

Financial report



Consolidated quarterly statement of the Apator Group for 3 quarters in 2021.

Torun, 17th November 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-III quarter 2021 | I-III quarter 2020 | I-III quarter 2021 | I-III quarter 2020 |
| Revenue from sales and services | 702 052 | 706 070 | 154 010 | 158 952 |
| Operating income | 89 569 | 60 174 | 19 649 | 13 546 |
| EBITDA | 131 036 | 99 663 | 28 745 | 22 436 |
| EBITDA excluding real estate* | 96 957 | 99 663 | 21 270 | 22 436 |
| Gross profit | 83 669 | 64 633 | 18 355 | 14 550 |
| Net profit | 64 231 | 49 328 | 14 090 | 11 105 |
| Net profit without real estate* | 36 627 | 49 328 | 8 035 | 11 105 |
| Net profit attributable to shareholders of the Group's parent company | 63 186 | 47 911 | 13 861 | 10 786 |
| Net profit attributable to non-controlling interest | 1 045 | 1 417 | 229 | 319 |
| Weighted average number of shares | 29 180 911 | 29 207 709 | 29 180 911 | 29 207 709 |
| Net profit per one ordinary share [PLN/ share] | 2.17 | 1.64 | 0.48 | 0.37 |
| Cash flows from operating activities | 5 080 | 70 949 | 1 097 | 15 673 |
| Net cash flow from investment activities | (35 192) | (38 206) | (7 596) | (8 440) |
| Cash flows from financial activities | 38 320 | (29 243) | 8 271 | (6 460) |
| Total cash flows | 8 208 | 3 500 | 1 772 | 773 |
| Consolidated statement | 30.09.2021 | year 2020 | 30.09.2021 | year 2020 |
| Assets in total | 992 103 | 874 949 | 214 143 | 189 597 |
| Fixed assets | 513 795 | 496 611 | 110 901 | 107 613 |
| Current assets | 478 308 | 378 338 | 103 242 | 81 984 |
| Equity capital with non-controlling interests | 550 918 | 517 241 | 118 914 | 112 083 |
| Non-controlling interests | 3 840 | 7 485 | 829 | 1 622 |
| Share capital | 3 281 | 3 281 | 708 | 711 |
| Long-term liabilities and provisions | 63 532 | 46 553 | 13 713 | 10 088 |
| Short-term liabilities and provisions | 377 653 | 311 155 | 81 515 | 67 425 |
| Weighted average number of shares | 29 180 911 | 29 204 907 | 29 180 911 | 29 204 907 |
| Net book value per ordinary share [PLN/ share]. | 18.88 | 17.71 | 4.08 | 3.84 |

*) results cleared of the influence of sale of real estate of Apator Powogaz SA

The above financial figures for the 9 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 being the arithmetic average of average EUR exchange rates determined by the National Bank of Poland on the last day of each month of the reporting period: from 1 January to 30 September 2021 - 4.5585 EUR/PLN and from 1 January to 30 September 2020 - 4.4420 EUR/PLN;
- individual items of the cash flow statement - according to the average EUR exchange rate set by the National Bank of Poland as at September 30, 2021 - 4.6329, as at September 30, 2020 - 4.5268;
- individual items of the statement of financial position - at the average EUR exchange rate set by the National Bank of Poland as at September 30, 2021 - 4.6329, as at December 31, 2020 - 4.6148;

| | | | |
|---|--|---------------------|--------------------|
| Entity name: | Apator Group | | |
| Period covered by the financial statements: | 01.01.2021 – 30.09.2021 | Reporting currency: | Polish zloty (PLN) |
| Level of rounding: | all amounts are expressed in thousands of Polish zlotys (unless indicated otherwise) | | |



Table of contents

| | |
|--|----|
| Selected financial data, including basic items of the condensed financial statements (also converted into EUR) | 2 |
| 1. Consolidated financial statements | 4 |
| 2. General information | 19 |
| 3. Summary of financial results | 21 |
| 4. Indication of factors that will affect the future results of the Apator Group | 30 |
| 5. List of major events | 32 |
| 6. Additional information | 34 |
| 7. Information about the rules adopted at the preparation of the report, in particular, information on changes in applied accounting principles (policy) | 44 |
| 8. Attachment: Individual statement of Apator SA | 49 |

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|---|--|---------------------|--------------------|
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| Period covered by the financial statements: | 01.01.2021 – 30.09.2021 | Reporting currency: | Polish zloty (PLN) |
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1. Consolidated financial statements

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

The interim financial report (consolidated and separate financial statements of the parent company) for the third quarter ended on 30 September 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 | |
|--|----------------|----------------|
| | 30.09.2021 | 31.12.2020 |
| Fixed assets | 513 795 | 496 611 |
| Intangible assets | 108 662 | 103 038 |
| Goodwill of subsidiaries | 125 828 | 125 546 |
| Tangible fixed assets | 204 474 | 187 895 |
| Right to use assets | 34 299 | 38 587 |
| Contractual asset | 406 | 1 625 |
| Investment property | 1 458 | 1 441 |
| Investments in associates consolidated using the equity method | 2 094 | 2 048 |
| Long-term receivables | 4 792 | 5 777 |
| - from other entities | 4 792 | 5 777 |
| Long-term accruals and prepayments | 120 | 78 |
| Assets by virtue of deferred income tax | 31 662 | 30 576 |
| Current assets | 478 308 | 378 338 |
| Stocks | 237 523 | 155 074 |
| Contractual asset | 1 626 | 1 626 |
| Commercial receivables | 160 933 | 147 374 |
| - from related entities | 2 739 | 4 219 |
| - from other entities | 158 194 | 143 155 |
| Receivables from corporate income tax | 367 | 4 518 |
| Receivables from other taxes, customs duties and social security | 7 569 | 7 299 |
| Other short-term liabilities | 25 670 | 4 748 |
| - from other entities | 25 670 | 4 748 |
| Other short-term financial assets | 524 | 69 |
| - in other entities | 524 | 69 |
| Cash and cash equivalents | 37 459 | 29 251 |
| Cash and cash equivalents with limited disposability | 485 | 779 |
| Short-term interim settlements | 6 152 | 4 399 |
| Non-current assets classified as held for sale | - | 23 201 |
| TOTAL ASSETS | 992 103 | 874 949 |

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

| SPECIFICATION | as of | |
|--|----------------|----------------|
| | 30.09.2021 | 31.12.2020 |
| Equity capital | 550 918 | 517 241 |
| Equity capital attributable to equity holders of the parent company | 547 078 | 509 756 |
| Share capital | 3 281 | 3 281 |
| Unregistered reduction of share capital | (3) | - |
| Own shares | (4 181) | (3 823) |
| Other capitals | 553 784 | 521 858 |
| Capital from the revaluation of a defined benefit plan | (253) | (253) |
| Capital from valuation of hedging transactions and foreign exchange differences from consolidation | 483 | (4 022) |
| Undistributed financial result | (6 033) | (7 285) |
| - undistributed result from previous years | (69 219) | (54 383) |
| - result of the current period | 63 186 | 60 234 |
| - write-offs from the current year's result | - | (13 136) |
| Non-controlling interest | 3 840 | 7 485 |
| Liabilities | 441 185 | 357 708 |
| Long-term liabilities and provisions | 63 532 | 46 553 |
| Long-term loans and borrowings | 28 127 | 4 183 |
| - from other entities | 28 127 | 4 183 |
| Other long-term liabilities | 845 | 1 869 |
| - towards other entities | 845 | 1 869 |
| Contractual liabilities | 243 | 976 |
| Long-term liabilities due to the right to use assets under lease (IFRS 16) | 20 160 | 22 690 |
| Deferred income tax provision | 4 860 | 7 484 |
| Long-term liabilities arising from employee benefits | 8 354 | 8 354 |
| Other long-term provisions | 943 | 997 |
| Short-term liabilities and provisions | 377 653 | 311 155 |
| Short-term loans and borrowings | 173 411 | 125 218 |
| - from other entities | 173 411 | 125 218 |
| Commercial liabilities | 96 937 | 74 006 |
| - towards affiliated entities | 497 | 142 |
| - towards other entities | 96 440 | 73 864 |
| Contractual liabilities | 977 | 977 |
| Corporate income tax liabilities | 12 843 | 5 392 |
| Liabilities due to other taxes, customs duties and social security | 14 337 | 15 910 |
| Other short-term liabilities | 39 752 | 46 359 |
| - towards other entities | 39 752 | 46 359 |
| Short-term liabilities due to the right to use assets under lease (IFRS 16) | 9 113 | 10 133 |
| Short-term liabilities arising from employee benefits | 18 299 | 17 195 |
| Other short-term provisions | 11 984 | 15 965 |
| LIABILITIES TOTAL | 992 103 | 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 | |
|--|----------------|----------------|
| | 30.09.2021 | 31.12.2020 |
| Contingent receivables | 4 466 | 3 700 |
| Contingent receivables from other companies | 4 466 | 3 700 |
| Contingent liabilities | 79 181 | 90 251 |
| Contingent liabilities relating to related parties | 28 403 | 25 577 |
| - due to guarantees and securities granted to related entities | 28 403 | 25 577 |
| Contingent liabilities towards other companies | 50 778 | 64 674 |
| - due to guarantees and sureties granted | 50 778 | 64 674 |
| Other off-balance sheet items | 298 227 | 276 375 |
| Mortgage | 44 980 | 63 065 |
| Bail mortgage | 23 250 | 23 250 |
| Security over assets | 229 997 | 190 060 |
| Total off balance sheet items | 381 873 | 370 326 |

Besides contingent liabilities resulting from guarantees issued by insurance and banking institutions, the 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 property of Apator S.A. in Ostaszewo up to the amount of PLN 35.9 million (included in the table above),
 - Registered pledge on inventories being the property of Apator S.A., Apator Telemetria Sp. z o.o., Apator Powogaz S.A., FAP Pafal S.A., Apator Elkomtech S.A. with the book value not less than PLN 102.5 million (included in the above table),
 - Pledge on machines and equipment and means of transport being the property of Apator S.A., Apator Powogaz S.A., Apator Metrix S.A., Apator Elkomtech S.A. with contractual value of PLN 22.1 million (included in the above table),
 - 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.
- Other collateral for loans and credits:
 - Apator S.A.
 - ✓ agreement on long-term investment credit in the amount of PLN 13 million concluded with CITI Bank Handlowy S.A.:
 - registered pledge on the acquired shares in the amount of PLN 12.1 million,
 - registered pledge on fixed assets with a total value of PLN 2.8 million (included in the table above),
 - statement on submission to execution up to the amount of PLN 15.6 million.
 - ✓ Overdraft agreement (limit PLN 10 million) concluded with CITI Bank Handlowy S.A.:

| | | | |
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- registered pledge on fixed assets of Apator S.A. of the value of PLN 8.3 million,
- Apator Metrix group
 - ✓ investment credit agreement of Apator Metrix S.A. concluded with Millennium S.A:
 - mortgage in the amount of 23,3 m PLN (with assignment of rights from insurance contract), established on properties of Apator Metrix S.A,
 - transfer of fixed assets with a value of PLN 2.4 million,
 - statement on submission to execution up to the amount of PLN 31.7 million.
 - ✓ Agreement on credit on current account of Apator Metra concluded with Raiffeisenbank a.s. (GWi) with Citibank N.A.:
 - Pledge on inventories with the value of PLN 18.2 million being the property of Apator Metrix S.A,
 - guarantee granted by Apator Metrix S.A. in the amount of GBP 4 million, i.e. PLN 22.2 million. from 31st October 2022
 - statement of Apator Metrix S.A. on submission to execution to the amount of PLN 26.6 million.
- Apator Group Powogaz
 - ✓ Contract on investment credit of Apator Powogaz S.A. for construction of manufacturing plant concluded with PKO BP:
 - registered pledge on 3.6 million bearer shares of Apator S.A. being in possession of Apator Mining Sp. z o.o. up to the highest security amount of PLN 61.5 million with blocking of shares of total value not less than 120% of the value of the future property (pledge will be kept till the day of establishing the contractual mortgage on acquired land and constructed property),
 - blank promissory note together with a promissory note declaration.
 - ✓ Agreement on credit on current account of Apator Powogaz S.A. concluded with mBank S.A.
 - PLG-FGP guarantee provided by BGK in the amount of PLN 8 million, until November 5, 2021,
 - blank promissory note together with a promissory note declaration.
 - ✓ Agreement on credit on current account of Apator Metra concluded with Raiffeisenbank a.s.
 - Mortgage in the amount of CZK 50 million (with assignment of rights from the insurance contract), established on the real estate Apator Metra.
 - ✓ Preliminary agreement concerning the construction of the company's new headquarters, concluded with Jakon Inwest 2
Sp. z o.o.
 - statement on submission to execution up to the amount of PLN 51.3 million.
 - ✓ Factoring agreement “confirming” type concluded with Santander Factoring Sp. z o.o
 - statement on submission to execution up to the amount of PLN 22.5 million.
- 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,

| | | | |
|---|--|---------------------|--------------------|
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- 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,
- 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:

In addition to the notes issued in connection with the Credit Agreements and the General Limit Agreement, as of September 30, 2021, the Group companies were the issuers of 60 blank promissory notes related to the concluded agreements, lease agreements, insurance guarantee agreements, factoring agreements and agreements with contractors (due performance of contracts).

