

Financial report



Consolidated quarterly statement of the Apator Group for Q1 of 2021

Toruń, May 17, 2021

Selected financial data, including basic items of the condensed financial statements (also converted into EUR)

SPECIFICATION	in PLN thousand		in EUR thousand	
	current period	previous period	current period	previous period
Consolidated statement	I quarter 2021	I quarter 2020	I quarter 2021	I quarter 2020
Revenue from sales and services	224 498	224 536	49 102	51 074
Operating income	56 414	20 384	12 339	4 637
EBITDA	69 983	33 173	15 307	7 546
EBITDA excluding real estate*	35 909	33 173	7 854	7 546
Gross profit	54 031	24 175	11 818	5 499
Net profit	41 354	17 337	9 045	3 944
Net profit without real estate*	13 751	17 337	3 008	3 944
Net profit attributable to shareholders of the Group's parent company	40 382	16 886	8 832	3 841
Net profit for non-controlling interest	972	451	213	103
Weighted average number of shares	29 187 007	29 210 974	29 187 007	29 210 974
Net profit per one ordinary share [PLN/ share]	1.38	0.58	0.30	0.13
Cash flows from operating activities	4 945	36 353	1 061	7 986
Net cash flow from investment activities	84	(7 631)	18	(1 676)
Cash flows from financial activities	5 955	(17 507)	1 278	(3 846)
Total cash flows	10 984	11 215	2 357	2 464
Consolidated statement	31.03.2021	year 2020	31.03.2021	year 2020
Assets in total	952 018	874 949	204 283	189 597
Fixed assets	503 177	496 611	107 971	107 613
Current assets	448 841	378 338	96 312	81 984
Equity capital with non-controlling interests	560 891	517 241	120 355	112 083
Non-controlling interests	8 457	7 485	1 815	1 622
Share capital	3 281	3 281	704	711
Long-term liabilities and provisions	49 016	46 553	10 518	10 088
Short-term liabilities and provisions	342 111	311 155	73 410	67 425
Weighted average number of shares	29 187 007	29 204 907	29 187 007	29 204 907
Net book value per ordinary share [PLN/ share].	19.22	17.71	4.12	3.84

*) results cleared of the impact of sale of real estate of Apator Powogaz

The above financial figures for the 3 months of 2021 and 2020 have been converted into EUR as follows:

- individual items of the statement of comprehensive income - according to the exchange rate constituting the arithmetic mean of the average EUR exchange rates determined by the National Bank of Poland as at the last day of each month of the reporting period: from 1 January to 31 March 2021 - 4.5721 EUR/PLN and from 1 January to 31 March 2020 - 4.3963 EUR/PLN;
- individual items of the cash flow statement - at the average EUR exchange rate set by the National Bank of Poland as at 31 March 2021 - 4.6603, as at 31 March 2020 - 4.5523;
- individual items of the statement of financial position - at the average EUR exchange rate set by the National Bank of Poland as at 31 March 2021 - 4.6603, as at 31 December 2020 - 4.6148;

Entity name:	Apator Group		
Period covered by the financial statements:	01.01.2021 – 31.03.2021	Reporting currency:	Polish zloty (PLN)
Level of rounding:	all amounts are expressed in thousands of Polish zlotys (unless indicated otherwise)		



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Entity name:	Apator Group		
Period covered by the financial statements:	01.01.2021 – 31.03.2021	Reporting currency:	Polish zloty (PLN)
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1. Consolidated financial statements

The consolidated and separate financial statements for the first quarter of 2021 have been prepared in accordance with the International Accounting Standards (IAS/IFRS) and related interpretations published in the form of regulations of the European Commission and the Regulation of the Minister of Finance of 29 March 2018 on current and periodic information provided by issuers of securities and conditions for recognising as equivalent information required by the laws of a non-member state (Journal of Laws 2018, item 757).

The interim financial statements (consolidated and separate financial statements of the parent company) for the first quarter ending on 31 March 2021 were prepared in accordance with IAS 34 (Interim Financial Reporting). Interim financial statements do not include all the information and disclosures required in annual financial statements and should be read in conjunction with the Group's annual financial statements as of 31st December 2020.

1.1. Consolidated statement of the financial position

SPECIFICATION	as of	
	31.03.2021	31.12.2020
Fixed assets	503 177	496 611
Intangible assets	106 403	103 038
Goodwill of subsidiaries	126 008	125 546
Tangible fixed assets	192 293	187 895
Right to use assets	36 283	38 587
Contractual asset	1 219	1 625
Investment property	1 449	1 441
Investments in associates consolidated using the equity method	1 026	2 048
Long-term receivables	5 127	5 777
- from other entities	5 127	5 777
Long-term accruals and prepayments	78	78
Assets by virtue of deferred income tax	33 291	30 576
Current assets	448 841	378 338
Stocks	184 000	155 074
Contractual asset	1 626	1 626
Commercial receivables	167 996	147 374
- from related entities	3 321	4 219
- from other entities	164 675	143 155
Receivables from corporate income tax	642	4 518
Receivables from other taxes, customs duties and social security	6 008	7 299
Other short-term liabilities	39 298	4 748
- from related entities	1 361	-
- from other entities	37 937	4 748
Other short-term financial assets	642	69
- in other entities	642	69
Cash and cash equivalents	40 235	29 251
Cash and cash equivalents with limited disposability	759	779
Short-term interim settlements	7 635	4 399
Non-current assets classified as held for sale	-	23 201
TOTAL ASSETS	952 018	874 949

Entity name:	Apator Group		
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SPECIFICATION	as of	
	31.03.2021	31.12.2020
Equity capital	560 891	517 241
Equity capital attributable to equity holders of the parent company	552 434	509 756
Share capital	3 281	3 281
Other capitals	517 796	518 035
Capital from the revaluation of a defined benefit plan	(253)	(253)
Capital from valuation of hedging transactions and foreign exchange differences from consolidation	(1 487)	(4 022)
Undistributed financial result	33 097	(7 285)
- undistributed result from previous years	5 851	(54 383)
- result of the current period	40 382	60 234
- write-offs from the current year's result	(13 136)	(13 136)
Non-controlling interests	8 457	7 485
Liabilities	391 127	357 708
Long-term liabilities and provisions	49 016	46 553
Long-term loans and borrowings	10 948	4 183
- from other entities	10 948	4 183
Other long-term liabilities	1 956	1 869
- towards other entities	1 956	1 869
Contractual liabilities	732	976
Long-term liabilities due to the right to use assets under lease	20 667	22 690
Deferred income tax provision	5 362	7 484
Long-term liabilities arising from employee benefits	8 354	8 354
Other long-term provisions	997	997
Short-term liabilities and provisions	342 111	311 155
Short-term loans and borrowings	129 163	125 218
- from other entities	129 163	125 218
Commercial liabilities	98 465	74 006
- towards affiliated entities	607	142
- towards other entities	97 858	73 864
Contractual liabilities	977	977
Corporate income tax liabilities	10 055	5 392
Liabilities due to other taxes, customs duties and social security	14 175	15 910
Other short-term liabilities	42 751	46 359
- towards other entities	42 751	46 359
Short-term liabilities due to the right to use assets under lease	10 031	10 133
Short-term liabilities arising from employee benefits	21 138	17 195
Other short-term provisions	15 356	15 965
LIABILITIES TOTAL	952 018	874 949

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

SPECIFICATION	as of	
	31.03.2021	31.12.2020
Contingent receivables	3 700	3 700
Contingent receivables from other companies	3 700	3 700
Contingent liabilities	92 528	90 251
Contingent liabilities relating to related parties	49 757	25 577
- due to guarantees and securities granted to related entities	49 757	25 577
Contingent liabilities towards other companies	42 771	64 674
- due to guarantees and sureties granted	42 771	64 674
Other off-balance sheet items	257 975	276 375
Mortgage	44 665	63 065
Bail mortgage	23 250	23 250
Security over assets	190 060	190 060
Total off balance sheet items	354 203	370 326

Besides contingent liabilities resulting from guarantees issued by insurance and banking institutions, Apator Group has the following collaterals established for the repayment of liabilities:

- Resulting from the Multi-product contract concluded between the Group companies and ING Bank Śląski S.A.:
 - Contractual mortgage on real property of Apator SA in Ostaszewo up to the amount of 35.9 million PLN (included in the table above),
 - Registered pledge on inventories being the property of Apator SA, Apator Telemetria Sp. z o.o., Apator Powogaz SA, FAP Pafal SA, Apator Elkomtech SA with the book value not less than 77.5 million PLN (included in the table above),
 - Pledge on machines and equipment and means of transport being the property of Apator SA, Apator Powogaz SA, Apator Metrix SA, Apator Elkomtech SA of the contractual value of 22.1 million PLN (included in the table above),
 - Registered pledge on receivables under current and future bank account agreements maintained by the bank for the Group companies,
 - Blank promissory notes together with promissory notes declarations submitted by 7 borrowers' companies (joint and several liability of Group's companies),
 - Assignment of rights under the property insurance policy against all risks.

- Agreement on the general limit of contractual guarantees in TU Euler Hermes SA (Group limit PLN 25 million)
 - Apator SA submitted 10 pcs of blank promissory notes together with the promissory note declaration,
 - Apator Rector Sp. z o.o. submitted 3 blank promissory notes with the promissory note declaration,
 - Apator Elkomtech SA submitted 3 pieces of blank promissory notes together with promissory note declaration,
 - Apator Powogaz SA submitted 3 pieces of blank promissory notes together with the promissory note declaration,

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- Apator Metrix SA submitted 3 pcs of blank promissory notes together with the promissory note declaration,
 - Apator Telemetria Sp. z o.o. submitted 3 pcs of blank promissory notes together with promissory note declaration.
- Other:
- Registered pledge on fixed assets of Apator SA with the value of 8.3 million PLN due to the agreement concluded with CITI Bank Handlowy SA on credit in the current account with the limit of 10 million PLN (included in the table above),
 - Mortgage in the amount of CZK 50 million (with assignment of rights under the insurance contract), established on the real estate of subsidiary Apator Metra in the Czech Republic, in connection with the concluded loan contract, (in the table above),
 - Mortgage in amount of PLN 23.3 million (with assignment of rights from insurance contract), established on real estate of Apator Metrix S.A. as security of repayment of liabilities resulting from from a loan agreement with Millennium Bank (included in the table above),
 - Transfer of property, plant and equipment assets of the value of 2.4 million PLN as the security of payment of liabilities of Apator Metrix SA resulting from the credit agreement concluded with Millennium bank (included in the table above),
 - Pledge on inventories with the value of 18.2 million PLN being the property of Apator Metrix SA, in relation to with a loan from a subsidiary - George Wilson Industrial Ltd. (GWi) taken out in Citibank N.A. (included in the table above).

In addition to the promissory notes issued in connection with the Multi-product Agreement and the General Limit Agreement, as at 31 March 2021, the Group companies were the issuers of 57 blank promissory notes relating to concluded loan agreements, leasing agreements, insurance guarantee agreements, factoring agreements and agreements with counterparties (due performance of the contract).

In addition, as at 31 March 2021, Group companies were party to the following intra-group guarantees and sureties (included in the table above):

1. Apator SA:

- guarantee of refund of advance payment by Apator Metrix SA in the amount of 1.2 million EUR (5.8 million PLN) to Flonidan A/S with the validity period till 30 June 2022,
- surety for two lease agreements for Apator Rector Sp. z o.o. for the total amount 0.5 million PLN, with a deadline of 15 March 2023 at the latest,

2. Subsidiary of Apator Metrix SA:

- guarantee for the subsidiary George Wilson Industrial Ltd. (GWi) of GBP 4 million, i.e. PLN 21 million, until October 31st 2021, serving as security for the payment of liabilities by GWi under the loan to Citibank N.A.

Additionally, at 31st March 2021 Apator SA was the beneficiary of payment guarantee for the amount of 200 000 PLN, issued by Bank Millenium SA, with the term to 30th September 2021 (guarantee included in the above table), whereas Apator Powogaz SA was the beneficiary of the guarantee of due performance of the

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contract for the amount of 3.5 million PLN, issued by Santander Bank Polska SA, with the term up to 28 February 2022.

As a security of the performance of the concluded contracts, on 31st March 2021 the companies of Apator Group made the statements on voluntary submission to enforcement to the total amount of 138.2 million PLN. The statements made correspond to the companies' maximum liability plus bank charges.

