Court fees, bailiff's fees, representation in court	(3)	-
Other costs	(76)	(9)
Result on other operating activities	(295)	(491)

Name of entity:	Apator Group		
Period covered by the financial statements:	1 January 2024 – 31 March 2024	Reporting currency:	Polish zloty (PLN)
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9.9. Financial activities

ITEM	in the period	
	from 1 January 2024	from 1 January 2023
	to 31 March 2024	to 31 March 2023
Financial revenue	119	5,714
Dividends and share in profit	-	5,503
Interest on funds in bank accounts	2	-
Interest on receivables	27	32
Positive exchange differences	69	43
Revenue from foreign exchange transactions (including derivatives)	-	130
Guarantees provided	21	-
Other revenue	-	6
Financial expenses	(964)	(1,281)
Interest on credits and loans	(499)	(980)
Interest payable to the budget	(18)	-
Interest on lease liabilities	(132)	(71)
Other interest	(35)	(32)
Expenses on foreign exchange transactions (including derivatives)	(82)	-
Commissions on credits and loans	-	(13)
Bank guarantees and commissions (excluding credit commissions)	(198)	(184)
Other costs	-	(1)
Result on financial activities	(845)	4,433

9.10. Information on adjustments for provisions, deferred tax liabilities and assets as referred to in the Accounting Act, write-downs of assets

Deferred tax assets and provision for income taxes

ITEM	Assets		Provisions	
	31 March 2024	31 December 2023	31 March 2024	31 December 2023
Tangible fixed assets	11	11	1,860	1,935
Investment property	-	-	15	15
Financial assets	268	268	34	64
Derivatives	15	64	1	-
Inventories	3,624	3,412	-	-
Liabilities arising from employee benefits	2,256	2,823	-	-
Provisions	4,056	2,290	-	-
Write-downs on receivables	462	473	-	-
Tax credit to be settled in future periods	3,737	5,807	-	-
Other	603	714	107	104
Total	15,032	15,862	2,017	2,118
Netting of assets and provisions	(2,118)	(2,017)	-	-
Deferred tax assets / liabilities recognised in the statement of financial position	12,914	13,845	-	-

Name of entity:	Apator Group		
Period covered by the financial statements:	1 January 2024 – 31 March 2024	Reporting currency:	Polish zloty (PLN)
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Effective tax rate

ITEM	in the period	
	from 1 January 2024 to 31 March 2024	from 1 January 2023 to 31 March 2023
Tax base	9,162	8,466
Tax rate applied	19.00%	19.00%
Income tax calculated at the applicable rate	1,741	1,609
Tax on tax-exempt income (dividends from related entities)	-	(1,046)
Tax on non-tax-deductible expenses (permanent differences)	24	425
Other tax deductions	-	(5)
Income tax	1,764	982
Effective tax rate	19.25%	11.60%

Write-downs on fixed and current assets:

ITEM	Opening balance	Change over the period	Closing balance
Other financial assets	1,522	-	1,522
Inventories	17,957	1,118	19,075
Receivables	2,497	(54)	2,443
Total	21,976	1,064	23,040

Provisions for liabilities:

ITEM	EMPLOYEE BENEFITS			OTHER PROVISIONS		TOTAL
	RETIREMENT BENEFITS, JUBILEE AWARDS	BONUSES	LEAVES	WARRANTIES	OTHER	
Value of provisions as at 1 January 2024	3,937	8,459	2,223	6,716	2,561	23,896
Increase – creation of a provision charged against the	-	2,928	946	461	600	4,935
Exercise of a provision – cost settlement	-	(6,653)	(56)	(641)	(357)	(7,707)
Value of provisions at 31 March 2024, including:	3,937	4,734	3,113	6,536	2,804	21,124
- long-term provisions	3,441	-	-	-	-	3,441
- short-term provisions	496	4,734	3,113	6,536	2,804	17,683

Name of entity:	Apator Group		
Period covered by the financial statements:	1 January 2024 – 31 March 2024	Reporting currency:	Polish zloty (PLN)
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