Moreover, as of 30th September 2021 Apator S.A. was the party of the following guarantees and sureties:

- guarantee of return of advance payment by Apator Metrix S.A. in the amount of EUR 1.2 million (PLN 5.7 million) towards Flonidan A/S with the period of validity till 30th June 2022,
- surety for two lease agreements for Apator Rector Sp. z o.o. for the total amount PLN 0.5 million, with a deadline of 15 March 2023 at the latest,

Additionally, at the 30th September 2021 Apator S.A. was the beneficiary of payment guarantee for the amount of EUR 0.2 million (PLN 0.8 million) advance payment guarantee issued by mBank expiring on 30 September 2021. Apator Powogaz S.A. was the beneficiary of the guarantee of due performance of the contract for the amount of PLN 3.5 million, issued by Santander Bank Polska S.A., with expiry date of February 28, 2022.

| | | | |
|---|--|---------------------|--------------------|
| Entity name: | Apator Group | | |
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| Level of rounding: | all amounts are expressed in thousands of Polish zlotys (unless indicated otherwise) | | |

1.3. Consolidated statement of comprehensive income

| SPECIFICATION | for period | | | |
|---|------------------|------------------|------------------|------------------|
| | 01.07.2021 | 01.07.2020 | 01.01.2021 | 01.01.2020 |
| | 30.09.2021 | 30.09.2020* | 30.09.2021 | 30.09.2020* |
| Revenue from sales and services | 240 136 | 244 126 | 702 052 | 706 070 |
| - to related entities | 5 241 | 6 018 | 12 407 | 12 494 |
| - other entities | 234 895 | 238 108 | 689 645 | 693 576 |
| Cost of sales of goods and services | (188 749) | (189 344) | (535 532) | (529 800) |
| - to related entities | (3 300) | (3 938) | (7 483) | (7 853) |
| - other entities | (185 449) | (185 406) | (528 049) | (521 947) |
| Gross sales profit | 51 387 | 54 782 | 166 520 | 176 270 |
| Sales costs | (8 653) | (7 374) | (25 554) | (24 297) |
| General administrative costs | (29 495) | (31 424) | (94 827) | (94 651) |
| Sales profit | 13 239 | 15 984 | 46 139 | 57 322 |
| Other operating income (costs): | 3 332 | 3 321 | 42 469 | 1 993 |
| - including result on (impairment) / reversal of receivables | 2 616 | 666 | 2 521 | (674) |
| Result on sale and liquidation of tangible fixed assets and intangible assets | 171 | 425 | 36 802 | 1 339 |
| Result on revaluation of non-financial fixed assets | - | 2 251 | - | 2 363 |
| Result on revaluation of non-financial current assets | 2 616 | 666 | 2 521 | (674) |
| Result on other operating activities | 545 | (21) | 3 146 | (1 035) |
| Share in profits of companies consolidated using the equity method | 379 | 459 | 961 | 859 |
| Operating income | 16 950 | 19 764 | 89 569 | 60 174 |
| Financial revenues (costs): | (448) | 1 021 | (5 900) | 4 459 |
| - including result on (impairment) / reversal of receivables | (24) | 32 | (24) | (37) |
| Interest on loans and borrowings | (415) | (345) | (1 035) | (1 295) |
| Net profit (loss) on other interest | (133) | (268) | (580) | (783) |
| Result on bills of exchange | 12 | (12) | - | (12) |
| Result on exchange rate differences | 214 | 1 416 | (3 126) | 3 221 |
| Result on foreign exchange transactions | 21 | 341 | (832) | 3 368 |
| Result on revaluation of financial current assets | 69 | 36 | 298 | 227 |
| Other financial costs | (216) | (147) | (625) | (267) |
| Profit before tax | 16 502 | 20 785 | 83 669 | 64 633 |
| Current income tax | (3 061) | (1 893) | (22 766) | (11 872) |
| Deferred income tax | (422) | (1 983) | 3 328 | (3 433) |
| Net profit | 13 019 | 16 909 | 64 231 | 49 328 |

* - transformed (paragraph 1.9)

| | | | |
|---|--|---------------------|--------------------|
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| Period covered by the financial statements: | 01.01.2021 – 30.09.2021 | Reporting currency: | Polish zloty (PLN) |
| Level of rounding: | all amounts are expressed in thousands of Polish zlotys (unless indicated otherwise) | | |

| SPECIFICATION | for period | | | |
|--|----------------|----------------|---------------|----------------|
| | 01.07.2021 | 01.07.2020 | 01.01.2021 | 01.01.2020 |
| | 30.09.2021 | 30.09.2020 | 30.09.2021 | 30.09.2020 |
| Other comprehensive income | | | | |
| Other comprehensive income net | (1 194) | (1 886) | 4 505 | (6 136) |
| Items that may be reclassified to profit or loss in the future | | | | |
| Foreign exchange rate differences on translation of foreign operations | 2 148 | (131) | 2 520 | 513 |
| Result on hedge accounting with tax effect | (3 342) | (1 755) | 1 985 | (6 649) |
| Total comprehensive income | 11 825 | 15 023 | 68 736 | 43 192 |
| Net profit (loss), of which attributable to: | 13 019 | 16 909 | 64 231 | 49 328 |
| shareholders of parent company | 13 674 | 16 679 | 63 186 | 47 911 |
| non-controlling interests | (655) | 230 | 1 045 | 1 417 |
| Total comprehensive income, including accrued income: | 11 825 | 15 023 | 68 736 | 43 192 |
| shareholders of parent company | 12 480 | 14 793 | 67 691 | 41 775 |
| non-controlling interests | (655) | 230 | 1 045 | 1 417 |

| | | | |
|---|--|---------------------|--------------------|
| Entity name: | Apator Group | | |
| Period covered by the financial statements: | 01.01.2021 – 30.09.2021 | Reporting currency: | Polish zloty (PLN) |
| Level of rounding: | all amounts are expressed in thousands of Polish zlotys (unless indicated otherwise) | | |

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 | Unregistered reduction of share capital | Own shares | 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 | - | (3 823) | 521 858 | (253) | (4 022) | (7 285) | 509 756 | 7 485 | 517 241 |
| Changes in equity during the period from 01.01.2021 to 30.09.2021 | | | | | | | | | | |
| Comprehensive income | | | | | | | | | | |
| Net profit for the period from 01.01.2021 to 30.09.2021 | - | - | - | - | - | - | 63 186 | 63 186 | 1 045 | 64 231 |
| Distribution of result to supplementary capital | - | - | - | 31 926 | - | - | (31 926) | - | - | - |
| Other comprehensive income | | | | | | | | | | |
| Items, that can be reclassified to profit or loss in the future | | | | | | | | | | |
| Result on hedge accounting with tax effect | - | - | - | - | - | 1 985 | - | 1 985 | - | 1 985 |
| Net exchange differences translated from financial statement to currency presented | - | - | - | - | - | 2 520 | - | 2 520 | - | 2 520 |

| | | | |
|---|--|---------------------|--------------------|
| 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) | | |

| SPECIFICATION | CAPITAL FOR THE SHAREHOLDERS OF PARENT ENTITY | | | | | | | | Non-controlling interest | TOTAL EQUITY CAPITAL |
|--|---|---|----------------|----------------|--|--|--------------------------------|----------------|--------------------------|----------------------|
| | Capital stock | Unregistered reduction of share capital | Own shares | 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 | | |
| Total comprehensive income recognised in the period from 01.01.2021 to 30.09.2021 | - | - | - | 31 926 | - | 4 505 | 31 260 | 67 691 | 1 045 | 68 736 |
| Transactions with owners recorded directly in shareholder equity | | | | | | | | | | |
| Dividends | - | - | - | - | - | - | (35 019) | (35 019) | (573) | (35 592) |
| Settlement of the advance dividend from the previous year | - | - | - | - | - | - | 13 136 | 13 136 | - | 13 136 |
| Purchase of treasury shares | - | - | (361) | - | - | - | - | (361) | - | (361) |
| Purchase of additional shares of subsidiary | - | - | - | - | - | - | (8 118) | (8 118) | (4 117) | (12 235) |
| Redemption of own shares | - | (3) | 3 | - | - | - | - | - | - | - |
| Other changes in capital | - | - | - | - | - | - | (7) | (7) | - | (7) |
| Total transactions with owners in the period from 01.01.2021 to 30.09.2021 | - | (3) | (358) | - | - | - | (30 008) | (30 369) | (4 690) | (35 059) |
| Balance as at 30.09.2021 | 3 281 | (3) | (4 181) | 553 784 | (253) | 483 | (6 033) | 547 078 | 3 840 | 550 918 |

| | | | |
|---|--|---------------------|--------------------|
| Entity name: | Apator Group | | |
| Period covered by the financial statements: | 01.01.2021 – 30.09.2021 | 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 | | | | | | | | Non-controlling interest | TOTAL EQUITY CAPITAL |
|--|---|---|------------|----------------|--|--|--------------------------------|---------|--------------------------|----------------------|
| | Capital stock | Unregistered reduction of share capital | Own shares | 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 | - | (4 576) | 487 573 | (270) | (1 361) | 1 537 | 486 189 | 6 700 | 492 889 |
| Changes in equity during the period from 01.01.2020 to 30.09.2020 | | | | | | | | | | |
| Comprehensive income | | | | | | | | | | |
| Net profit for the period from 01.01.2020 to 30.09.2020 | - | - | - | - | - | - | 47 911 | 47 911 | 1 417 | 49 328 |
| Distribution of result to supplementary capital | - | - | - | 34 011 | - | - | (34 011) | - | - | - |
| Other comprehensive income | | | | | | | | | | |
| Items that may be reclassified to profit or loss in the future | | | | | | | | | | |
| Result on hedge accounting with tax effect | - | - | - | - | - | (6 649) | - | (6 649) | - | (6 649) |
| Net exchange differences translated from financial statement to currency presented | - | - | - | - | - | 513 | - | 513 | - | 513 |
| Total comprehensive income recognised in the period from | - | - | - | 34 011 | - | (6 136) | 13 900 | 41 775 | 1 417 | 43 192 |

| | | | |
|---|--|---------------------|--------------------|
| Entity name: | Apator Group | | |
| Period covered by the financial statements: | 01.01.2021 – 30.09.2021 | 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 | | | | | | | | Non-controlling interest | TOTAL EQUITY CAPITAL |
|---|---|---|----------------|----------------|--|--|--------------------------------|-----------------|--------------------------|----------------------|
| | Capital stock | Unregistered reduction of share capital | Own shares | 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 | | |
| 01.01.2020 to 30.09.2020 | | | | | | | | | | |
| Transactions with owners recorded directly in shareholder equity | | | | | | | | | | |
| Dividends | - | - | - | - | - | - | (18 984) | (18 984) | (573) | (19 557) |
| Purchase of treasury shares | - | - | (259) | - | - | - | - | (259) | - | (259) |
| Redemption of own shares | - | (5) | 5 | - | - | - | - | - | - | - |
| Total transactions with owners in the period from 01.01.2020 to 30.09.2020 | - | (5) | (254) | - | - | - | (18 984) | (19 243) | (573) | (19 816) |
| Balance as at 30.09.2020 | 3 286 | (5) | (4 830) | 521 584 | (270) | (7 497) | (3 547) | 508 721 | 7 544 | 516 265 |

| | | | |
|---|--|---------------------|--------------------|
| Entity name: | Apator Group | | |
| Period covered by the financial statements: | 01.01.2021 – 30.09.2021 | Reporting currency: | Polish zloty (PLN) |
| Level of rounding: | all amounts are expressed in thousands of Polish zlotys (unless indicated otherwise) | | |