1.3. Consolidated statement of comprehensive income

SPECIFICATION	for period	
	01.01.2021	01.01.2020
	31.03.2021	31.03.2020
Revenue from sales and services	224 498	224 536
- to related entities	3 322	3 613
- other entities	221 176	220 923
Cost of sales of goods and services	(164 937)	(161 518)
- to related entities	(1 963)	(2 240)
- other entities	(162 974)	(159 278)
Gross sales profit	59 561	63 018
Sales costs	(8 364)	(9 043)
General administrative costs	(33 935)	(32 401)
Sales profit	17 262	21 574
Other operating income (costs):	38 850	(1 184)
- including result on reversal of receivables	24	87
Result on sale and liquidation of property, plant and equipment and intangible assets	36 650	917
Result on revaluation of non-financial current assets	879	(1 676)
Result on other operating activities	1 321	(425)
Share in profits of companies consolidated using the equity method	302	(6)
Operating income	56 414	20 384
Financial revenues (costs):	(2 383)	3 791
- including result on reversal of receivables	-	40
Interest on loans and borrowings	(260)	(744)
Net profit (loss) on other interest	(236)	(397)
Result on exchange rate differences	(1 759)	2 507
Result on foreign exchange transactions	(45)	2 198
Result on revaluation of financial current assets	158	156
Other financial income and expense	(241)	71
Profit before tax	54 031	24 175
Current income tax	(16 956)	(6 113)
Deferred income tax	4 279	(725)
Net profit	41 354	17 337

SPECIFICATION	for period	
	01.01.2021	01.01.2020
	31.03.2021	31.03.2020
Other comprehensive income		
Other comprehensive income net	2 535	(4 822)
Items that may be reclassified to profit or loss in the future		
Foreign exchange rate differences on translation of foreign operations	2 663	2 945
Result on hedge accounting with tax effect	(128)	(7 767)

Entity name:	Apator Group		
Period covered by the financial statements:	01.01.2021 – 31.03.2021	Reporting currency:	Polish zloty (PLN)
Level of rounding:	all amounts are expressed in thousands of Polish zlotys (unless indicated otherwise)		

Total comprehensive income	43 889	12 515
Net profit, of which attributable:	41 354	17 337
shareholders of parent company	40 382	16 886
non-controlling interests	972	451
Total comprehensive income, including accrued income:	43 889	12 515
shareholders of parent company	42 917	12 064
non-controlling interests	972	451

Entity name:	Apator Group		
Period covered by the financial statements:	01.01.2021 – 31.03.2021	Reporting currency:	Polish zloty (PLN)
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1.4. The consolidated statement of changes in equity

SPECIFICATION	CAPITAL FOR THE SHAREHOLDERS OF PARENT ENTITY						Non-controlling interest	TOTAL EQUITY CAPITAL
	Capital stock	Other capitals	Capital from the revaluation of a defined benefit plan	Capital from valuation of hedging transactions and foreign exchange differences from consolidation	Undistributed financial result	TOTAL		
Balance as at 01.01.2021	3 281	518 035	(253)	(4 022)	(7 285)	509 756	7 485	517 241
Changes in equity during the period from 01.01.2021 to 31.03.2021								
Comprehensive income								
Net profit for the period from 01.01.2021 to 31.03.2021	-	-	-	-	40 382	40 382	972	41 354
Other comprehensive income								
Items that may be reclassified to profit or loss in the future								
Result on hedge accounting with tax effect	-	-	-	(128)	-	(128)	-	(128)
Net exchange differences translated from financial statement to currency presented	-	-	-	2 663	-	2 663	-	2 663
Total comprehensive income recognised in the period from 01.01.2021 to 31.03.2021	-	-	-	2 535	40 382	42 917	972	43 889
Transactions with owners recorded directly in shareholder equity								
Purchase of treasury shares	-	(239)	-	-	-	(239)	-	(239)
Total transactions with owners in the period from 01.01.2021 to 31.03.2021	-	(239)	-	-	-	(239)	-	(239)

Entity name:	Apator Group		
Period covered by the financial statements:	01.01.2020 – 31.03.2020	Reporting currency:	Polish zloty (PLN)
Level of rounding:	all amounts are expressed in thousands of Polish zlotys (unless indicated otherwise)		

Balance as at 31.03.2021	3 281	517 796	(253)	(1 487)	33 097	552 434	8 457	560 891	
SPECIFICATION	CAPITAL FOR THE SHAREHOLDERS OF PARENT ENTITY							Non-controlling interest	TOTAL EQUITY CAPITAL
	Capital stock	Other capitals	Capital from the revaluation of a defined benefit plan	Capital from valuation of hedging transactions and foreign exchange differences from consolidation	Undistributed financial result	TOTAL			
Balance as at 01.01.2020	3 286	482 997	(270)	(1 361)	1 537	486 189	6 700	492 889	
Changes in equity during the period from 01.01.2020 to 31.03.2020									
Comprehensive income									
Net profit for the period from 01.01.2020 to 31.03.2020	-	-	-	-	16 886	16 886	451	17 337	
Other comprehensive income									
Items that may be reclassified to profit or loss in the future									
Result on hedge accounting with tax effect	-	-	-	(7 767)	-	(7 767)	-	(7 767)	
Net exchange differences translated from financial statement to currency presented	-	-	-	2 945	-	2 945	-	2 945	
Total comprehensive income recognised in the period from 01.01.2020 to 31.03.2020	-	-	-	(4 822)	16 886	12 064	451	12 515	
Transactions with owners recorded directly in shareholder equity									
Purchase of treasury shares	-	(180)	-	-	-	(180)	-	(180)	
Total transactions with owners in the period from 01.01.2020 to 31.03.2020	-	(180)	-	-	-	(180)	-	(180)	
Balance as at 31.03.2020	3 286	482 817	(270)	(6 183)	18 423	498 073	7 151	505 224	

Entity name:	Apator Group		
Period covered by the financial statements:	01.01.2021 – 31.03.2021	Reporting currency:	Polish zloty (PLN)
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1.5. Consolidated cash flow statement

SPECIFICATION	Period	
	01.01.2021	01.01.2020
	31.03.2021	31.03.2020
Cash flow from operating activities		
Profit before tax	54 031	24 175
Adjustments	(23 275)	11 397
Depreciation of intangible assets	3 719	3 501
Depreciation of property, plant and equipment	9 850	9 288
Write-downs for loss of property, plant and equipment and intangible assets	-	(917)
Profit on sale of property, plant and equipment and intangible assets	(36 621)	-
Gains on change in fair value of derivative instruments	(32)	(900)
Cost of interest	330	920
Share in (profit) loss of associates	(302)	6
Interest revenue	(36)	(33)
Other adjustments	(183)	(468)
Cash flows from operating activities before changes in working capital	30 756	35 572
Change in inventories	(27 763)	(6 282)
Change in the state of a depreciated contractual asset	406	406
Change in receivables	(14 287)	(4 609)
Change in liabilities	27 443	18 726
Changes in provisions	183	1 488
Change in cash and cash equivalents with restricted use	20	(54)
Changes in prepayments and accruals	(3 381)	(2 713)
Cash generated in the course of operating activity	13 377	42 534
Income tax paid	(8 432)	(6 181)
Net cash flows from operating activities	4 945	36 353
Cash flows from investing activities		
Expenses related to acquisition of intangible assets	(6 478)	(3 233)
Expenses related to acquisition of fixed assets	(13 516)	(8 405)
Proceeds from the sale of fixed assets	21 036	5 191
Other expenses	(958)	(1 184)
Net cash provided by investing activities	84	(7 631)
Cash flows from financing activities		
Purchase of own shares	(239)	(180)
Inflows from loans and borrowings taken out	41 366	4 912
Repayment of loans and credits	(31 757)	(19 378)
Interest	(295)	(883)
Repayment of liabilities under financial lease	(2 905)	(1 813)
Other expenses	(215)	(165)
Net cash from financial operations	5 955	(17 507)
Net increase (decrease) in cash and cash equivalents	10 984	11 215
Opening balance of cash and cash equivalents	29 251	34 322
Closing balance of cash and cash equivalents	40 235	45 537

Entity name:	Apator Group		
Period covered by the financial statements:	01.01.2021 – 31.03.2021	Reporting currency:	Polish zloty (PLN)
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1.6. Consolidated financial statements by operating segments

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

- Electricity
- Gas
- Water and heating

Activities conducted outside these segments are presented as “unallocated”.

SPECIFICATION	Electricity	Gas	Water and heating	Unallocated	Total
Financial results of operating segments for the period from 01.01.2021 to 31.03.2021					
Sales revenue	84 595	71 146	68 757		224 498
Cost of goods sold	66 229	52 891	45 817		164 937
Gross sales profit	18 366	18 255	22 940	-	59 561
Sales costs	3 220	1 886	3 182	76	8 364
General administrative costs	13 492	7 542	11 947	954	33 935
Sales profit	1 654	8 827	7 811	(1 030)	17 262
Other operating income	1 187	865	36 798	-	38 850
Share in profits of associated companies	-	-	302	-	302
Operating income	2 841	9 692	44 911	(1 030)	56 414
Depreciation	6 295	4 334	2 940	-	13 569
EBITDA	9 136	14 026	47 851	(1 030)	69 983
Financial results of operating segments for the period from 01.01.2020 to 31.03.2020					
Sales revenue	83 961	80 276	60 299		224 536
Cost of goods sold	61 397	59 860	40 261		161 518
Gross sales profit	22 564	20 416	20 038	-	63 018
Sales costs	3 695	1 614	3 562	172	9 043
General administrative costs	13 736	7 516	10 095	1 054	32 401
Sales profit	5 133	11 286	6 381	(1 226)	21 574
Other operating income (costs)	169	(133)	(1 220)		(1 184)
Share in profits of associated companies	-	-	(6)		(6)
Operating income	5 302	11 153	5 155	(1 226)	20 384
Depreciation	6 469	3 751	2 569	-	12 789
EBITDA	11 771	14 904	7 724	(1 226)	33 173

Entity name:	Apator Group		
Period covered by the financial statements:	01.01.2021 – 31.03.2021	Reporting currency:	Polish zloty (PLN)
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1.7. Geographical structure of sales

Below is presented the sales of Apator Group divided into the following geographical directions:

- Country - including domestic sales
- Union + United Kingdom - sales made in European Union countries and in the United Kingdom
- Export - sales in other countries

SPECIFICATION	Country	Export	Union	Total
Sales revenues in geographical segments since 01.01.2021 till 31.03.2021				
Total revenue	113 712	25 595	85 191	224 498
Sales outside	113 712	22 273	85 191	221 176
Sales to subsidiaries	-	3 322	-	3 322
Sales revenues in geographical segments since 01.01.2020 till 31.03.2020				
Total revenue	111 279	19 812	93 445	224 536
Sales outside	111 276	16 202	93 445	220 923
Sales to subsidiaries	3	3 610	-	3 613

Entity name:	Apator Group		
Period covered by the financial statements:	01.01.2021 – 31.03.2021	Reporting currency:	Polish zloty (PLN)
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2. General information

This quarterly report should be read together with the annual report on activity of Apator Group in 2020, available at the link below. (<http://www.apator.com/uploads/files/Raporty/Raporty%20okresowe/2020/roczny-skonsolidowany/sprawozdanie-zarzadu-asa-i-gk-apator-rs-2020-r.pdf>)

2.1. Organisation of Apator Group

Apator Group is an international capital group of manufacturers of metering equipment and systems. Supplier of solutions to support the operation of electricity, water and gas networks.



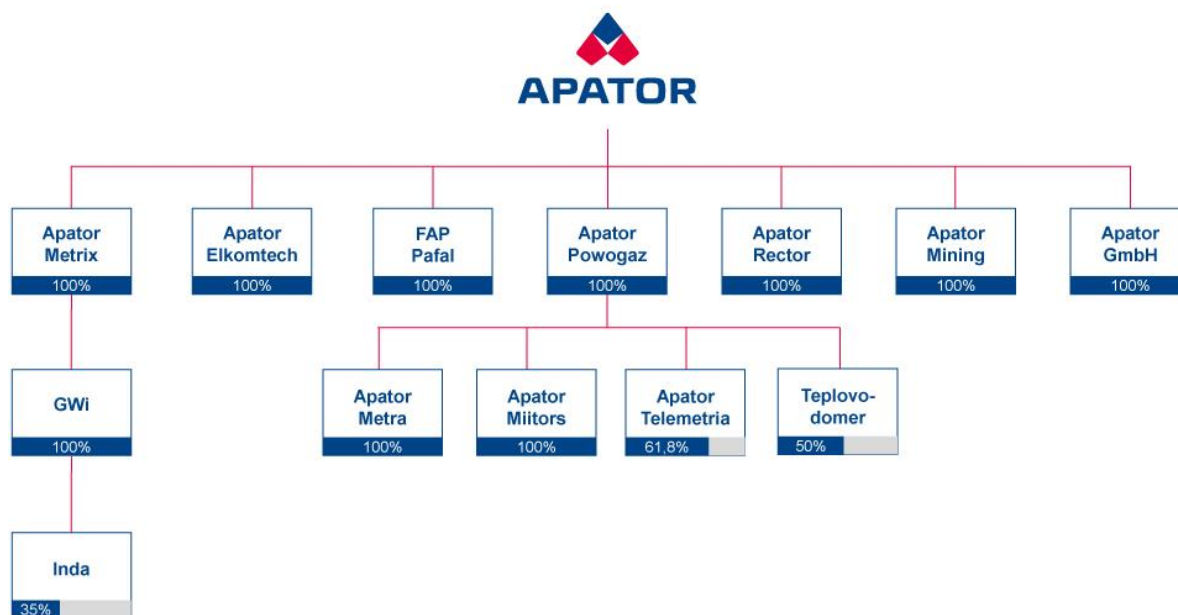
The companies of Apator Group are part of the electromechanical sector and they focus their activity on manufacturing and sales of metering equipment (electricity, gas, water and heat), control and measurement, distribution and control equipment, SCADA class IT systems and cooperating with them telemechanical devices, protections and other network equipment for distributed systems, providing the possibility of remote control and supervision of the power network in the full range of voltages and devices reading and transmitting data.

Parent entity in Apator Group is Apator SA with headquarters in Toruń.



2.2. Composition of the Apator Group and its business segments

The Group's structure as at 31 March 2021 was as follows:



Entity name:	Apator Group		
Period covered by the financial statements:	01.01.2021 – 31.03.2021	Reporting currency:	Polish zloty (PLN)
Level of rounding:	all amounts are expressed in thousands of Polish zlotys (unless indicated otherwise)		

Activity of Apator Group is organized in three segments:

Business segments	 energia elektryczna	 gaz	 woda i ciepło
<i>Lines business</i>	<ul style="list-style-type: none">  electricity metering  switchgear  control and monitoring systems  ICT 		
<i>Companies included in the Segment</i>	<ul style="list-style-type: none"> ■ Apator SA (Toruń) ■ Apator Elkomtech (Łódź) ■ Apator Rector (Zielona Góra) ■ FAP Pafal (Świdnica) ■ Apator GmbH (Niemcy) 	<ul style="list-style-type: none"> ■ Apator Metrix (Tczew) ■ GWi (United Kingdom) ■ Inda (Slovenia) ■ Apator GmbH (Niemcy) ■ Apator Elkomtech (Łódź) 	<ul style="list-style-type: none"> ■ Apator Powogaz (Poznań) ■ Apator Telemetry (Ślusk) ■ Apator Metra (Czech Republic) ■ Apator Miitors (Denmark) ■ Teplovodomer (Russia)
<i>Solutions</i>	<ul style="list-style-type: none"> ■ Smart and communal ee meters ■ Power distribution systems ■ Control and monitoring systems ■ Measurement data management systems ■ Solutions for OZE <div style="display: flex; justify-content: space-around; align-items: center;">    </div> <p style="text-align: center;">Meter OTUS 3 Control systems and monitoring SmartARS disconnector</p>	<ul style="list-style-type: none"> ■ Smart gas meters, bellows meters, domestic, industrial ■ Remote reading services, system that allows interrupting and resuming gas supply via GSM network <div style="display: flex; justify-content: space-around; align-items: center;">   </div> <p style="text-align: center;">Gasmeter iSMART 2 pro hybridSMART</p>	<ul style="list-style-type: none"> ■ Ultrasonic water meters, residential, domestic, industrial ■ Heat meters, heat cost allocators ■ Remote reading and billing of utility consumption, system management <div style="display: flex; justify-content: space-around; align-items: center;">    </div> <p style="text-align: center;">Water meter ULTRIMIS W JS Smart+ E-ITN divider</p>
<i>Main customers</i>	<ul style="list-style-type: none"> ■ electricity utilities (DSOs) ■ electricity wholesalers, electrical assembly and installations companies ■ construction, industry, railroad ■ photovoltaic and wind farms, energy clusters and cooperatives and other RES sector participants 	<ul style="list-style-type: none"> ■ gas companies/gas distributors and suppliers 	<ul style="list-style-type: none"> ■ water and sewerage companies and thermal energy ■ housing cooperatives ■ construction ■ industry
<i>The main markets</i>	Polska, Niemcy, Austria, Rosja, Brazil	Poland, United Kingdom, Belgium, Germany, Netherlands, Hungary, Turkey	Poland, Czech Republic, France, Russia, Ukraine, Spain
<i>Sales scale in IQ 2021</i>	PLN 84.6 million	PLN 71.2 million	PLN 68.8 million
<i>Share of export in revenues in Q1 2021</i>	29.3%	67.6%	49.3%

Entity name:	Apator Group		
Period covered by the financial statements:	01.01.2021 – 31.03.2021	Reporting currency:	Polish zloty (PLN)
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3. Summary of financial results

In this section, significant achievements or failures have been indicated, together with a list of the most important events concerning the issuer and its capital group, and factors and events, including those of an untypical nature, having a significant impact on the financial statements. This quarterly report should be read together with the annual report on activity of Apator Group in 2020, available at the link below.

(<http://www.apator.com/uploads/files/Raporty/Raporty%20okresowe/2020/roczny-skonsolidowany/sprawozdanie-zarzadu-asa-i-gk-apator-rs-2020-r.pdf>)

In the first quarter of 2021 Apator Group achieved the following financial results:

Specification	IQ 2021	IQ 2020	Change	Dynamics
Sales revenues, including:	224 498	224 536	-38	100.0%
<i>domestic</i>	113 713	111 278	2 435	102.2%
<i>export</i>	110 785	113 258	-2 473	97.8%
Cost of goods sold	164 937	161 518	3 419	102.1%
Gross sales profit	59 561	63 018	-3 457	94.5%
Sales costs	8 364	9 043	-679	92.5%
General administrative costs	33 935	32 401	1 534	104.7%
Sales profit	17 262	21 574	-4 312	80.0%
Result on other operating activities	38 850	-1 184	40 034	3281.3%
Share in profits of companies consolidated using the equity method	302	-6	308	5033.3%
Operating income	56 414	20 384	36 030	276.8%
EBITDA	69 983	33 173	36 810	211.0%
<i>EBITDA excluding real estate*</i>	<i>35 909</i>	<i>33 173</i>	<i>2 736</i>	<i>108.2%</i>
Result on financial activity	-2 383	3 791	-6 174	-162.9%
Profit before tax	54 031	24 175	29 856	223.5%
Current income tax	16 956	6 113	10 843	277.4%
Deferred income tax	-4 279	725	-5 004	-590.2%
Net profit	41 354	17 337	24 017	238.5%
<i>Net profit without real estate*</i>	<i>13 751</i>	<i>17 337</i>	<i>-3 586</i>	<i>79.3%</i>
Profitability ratio:				
Gross profit margin on sales	26.5%	28.1%		
Profit margin on sales	7.7%	9.6%		
Profit margin EBITDA	16.0%	14.8%		
Net profit margin	18.4%	7.7%		

*) results cleared of the impact of sale of real estate of Apator Powogaz

Key performance drivers:

- maintaining sales thanks to a clear recovery in demand in the Water and Heat segment;
- one-off factor - influence of sale of real estate of Apator Powogaz SA in Poznań in Water and Heat segment:
 - at EBITDA level: PLN 34.1 million
 - at the net result level: PLN 27.6 million
- macroeconomic situation - global temporary difficulties in access to electronic components and shortages of raw materials, for electronic devices, causing
 - longer delivery times and increases in the price of raw materials and materials;
 - global increase in transport prices;
- situation on foreign exchange markets - high volatility of foreign exchange rates resulting in negative result on foreign exchange differences.

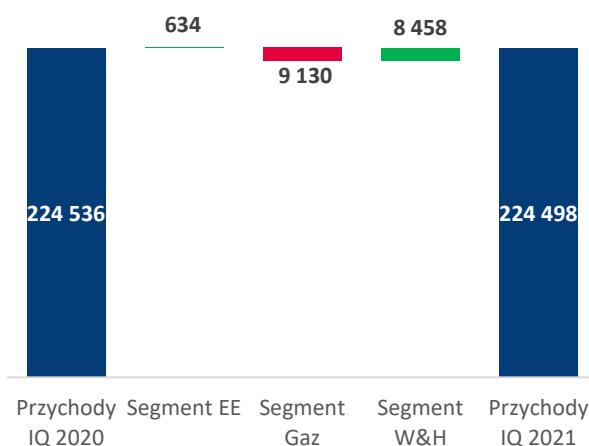
Entity name:	Apator Group		
Period covered by the financial statements:	01.01.2021 – 31.03.2021	Reporting currency:	Polish zloty (PLN)
Level of rounding:	all amounts are expressed in thousands of Polish zlotys (unless indicated otherwise)		

Sales revenue

In Apator Group revenues were maintained at the level of the same period of the previous year and the most dynamic growth was recorded in Water and Heat segment (+14% y/y).

Changes in sales of particular segments were as follows:

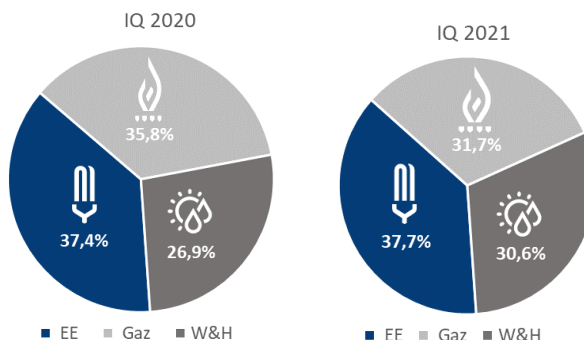
- Electrical Energy (EE) segment - strong increase in exports by PLN 7 mln (+40% y/y), mainly to Germany, fully offsetting the decline in domestic sales (-9.7% y/y). Lower domestic sales were largely related to a lower backlog and a global reduction in component availability, which is felt most strongly in the EE segment;
- Gas segment - high sales in the country (+37.1% y/y) as a result of the execution of the tender for PSG sp. z o.o., while exports were lower (-24% y/y). The decline in exports recorded in IQ 2021 is mainly due to the high base in IQ 2020 and the then record level of quarterly sales of PLN 80.3 million. In addition, lower revenues are due to reduced orders from key partners mainly in the UK market and the ending rollout of smart gas meters in the Netherlands. Other markets in the segment (such as Belgium, Hungary, Turkey and Ukraine) experienced sales increases;
- Water and Heat segment - higher turnover at home (+9.3% y/y) and at the same time dynamic growth in exports (+18.1% y/y). The significantly improved sales performance confirms the trend of a systematic recovery of orders after the more difficult period of IH2020, when the impact of the pandemic was felt most strongly. In addition, larger orders for ultrasonic water meters were completed both domestically and internationally during the period under review. The Segment's main export markets in IQ 2021 are the Czech Republic, France, Russia, Ukraine, Spain and Saudi Arabia.



In view of the above, the Water and Heat segment increased its share in the sales structure.

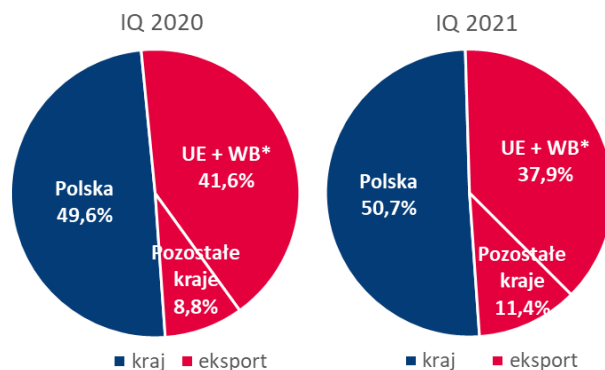
Geographical structure of sales

The geographical structure of sales has not changed significantly. The share of sales abroad in total turnover of Apator Group decreased in comparison to IQ 2020 by 1.1 p.p., to the level of 49.4% of total revenues.

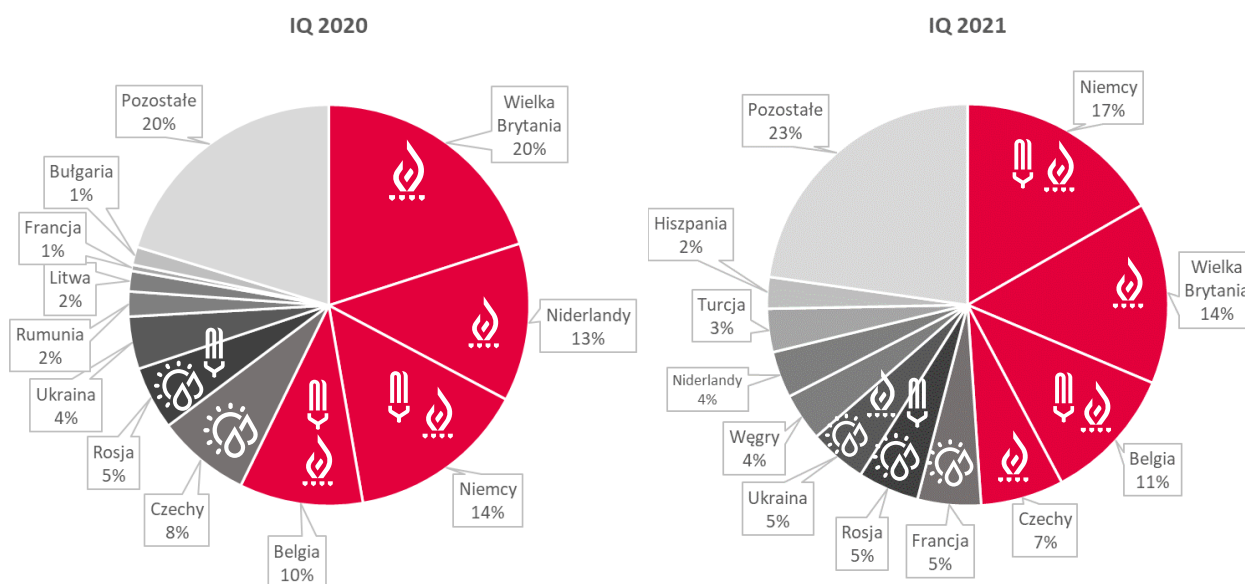


Entity name:	Apator Group		
Period covered by the financial statements:	01.01.2021 – 31.03.2021	Reporting currency:	Polish zloty (PLN)
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The main sales market of the Apator Group is Poland. The European Union (with a dominant share of the German, Belgian, Czech and French markets) and the United Kingdom remain the Group's second trading partners. At the same time - taking into account changes in turnover in the various sales markets - the situation we faced in IQ 2021 proved to be mixed. While the Gas segment continued to experience constraints in the main foreign markets, the other two segments have already seen a clear recovery in orders from a number of markets particularly in the Water and Heat segment (e.g. France). At the same time, the marked decline in sales on the Dutch market is due to the end of the rollout for smart gas meters in this country.