1.5. Consolidated cash flow statement

| SPECIFICATION | Period | |
|---|-----------------|-----------------|
| | 01.01.2021 | 01.01.2020 |
| | 30.09.2021 | 30.09.2020 |
| Cash flow from operating activities | | |
| Profit before tax | 83 669 | 64 633 |
| Adjustments | 11 864 | 37 072 |
| Depreciation of intangible assets | 11 133 | 11 134 |
| Impairment losses on goodwill | - | - |
| Depreciation of property, plant and equipment | 30 334 | 28 355 |
| Write-downs for loss of property, plant and equipment and intangible assets | - | (2 363) |
| Profit on sale of property, plant and equipment and intangible assets | (36 859) | (1 845) |
| (Profits) losses due to change in fair value of derivative instruments | 1 328 | (608) |
| Cost of interest | 1 394 | 1 837 |
| Shares in profits of associated companies | (961) | (859) |
| Interest revenue | (105) | (113) |
| Other adjustments | 5 600 | 1 534 |
| Cash flows from operating activities before changes in working capital | 95 533 | 101 705 |
| Change in inventories | (82 448) | (21 904) |
| Change in the state of a depreciated contractual asset | 1 219 | 8 478 |
| Change in receivables | (12 257) | (11 585) |
| Change in liabilities | 23 008 | 4 364 |
| Changes in provisions | (4 882) | 4 172 |
| Change in cash and cash equivalents with restricted use | 294 | 36 |
| Changes in prepayments and accruals | (1 897) | (270) |
| Other adjustments | 2 297 | (167) |
| Cash generated in the course of operating activity | 20 867 | 84 829 |
| Tax return | 341 | |
| Income tax paid | (16 128) | (13 880) |
| Net cash flows from operating activities | 5 080 | 70 949 |
| Cash flows from investing activities | | |
| Expenses related to acquisition of intangible assets | (19 247) | (12 233) |
| Expenses related to acquisition of fixed assets | (42 374) | (32 025) |
| Proceeds from the sale of fixed assets | 34 433 | 10 646 |
| Investments in subsidiaries | (7 127) | - |
| Interest received | - | 1 |
| Dividends received | 1 109 | 941 |
| Other expenses | (1 986) | (5 536) |
| Net cash provided by investing activities | (35 192) | (38 206) |
| Cash flows from financing activities | | |
| Purchase of own shares | (361) | (259) |
| Inflows from loans and borrowings taken out | 113 023 | 26 724 |
| Repayment of loans and credits | (41 679) | (28 413) |
| Interest | (1 105) | (1 420) |
| Dividends paid | (22 347) | (19 448) |
| Repayment of liabilities under financial lease | (8 786) | (5 814) |
| Other expenses | (425) | (613) |
| Net cash from financial operations | 38 320 | (29 243) |

| | | | |
|---|--|---------------------|--------------------|
| Entity name: | Apator Group | | |
| Period covered by the financial statements: | 01.01.2021 – 30.09.2021 | Reporting currency: | Polish zloty (PLN) |
| Level of rounding: | all amounts are expressed in thousands of Polish zlotys (unless indicated otherwise) | | |

| SPECIFICATION | Period | |
|--|------------|------------|
| | 01.01.2021 | 01.01.2020 |
| | 30.09.2021 | 30.09.2020 |
| Net increase in cash and cash equivalents | 8 208 | 3 500 |
| Opening balance of cash and cash equivalents | 29 251 | 34 322 |
| Closing balance of cash and cash equivalents | 37 459 | 37 822 |

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 |
|---|---------------|---------------|-------------------|----------------|----------------|
| <i>Financial results of operating segments for the period from 01.01.2021 to 30.09.2021</i> | | | | | |
| Sales revenue | 279 364 | 204 620 | 218 068 | - | 702 052 |
| Cost of goods sold | (231 877) | (161 507) | (142 148) | - | (535 532) |
| Gross sales profit | 47 487 | 43 113 | 75 920 | - | 166 520 |
| Sales costs | (10 105) | (5 895) | (9 323) | (231) | (25 554) |
| General administrative costs | (37 470) | (20 257) | (34 344) | (2 756) | (94 827) |
| Profit (loss) from sales | (88) | 16 961 | 32 253 | (2 987) | 46 139 |
| Other operating income | 3 693 | 2 112 | 36 664 | - | 42 469 |
| Share in profits of associated companies | - | - | 961 | - | 961 |
| Profit (loss) from operating activities | 3 605 | 19 073 | 69 878 | (2 987) | 89 569 |
| Depreciation | 19 990 | 12 930 | 8 547 | - | 41 467 |
| EBITDA | 23 595 | 32 003 | 78 425 | (2 987) | 131 036 |
| Other financial costs | (1 949) | (1 119) | (2 832) | - | (5 900) |
| GROSS PROFIT | 1 656 | 17 954 | 67 046 | (2 987) | 83 669 |
| <i>Financial results of operating segments for the period from 01.01.2020 to 30.09.2020</i> | | | | | |
| Sales revenue | 335 926 | 198 390 | 171 754 | - | 706 070 |
| Cost of goods sold | (262 242) | (150 220) | (117 338) | - | (529 800) |
| Gross sales profit | 73 684 | 48 170 | 54 416 | - | 176 270 |
| Sales costs | (10 334) | (4 385) | (9 211) | (367) | (24 297) |
| General administrative costs | (41 083) | (20 345) | (30 464) | (2 759) | (94 651) |
| Profit (loss) from sales | 22 267 | 23 440 | 14 741 | (3 126) | 57 322 |
| Other operating income (costs) | 1 749 | (234) | 478 | - | 1 993 |
| Share in profits of associated companies | - | - | 859 | - | 859 |
| Profit (loss) from operating activities | 24 016 | 23 206 | 16 078 | (3 126) | 60 174 |
| Depreciation | 20 106 | 11 778 | 7 605 | - | 39 489 |
| EBITDA | 44 122 | 34 984 | 23 683 | (3 126) | 99 663 |
| Other financial income | 1 223 | 1 624 | 1 612 | - | 4 459 |
| GROSS PROFIT | 25 239 | 24 830 | 17 690 | (3 126) | 64 633 |

| | | | |
|---|--|---------------------|--------------------|
| Entity name: | Apator Group | | |
| Period covered by the financial statements: | 01.01.2021 – 30.09.2021 | Reporting currency: | Polish zloty (PLN) |
| Level of rounding: | all amounts are expressed in thousands of Polish zlotys (unless indicated otherwise) | | |

1.7. Geographical structure of sales

Below is presented the sales of the 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 + UK | TOTAL |
|---|----------------|---------------|----------------|----------------|
| Sales revenues in geographical segments since 01.01.2021 till 30.09.2021 | | | | |
| Total revenue | 364 907 | 81 091 | 256 054 | 702 052 |
| Sales outside | 364 907 | 68 684 | 256 054 | 689 645 |
| Sales to subsidiaries | - | 12 407 | - | 12 407 |
| Sales revenues in geographical segments since 01.01.2020 till 30.09.2020 | | | | |
| Total revenue | 411 693 | 68 758 | 225 619 | 706 070 |
| Sales outside | 411 690 | 56 267 | 225 619 | 693 576 |
| Sales to subsidiaries | 3 | 12 491 | - | 12 494 |

1.8. Generic costs

| SPECIFICATION | for period | |
|---|------------------|------------------|
| | from 01.01.2021 | from 01.01.2020 |
| | till 30.09.2021 | till 30.09.2020 |
| Depreciation | (41 467) | (39 489) |
| Materials and energy consumption | (334 480) | (334 103) |
| External services | (90 832) | (66 354) |
| Employee benefits | (172 780) | (162 529) |
| Other costs | (18 354) | (17 328) |
| Costs of manufacturing products for the entity's own needs | 3 742 | 4 543 |
| Change in finished products, work in progress and prepayments | 33 775 | (3 525) |
| Cost of goods and materials sold | (35 517) | (29 963) |
| Total costs | (655 913) | (648 748) |

| | | | |
|---|--|---------------------|--------------------|
| Entity name: | Apator Group | | |
| Period covered by the financial statements: | 01.01.2021 – 30.09.2021 | Reporting currency: | Polish zloty (PLN) |
| Level of rounding: | all amounts are expressed in thousands of Polish zlotys (unless indicated otherwise) | | |

1.9. Transformation of comparative data

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

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

| ITEMS OF THE REPORT / CHANGE TITLE | from 01.07.2020 | Effect of change in accounting policy | from 01.07.2020 |
|---------------------------------------|--------------------|---------------------------------------|------------------|
| | till 30.09.2020 | | till 30.09.2020 |
| | untransformed data | | transformed data |
| Cost of goods sold | (184 835) | (4 509) | (189 344) |
| - other entities | (180 897) | (4 509) | (185 406) |
| Gross sales profit | 59 291 | (4 509) | 54 782 |
| General administrative costs | (30 623) | (801) | (31 424) |
| Sales profit | 21 294 | (5 310) | 15 984 |
| Other operating income (costs) | (1 989) | 5 310 | 3 321 |

| ITEMS OF THE REPORT / CHANGE TITLE | from 01.01.2020 | Effect of change in accounting policy | from 01.01.2020 |
|---------------------------------------|--------------------|---------------------------------------|------------------|
| | till 30.09.2020 | | till 30.09.2020 |
| | untransformed data | | transformed data |
| Cost of goods sold | (522 245) | (7 555) | (529 800) |
| - other entities | (514 392) | (7 555) | (521 947) |
| Gross sales profit | 183 825 | (7 555) | 176 270 |
| General administrative costs | (93 850) | (801) | (94 651) |
| Sales profit | 65 678 | (8 356) | 57 322 |
| Other operating income (costs) | (6 363) | 8 356 | 1 993 |

| | | | |
|---|--|---------------------|--------------------|
| Entity name: | Apator Group | | |
| Period covered by the financial statements: | 01.01.2021 – 30.09.2021 | Reporting currency: | Polish zloty (PLN) |
| Level of rounding: | all amounts are expressed in thousands of Polish zlotys (unless indicated otherwise) | | |

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.