* EU+GB - European Union and Great Britain countries



Foreign sales - countries with a share of more than 5%	Share of exports in Q1 2021	Sold range
Germany	17%	mainly gas and electricity meters
United Kingdom	14%	gas meters
Belgium	11%	gas and inductive electricity meters
Czech Republic	7%	mainly water meters and cost allocators
France	5%	mainly water meters and cost allocators
Russia	5%	mainly water meters, heat meters, switchgear
Ukraine	5%	primarily water and gas meters

Seasonality of sales

Entity name:	Apator Group		
Period covered by the financial statements:	01.01.2021 – 31.03.2021	Reporting currency:	Polish zloty (PLN)
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The phenomenon of seasonality in the activity of Apator Group is not particularly significant (we do not observe any repeatability in this respect), although the tendency to increase sales in the last quarter was noticed most frequently, as it happened in the past. Both the turnover for 2020 and 2021 should not be considered representative of the seasonality phenomenon, due to the effects of the persistent pandemic state and the key importance of factors of a decidedly one-off nature (inhibition of orders from some customers, difficulties in supplying parts and components).

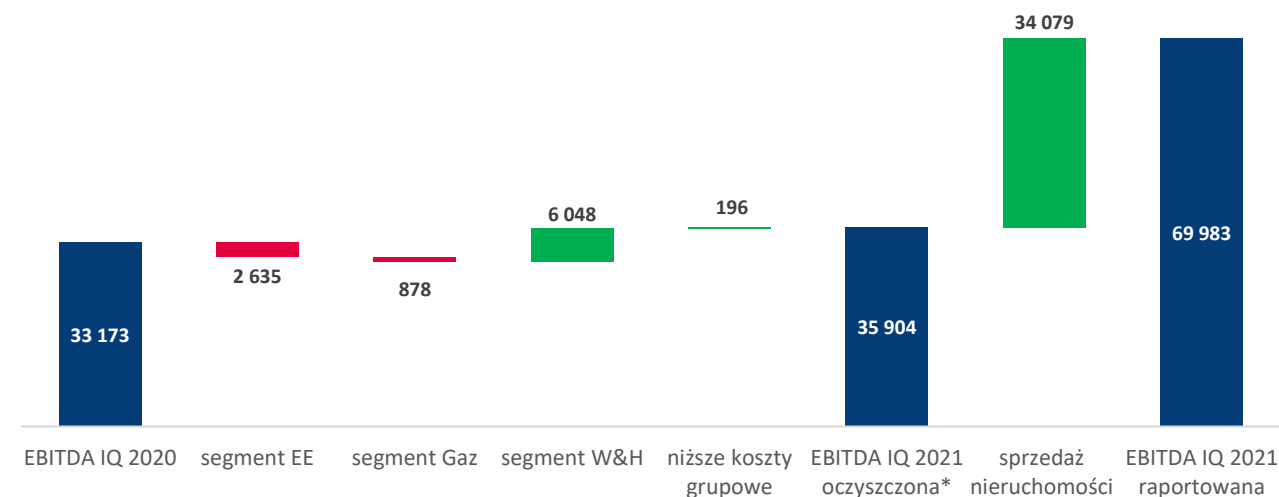
Revenues reported in years	I quarter	II quarter	III quarter	IV quarter
2018	188 183	207 893	204 604	243 363
2019	212 479	210 782	220 495	233 837
2020	224 536	237 408	244 126	228 395
2021	224 498			

EBITDA

The level of consolidated EBITDA was influenced by:

- decrease in EBITDA in the Electricity segment mainly as a result of price pressure with a simultaneous increase in the cost of materials, components and raw materials (mainly copper) as a result of disruptions in the global supply chain; positive impact of the compensation received from the insurer (+£1.5 million) to cover part of the cost of replacing defective electricity meters (delivered in 2014-2017) as part of a reported claim;
- maintenance of EBITDA profit in the Gas segment despite the decrease in sales y/y, positive impact of the subsidy from the anti-crisis shield (PLN +1 mln);
- a significant increase in the profit of the Water and Heat segment as a result of increased sales and the achievement of favourable operating leverage through improved efficiency;
- result on sale of real estate of Apator Powogaz SA in Poznań (PLN +34.1 million)*.

*On the 12th January 2021, Apator Powogaz SA concluded with the entity from developer branch the promised contract of sale of the real property at the Klemensa Janickiego Street 23/25 in Poznań with the total area of 3,3 hectares for the price of 63,5 million zlotys net where its present headquarters are located.



*EBITDA IQ 2021 adjusted for the impact of the sale of the Poznań property

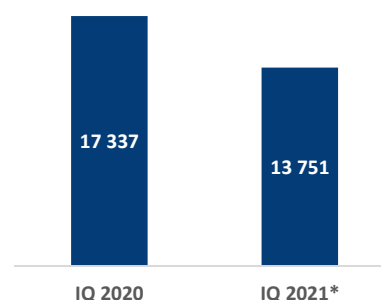
Entity name:	Apator Group		
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Net result

The consolidated net result stood at PLN 41.4 million and was influenced by:

- a negative result on financing activities (PLN -2.4 million), mainly due to negative exchange rate differences (PLN -1.8 million) due to the evolving situation on the currency markets;
- sale of real estate of Apator Powogaz (PLN +27.6 million).

Po oczyszczeniu wyniku z tego zdarzenia, zysk netto Grupy Apator w IQ 2021 r. ukształtował się na poziomie 13,8 mln zł.



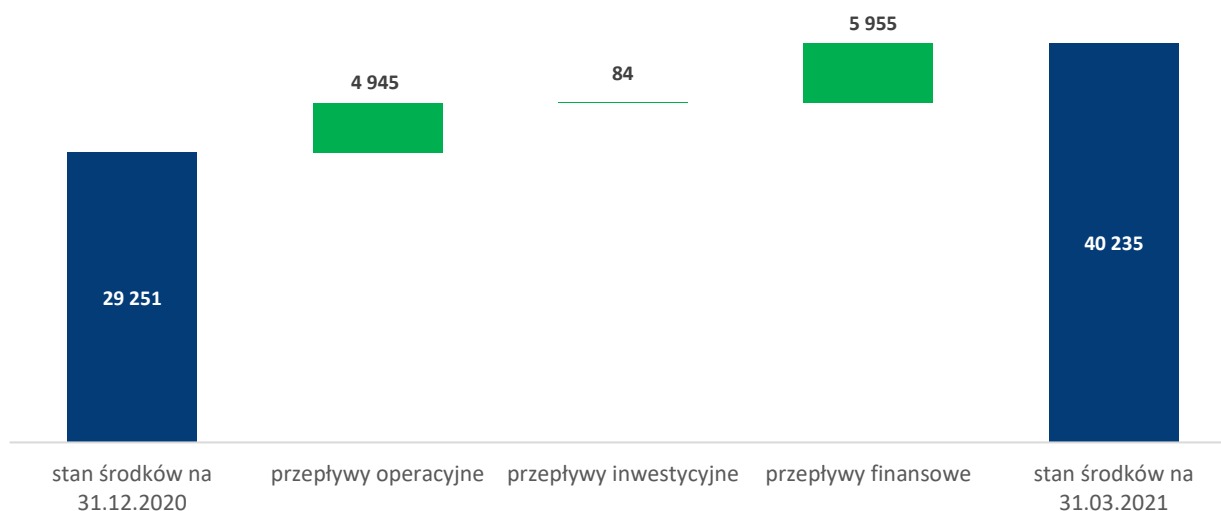
*) net result after deduction of impact of sale of real estate

Analysis of financial situation

The cash balance as at 31 March 2021 was PLN 11 million higher than at the end of 2020 at PLN 40.2 million.

Cash and cash equivalents were influenced by the following factors:

- positive cash flows from operating activities, with the cash flow stream significantly lower than the EBITDA level. This situation is due to the increase in working capital - sourcing and securing materials and raw materials as a result of taking the necessary measures to mitigate risks associated with the turbulence in global supply chains;
- positive flows from investment activity resulting from the receipt of proceeds from the sale of real property of Apator Powogaz SA in Poznań in the amount of 21 million PLN (payment for the real property in accordance with the schedule), reduced by the expenditures mainly for investment expenditures at the level of 20 million PLN;
- positive cash flow balance primarily related to an increase in credit debt.



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Other basic indicators	IQ 2021	IQ 2020	Formula
Current liquidity ratio	1.31	1.26	current assets/short-term liabilities
Quick liquidity ratio	0.77	0.80	(current assets - inventories)/short-term liabilities
Return on assets ROA	9.44%	6.38%	net profit/average total assets calculated as the average value from the opening and closing balance sheet
Return on equity ROE	16.00%	11.46%	net profit/average value of equity calculated as the average value from the opening and closing balance sheet
Net debt (PLN thousand)	99 876	95 485	loans and borrowings - cash and equivalents - loans granted
Net Debt/LTM EBITDA*	0.59	0.76	(credits and loans - cash and equivalents - granted loans)/LTM EBITDA
Capex (PLN thousand)	17 432	9 573	tangible and intangible investment expenditure
Working capital (PLN thousand)	195 658	169 988	(current assets - cash) - (short-term liabilities - short-term loans and borrowings)

The level of net working capital at the end of March 2021 was PLN 25.7 million higher compared to the end of IQ 2020. (and by PLN 32.5 million higher than at the end of 2020). This is due to higher inventories and receivables with a simultaneous lower (by PLN 5.3 million) cash balance at the end of the period. The increase in working capital is mainly seen in the Electricity segment (increase in inventories resulting from the stocking up to secure future production) and Water and Heat (increase in receivables resulting from the settlement of property sales).

Higher capex was incurred in the period mainly in the Water and Heat segment and related primarily to expenditure on the construction of a new factory near Poznań (PLN 5.5 million for IQ 2021) and work on the development of remote communications and the expansion of the product range with new product families.

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

4.1. Prospects

Undoubtedly, the emergency situation caused by the COVID-19 pandemic will continue to affect the economic situation in the coming quarters, but the increasing percentage of vaccinated people and the easing of anti-epidemic restrictions are slowly normalising the economic situation, both in Poland and in other European countries. On the other hand, however, pandemia has affected entire supply chains in an unprecedented way. From the end of 2020 onwards, there are significant difficulties in accessing electronic components and shortages of raw materials causing significant price increases. At the same time, the lack of availability of containers from Asia or the problems at the Suez Canal have significantly increased transport costs and prolonged lead times. Persistent supply chain continuity problems may periodically affect sales dynamics.

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The Group continues to take a number of preventive measures to ensure the continuity of production processes and to provide employees with adequate health and safety measures. The areas of financial position and continuity of supply are monitored on an ongoing basis. In relation to global situation on the market of raw materials and components, Apator Group is strongly involved both in the search for substitutes and alternative materials (without the influence on the quality of the product), actively seeks other sources of purchase and conducts the optimum stock management to the present situation. Due to diversified activity within three segments and wide product portfolio - Apator Group manages the operational risk skillfully - especially in the period of problems related to coronavirus.

Despite global difficulties related to pandemic, Apator Group has good perspectives for all segments:

- in the Electricity segment, the development prospects are determined primarily by: energy transformation in line with the Polish Energy Policy (PEP2040) adopted by the government, including the planned rollout for meters with remote reading, development of energy management systems from RES (energy clusters, micro-sources, development of photovoltaics) and expansion of electricity network infrastructure. At the same time, the planned rollout to meters is attracting more competition and putting further downward pressure on margins and prices;
- in the Gas segment, the implementation of postponed rollouts in Europe and a slow recovery in the main foreign markets is underway;
- in the Water and Heat segment, the recovery of demand after the pandemic is underway and, in addition, the prospect of sales development is provided by the amendment to the Energy Efficiency Act, signed on 26 April 2021, which requires owners or managers of multi-apartment buildings to install heat meters and water meters with remote reading by 1 January 2027.

The detailed description of perspectives and development factors for particular segments that will determine the activity and results of Apator Group has been presented in the Report of the Executive Board on Activity of Apator Group for 2020 in the chapter 3 and 4. In the opinion of the Executive Board, the perspectives indicated in the aforementioned document remain valid.

(<http://www.apator.com/uploads/files/Raporty/Raporty%20okresowe/2020/roczny-skonsolidowany/sprawozdanie-zarzadu-asa-i-gk-apator-rs-2020-r.pdf>)

4.2. Risk and hazard factors

Significant risk factors are identified, analysed and controlled on current basis in Apator Group. Risk management is based on the three-line model and uniform principles and methodology developed on the basis of the international standard ISO 31000. In individual companies of the Group, risk management is an integral part of their management systems and remains under the supervision of the parent company.

The risk management principles adopted by the Group include control of risk by division:

- financial management risk,
- strategic risk related to development and construction of value of Apator Group,
- operational risk including day-to-day task performance, legal compliance, work safety, information security and environmental protection.

The detailed description of risk factors that can have the influence on the activity of Apator Group was presented in the Report of the Executive Board on Activity of Apator Group for 2020 in the chapter 8. In the opinion of the Executive Board, the risks indicated in the aforementioned document remain valid.

(<http://www.apator.com/uploads/files/Raporty/Raporty%20okresowe/2020/roczny-skonsolidowany/sprawozdanie-zarzadu-asa-i-gk-apator-rs-2020-r.pdf>)

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Period covered by the financial statements:	01.01.2021 – 31.03.2021	Reporting currency:	Polish zloty (PLN)
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5. List of major events

5.1. List of events in the first quarter of 2021

1. On 4th January 2021 subsidiary Apator Rector Sp. z o.o. concluded the contract with Tauron Dystrybucja SA with the value of about PLN 26.3 million. The agreement concerns the provision of maintenance, support and development services for the ZMS Network Asset Management IT system implemented at Tauron Dystrybucja SA from 2021 to 2024.
2. On 5th January 2021 the offer of Apator SA was selected as the most favourable one in the tender for the supply of municipal electricity meters in the period 2021-2022, announced by PGE Dystrybucja SA (task no. 2 - three-phase meters). The value of the offer is PLN 45.4 million, including the option to increase the order by PLN 9.9 million. On 23 February this year, the company entered into agreements with branches of PGE Dystrybucja SA. Deliveries are made from May 2021.
3. On 7th January 2021 Mr Mariusz Lewicki - Deputy Chairman of Supervisory Board of Apator SA purchased 15.000 bearer shares of Apator SA.
4. On 8th January 2021. District Court Katowce-Wschód in Katowice made the entry of registered pledge on 3.600.000 bearer shares of Apator SA being in possession of Apator Mining Sp. z o.o. in favour of PKO Bank Polski SA. The registered pledge is the collateral of the investment credit granted by the Bank to the company Apator Powogaz SA for the construction of the production plant and it will be kept till the day of establishing the contractual mortgage on the real estates that are built for Apator Powogaz SA.
5. On 12th January 2021, Apator Powogaz SA concluded with the entity from developer branch the promised Contract of Sale of the land property located at Klemensa Janickiego Street 23/25 in Poznań with the total area of 3.3 hectares where the present headquarters of Apator Powogaz SA is located (more in item 13).
6. On 5th February 2021 The Executive Board of Apator SA received the copy of statement of claim of PySENSE Sp. z o.o. against Apator SA. The statement of claim was filed with the Regional Court in Toruń, 6th Commercial Division and concerns payment of PLN 21,526,688.09. The Executive Board of Apator SA considers the statement of claim as unfounded and it applied for dismissal of the claim in its entirety (more information in point 10).
7. On 24 February 2021. The Board of Directors recommended the payment of a dividend from the 2020 profit of PLN 1.20 gross per share (more in section 16.4).
8. On 5 March 2021, Apator Metrix SA, GWi Ltd and Meter Fit 20 Ltd concluded a contract for the supply of gas regulators for the UK market in the period 2021-2025. The estimated value of the contract is approximately £8 million (i.e. PLN 42 million, according to the average NBP exchange rate of 4 March 2021, 1 GBP= PLN 5.2717). The agreement stipulates that the regulators will be supplied based on ongoing orders placed by Meter Fit 20 Ltd according to its needs.
9. On March 17, 2021 an annex to the agreement concluded with TU Euler Hermes SA was signed. Agreement for the provision of contractual guarantees within a revolving limit. Under the annex, the revolving limit for guarantees granted to the Group was increased from PLN 20 million to PLN 25 million. At the same time, additional security for the contract was established in the form of 4 blank promissory notes.
10. On 23rd March 2021 the Company received the copy of the judgement of Supreme Administrative Court dated 5th February 2021 regarding the cassation complaint of National Fiscal Information Director from the judgement of Regional Administrative Court in Gorzów Wielkopolski in case of complaint of Apator Rector Sp. z o.o. on individual interpretation of the Director of National Fiscal Information regarding the possibility to include into tax costs the contractual penalty in amount of PLN 11 140.0 thousand due to failure to meet the deadline for performance of services under the contract for execution and implementation of Network Asset Management System for Tauron Dystrybucja SA. Supreme Administrative Court in its ruling stated that Apator Rector Sp. z o.o. is not entitled to include the incurred expense in the form of penalty to tax costs. Consequently, it was necessary to adjust the

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CIT income tax settlement for 2018-2020 and to adjust the deferred tax asset created on the penalty. At the same time Apator Rector has unused tax losses on which the deferred tax asset was not recognized in full amount. Their amount is sufficient to offset the impact of the derecognition of the unjustified deferred tax asset on the penalty. As a result of the set-off applied, the qualification of the penalty to the costs not being tax deductible has no influence on the financial result of Apator Rector, and only the title of the created deferred tax asset was changed.

- On 26th March 2021. The Supervisory Board of Apator SA elected PricewaterhouseCoopers Polska sp. z o.o. Audyt sp. k. with headquarters in Warsaw to audit the financial statement of Apator SA and to audit and review of consolidated financial statement of Apator Group for the period 2021 - 2023.

In the analysed period there were no other factors and events than those mentioned above, including untypical ones, that would have significant influence on results of Apator Group.

5.2. List of events after the balance sheet date

There were no significant events after the balance sheet date.

6. Additional information

6.1. Credits, loans, sureties, guarantees

Balance of credits and loans of Apator Group:

Specification	as of		change
	31.03.2021 r.	31.12.2020	
Long-term loans and credits	10 948	4 183	6 765
Short-term loans and credits	129 163	125 218	3 945
Total loans and borrowings	140 111	129 401	10 710

6.1.1. Loans

In the 1st quarter of 2021 none of the companies in Apator Group concluded new credit agreements. As at 31 March 2021, the status of material loan agreements is as follows:

- Multi-product agreement of 22 June 2016 on 10th August 2020 between ING Bank Śląski SA and companies of Apator Group: Apator SA, Apator Powogaz SA, Apator Metrix SA, FAP Pafal SA, Apator Elkomtech SA, Apator Rector Sp. z o.o., Apator Telemetry Sp. z o.o. The annex to the above agreement was concluded where the credit period was extended for the next 2 years and the revolving credit limit for current financing of the companies was increased from 140 m PLN to 160 m PLN. The credit limit may be used in the form of working capital loans, bank guarantees, letters of credit, and repurchase of receivables by the Bank. The limit interest rate is based on WIBOR 1M plus bank margin. In connection with the conclusion of the annex, the collaterals of the Agreement, which they are now, have changed:
 - registered pledges on the Companies' inventories with a total value of PLN 77.5 million,
 - registered pledges on the fixed assets of companies with a total net value of PLN 22.1 million,
 - registered pledges on the Company's bank accounts maintained by ING Bank Śląski SA,
 - mortgage on real estate of Apator SA to the value of 35.9 m PLN,
 - assignment of rights under the insurance policy of the above collaterals,
 - blank promissory notes together with promissory notes issued by borrowers.

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Liabilities resulting from the granted limit shall be jointly and severally charged to the Company, up to a maximum amount of PLN 160 million.

On 31st December 2021 the debt of Apator Group due to concluded multi-product contract was PLN 97.1 million.

2. Apator SA has got the loan in Bank Handlowy SA for the amount of 10 million PLN designated for current financing of the business activity of the Company. On 9 March 2021, an annex to the agreement was concluded, pursuant to which the loan period was extended until 25 March 2022. The loan interest rate was determined according to a variable interest rate equal to the WIBOR rate for 3-month deposits increased by the bank's margin. The loan repayment is secured by a registered pledge on the company's fixed assets with a value of PLN 8.3 million and an assignment of rights under an insurance policy. As at 31 March 2021, the level of credit drawn was PLN 9.3 million.
3. The Company Apator Metrix SA has got long-term credit (investment credit) for purchase of shares of GWi contracted in Bank Millennium SA. The loan amounted to PLN 22.1 million. The loan is granted for the period until 31.12.2022. The loan bears interest at a variable interest rate equal to WIBOR rate for 3-month deposits increased by the bank's margin. The loan is secured by a capped mortgage up to PLN 23.3 million on the company's property located in Tczew, transfer of ownership of fixed assets with a total value of min. 2.4 million PLN, an assignment of rights from the all-risks property insurance policy and a pledge on bank accounts. As at 31 March 2021, the credit granted amounted to PLN 7.3 million.
4. GWi Ltd has an overdraft facility entered into on 8 September 2017 with CITI London Bank for £4 million. The loan was taken for the repayment of the loan from BI Group PLC and Apator Metrix SA, which was related to the early redemption of the remaining 50% of GWi shares by Apator Metrix SA in 2017. The term of the loan is renewed every year. The security of credit repayment is surety of Apator Metrix SA in form of bank guarantee. The loan interest rate is set at a variable LIBOR rate plus the bank's margin. At 31 March 2021, the outstanding balance of the facility is £3.4 million (i.e. PLN 18.5 million. at the average NBP exchange rate of 31 March 2021 for the currency GBP = 5.4679 PLN).
5. Apator Powogaz SA:
 - a) on 4 December 2020, concluded with the bank PKO Bank Polski SA with its registered office in Warsaw an Investment Credit Agreement in the amount of PLN 39.1 million with the possibility of increasing to PLN 41 million. The loan is intended to finance the purchase of land and construction of a modern production plant in Jaryszki (cadastral precinct Żernik near Poznań), based on a contract concluded with the General Contractor. The interest rate is set at:
 - up to PLN 39.1 million - fixed interest rate of 1.3% p.a. plus the Bank's margin,
 - above the amount of PLN 39.1 million, and up to PLN 41 million - interest rate according to variable interest rate WIBOR 1M increased by the Bank's margin.
 As at 31.03.2021, the loan is secured by:
 - blank promissory note together with a promissory note declaration,
 - registered pledge (established on 8th January 2021) on 3.6 million bearer shares of Apator SA being in possession of Apator Mining Sp. z o.o. to the highest amount of security PLN 61.5 million together with a block of shares with a total value of no less than 120% of the future value of the property (pledge to be maintained until the date of the contractual mortgage mentioned below),

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- contractual mortgage up to the amount of PLN 61.5 million on the acquired land and the constructed property in Jaryszki established after the transfer of the property ownership to Apator Powogaz SA,
- declaration of guarantee granted by Apator SA in a form of "letter of comfort" for the liabilities of Apator Powogaz SA to the Bank due to the Contract,
- transfer of monetary claims from an insurance contract for buildings and structures located on the property - upon completion of construction,

The loan repayment period is set from 31 July 2022 to 4 December 2030. As at 31 March 2021, the debt under the above loan amounted to PLN 7.8 million.

- b) has a credit facility with mBank SA for the amount of PLN 10 million dedicated to the current financing of the company's business activities with the repayment period ending on 3 August 2021. The interest rate on the loan was determined according to a variable interest rate, depending on use, equal to WIBOR ON or LIBOR ON plus the bank's margin. Repayment of the loan is secured by a blank promissory note and the PLG-FGP guarantee granted by BGK. As at 31 March 2021, the company has not drawn down the loan facility.
- c) has got the factoring agreement concluded with Santander Faktoring Sp. z o.o. with the limit up to the amount PLN 15 million for financing of suppliers. The agreement is concluded for the period from 19.09.2019 to 30 June 2021. The interest rate is determined according to a variable interest rate equal to WIBOR 1M plus the bank's margin. The financing is secured by a blank promissory note and a statement on submission to execution under Article 777 of the Civil Code. As at 31 March 2021, the balance of used financing amounted to PLN 7.7 million.

In the 1st quarter 2021 no bank terminated any company of Apator Group the credit agreement and the companies of Apator Group timely performed their obligations resulting from the concluded credit agreements.

6.1.2. Loans

In the Q1 of 2021 the companies of Apator Group did not grant loans to entities from outside Apator Group.

The status of granted and received loans of companies of Apator Group at 31 March 2021 is as follows:

- Apator Powogaz SA has the receivable due to consolidated loan in amount of EUR 1.55 million and with the maturity extended (by annex of 20 November 2020) to 31 December 2029. The loan was granted to the subsidiary - Apator Miitors ApS. The nominal interest rate on the loan is 2% p.a. At 31 March 2021, the outstanding loan (including interest) amounted to EUR 1.5 million (i.e. PLN 7.1 million at the average NBP exchange rate of 31 March 2021 for EUR = PLN 4.6603).

6.1.3. Sureties i guarantees

In 2021 the companies of Apator Group did not grant any sureties to entities from outside Apator Group.

The balance of guarantees and sureties issued as at 31 March 2021 is as follows:

1. Apator SA:

- guarantee of payment of receivables by Apator Metrix SA in the amount of 1.2 m EUR (55.8 m PLN according to selling rate of EUR in ING bank dated 31st March 2021 equal 1 EUR = 4.8089 PLN) in

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relation to Flonidan AS for the machines purchased by Apator Metrix SA in order to increase manufacturing capacity for the needs of performance of the contract in Great Britain. The repayment period is from 23 September 2019 to 30 June 2022. The guarantee fee is calculated on a quarterly basis at a rate of 0.8% p.a.

- conditional surety for payment due to concluded two lease contracts for purchase of fixed asset (server) between Apator Rector Sp. z o.o. and mLeasing Sp. z o.o. in total amount of 0,5 m PLN with the validity period from 21st January 2020 to 15th March 2023. The commission for the granted guarantee is calculated quarterly based on the rate 1,2% p.a.

2. Subsidiary of Apator Metrix SA:

- guarantee for the subsidiary George Wilson Industries Ltd. (GWi) up to a maximum of GBP 4 million, i.e. 22.6 million PLN (according to selling rate of GBP in ING bank from 31st March 2021 equal 1 GBP = 5.647 PLN) for the period to 31st October 2021. The guarantee concerns the loan granted to GWi by Bank Citi for repayment of, among others, loans granted earlier by NIG and Apator Metrix SA. The guarantee was issued on the basis of the revolving agreement concluded between Apator Metrix SA and Citi Handlowy. The guarantee commission is 0.5% per annum

At 31st March 2021. Apator Group had also active guarantees issued by insurers and banks, described in detail in point 1.2.