14 companies
domestic and
foreign



9 production plants



2.3 thousand
employees



12
R&D offices

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.



listed on
GPW in Warsaw
for almost 25 years



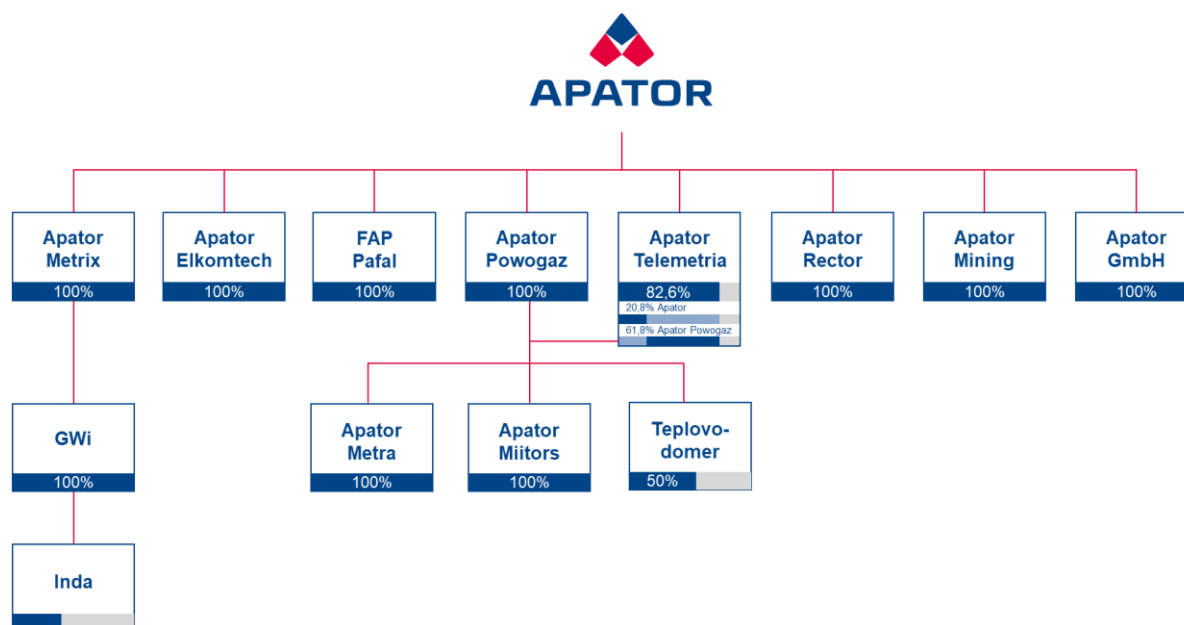
taken into account
in index sWIG80
and WIGdiv



company
dividend

2.2. Composition of the Apator Group and its business segments

The structure of the group as of 30 September 2021 was as follows:



Information on changes in structure of the Apator Group are in point 6.5 of this report.

| | | | |
|---|--|---------------------|--------------------|
| Entity name: | Apator Group | | |
| Period covered by the financial statements: | 01.01.2021 – 30.09.2021 | 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 |
|---|---|--|---|
| Lines business | <ul style="list-style-type: none"> electricity metering switchgear control and monitoring systems ICT | | |
| Companies included in the Segment | <ul style="list-style-type: none"> Apator SA (Toruń) Apator Elkomtech (Łódź) Apator Rector (Zielona Góra) FAP Pafal (Świdnica) Apator GmbH (Germany) | <ul style="list-style-type: none"> Apator Metrix (Tczew) GWi (United Kingdom) Inda (Slovenia) Apator GmbH (Germany) Apator Elkomtech (Łódź) | <ul style="list-style-type: none"> Apator Powogaz (Poznań) Apator Telemetry (Słupsk) Apator Metra (Czech Republic) Apator Miitors (Denmark) Teplovodomer (Russia) |
| Solutions | <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 <p>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 <p>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 <p>Water meter ULTRIMIS W JS Smart+ E-ITN divider</p> |
| Main customers | <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/ distributors and gas suppliers | <ul style="list-style-type: none"> water and sewerage companies and thermal energy housing cooperatives construction industry |
| The main markets | Poland, Germany, Austria, Russia, Brazil | Poland, United Kingdom, Belgium, Germany, Turkey, Netherlands, Ukraine | Poland, Czech Republic, Russia, France, Ukraine, Spain |
| Sales scale in I-IIIQ 2021 | PLN 279.4 million | PLN 204.6 million | PLN 218.1 million |
| Share of export in segment revenues in I-IIIQ 2021 | 24.5% | 70.5% | 57.1% |

| | | | |
|---|--|---------------------|--------------------|
| Entity name: | Apator Group | | |
| Period covered by the financial statements: | 01.01.2021 – 30.09.2021 | Reporting currency: | Polish zloty (PLN) |
| Level of rounding: | all amounts are expressed in thousands of Polish zlotys (unless indicated otherwise) | | |

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>)

3.1. Results for the three quarters of 2021

Apator Group in January-September 2021 achieved the following financial results:

| Specification | I-IIIQ 2021 | I-IIIQ 2020 | Change | Dynamics |
|--|----------------|----------------|----------------|---------------|
| Sales revenues, including: | 702 052 | 706 070 | -4 018 | 99.4% |
| Country | 364 907 | 411 693 | -46 786 | 88.6% |
| Export | 337 145 | 294 377 | 42 768 | 114.5% |
| Cost of goods sold** | 535 532 | 529 800 | 5 732 | 101.1% |
| Gross sales profit | 166 520 | 176 270 | -9 750 | 94.5% |
| Sales costs | 25 554 | 24 297 | 1 257 | 105.2% |
| General administrative costs | 94 827 | 94 651 | 176 | 100.2% |
| Sales profit | 46 139 | 57 322 | -11 183 | 80.5% |
| Result on other operating activities | 42 469 | 1 993 | 40 476 | -2130.9% |
| Share in profits of companies consolidated using the equity method | 961 | 859 | 102 | 111.9% |
| Operating income | 89 569 | 60 174 | 29 395 | 148.9% |
| EBITDA | 131 036 | 99 663 | 31 373 | 131.5% |
| <i>EBITDA excluding real estate*</i> | <i>96 957</i> | <i>99 663</i> | <i>-2 706</i> | <i>97.3%</i> |
| Result on financial activity | -5 900 | 4 459 | -10 359 | 232.3% |
| Profit before tax | 83 669 | 64 633 | 19 036 | 129.5% |
| Current income tax | -22 766 | -11 872 | -10 894 | 191.8% |
| Deferred income tax | 3 328 | -3 433 | 6 761 | 96.9% |
| Net profit | 64 231 | 49 328 | 14 903 | 130.2% |
| <i>Net profit without real estate*</i> | <i>36 627</i> | <i>49 328</i> | <i>-12 701</i> | <i>74.3%</i> |
| Profitability ratio: | | | | |
| Gross profit margin on sales | 23.7% | 25.0% | | |
| Profit margin on sales | 6.6% | 8.1% | | |
| Profit margin EBITDA* | 13.8% | 14.1% | | |
| Net profit margin* | 5.2% | 7.0% | | |

**) results cleared of the influence of sale of real estate of Apator Powogaz SA*

***In connection with the change of the accounting policy regarding recognition of, among others, the costs of inventory write-downs and costs of scrapping of inventories, in the comparative periods these costs were transferred from other operating activities to the cost of core activities (the reclassification is presented in point 1.8 of this report).*

Key performance drivers:

- maintaining the Group's sales thanks to a clear recovery in demand in the Water and Heat segment;
- macroeconomic situation - global difficulties in access to electronic components and shortages of raw materials for electronic devices, resulting in pressure on margins as a result:
 - Increasing prices of raw materials, materials (e.g., non-ferrous metals, plastics) and components (especially electronics) and lengthening their delivery times;
 - global increase in transport costs (sea, rail, road) due to restrictions on the availability of containers, or rising fuel prices;
 while limiting the potential for rapid changes in selling prices in response to increases in the cost of TKW, particularly in the Electricity segment¹;

¹ More in section 4.1

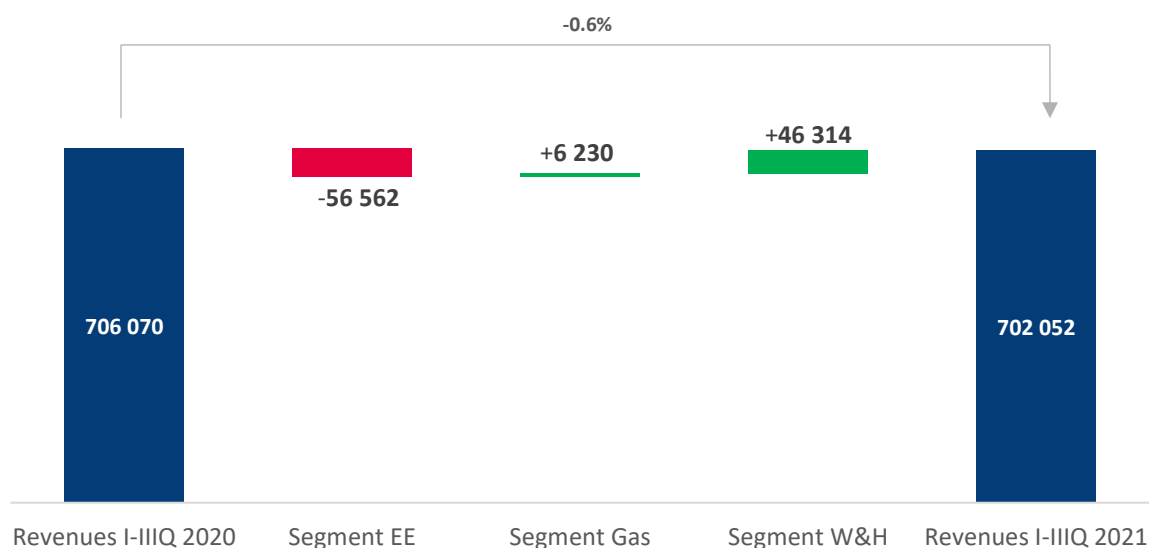
| | | | |
|---|--|---------------------|--------------------|
| Entity name: | Apator Group | | |
| Period covered by the financial statements: | 01.01.2021 – 30.09.2021 | Reporting currency: | Polish zloty (PLN) |
| Level of rounding: | all amounts are expressed in thousands of Polish zlotys (unless indicated otherwise) | | |

- one-off factor - the influence of sale of real property of Apator Powogaz SA in Poznań on consolidated results:
 - at EBITDA level: PLN 34.1 million;
 - at the net result level: PLN 27.6 million;
- situation on foreign exchange markets - currency rate increases (especially in EUR) translate into a favourable impact on the three quarters' results per balance. Despite the negative result on exchange differences and foreign currency transactions, the strengthening of the EUR exchange rate has a more positive impact on the level of revenues denominated in PLN.

Sales revenue

In Apator Group the revenues were maintained at the level of analogical period of previous year and dynamic growth was recorded in Water and Heat segment (+27% y/y).

| Specification | I-IIIQ 2021 (PLN thousand) | I-IIIQ 2020 (PLN thousand) | Change y/y (PLN thousand) | Dynamics (%) |
|---|----------------------------------|----------------------------------|---------------------------------|-----------------|
| Electricity (EE) segment | 279 364 | 335 926 | -56 562 | 83.2% |
| <i>country</i> | 210 993 | 280 373 | -69 380 | 75.3% |
| <i>export</i> | 68 371 | 55 553 | 12 818 | 123.1% |
| <i>ratio of exports in the segment EE in total sales revenue</i> | 9.7% | 7.9% | | |
| Gas segment | 204 620 | 198 390 | 6 230 | 103.1% |
| <i>country</i> | 60 424 | 48 550 | 11 874 | 124.5% |
| <i>export</i> | 144 196 | 149 840 | -5 644 | 96.2% |
| <i>ratio of exports in the segment Gas in total sales revenue</i> | 20.5% | 21.2% | | |
| Water and Heating segment (W&H) | 218 068 | 171 754 | 46 314 | 127.0% |
| <i>country</i> | 93 490 | 82 770 | 10 720 | 113.0% |
| <i>export</i> | 124 578 | 88 984 | 35 594 | 140.0% |
| <i>ratio of exports in the segment W&H in total sales revenue</i> | 17.7% | 12.6% | | |
| Total sales revenues | 702 052 | 706 070 | -4 018 | 99.4% |
| <i>country</i> | 364 907 | 411 693 | -46 786 | 88.6% |
| <i>export</i> | 337 145 | 294 377 | 42 768 | 114.5% |
| <i>share of total exports in total revenues</i> | 48.0% | 41.7% | | |