6.2. Proceedings pending before a court, arbitration body or public administration authority

On 5th February 2021. The Executive Board of Apator SA received the copy of statement of claim of PySENSE Sp. z o.o. against Apator SA, which in the opinion of the Executive Board is unfounded. The statement of claim was filed on 29 December 2020 with the Regional Court in Toruń, 6th Commercial Division and concerns the payment of PLN 21,526,688.09, which consists of:

- compensation based on art. 471 KC due to damage in relation to non-performance by Apator SA of the cooperation contract of 31st October 2018 in the scope of manufacturing by PySENSE Sp. z o.o. communication modems to electricity meters of Apator SA in the amount of 21.347.389,20 PLN (i.e. PLN 20,502,193.30 plus statutory interest for delay from the due date of 01.04.2020 in the amount of PLN 845,195.90),
- remuneration for transfer of property rights by PySENSE Sp. z o.o. to Apator SA in the amount of 115.263,57 PLN (that is PLN 110,700 plus statutory interest for delay from the due date of 01.04.2020 in the amount of PLN 4,563.57),
- remuneration for granting Apator SA license to software in the amount of 64.035,32 PLN (that is PLN 61,500 plus statutory interest for delay from the due date of 01.04.2020 in the amount of PLN 2,535.32).

In the opinion of the Executive Board of Apator SA the action brought by PySENSE Sp. z o.o. is unfounded. In its reply to the statement of claim, the Company requested that the claim be dismissed in its entirety, disputing not only the principle of liability but also the amount of the claim asserted. PySENSE Sp. z o.o. arises its claim from the contract on cooperation concluded with Apator SA on 31.10.2018. The contract was terminated based on the termination notice submitted by Apator SA on 30.03.2020, delivered to PySENSE Sp. z o.o. on 03.04.2020. The subject of the contract was to design by PySENSE Sp. z o.o. communication modems for two types of electricity meters, preparation of technical documentation concerning modems, transfer of property rights to Apator SA to this documentation, manufacturing of software embedded into these modems, granting the exclusive license for this software and making the prototype of modem. None of the above contractual obligations had been performed by PySENSE Sp. z o.o. by the date of termination. However, PySENSE Sp. z o.o. justifies its claim by the fact that the object of the contract was the obligation of Apator

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SA to purchase from PySENSE Sp. z o.o. the communication modems to the e.e. meters, which Apator SA supplied in the tenders won in 2019, regulated in the contract on exclusive basis. Such obligation of Apator SA does not arise from the content of the contract and it was not the purpose of its conclusion. Based on available evidence - in the opinion of the Executive Board - Apator SA did not infringe the contractual provisions. The contract in any scope did not oblige Apator SA to purchase communication modems from PySENSE Sp. z o.o. to e.e. meters sold by Apator SA in 2019, and in particular it did not entitle PySENSE Sp. z o.o. to share in profits from sales of e.e. meters together with modems. The contract does not contain any provision to this effect. In the opinion of the Executive Board of Apator SA, it is PySENSE Sp. z o.o. that did not perform the contract and did not present any reliable evidence in the statement of claim. Therefore, Apator SA does not see the need to create the financial reserves for this circumstance. The Executive Board of Apator SA declares that it will defend the rights and interests of Apator SA in legal proceedings. The first hearing was held on 23 March 2021, which included an informative hearing of the parties. The next hearing is scheduled for 10 June this year.

Other proceedings (including two or more proceedings) concerning liabilities or receivables of Apator SA pending in court, body competent for arbitration proceedings or public administration body concerning the issuer and companies in capital group are not significant.

6.3. Related party transactions

Between companies in Apator Group the cooperation is performed in business areas, in financial activity and in support functions (mainly IT). Within this cooperation in the first quarter of 2021, similarly as in previous periods, neither Apator SA nor any other entity dependent on it concluded transactions with related entities, which would be concluded on conditions other than market conditions.

6.4. Entities subject to consolidation as at 31 March 2021.

- parent entity: Apator SA, which operates in electric energy segment in the line of switchgear and electric energy metering,
- subsidiaries (direct and indirect) consolidated using the full method:

Segment	Business line	Company	Office	Share in capital	Relation to Apator SA
Electricity (EE)	Electricity metering	FAP Pafal SA	Świdnica	100%	Subsidiary company of Apator SA
	ICT	Apator Rector Sp. z o. o.	Zielona Gora	100%	Subsidiary company of Apator SA
	Control and monitoring systems	Apator Elkomtech SA*	Lodz	100%	Subsidiary company of Apator SA
	Switchgear	Apator GmbH	Berlin (Germany)	100%	Subsidiary company of Apator SA

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Segment	Business line	Company	Office	Share in capital	Relation to Apator SA
	Mining equipment trade (small business - not a business line)	Apator Mining Sp. z o. o.	Katowice	100%	Subsidiary company of Apator SA
Electricity / Gas	Electricity and gas metering	Apator GmbH	Berlin (Germany)	100%	Subsidiary company of Apator SA
Water and Heat (W&H)	-	Apator Powogaz SA	Poznań	100%	Subsidiary company of Apator SA
		Apator Metra s. r. o.	Sumperk (Czech Republic)	100%	Indirect subsidiary of Apator SA through Apator Powogaz SA Indirect share through Apator Powogaz SA
		Apator Miitors ApS	Aarhus (Denmark)	100%	Indirect subsidiary of Apator SA through Apator Powogaz SA Indirect share through Apator Powogaz SA
		Apator Telemetry Sp. z o. o.	Slupsk	61.8%	Indirect subsidiary of Apator SA through Apator Powogaz SA Indirect share through Apator Powogaz SA
Gas	-	Apator Metrix SA	Tczew	100%	Subsidiary company of Apator SA
		GW Ltd.	Coventry (UK)	100%	Indirect subsidiary of Apator SA through Apator Metrix SA Indirect share through Apator Metrix SA
		Apator Elkomtech SA*	Lodz	100%	Subsidiary company of Apator SA

*) At the end of 2020 the subsidiary Apator Elkomtech SA acquired an organized part of Atrem SA of Bydgoszcz, thus it took over the competence in the area of software for the gas industry and processes related to transmission and distribution of gas fuels. Therefore, the part of revenues and costs of Apator Elkomtech related to the activity for gas sector is classified to Gas segment. The company's existing business focusing on the electricity industry is classified in the Electricity segment.

and the following associated entities measured using the equity method:

Segment	Business line	Company	Office	Share in capital	Relation to Apator SA
Water and heating	-	AO TEPLOVODOMER	Mytishi (Russia)	50%	Affiliated with Apator SA through Apator Powogaz SA Indirect share through Apator Powogaz SA

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Gas	-	INDA d.o.o.	Ljubljana (Slovenia)	35%	Associated with Apator SA through Apator Metrix SA Indirect share through GWI
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6.5. Changes in the organisation of the Apator Group in 2021

There were no changes in the structure of the business entity in Q1 2021, including as a result of business combinations, acquisitions or sales of entities in the Issuer's group, long-term investments, demergers and restructurings.

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

The Supervisory Board

At 31st March 2021 the composition of the Supervisory Board of Apator SA was as follows:

1. Janusz Niedźwiecki - Chairman of the Supervisory Board (independent as defined by the DPSN 2016),
2. Mariusz Lewicki - Deputy Chairman of the Supervisory Board,
3. Janusz Marzygliński - Supervisory Board member,
4. Danuta Guzowska - Supervisory Board member,
5. Kazimierz Piotrowski - Supervisory Board member,
6. Marcin Murawski - Supervisory Board member (independent as defined by the DPSN 2016),
7. Tadeusz Sosgórnik - Supervisory Board Member.

The current term of office of the Supervisory Board began on the date of the Annual General Meeting, i.e. 2 July 2020, and will last until the date of the Annual General Meeting in 2025.

The Executive Board

At 31st March 2021 the composition of the Executive Board of Apator SA was as follows:

1. Mirosław Klepacki - President of the Executive Board, General Manager
2. Arkadiusz Chmielewski - Member of the Executive Board, Director for Business Development of the Apator Group,
3. Tomasz Łątka - Member of the Executive Board, Network Automation Director.

The current joint term of office of the Board of Directors ends on the date of the 2022 Annual General Meeting.

6.7. Shares, Shareholders

6.7.1. Share capital

On the 31st March 201 as well as on the day of publication of this report the share capital of Apator SA is 3.280.632,80 PLN and it is divided into 7.337.001 registered shares of A series and 25.469.327 bearer shares of A, B and C series of nominal value of 0,10 PLN each. The total number of votes at the General Meeting resulting from all issued shares is 54,817,331.

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	As at 31 March 2021			
	Number of	Share structure %	Number of votes	Vote structure %
Registered shares	7 337 001	22.4%	29 348 004	53.5%
Bearer shares	25 469 327	77.6%	25 469 327	46.5%
Total shares	32 806 328	100.00%	54 817 331	100.00%

6.7.2. Implementation of the share buy-back programs

Share repurchase programme in 2020/2021

On the 2nd July 2020, the General Shareholders Meeting of Apator SA adopted the resolution No. 31/VII/2020 on the performance of the next Programme for buy-back of own shares for their redemption and reduction of share capital. An amount not exceeding PLN 10 million has been earmarked for the implementation of the Programme. The Programme will run from 18 August 2020 to 31 May 2021. The shares are repurchased through Erste Securities Polska S.A. with its registered office in Warsaw.

From the commencement of the current buyback of own shares until the publication of this interim report, 28,200 bearer shares were bought back (for a total amount of PLN 637 thousand), carrying 28,200 votes at the GM, constituting in total 0.0860% of the share capital and 0.0514% of the total number of votes.

6.7.3. Ownership and changes in the structure of significant shareholders

Shareholders holding at least 5% of the total number of votes:

Specification	As of 26th February 2021				As of May 17, 2021.				Balance change	
	shares	votes	shares (%)	votes (%)	shares	votes	shares (%)	votes (%)	purchase	sales
Apator Mining	3 224 000*	3 600 000	10.97%	6.57%	3 224 000*	3 600 000	10.97%	6.57%	-	-
Aviva OFE Aviva Santander SA	3 224 000**	3 224 000	9.83%	5.88%	3 224 000**	3 224 000	9.83%	5.88%	-	-
Mariusz Lewicki	2 300 000	5 862 128	7.01%	10.69%	2 300 000	5 862 128	7.01%	10.69%	-	-
Tadeusz Sosgórnik	1 798 808	5 204 114	5.48%	9.49%	1 798 808	5 204 114	5.48%	9.49%	-	-
Danuta Guzowska	1 520 279	4 382 921	4.63%	8.00%	1 520 279	4 382 921	4.63%	8.00%	-	-
Zbigniew Jaworski	1 405 328	3 687 872	4.28%	6.73%	1 405 328	3 687 872	4.28%	6.73%	-	-
Janusz Marzygliński	749 960	2 748 236	2.29%	5.01%	749 960	2 748 236	2.29%	5.01%	-	-
Kazimierz Piotrowski and his wife	833 955	2 858 277	2.54%	5.21%	833 955	2 858 277	2.54%	5.21%	-	-
Summary	15 432 330	31 567 548	47.04%	57.59%	15 432 330	31 567 548	47.04%	57.59%	-	-

* on shares belonging to Apator Mining sp. z o. o. registered pledge was established in favour of PKO Bank Polski SA in order to secure bank's claims due to investment contract of Apator Powogaz SA. In accordance with the content of the registered pledge agreement the performance of rights from the pledged shares was left to Apator Mining sp. z o. o.

** ownership status determined on the day of registration of participation in General Shareholders Meeting of Apator SA on 2nd July 2020 that is on 16th June 2020.

6.7.4. Ownership and changes in the ownership structure of shares of managing and supervising persons

Specification	As of 26th February 2021				As of May 17, 2021.				Balance change	
	shares	votes	shares (%)	votes (%)	shares	votes	shares (%)	votes (%)	purchase	sales
SB Mariusz Lewicki	2 300 000	5 862 128	7.01%	10.69%	2 300 000	5 862 128	7.01%	10.69%	-	-
SB Danuta Guzowska	1 520 279	4 382 921	4.63%	8.00%	1 520 279	4 382 921	4.63%	8.00%	-	-
SB Janusz Marzygliński	749 960	2 748 236	2.29%	5.01%	749 960	2 748 236	2.29%	5.01%	-	-

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Specification		As of 26th February 2021				As of May 17, 2021.				Balance change	
		shares	votes	shares (%)	votes (%)	shares	votes	shares (%)	votes (%)	purchase	sales
SB	Kazimierz Piotrowski	597 147	2 147 853	1.82%	3.92%	597 147	2 147 853	1.82%	3.92%	-	-
SB	Janusz Niedźwiecki	240 810	885 117	0.73%	1.61%	240 810	885 117	0.73%	1.61%	-	-
SB	Tadeusz Sosgórnik	1 798 808	5 204 114	5.48%	9.49%	1 798 808	5 204 114	5.48%	9.49%	-	-
The Executive Board	Mirosław Klepacki	10 007	10 007	0.03%	0.02%	10 007	10 007	0.03%	0.02%	-	-
Summary		7 187 011	20 325 259	21.87%	38.65%	7 187 011	20 325 259	21.87%	38.65%	0	0

6.7.5. Dividend from the profit for 2020

The board declares a dividend of PLN 1.20 gross per share from the 2020 profit. The final decision will be made at the Ordinary General Shareholders Meeting of Apator SA.

On 31 December 2020, an advance payment was made towards the above dividend in the total amount of PLN 14,756,412.60, i.e. PLN 0.45 gross per share, to shareholders who held shares on 24 December 2020.

Advance payment of dividend from profit for 2020	Number of shares	Advance payment on account of dividend per share	Advance payment of dividends
Registered shares	7 337 001	PLN 0.45	PLN 3 301 650.45
Bearer shares	25 455 027	PLN 0.45	PLN 11 454 762.15
Repurchased shares	14 300*	PLN 0.00	PLN 0.00
Total shares	32 806 328		PLN 14 756 412.60

*buyback shares purchased did not participate in the dividend advance payment.

The Board of Directors has proposed the payment of the remaining dividend of PLN 0.75 gross per share. The Executive Board indicated that this recommendation can be changed and the final proposal of the dividend amount will depend on the market situation, particularly the influence of pandemic on the activity of the Company and Apator Group.

Declaration of the remaining part of the dividend from the profit for 2020	Number of shares	Declaration of the remaining part of dividend per share	Declaration of the remaining part of the dividend
Registered shares	7 337 001	PLN 0.75	PLN 5 502 750.75
Bearer shares	25 441 127	PLN 0.75	PLN 19 080 050.65
Repurchased shares	28 200	PLN 0.00	PLN 0.00
Total shares	32 806 328		PLN 24 583 050.65

* shares repurchased as part of the ongoing buyback will not participate in the payment of the remaining dividend. By 17 May 2021, the number of shares repurchased under the share repurchase programme was 28,200.

Since its debut on the stock exchange in 1997, Apator SA has paid to its shareholders about 475 m PLN in the form of dividend and programmes for purchase of own shares and declared the payment of the further 24.6 m PLN as the remaining part of dividend from the profit for 2020.

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

6.8. Summary

The Executive Board of Apator SA states that the factors and events indicated in the consolidated periodical report exhaust all important information on significant achievements and failures, as well as information significant for the assessment of the situation of Apator Group, including human resources, property, financial situation, financial result and their changes and the assessment of the possibility to perform the obligations by the Company and the Group.

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

7. Information about the rules adopted at the preparation of the report, in particular, information on changes in applied accounting principles (policy)

7.1. Accounting principles

Since 2005, in accordance with the obligation imposed by the amendment to the Accounting Act, the consolidated financial statements of Apator Group are prepared in accordance with International Financial Reporting Standards. At the same time, the opportunities offered by the Accounting Act the General Shareholders Meetings of Apator SA and the companies in Apator Group adopted the resolutions that the statements of the entities in Grupa will be prepared according to IFRS/IAS (both individual and consolidated ones).

The financial statements (individual and consolidated) as at 31 March 2021 were 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 the Polish zloty is the basic currency in which economic operations of Apator Group are denominated.

The financial statements of the foreign entities in the capital group have been translated into the reporting currency on the basis of the principles resulting from International Accounting Standard No. 21.

The financial statements have been prepared on the assumption that the companies of the Group will continue as a going concern in the foreseeable future. As at the day of preparing the statements, there were no circumstances indicating a threat to the Group companies' ability to continue as a going concern.

The financial statements have been prepared under the historical cost convention, except for the valuation of certain non-current assets (investment properties) and financial instruments (derivatives), which are measured at fair value. Detailed accounting principles applied by Apator Group were presented in the consolidated report RS 2020.

7.2. Consolidation rules

Consolidated financial statement of capital group includes data of parent entity Apator SA and its subsidiaries.

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

As at the acquisition date, the assets and liabilities of the acquired entity are measured at their fair value. Any excess of the purchase price over the fair value of identifiable net assets acquired is recognised as goodwill. If the purchase price is lower than the fair value of identifiable net assets of the acquired entity, the difference is recognised as a profit in the profit and loss account for the period in which the acquisition took place. Non-controlling shares are disclosed in an appropriate proportion of the fair value of assets and capitals. Financial results of entities acquired or sold during the year are recognized in the consolidated financial statements from the moment of their acquisition or until the date of sale, respectively.

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In the preparation of the consolidated financial statements, the consolidation method was applied, i.e. aggregation of individual items of the statements, exclusions and other adjustments. Excluded:

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

7.3. Additional financial information

7.3.1. Weighted average number of shares

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

7.3.2. Weighted average number of shares for the consolidated financial statements

The weighted average number of shares as at 31 March 2021 is 29,187,007 (as at 31 December 2020 it was 29,204,907) and includes the shares held by the subsidiary.

7.3.3. Weighted average number of shares for the separate financial statements

The weighted average number of shares as at 31 March 2021 is 32,787,007 (as at 31 December 2020 it was 32,804,907).

7.3.4. Rates used to convert selected financial data

Items of assets and liabilities and items of the cash flow statement - according to the average exchange rate as of the day of preparing the statement.

Income statement items - according to the average EUR exchange rate being the arithmetic mean of average exchange rates announced by the National Bank of Poland and in force on the last day of the month.

SPECIFICATION	I quarter 2021	year 2020	I quarter 2020
	EUR/PLN	EUR/PLN	EUR/PLN
Statement of comprehensive income	4.5721	X	4.3963
Statement of cash flows	4.6603	X	4.5523
Statement of financial position	4.6603	4.6148	X

Entity name:	Apator Group		
Period covered by the financial statements:	01.01.2021 – 31.03.2021	Reporting currency:	Polish zloty (PLN)
Level of rounding:	all amounts are expressed in thousands of Polish zlotys (unless indicated otherwise)		

7.4. Information on adjustments on account of provisions, provision and assets on account of deferred income tax, referred to in the Accounting Act, made write-downs on the value of assets components

Assets by virtue of deferred tax and reserve for income tax.

SPECIFICATION	Assets		Provisions	
	31.03.2021	31.12.2020	31.03.2021	31.12.2020
Tangible fixed assets	2 294	2 313	11 956	15 110
Financial assets	-	-	1 516	1 435
Derivative instruments	1 389	1 347	967	948
Stocks	3 273	3 439	-	-
Liabilities arising from employee benefits	5 513	4 888	-	-
Provisions	4 042	3 626	-	-
Write-downs on receivables	715	715	-	-
Tax loss	11 788	11 199	-	-
Tax relief to be accounted for in future periods	10 517	10 517	-	-
Other	3 406	3 117	569	576
Total	42 937	41 161	15 008	18 069
Netting of assets and reserves	(9 646)	(10 585)	(9 646)	(10 585)
Deferred tax assets/provisions disclosed in the statement of financial position	33 291	30 576	5 362	7 484

Effective tax rate

SPECIFICATION	for period	
	01.01.2021	01.01.2020
	31.03.2021	31.03.2020
Gross profit:	54 031	24 175
Income tax calculated at the applicable tax rates:	9 998	4 505
Adjustments	2 679	2 333
Tax on income exempt from taxation (fixed differences)	1 006	(14)
Tax on non-deductible costs (fixed differences)	119	2 138
Tax on internal transactions in the group (fixed differences)	764	(57)
Tax on items not included in financial result of the period	(23)	(143)
Adjustment of tax losses from previous years	996	495
Other tax additions	17	1
Other tax deductions	(200)	(87)
Income tax disclosed in the statement of comprehensive income	12 677	6 838
Effective tax rate	23.46%	28.29%

Write-offs revaluing fixed and current assets

Entity name:	Apator Group		
Period covered by the financial statements:	01.01.2021 – 31.03.2021	Reporting currency:	Polish zloty (PLN)
Level of rounding:	all amounts are expressed in thousands of Polish zlotys (unless indicated otherwise)		

SPECIFICATION	At the beginning of the period	Change in the period	Net exchange differences translated from financial statement to currency presented	Closing balance at the end of period
Goodwill of subsidiaries	335			335
Other financial assets	191			191
Stocks	18 616	(868)	10	17 758
Receivables	7 708	(24)		7 684
Total	26 850	(892)	10	25 968

Entity name:	Apator Group		
Period covered by the financial statements:	01.01.2021 – 31.03.2021	Reporting currency:	Polish zloty (PLN)
Level of rounding:	all amounts are expressed in thousands of Polish zlotys (unless indicated otherwise)		

Provisions for liabilities

PROVISIONS FOR LIABILITIES	PAID EMPLOYEE BENEFITS			OTHER PROVISIONS		TOTAL
	RETIREMENT SEVERANCE PAY, JUBILEE AWARDS	BONUSES	ANNUAL LEAVES	GUARANTEES	OTHER	
Value of provisions at the beginning of the period	9 580	11 290	4 679	15 852	1 110	42 511
Increase - creation of a provision charged to the current result	-	7 520	2 143	2 029	125	11 817
Use of the provision - settlement of costs	-	(5 694)	(41)	(2 732)	(38)	(8 505)
Net exchange differences translated from financial statement to currency presented	-	4	11	7	-	22
Value of provisions at the end of the period, including	9 580	13 120	6 792	15 156	1 197	45 845
- long term provisions	8 354	-	-	997	-	9 351
- short-term provisions	1 226	13 120	6 792	14 159	1 197	36 494

Entity name:	Apator Group		
Period covered by the financial statements:	01.01.2021 – 31.03.2021	Reporting currency:	Polish zloty (PLN)
Level of rounding:	all amounts are expressed in thousands of Polish zlotys (unless indicated otherwise)		

8. Attachment: Individual statement of Apator SA

Selected financial data, including basic items of the condensed financial statements (also converted into EUR)

SPECIFICATION	in PLN thousand		in EUR thousand	
	current period	previous period	current period	previous period
Consolidated statement	I quarter 2021	I quarter 2020	I quarter 2021	I quarter 2020
Revenue from sales and services	69 595	67 475	15 222	15 348
Operating income	4 864	9 047	1 064	2 058
EBITDA	9 371	13 468	2 050	3 064
Gross profit	3 613	9 430	790	2 145
Net profit	1 559	7 433	341	1 691
Net profit attributable to shareholders of the Group's parent company	1 559	7 433	341	1 691
Net profit for non-controlling interest	-	-	-	-
Weighted average number of shares	32 787 007	32 810 974	32 787 007	32 810 974
Net profit per one ordinary share [PLN/ share]	0.05	0.23	0.01	0.05
Cash flows from operating activities	(10 623)	13 090	(2 279)	2 875
Net cash flow from investment activities	(5 870)	(25)	(1 260)	(5)
Cash flows from financial activities	16 628	(9 047)	3 568	(1 987)
Total cash flows	135	4 018	29	883
Consolidated statement	31.03.2021	year 2020	31.03.2021	year 2020
Assets in total	520 137	501 221	111 610	108 612
Fixed assets	393 447	396 309	84 425	85 878
Current assets	126 690	104 912	27 185	22 734
Equity capital with non-controlling interests	371 138	369 404	79 638	80 048
Non-controlling interests	-	-	-	-
Share capital	3 281	3 281	704	711
Long-term liabilities and provisions	12 333	12 381	2 646	2 683
Short-term liabilities and provisions	136 666	119 436	29 326	25 881
Weighted average number of shares	32 787 007	32 804 907	32 787 007	32 804 907
Net book value per ordinary share [PLN/ share].	11.32	11.26	2.43	2.44

*) results cleared of the impact of sale of real estate of Apator Powogaz

The above financial figures for the 3 months of 2021 and 2020 have been translated into EUR as follows:

- individual items of the statement of comprehensive income - according to the exchange rate constituting the arithmetic mean of the average EUR exchange rates determined by the National Bank of Poland as at the last day of each month of the reporting period: from 1 January to 31 March 2021 - 4.5721 EUR/PLN and from 1 January to 31 March 2020 - 4.3963 EUR/PLN;
- individual items of the cash flow statement - at the average EUR exchange rate set by the National Bank of Poland as at 31 March 2021 - 4.6603, as at 31 March 2020 - 4.5523;
- individual items of the statement of financial position - at the average EUR exchange rate set by the National Bank of Poland as at 31 March 2021 - 4.6603, as at 31 December 2020 - 4.6148;

Entity name:	Apator Group		
Period covered by the financial statements:	01.01.2021 – 31.03.2021	Reporting currency:	Polish zloty (PLN)
Level of rounding:	all amounts are expressed in thousands of Polish zlotys (unless indicated otherwise)		

8.1. Report on financial standing of the parent company Apator SA

SPECIFICATION	as of	
	31.03.2021	31.12.2020
Fixed assets	393 447	396 309
Intangible assets	10 653	10 418
Tangible fixed assets	99 343	101 215
Right to use assets under lease	8 944	9 382
Investment property	976	976
Other long-term financial assets	258 259	258 259
- <i>in related entities</i>	258 259	258 259
Assets by virtue of deferred income tax	15 272	16 059
Current assets	126 690	104 912
Stocks	70 683	49 314
Commercial receivables	47 173	47 078
- <i>from related entities</i>	8 560	4 126
- <i>from other entities</i>	38 613	42 952
Receivables from other taxes, customs duties and social security	211	1 662
Other short-term liabilities	214	359
- <i>from other entities</i>	214	359
Other short-term financial assets	335	41
- <i>in other entities</i>	335	41
Cash and cash equivalents	4 623	4 488
Short-term interim settlements	3 451	1 970
TOTAL ASSETS	520 137	501 221

Entity name:	Apator Group		
Period covered by the financial statements:	01.01.2021 – 31.03.2021	Reporting currency:	Polish zloty (PLN)
Level of rounding:	all amounts are expressed in thousands of Polish zlotys (unless indicated otherwise)		

SPECIFICATION	as of	
	31.03.2021	31.12.2020
Equity capital	371 138	369 404
Equity capital attributable to equity holders of the parent company	371 138	369 404
Share capital	3 281	3 281
Other capitals	330 661	330 900
Capital from the revaluation of a defined benefit plan	(1 026)	(1 026)
Capital from valuation of hedging transactions	(136)	(550)
Undistributed financial result	38 358	36 799
- undistributed result from previous years	51 555	-
- result of the current period	1 559	51 555
- write-offs from the current year's result	(14 756)	(14 756)
Liabilities	148 999	131 817
Long-term liabilities and provisions	12 333	12 381
Long-term liabilities	104	-
- towards other entities	104	-
Long-term liabilities due to the right to use assets under lease	7 163	7 315
Long-term liabilities arising from employee benefits	5 066	5 066
Short-term liabilities and provisions	136 666	119 436
Short-term loans and borrowings	68 284	50 742
- from other entities	68 284	50 742
Commercial liabilities	40 118	32 125
- towards affiliated entities	1 614	2 553
- towards other entities	38 504	29 572
Corporate income tax liabilities	1 008	1 392
Liabilities due to other taxes, customs duties and social security	2 944	3 935
Other short-term liabilities	6 168	9 946
- towards other entities	6 168	9 946
Short-term liabilities due to the right to use assets under lease	1 381	1 383
Short-term liabilities arising from employee benefits	5 257	7 151
Other short-term provisions	11 506	12 762
LIABILITIES TOTAL	520 137	501 221