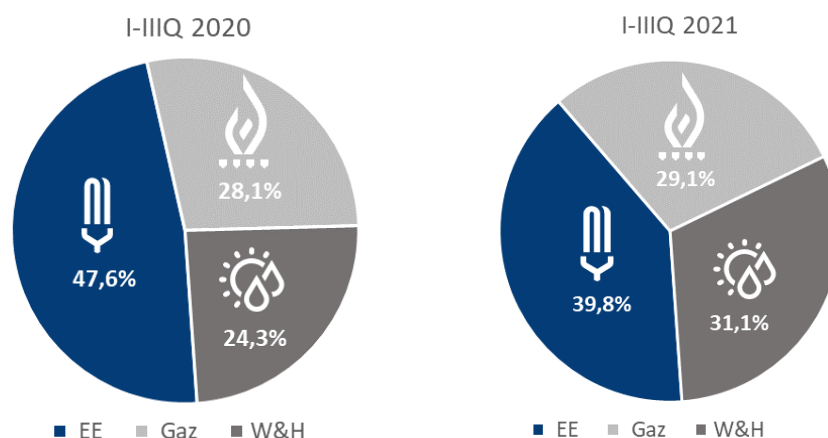
| | | | |
|---|--|---------------------|--------------------|
| Entity name: | Apator Group | | |
| Period covered by the financial statements: | 01.01.2021 – 30.09.2021 | Reporting currency: | Polish zloty (PLN) |
| Level of rounding: | all amounts are expressed in thousands of Polish zlotys (unless indicated otherwise) | | |

Sales of individual segments were as follows:

- Electrical Energy (EE) segment - decline in sales in the domestic market partially offset by growth in exports by PLN 12.8 million (+23% y/y), mainly to Germany. Lower domestic sales in the electric metering line were largely related to:
 - backlog lower than in 2020, when the contract for the Power² Market was executed (high base);
 - delays in the settlement of tender proceedings;
 - a global reduction in the availability of components, which has been felt most acutely in the electric metering line and has reduced sales opportunities;

In the lines: switchgear, control and supervision systems, the turnover was significantly higher y/y, while the slight decrease in ICT was related to the postponement of the contract execution;
- Gas segment - high sales growth in the domestic market (+24% y/y) achieved as a result of the tender for PSG sp. z o.o. At the same time, exports were slightly lower (-4% y/y), affected by the ending of the rollout for smart gas meters in the Netherlands. However, other markets in the segment (such as the United Kingdom, Belgium, Hungary, Turkey, Ukraine) recorded sales increases, with one of the largest recorded in the Belgian market, where the replacement of gas meters with smart meters is currently underway, and the winning of another tender (for the delivery of approx. 1 million meters with a total value of approx. EUR 65 million) is one of the elements of the segment's stable backlog for the coming years;
- Water and Heat segment - higher turnover at home (+13% y/y) and at the same time dynamic growth in exports (+40% y/y). The significantly improved sales performance confirms the trend of recovering demand and rebuilding orders after 2020, when the impact of the pandemic was most felt. The market is seeing an increase in the number of new tenders and completions frozen in 2020, as well as growth due to the construction boom. The segment's main export markets for the three quarters of 2021 are the Czech Republic, France, Russia, Ukraine and Spain.

In view of the above, the Water and Heat segment significantly increased its share in the sales structure (by 6.8 p.p.).

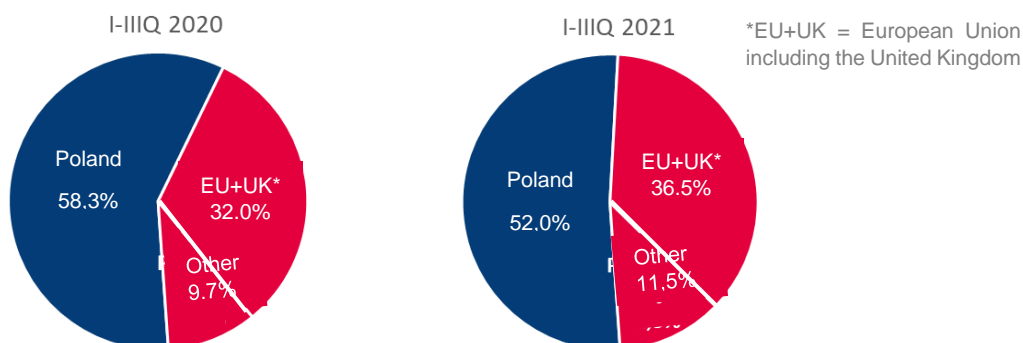


²In 2020, one of the largest tenders announced by DSOs (Tauron Dystrybucja, PGE Dystrybucja and Enea Operator) for delivery of large batches of 3-phase smart electricity meters intended for metering customers of C1 tariff groups (small and medium enterprises) for the purpose of power fee settlements - the so-called "Power Market" contract was executed.

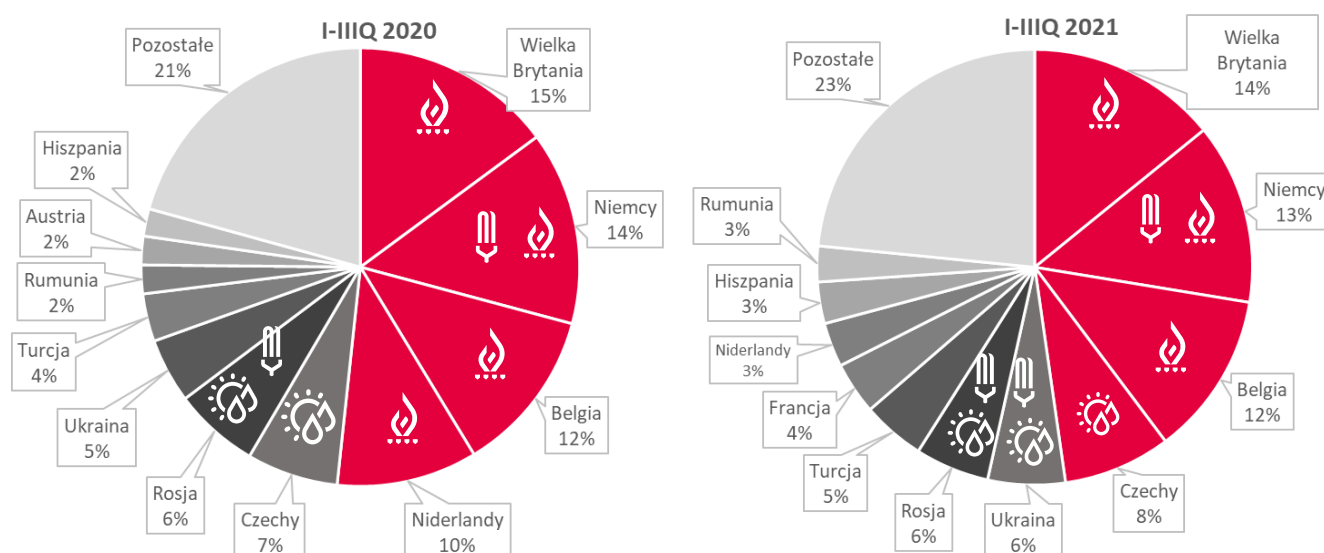
| | | | |
|---|--|---------------------|--------------------|
| Entity name: | Apator Group | | |
| Period covered by the financial statements: | 01.01.2021 – 30.09.2021 | Reporting currency: | Polish zloty (PLN) |
| Level of rounding: | all amounts are expressed in thousands of Polish zlotys (unless indicated otherwise) | | |

Geographical structure of sales

Due to high dynamics of growth of export (mainly in Water and Heat segment) in the scale of the entire Apator Group, the geographical structure of sales has changed and the share of export in total turnover of Apator Group increased in comparison to 2020 by 6.3 p.p. to the level of 48% of total revenues.



The main sales market of the Apator Group is Poland. The European Union (with a dominant share of the German and Belgian markets) and the United Kingdom remain the Group's second trading partners. At the same time, a clear upturn in orders from many other markets can already be seen, particularly in the Water & Heat segment (e.g. Czech Republic, France).



| Foreign sales - countries with a share of more than 5% | Share of exports in I-IIIQ 2021 | Sold range |
|--|---------------------------------|--|
| United Kingdom | 14% | gas meters |
| Germany | 13% | mainly electricity and gas meters |
| Belgium | 12% | gas and inductive electricity meters |
| Czech Republic | 8% | mainly water meters and cost allocators |
| Ukraine | 6% | primarily water and gas meters |
| Russia | 6% | mainly water meters, heat meters, switchgear |
| Turkey | 5% | mainly gas meters and switchgear |

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| Period covered by the financial statements: | 01.01.2021 – 30.09.2021 | Reporting currency: | Polish zloty (PLN) |
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Seasonality of sales

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. Turnover for both 2020 and 2021 should not, however, be taken as representative of the seasonality phenomenon, given the effects of the persistent pandemic state and the key importance of factors of a decidedly one-off nature (difficulties in accessing 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 | 237 418 | 240 136 | |

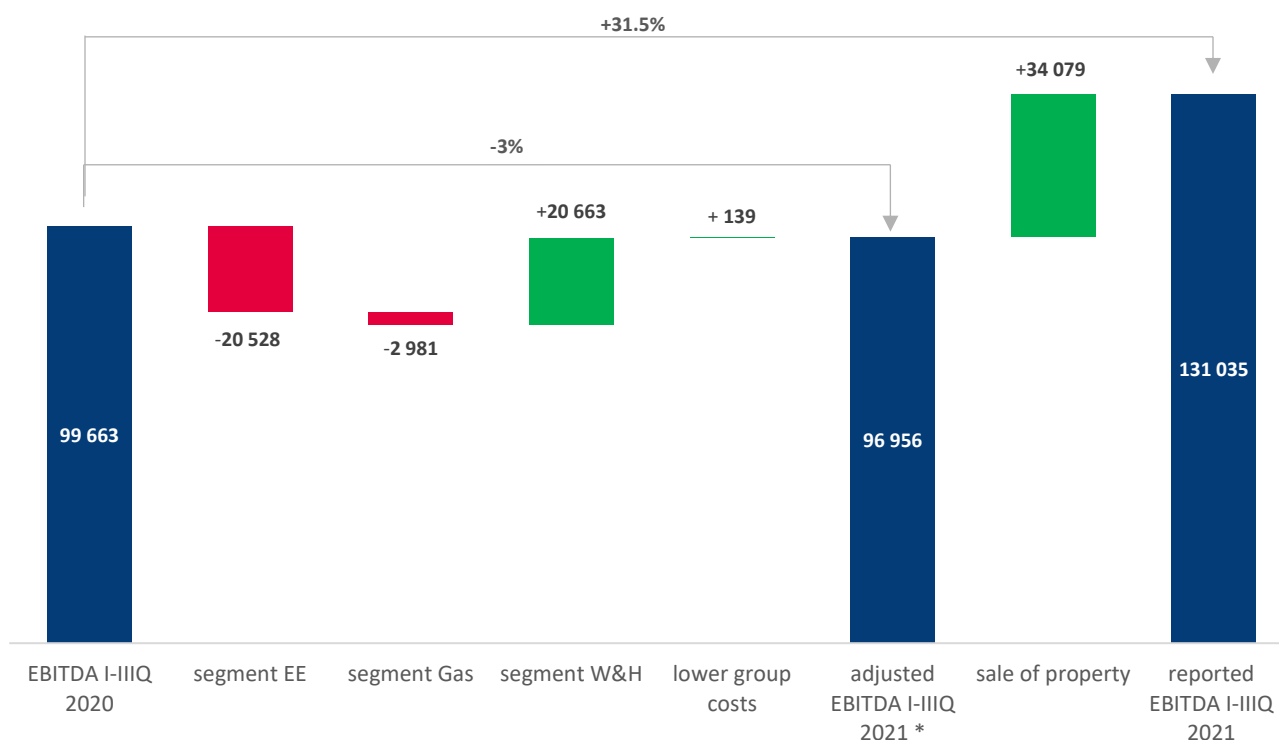
EBITDA

The level of consolidated EBITDA was influenced by:

- decline in EBITDA in the Electricity segment mainly as a result of a decrease in sales and an increase in the cost of materials, components and raw materials (primarily semiconductors, copper and plastics) with simultaneous strong competitive pressure limiting opportunities for more flexible pricing of sales; as a result, EBITDA margin decreased by 4.7 p. p y/y to 8.4%; the results were positively impacted by the compensation from the insurer (PLN +1.5m) to cover part of the costs of replacing electricity meters (delivered in 2014-2017) as part of a reported claim and the refund of income tax paid (PLN +1.4m in Q3).
- decline in EBITDA in the Gas segment, mainly as a result of a less favourable product mix, increasingly stronger effects (starting from the second quarter of this year) of rising material costs (mainly plastics, steel, non-ferrous metals) and transport services resulting in a decline of EBITDA margin by 2 pp y/y to 15.6%. The results were positively influenced by subsidies from the anti-crisis shield (PLN +1 million) and the received refund of income tax paid (PLN +1.1 million in 3Q);
- a significant increase in the Water and Heat segment's non-recurring adjusted EBITDA as a result of increased sales, a favorable product mix and a significant improvement in operating efficiency. At the same time, fixed costs are kept under control resulting in further improvement of profitability (EBITDA margin after Q3 2021 at over 20%, up by 6.5 p.p. y/y);
- one-off factor (visible in Water and Heat segment): 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.*

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*EBITDA I-IIIQ 2021 adjusted for the impact of the sale of the Poznań property

Net result

The consolidated net result amounted to PLN 64.2 million and was influenced, apart from the aforementioned factors, by:

- negatively - result on financing activities (PLN -5.9 million), which resulted mainly from negative exchange rate differences (PLN -3.1 million) and foreign exchange transaction costs (PLN -0.8 million) due to volatility on FX markets;
- positively - one-off event that is sale of real property of Apator Powogaz SA (+27,6 m PLN).