Entity name:	Apator Group		
Period covered by the financial statements:	01.01.2021 – 31.03.2021	Reporting currency:	Polish zloty (PLN)
Level of rounding:	all amounts are expressed in thousands of Polish zlotys (unless indicated otherwise)		

8.2. Information concerning changes in contingent liabilities or contingent assets that have occurred since the end of the last financial year (off balance sheet items) of parent entity - Apator SA

SPECIFICATION	as of	
	31.03.2021	31.12.2020
Contingent receivables	200	200
Contingent receivables from other companies	200	200
Contingent liabilities	25 013	25 097
Contingent liabilities relating to related parties	6 275	6 165
- due to guarantees and securities granted to related entities	6 275	6 165
Contingent liabilities towards other companies	18 738	18 932
- due to guarantees and sureties granted	18 738	18 932
Other off-balance sheet items	82 299	82 299
Mortgage	35 900	35 900
Security over assets	46 399	46 399
Total off balance sheet items	107 512	107 596

In connection with the incurred liabilities by virtue of credits and guarantees, the company holds the following collaterals:

- Multi-product agreement with ING Bank Śląski SA (group limit PLN 160 million):
 - contractual mortgage on real estate of Apator SA in Ostaszewo to the amount of PLN 35.9 million (included in the table above),
 - registered pledge on inventories worth PLN 20.8 million (included in the table above),
 - registered pledge on fixed assets worth PLN 17.3 million (included in the table above),
 - assignment of rights under the property insurance policy against all risks,
 - registered pledge on receivables of Apator SA under the contract of bank account in ING Bank Śląski,
 - blank promissory note together with a promissory note declaration.
- Credit agreement with CITI Bank Handlowy SA (overdraft facility, limit of PLN 10 million):
 - registered pledge on fixed assets worth PLN 8.3 million (included in the table above),

Apator SA also submitted 10 blank promissory notes as the collateral of the contract TU Euler Hermes SA for the provision of contract guarantees under the revolving limit (limit for the Group PLN 25 million) and 1 promissory note as collateral for the factoring agreement for financing "confirming" supplies, concluded with Santander Faktoring Sp. z o.o. in Warsaw on 11.07.2019.

Moreover, at 31st March 2021 Apator SA was the party of the following intra-group guarantees and sureties (included in the above table):

- guarantee of refund of advance payment by Apator Metrix SA in the amount of 1,2 M EUR (5,8 M PLN) to Flonidan A/S with the validity period till 30 June 2022,
- surety for two lease agreements for Apator Rector Sp. z o.o. for the total amount 0.5 m PLN, with a deadline of 15 March 2023 at the latest.

Entity name:	Apator Group		
Period covered by the financial statements:	01.01.2021 – 31.03.2021	Reporting currency:	Polish zloty (PLN)
Level of rounding:	all amounts are expressed in thousands of Polish zlotys (unless indicated otherwise)		

Additionally, at 31st March 2021 Apator SA was the beneficiary of payment guarantee for the amount of PLN 200 thousand, issued by Bank Millenium SA, maturing on 30 September 2021 (guarantee included in the table above).

8.3. Statement of comprehensive income of the parent company Apator SA

SPECIFICATION	for period	
	01.01.2021	01.01.2020
	31.03.2021	31.03.2020
Revenue from sales and services	69 595	67 475
- to related entities	20 929	16 660
- other entities	48 666	50 815
Cost of sales of goods and services	(53 961)	(45 706)
- to related entities	(12 649)	(8 214)
- other entities	(41 312)	(37 492)
Gross sales profit	15 634	21 769
Sales costs	(1 620)	(2 229)
General administrative costs	(10 233)	(10 088)
Sales profit	3 781	9 452
Other operating revenues (costs), including	1 083	(405)
- including result on (impairment) / reversal of receivables	-	(21)
Result on sale and liquidation of property, plant and equipment and intangible assets	-	27
Result on revaluation of non-financial current assets	522	(360)
Result on other operating activities	561	(72)
Operating income	4 864	9 047
Financial revenues (costs), including:	(1 251)	383
Interest on loans and borrowings	(97)	(305)
Net profit (loss) on other interest	(51)	(8)
Result on exchange rate differences	(802)	96
Result on foreign exchange transactions	(85)	690
Other financial income and expense	(216)	(90)
Profit before tax	3 613	9 430
Current income tax	(1 364)	(1 464)
Deferred income tax	(690)	(533)
Net profit	1 559	7 433
Other comprehensive income		
Other comprehensive income net	414	497
Items that may be reclassified to profit or loss in the future		
Result on hedge accounting with tax effect	414	497
Total comprehensive income	1 973	7 930

Entity name:	Apator Group		
Period covered by the financial statements:	01.01.2021 – 31.03.2021	Reporting currency:	Polish zloty (PLN)
Level of rounding:	all amounts are expressed in thousands of Polish zlotys (unless indicated otherwise)		

8.4. Report on changes in equity of the parent company Apator SA

SPECIFICATION	CAPITAL FOR THE SHAREHOLDERS OF PARENT ENTITY					
	Capital stock	Other capitals	Capital from the revaluation of a defined benefit plan	Capital from valuation of hedging transactions	Undistributed financial result	TOTAL
Balance as at 01.01.2021	3 281	330 900	(1 026)	(550)	36 799	369 404
Changes in equity during the period from 01.01.2021 to 31.03.2021						
Comprehensive income						
Net profit for the period from 01.01.2021 to 31.03.2021	-	-	-	-	1 559	1 559
Other comprehensive income						
Items that may be reclassified to profit or loss in the future						
Result on hedge accounting with tax effect	-	-	-	414	-	414
Total comprehensive income recognised in the period from 01.01.2021 to 31.03.2021	-	-	-	414	1 559	1 973
Transactions with owners recorded directly in shareholder equity						
Purchase of treasury shares	-	(239)	-	-	-	(239)
Total transactions with owners in the period from 01.01.2021 to 31.03.2021	-	(239)	-	-	-	(239)
Balance as at 31.03.2021	3 281	330 661	(1 026)	(136)	38 358	371 138

Entity name:	Apator Group		
Period covered by the financial statements:	01.01.2021 – 31.03.2021	Reporting currency:	Polish zloty (PLN)
Level of rounding:	all amounts are expressed in thousands of Polish zlotys (unless indicated otherwise)		

SPECIFICATION	CAPITAL FOR THE SHAREHOLDERS OF PARENT ENTITY					
	Capital stock	Other capitals	Capital from the revaluation of a defined benefit plan	Capital from valuation of hedging transactions and foreign exchange differences from consolidation	Undistributed financial result	TOTAL
Balance as at 01.01.2020	3 286	313 394	(922)	126	39 304	355 188
Changes in equity during the period from 01.01.2020 to 31.03.2020						
Comprehensive income						
Net profit for the period from 01.01.2020 to 31.03.2020	-	-	-	-	7 433	7 433
Other comprehensive income						
Items that may be reclassified to profit or loss in the future						
Result on hedge accounting including with tax effect	-	-	-	497	-	497
Total comprehensive income recognised in the period from 01.01.2020 to 31.03.2020	-	-	-	497	7 433	7 930
Transactions with owners recorded directly in shareholder equity						
Purchase of treasury shares	-	(180)	-	-	-	(180)
Total transactions with owners in the period from 01.01.2020 to 31.03.2020	-	(180)	-	-	-	(180)
Balance as at 31.03.2020	3 286	313 214	(922)	623	46 737	362 938

Entity name:	Apator Group		
Period covered by the financial statements:	01.01.2021 – 31.03.2021	Reporting currency:	Polish zloty (PLN)
Level of rounding:	all amounts are expressed in thousands of Polish zlotys (unless indicated otherwise)		

8.5. Cash flow statement of parent entity Apator SA

SPECIFICATION	Period	
	01.01.2021	01.01.2020
	31.03.2021	31.03.2020
Cash flow from operating activities		
Profit before tax	3 613	9 430
Adjustments	4 854	4 107
Depreciation of intangible assets	697	710
Depreciation of property, plant and equipment	3 810	3 711
Profit on sale of property, plant and equipment and intangible assets	-	(27)
Gains on change in fair value of derivative instruments	(241)	(93)
Cost of interest	167	390
Interest revenue	-	(8)
Other adjustments	421	(576)
Cash flows from operating activities before changes in working capital	8 467	13 537
Change in inventories	(20 169)	(7 887)
Change in receivables	1 500	(904)
Change in liabilities	7 158	11 060
Changes in provisions	(4 350)	21
Changes in prepayments and accruals	(1 481)	(1375)
Cash generated in the course of operating activity	(8 875)	14 452
Income tax paid	(1 748)	(1 362)
Net cash flows from operating activities	(10 623)	13 090
Cash flows from investing activities		
Expenses related to acquisition of intangible assets	(1 123)	(339)
Expenses related to acquisition of fixed assets	(3 791)	(3 723)
Proceeds from the sale of fixed assets	1	43
Inflows on sale of financial assets available for sale	-	4 184
Investments in subsidiaries	-	(1 506)
Proceeds from repayment of loans granted	-	2 500
Other expenses	(957)	(1 184)
Net cash provided by investing activities	(5 870)	(25)
Cash flows from financing activities		
Purchase of own shares	(239)	(180)
Inflows from loans and borrowings taken out	17 542	-
Repayment of loans and credits	-	(8 122)
Interest	(117)	(328)
Repayment of liabilities under financial lease	(422)	(339)
Other expenses	(136)	(78)
Net cash from financial operations	16 628	(9 047)
Net increase (decrease) in cash and cash equivalents	135	4 018
Opening balance of cash and cash equivalents	4 488	4 202
Closing balance of cash and cash equivalents	4 623	8 220

Entity name:	Apator Group		
Period covered by the financial statements:	01.01.2021 – 31.03.2021	Reporting currency:	Polish zloty (PLN)
Level of rounding:	all amounts are expressed in thousands of Polish zlotys (unless indicated otherwise)		

8.6. Information on adjustments on account of provisions, provision and assets on account of deferred income tax, referred to in the Accounting Act, made write-downs on the value of assets components

Assets by virtue of deferred tax and reserve for income tax

SPECIFICATION	Assets		Provisions	
	31.03.2021	31.12.2020	31.03.2021	31.12.2020
Tangible fixed assets	-	-	1 598	1 641
Financial assets	268	268	-	-
Derivative instruments	53	140	64	8
Stocks	1 470	1 570	-	-
Liabilities arising from employee benefits	1 956	2 346	-	-
Provisions	2 261	2 486	-	-
Write-downs on receivables	148	147	-	-
Tax relief to be accounted for in future periods	10 517	10 517	-	-
Other	298	284	37	50
Total	16 971	17 758	1 699	1 699
Netting of assets and reserves	(1 699)	(1 699)	(1 699)	(1 699)
Deferred tax assets/provisions disclosed in the statement of financial position	15 272	16 059	-	-

Effective tax rate

SPECIFICATION	for period	
	01.01.2021	01.01.2020
	31.03.2021	31.03.2020
Gross profit:	3 613	9 430
Income tax calculated at the applicable tax rates:	686	1 792
Adjustments	1 368	205
Tax on income exempt from taxation (fixed differences)	1 025	-
Tax on non-deductible costs (fixed differences)	343	207
Other tax deductions	-	(2)
Income tax disclosed in the statement of comprehensive income	2 054	1 997
Effective tax rate	56.85%	21.18%

Write-offs revaluing fixed and current assets

SPECIFICATION	At the beginning of the period	Change in the period	Closing balance at the end of period
Other financial assets	1 522	-	1 522
Stocks	8 263	(525)	7 738
Receivables	861	3	864
Total	10 646	(522)	10 124

Entity name:	Apator Group		
Period covered by the financial statements:	01.01.2021 – 31.03.2021	Reporting currency:	Polish zloty (PLN)
Level of rounding:	all amounts are expressed in thousands of Polish zlotys (unless indicated otherwise)		

Provisions for liabilities

PROVISIONS FOR LIABILITIES	PAID EMPLOYEE BENEFITS			OTHER PROVISIONS		TOTAL
	RETIREMENT SEVERANCE PAY, JUBILEE AWARDS	BONUSES	ANNUAL LEAVES	GUARANTEES	OTHER	
Value of provisions at the beginning of the period	5 844	5 103	1 270	12 002	760	24 979
Increase - creation of a provision charged to the current result	-	2 145	468	937	80	3 630
Use of the provision - settlement of costs	-	(4 500)	(7)	(2 273)		(6 780)
Value of provisions at the end of the period, including	5 844	2 748	1 731	10 666	840	21 829
- long term provisions	5 066					5 066
- short-term provisions	778	2 748	1 731	10 666	840	16 763

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2020.051.PL

Entity name:	Apator Group		
Period covered by the financial statements:	01.01.2021 – 31.03.2021	Reporting currency:	Polish zloty (PLN)
Level of rounding:	all amounts are expressed in thousands of Polish zlotys (unless indicated otherwise)		