After the clearing of the result with the impact of one-off event, the net profit of Apator Group in January-September 2021 was PLN 36.6 million.

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3.2. Results for the third quarter of 2021

Apator Group in the third quarter 2021 achieved the following financial results:

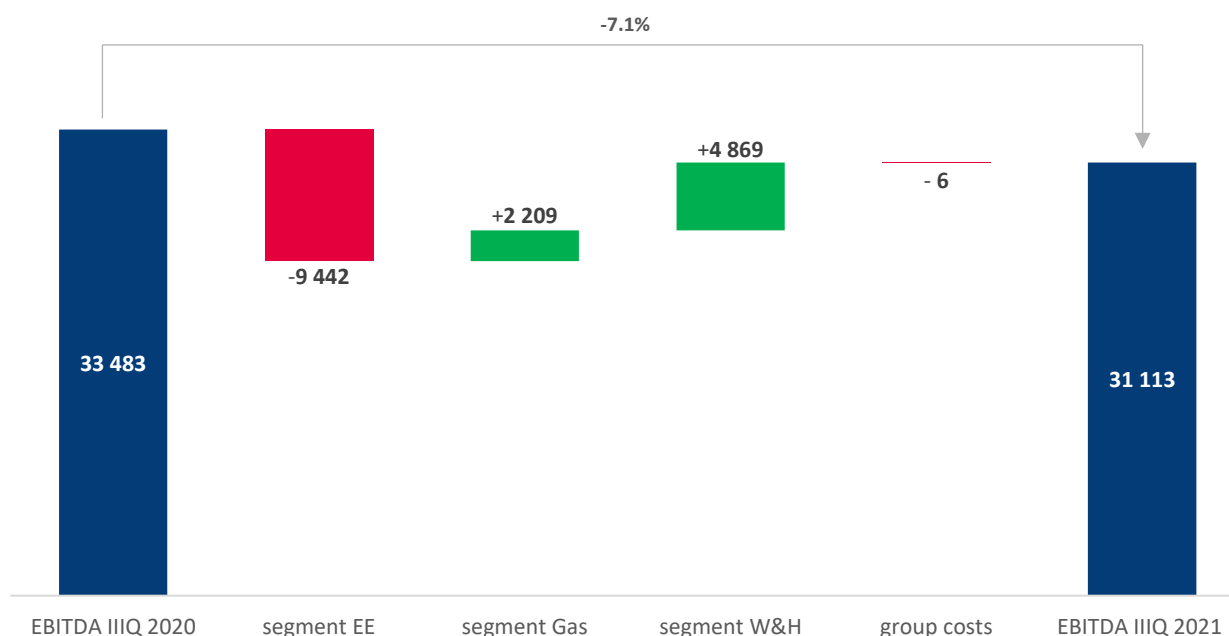
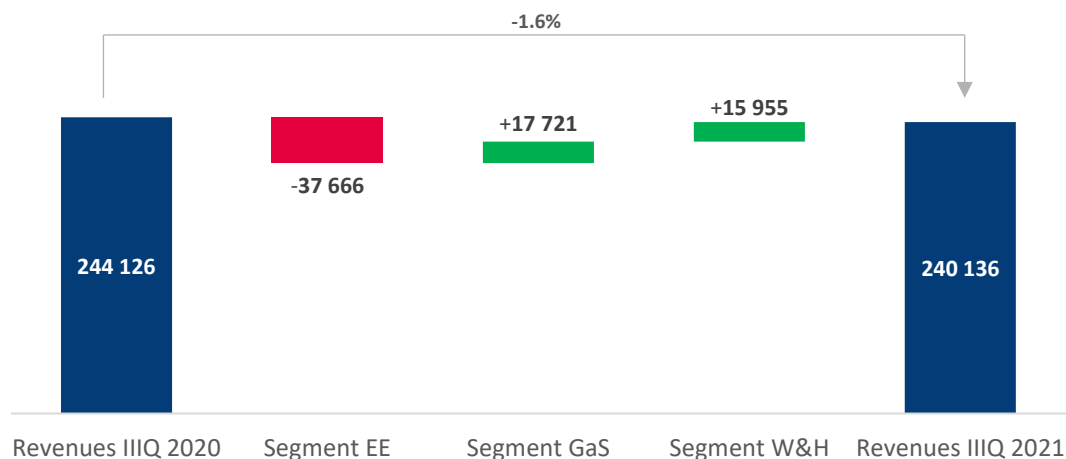
| Specification | QIII 2021 | QIII 2020 | Change | Dynamics |
|--|----------------|----------------|----------------|--------------|
| Sales revenues, including: | 240 136 | 244 126 | - 3 990 | 98.4% |
| <i>country</i> | 122 602 | 157 575 | - 34 973 | 77.8% |
| <i>export</i> | 117 534 | 86 551 | 30 983 | 135.8% |
| Cost of goods sold* | 188 749 | 189 344 | - 595 | 99.7% |
| Gross sales profit | 51 387 | 54 782 | - 3 395 | 93.8% |
| Sales costs | 8 653 | 7 374 | 1 279 | 117.3% |
| General administrative costs | 29 495 | 31 424 | - 1 929 | 93.9% |
| Sales profit | 13 239 | 15 984 | - 2 745 | 82.8% |
| Result on other operating activities | 3 332 | 3 321 | 11 | 100.3% |
| Share in profits of companies consolidated using the equity method | 379 | 459 | - 80 | 82.6% |
| Operating income | 16 950 | 19 764 | - 2 814 | 85.8% |
| EBITDA | 31 113 | 33 483 | - 2 370 | 92.9% |
| Result on financial activity | - 448 | 1 021 | - 1469 | - |
| Profit before tax | 16 502 | 20 785 | - 4 283 | 79.4% |
| Current income tax | - 3 061 | - 1 893 | - 1168 | 161.7% |
| Deferred income tax | - 422 | - 1 983 | 1 561 | 21.3% |
| Net profit | 13 019 | 16 909 | - 3 890 | 77.0% |
| Profitability ratio: | | | | |
| Gross profit margin on sales | 21.4% | 22.4% | | |
| Profit margin on sales | 5.5% | 6.5% | | |
| Profit margin EBITDA | 13.0% | 13.7% | | |
| Net profit margin | 5.4% | 6.9% | | |

*)In connection with the change of the accounting policy regarding recognition of, among others, the costs of inventory write-downs and costs of scrapping of inventories, in the comparative periods these costs were transferred from other operating activities to the cost of core activities (the reclassification is presented in point 1.8 of this report).

During the 3rd quarter:

- revenues were comparable y/y - a marked increase in turnover in the Water and Heat segment (+26% y/y to PLN 76.9m) and in the Gas segment (+34.8% to PLN 68.6m) thanks to rebounding demand on foreign markets, offsetting a decline in turnover in the Electricity segment (-28.5% to PLN 94.6m) due to a high base effect resulting from execution of Power Market contracts in Q3'20;
- here was a dynamic increase of 35.8% in export sales thanks to the very good performance of all segments; the main markets were UK, Germany, Belgium, Czech Republic; positive impact of exchange rate increases on results;
- apparent further reductions in component availability and increases in component costs impact margins, requiring the building of an inventory buffer to ensure smooth production processes;
- gross profit on sales shrunk by 6.2% y/y, resulting in a margin of 21.4% (-2.0pp); margin erosion was most pronounced in the EE segment (-4.5pp to 15.2%), while in the gas segment margins also shrank to 17% (down 3.5pp). In W&H, margins improved by 2.9pp to 33% on back-to-back shrinkage in demand, rising sales and a favorable product mix;
- increased selling expenses as a result of increased global transportation and fuel prices while optimizing general and administrative expenses;
- EBITDA profit of PLN 31.1 million (-7.1% y/y) was generated, positively influenced by the refund of income tax paid (PLN +2.6 million);
- the level of net profit amounted to PLN 13 million (-27% y/y) as a result of the above factors.

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3.3. Analysis of financial situation

The cash balance at September 30, 2021 was PLN 8.2 million higher than at the end of 2020, amounting to PLN 37.5 million.

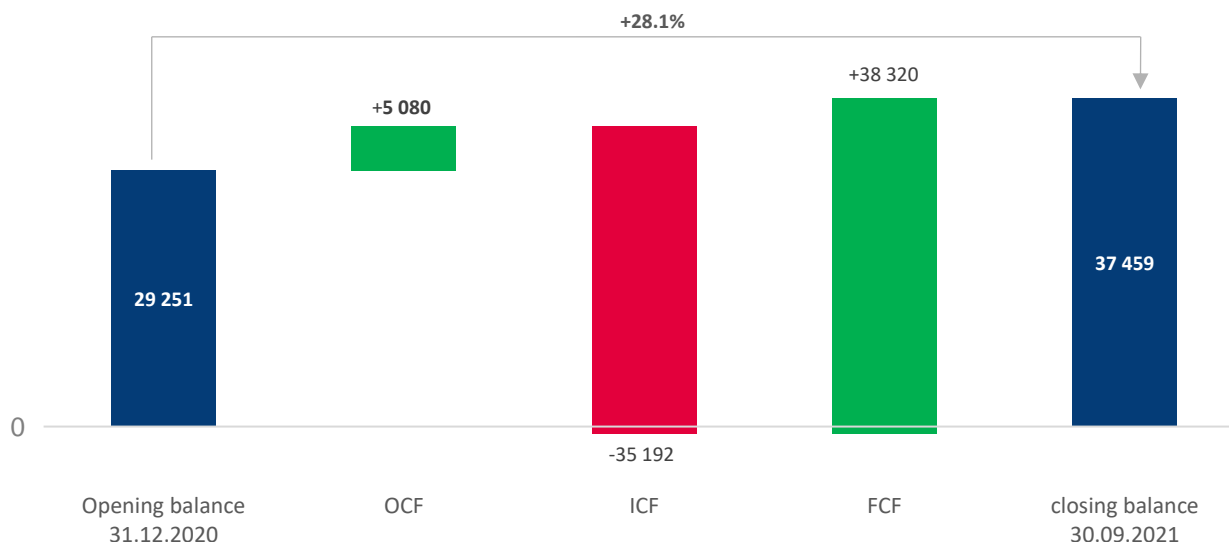
Cash and cash equivalents were influenced by the following factors:

- positive cash flows from operating activities, with the level of cash flows generated being impacted by a much higher working capital commitment than in previous years - sourcing and securing materials and raw materials to manage risks associated with disruptions in global supply chains;
- negative cash flows from investment activity mainly due to capital expenditures incurred for fixed assets and intangible assets (in total PLN 16.6 M) and payment for the part of shares acquired in Apator Telemetria Sp. z o.o. (7,1 m PLN) partially covered by the proceeds from the sale of real property of Apator

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Powogaz SA in Poznań in amount of 33,9 m PLN (payment for the real property in accordance with the schedule);

- positive cash flow balance related primarily to an increase in credit debt (balance of PLN 70.2 million) less the payment of the remaining dividend from the 2020 profit (PLN 22.3 million) and repayment of finance lease liabilities (PLN 8.8 million).



| Other basic indicators | I-IIIQ 2021 | Year 2020 | I-IIIQ 2020 | Formula |
|--------------------------------|-------------|-----------|-------------|--|
| Current liquidity ratio | 1.27 | 1.22 | 1.24 | current assets/short-term liabilities |
| Quick liquidity ratio | 0.64 | 0.72 | 0.75 | (current assets - inventories)/short-term liabilities |
| Return on assets ROA | 8.26% | 7.06% | 6.57% | net profit for the last 12 months/average total assets, calculated as an average of the opening and closing balances |
| Return on equity ROE | 14.44% | 12.32% | 11.74% | net profit for the last 12 months/average equity calculated as an average of the opening and closing balances |
| Net debt (PLN thousand) | 164 079 | 100 150 | 115 398 | loans and borrowings - cash and equivalents - loans granted |
| Net Debt/LTM EBITDA* | 1.01 | 0.76 | 0.90 | (loans and credit- cash and cash equivalents - loans granted) / EBITDA for the last 12 months |
| Capex (PLN thousand) | 56 902 | 77 510 | 41 768 | tangible and intangible investment expenditure |
| Working capital (PLN thousand) | 236 607 | 163 150 | 194 319 | (current assets - cash) - (short-term liabilities - short-term loans and borrowings) |

The level of net working capital at the end of September 2021 was PLN 42.3 million higher than at the end of September 2020. (and by PLN 73.5 million higher than at the end of 2020). This is due to higher inventory and accounts receivable with lower accounts payable. The increase in working capital can be seen primarily in the Electricity segment (increase in inventories, especially of electronics resulting from an increase in stocking to

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secure future production) and Water and Heat (increase in receivables resulting from the settlement of a property sale transaction).

Higher capital expenditures were incurred in the period mainly in the Water and Heat segment and related primarily to expenditures for the construction of a new plant near Poznań (PLN 21.3 million for Q1-Q3 2021 as scheduled) and R&D, including, among others, work on the development of remote communications and expansion of the product portfolio with new product families.

Financial debt is higher y/y, but maintained at a low and safe level of 1.01x net debt/EBITDA for the last 12 months. The increase in debt is due to the maintenance and systematic replenishment of material buffers for future contracts. Considering EBITDA net of one-time events (sale of real estate in Poznań), financial debt is also at a safe level of 1.28x.

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

4.1. Risk factors, threats and influence of pandemic on activity of the Apator Group

All significant risk factors are identified, analysed and controlled in Apator Group on current basis. 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.

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

In the opinion of the Executive Board, the risks indicated in the aforementioned document remain valid. Nevertheless, the Executive Board points out that the factors that will influence the results in the period of the coming quarters are the limited availability and the increase in prices of components necessary for production (mainly plastics, copper, steel, electronics) as well as the increase in prices of electrical energy, costs of transport services and costs of labour.

Starting in Q4 2020, there are significant difficulties in access to electronic components, especially semiconductors, and shortages of raw materials, causing significant price increases. In addition, China's policy of restricting electricity consumption has compounded the component supply constraints felt around the world. The surge in global demand and limited availability of containers from Asia have significantly increased the cost of logistics services and significantly increased lead times.

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Continued problems with the continuity of global supply chains may periodically affect sales dynamics and decrease profitability. Inflation is felt in all segments, but Electricity and Gas are the most affected. In addition, as a result of competitive pressures, the model of selling primarily electricity meters (based on entering into long-term contracts as a result of winning public tenders) results in little opportunity to translate cost inflation into final prices to customers under ongoing contracts.

Due to changing macroeconomic conditions and a difficult to predict market situation, the Board decided to postpone the final stage of work on updating the Strategy. At the same time the Executive Board points out that the Apator Group performs the main initiatives presented in the strategy so far and first of all prepares operationally to bigger roll-outs within smart metering in electricity segment.

The Group continues to take preventive measures, as appropriate, to ensure the continuity of its production processes. The areas of financial position and continuity of supply are monitored on an ongoing basis. In relation to the situation on global markets 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) and actively seeks other sources of purchase and conducts the optimum stock management to the present situation. The cooperation and integration of activities in this area between Group entities makes it possible to take advantage of business synergies and product diversification to further reduce operational risk exposure in times of pandemic.

4.2. Prospects

In spite of global difficulties related to pandemic, the Apator Group has good long-term perspectives in all segments.

In the Electricity segment, growth prospects are determined primarily by the energy transformation in line with the Polish Energy Policy (PEP2040) adopted by the government, including the planned roll-out of meters with remote reading and the expansion of the electricity grid infrastructure. The planned rollout of smart metering will, on the one hand, attract more and more competition and, on the other hand, allow companies that are able to respond to the requirements of the technical specification of the product (which will be defined in the regulation) and the expectations of the DSOs (Distribution System Operators) regarding the specific communication technology for smart meters to gain a competitive advantage. Apator has prepared the offer including wide range of communication technologies and it is prepared to planned tenders.

Another important element of further development of the Apator Group in coming years is also renewable energy sources sector. The Group is a supplier of ready-made solutions for renewable energy sources (e.g. two-way meters, photovoltaic farm management system or specialist switchgear and protection equipment) and consistently works on expanding its product portfolio. Advanced negotiations are also underway for a capital merger with Zakład Energoelektroniki TWERD sp. z o.o. from Toruń. - manufacturer of inverters, which are intended, among others, for photovoltaic installations. The purpose of the potential acquisition is to prepare a comprehensive offer for the dynamically growing PV industry and to further develop solutions supporting e.g. infrastructure for electromobility.

In the Gas segment the performance of the postponed roll-outs in Europe and slow recovery on the main foreign markets are in progress; additionally the Company will perform one of the largest roll-outs in Belgium (in cooperation with one of the global leaders in utility metering Landis+Gyr), as a result of the won tender for the supply of ca. 1 million of gas meters in the period 2023-2031 - contract of the total value of ca. 300 m PLN in the part of Apator Metrix.

In the Water and Heat segment, there is a clear recovery in demand from the pandemic both domestically and internationally, with the added prospect of sales growth provided by the amendment to the Energy Efficiency Act, signed on April 26, 2021, requiring owners or managers of multi-unit buildings to install heat and water meters with remote reading by January 1, 2027.

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The detailed description of perspectives and development factors for particular segments that will determine the activity and results of the Apator Group has been presented in the Report of the Executive Board on Activity of the 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>)

5. List of major events

5.1. List of events in the three quarters of 2021

- 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. Work is being completed on schedule.
- 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.
- 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.
- On the 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 total area of 3,3 hectares where the present headquarters of Apator Powogaz SA is located (more information in the Report of the Executive Board on Activity of Apator Group for 2020).
- 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.
- 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.
- 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.
8. 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.
 9. On 29th June 2021 the Ordinary General Shareholders Meeting of Apator SA was held, that among other things adopted the dividend level from the profit in 2020 in amount of 1,20 PLN gross per share (more in Section 6.7.5).
 10. On the 30th June 2021 The Executive Board of Apator SA announces that within the optimization of the structure of capital group and consolidation of the segment of electric energy, it has taken the decision on the intention to include the company Apator Elkomtech SA (Łódź) into Apator SA (Toruń). The merger is expected to result in increased management efficiency and market synergies. The merger is planned by transfer of the entire property of Apator Elkomtech SA to Apator SA at 1st January 2022. More information in point 6.5.
 11. On 27th July 2021 the Executive Board of Apator SA announced that the subsidiary Apator Metrix SA has been selected as the supplier of smart gas meters under the mass implementation of smart meters in Belgium. A combination of Belgian distribution network operators (Fluvius, ORES, RESA and Sibelga) has selected an offer from Landis+Gyr (Belgium) as the winning bid for the delivery of an end-to-end Data-as-a-Service solution, consisting of a central master system and delivery of smart utility meters. Therefore, Apator Metrix SA as a partner of Landis+Gyr in the period 2023 - 2031 will deliver ca. 1 million of iSMART2 smart gas meters of the value of ca. EUR 65 M (that is ca. 300 m PLN according to average exchange rate of NBP from 27th July 2021, 1 EUR= 4.5954 PLN).
 12. On 13th August 2021 Apator SA concluded the contract for the acquisition credit in the amount of 13 m PLN in relation to the intention to purchase 20,8% shares in the indirect subsidiary Apator Telemetria Sp. z o. o.
 13. On 25th August 2021 the offer of Apator SA was selected as the most favourable one in the tender for the supply of electricity meters with PLC PRIME communication, announced by Energa Operator SA. The contract was signed on 20th September this year with a value of PLN 57 million, the deliveries will be made within 24 months.
 14. On 26th August 2021 the contracts of purchase of shares in Apator Telemetria Sp. z o.o. were concluded with four natural persons (minority shareholders). Under the contract Apator SA acquired total 512 shares of total value PLN 12.1 million being 20,8% of share capital of this company (more in point 6.5).

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

1. On 18th October 2021. Extraordinary General Shareholders Meeting of Apator SA agreed the merger of Apator SA and Apator Elkomtech SA by transfer of all the assets of Apator Elkomtech SA to Apator SA (more in point 6.5).
2. On 17th November 2021 The Executive Board of Apator SA informed about the conclusion of the letter of intent regarding the intention to purchase 100% shares in the company Zakład Energoelektroniki TWERD sp. z o.o. with headquarters in Toruń. ZE TWERD sp. z o.o. is a manufacturer of power electronic devices, in particular inverters for photovoltaic installations and fast charging stations for

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electric cars. On the basis of the letter of intent the Parties will start working on a draft agreement for the purchase of shares and an investment agreement, provided that the letter of intent does not constitute an obligation for the Parties to conclude the above-mentioned agreements. The objective of potential acquisition is to prepare, according to strategy of Apator Group, comprehensive offer for dynamically growing PV industry and further development of solutions supporting the infrastructure for electromobility among other things. The potential value of the transaction is several million zlotys.

6. Additional information

6.1. Credits, loans, sureties, guarantees

Balance of credits and loans of Apator Group:

| Specification | as of | | Change |
|-----------------------------------|----------------|----------------|---------------|
| | 30.09.2021 | 31.12.2020 | |
| Long-term loans and credits | 28 127 | 4 183 | 23 944 |
| Short-term loans and credits | 173 411 | 125 218 | 48 193 |
| Total loans and borrowings | 201 538 | 129 401 | 72 137 |

6.1.1. Loans

As at 30 September 2021, the status of significant loan agreements is as follows:

1. Multi-product agreement dated June 22, 2016.

On 30th June 2021 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 Telemetria 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 PLN 160 million to PLN 180 million. The loan repayment date is September 21, 2022. The credit limit may be used in the form of working capital loans, bank guarantees, letters of credit and debt repurchase 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 102.5 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 PLN 35.9 million,
- assignment of rights under the insurance policy of the above collaterals,
- blank promissory notes together with promissory notes issued by borrowers.

Liabilities resulting from the granted limit shall be jointly and severally charged to the Company, up to a maximum amount of PLN 180 million.

At 30th September 2021 the debt of Apator Group due to concluded multi-product contract was as follows:

- on account of credit limits used PLN 139.2 million,
- on guarantees and letters of credit PLN 21.3 million
- on account of supplier financing PLN 5.1 million.

2. Apator SA:

- a) has a loan of PLN 10 million from Bank Handlowy SA earmarked for the current financing of the company's business activity. On 9 March 2021, an annex to the agreement was concluded, pursuant

| | | | |
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| Entity name: | Apator Group | | |
| Period covered by the financial statements: | 01.01.2021 – 30.09.2021 | Reporting currency: | Polish zloty (PLN) |
| Level of rounding: | all amounts are expressed in thousands of Polish zlotys (unless indicated otherwise) | | |

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 of September 30, 2021, the level of used credit was PLN 3.3 million.

b) on 13 August 2021, concluded an agreement with Bank Handlowy SA for a long-term (acquisition) loan of PLN 13 million. Credit is designated to finance the purchase of shares from minority shareholders of Apator Telemetry sp. z o.o. The interest rate of credit has been established according to variable interest rate equal to WIBOR rate for 3-month deposits increased by margin of the bank. The loan will be repaid in equal quarterly instalments with the final repayment date falling on 9 August 2024. The loan repayment is secured by a registered pledge on fixed assets up to the amount of PLN 2.8 million along with an assignment of rights from the all-risk insurance policy of the property, a registered pledge on the acquired shares up to the amount of PLN 12.1 million and a declaration of submission to enforcement pursuant to Art. 777 of the Civil Code up to PLN 15.6 million. As of September 30, the loan balance is PLN 12 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. Repayment of the loan is secured by a capped mortgage up to 23.3 million PLN on the real estate of the company located in Tczew, transfer of ownership of fixed assets with a total value of min. PLN 2.4 million, an assignment of rights from the all-risk insurance policy, a pledge on bank accounts and a declaration of submission to enforcement pursuant to Article 777 of the Civil Code up to PLN 31.7 million. As at 30 September 2021, the credit balance amounted to PLN 5.2 million.

4. GWi Ltd has an overdraft facility entered into on 8 September 2017 with CITI London Bank for £4 million. The credit 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% shares of GWi by Apator Metrix SA in 2017. The term of credit repayment is renewed every year. The guarantee of repayment of credit is the guarantee of Apator Metrix SA in form of bank guarantee and the statement on submission to execution under art. 777 c.c. to the amount of 4.8 m GBP (that is to say PLN 26.6 million. according to the selling rate of ING on 30 September 2021 for GBP = 5.5448). The loan interest rate is set at a variable LIBOR rate plus the bank's margin. As at 30 September 2021, the loan facility amounts to GBP 4 million, i.e. PLN 21.5 million at the average exchange rate of the National Bank of Poland of 30 September 2021 for GBP = PLN 5.3653).

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 Jarzyski (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 of September 30, 2021, the loan is secured by:

| | | | |
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| Entity name: | Apator Group | | |
| Period covered by the financial statements: | 01.01.2021 – 30.09.2021 | Reporting currency: | Polish zloty (PLN) |
| Level of rounding: | all amounts are expressed in thousands of Polish zlotys (unless indicated otherwise) | | |

- blank promissory note together with a promissory note declaration,
- registered pledge (established on 8th January 2021) on 3.6 m bearer shares of Apator SA being in possession of Apator Mining Sp. z o.o. to the highest security amount of PLN 61.5 million with blocking of shares of total value not less than 120% of the value of the future property (pledge will be kept till the day of establishing contractual mortgage on acquired land and property under construction in Jaryszki/Gm. Żerniki).

The loan repayment period is from 31 July 2022 to 4 December 2030. As at 30 September 2021, the debt under the loan was PLN 19.1 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 11 August 2022. 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 of September 30, 2021, the credit facility was not utilized.
- 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 2022. The interest rate is determined according to a variable interest rate equal to WIBOR 1M plus the bank's margin. The financing is secured with a blank promissory note and a statement on submission to enforcement pursuant to Article 777 of the Civil Code up to the amount of PLN 22.5 million. As of September 30, 2021, the balance of funding used was 8.5 million.

In 2021 no bank has terminated the credit agreement for the companies in Apator Group and the companies in Apator Group timely performed their obligations resulting from the concluded credit agreements.

6.1.2. Loans

The balance of loans granted and received by Apator Group at 30th September 2021 is as follows:

- Apator Powogaz SA has the receivable due to consolidated loan in amount of EUR 1.5 million granted to the subsidiary Apator Miitors ApS. The nominal interest rate on the loan is 2%. On 20th November 2020. Apator Powogaz signed with Apator Miitors Aps. the annex extending the period of the loan repayment till the end of 2029. As of September 30, 2021, the outstanding loan (including interest) was €1.5 million (i.e. PLN 7.1 million at the average NBP rate of 30 September 2021 for EUR = 4.6329). Interest for 2020 was paid in the month of January 2021.

6.1.3. Sureties i guarantees

The sureties and guarantees issued as at 30 September 2021 are as follows:

1. Apator SA:

- guarantee of payment of receivables by Apator Metrix SA in amount of EUR 1.2 million (PLN 5.7 million according to selling rate of EUR in ING bank on 30th September 2021 equal 1 EUR = 4.7669 PLN) in relation to Flonidan AS for purchased by Apator Metrix SA machines to increase manufacturing capacity for the needs of performance of contract in Great Britain. The term of the guarantee is from September 23, 2019 to June 30, 2022. The guarantee fee is calculated on a quarterly basis at a rate of 0.8% p.a.

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|---|--|---------------------|--------------------|
| Entity name: | Apator Group | | |
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- 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. PLN 22.2 million (according to selling rate of GBP in ING bank from 30th September 2021 equal 1 GBP = 5.5448 PLN) for the period to 31st October 2022. The guarantee regards the loan granted to GWi by Citi Bank for repayment of loans earlier granted 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 30th September 2021 Apator Group had also active guarantees issued by insurers and banks, described in details 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 under the contract on cooperation concluded with Apator SA on 31st October 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 design of communication modems by PySENSE Sp. z o.o. 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 in 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 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

| | | | |
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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 March 23, 2021, which included an informational hearing for the plaintiff. At hearings held on July 13 of this year, September 21 of this year, and November 4 of this year, witnesses for the defendant and the plaintiff were interviewed. A hearing was held on November 8, at which the Parties' attorneys delivered their closing statements and the Court closed the hearing. The court postponed the announcement of the ruling until November 30 this year.

Pending 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 Grupa Kapitałowa 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). Under this cooperation in the period I-III quarter 2021 like in the previous periods neither Apator SA nor any other subsidiary concluded transactions with related entities that would be concluded on other than market conditions.

6.4. Consolidated entities as of September 30th 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 Góra | 100% | Subsidiary company of Apator SA |
| | Control and monitoring systems | Apator Elkomtech SA* | Łódź | 100% | Subsidiary company of Apator SA |
| | Switchgear | Apator GmbH | Berlin (Germany) | 100% | Subsidiary company of Apator SA |
| | Mining equipment trade (small business - not a business line) | Apator Mining Sp. z o. o. | Katowice | 100% | Subsidiary company of Apator SA |

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| Entity name: | Apator Group | | |
| Period covered by the financial statements: | 01.01.2021 – 30.09.2021 | Reporting currency: | Polish zloty (PLN) |
| Level of rounding: | all amounts are expressed in thousands of Polish zlotys (unless indicated otherwise) | | |

| Segment | Business line | Company | Office | Share in capital | Relation to 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 | 82.6% | Directly dependent on Apator SA in 20.8% and indirect subsidiary by Apator Powogaz SA in 61.8% |
| Gas | - | Apator Metrix SA | Tczew | 100% | Subsidiary company of Apator SA |
| | | GWi 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 |
| Gas | - | INDA d.o.o. | Ljubljana (Slovenia) | 35% | Associated with Apator SA through Apator Metrix SA Indirect share through GWI |

6.5. Changes in the organisation of the Apator Group in 2021

Purchase of shares of Apator Telemetry sp. z o.o.

On 26th August 2021 with four natural persons - partners of Apator Telemetry sp. z o. o. (Slupsk) - contracts under which Apator SA purchased 512 shares of this company for the total amount of PLN 12.1 million. The

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shares are 20.80% of share capital of Apator Telemetria sp. z o. o. and they entitle to make 20.80% of total number of votes. The payment for the shares was divided into two parts: the amount of PLN 7.1 million was paid upon execution of the agreement, and the remaining amount will be paid in January 2022.

Apator Telemetria sp. z o.o. that has been part of Apator Group since 2009 is one of the main R&D facilities in Apator Group. In connection with its significant importance for the development of the product offer and remote reading systems, a decision was made to increase the capital involvement in this company.

Subsidiary Apator Powogaz SA has 61,82% share in share capital of Apator Telemetria sp. z o. o. and 61.82% share in the total number of votes. In result of contracts concluded, Apator SA and Apator Powogaz SA have jointly 82.62% share in share capital of Apator Telemetria sp. z o. o. and 82.62% share in total number of votes.

Merger of Apator SA with Apator Elkomtech SA

Events after the balance sheet date, i.e. 18th October 2021 Extraordinary General Shareholders Meetings of Apator SA and Apator Elkomtech SA agreed the merger of Apator SA and Apator Elkomtech SA by transferring all the assets of Apator Elkomtech SA to Apator SA. Therefore, on 1st January 2022 the company Apator Elkomtech SA with its branches will be in the structures of Apator SA.

Apator Elkomtech SA specializes in manufacturing of SCADA class control and supervision systems and specialist equipment supporting management of the power network. The company is now made up of combined resources from locations: Łódź (registered office), Toruń (former Apator Control sp. z o.o., incorporated into Apator Elkomtech SA in 2019) and Poznań, that is IT team from Atrem SA taken over (which was incorporated into the company in 2020), which has allowed the line to expand its expertise and offerings in gas equipment and software.

The incorporation of Apator Elkomtech SA into Apator SA is the next stage of consolidation of Electric Energy segment planned in business strategy of Apator Group. This will allow us to develop comprehensive solutions for the market (hardware + ICT), as well as to take full advantage of new market opportunities in the areas of RES and energy efficiency.

Apart from the aforementioned, no other changes in the structure of the economic entity took place, including as a result of merger of economic entities, takeover or sale of entities of the Issuer's capital group, long-term investments, division and restructuring.

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

The Supervisory Board

At the 30th September 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 2021), |
| 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 | - | Member of the Supervisory Board (independent as defined by the DPSN 2021), |
| 7. | Tadeusz Sosgórnik | - | Supervisory Board Member. |

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| Entity name: | Apator Group | | |
| Period covered by the financial statements: | 01.01.2021 – 30.09.2021 | Reporting currency: | Polish zloty (PLN) |
| Level of rounding: | all amounts are expressed in thousands of Polish zlotys (unless indicated otherwise) | | |

The current term of office of the Supervisory Board began on the date of the Annual General Meeting, i.e. July 2, 2020, and lasts for 5 years.

The Executive Board

At the 30th September 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 the Board of Directors began on the date of the 2019 Annual General Meeting and lasts for 3 years.

6.7. Shares, Shareholders

6.7.1. Share capital

On the 30th September 2021 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.

| | As of 30 September 2021 | | | |
|---------------------|-------------------------|-------------------|-------------------|------------------|
| | Number of shares | 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% |

On 29th June 2021. General Shareholders Meeting adopted the resolution on reduction of share capital as a result of redemption of 29.100 shares of Apator SA acquired under the buy back program (see par. 6.7.2). As at the date of signing this report, the capital reduction has not been registered in the National Court Register [KRS]. After the capital decrease is registered in the KRS, the Company's share capital will amount to PLN 3,277,722.80.

6.7.2. Implementation of the share buy-back programs

Share repurchase programme in 2020/2021

On the 2nd July 2020 General Shareholders Meeting of Apator SA adopted the resolution No 31/VII/2020 on the performance of the 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. Implementation of the Program ran from August 18, 2020 through May 31, 2021. The repurchase of shares was executed through the agency of Erste Securities Polska SA with its registered office in Warsaw. On 29th June 2021 the General Shareholders Meeting of Apator SA adopted the resolution No. 18/VI/2021 on closing the above mentioned Programme.

Within the share buy-back program, 29,100 bearer shares were bought back (for the total amount of PLN 659 thousand), carrying 29,100 votes at the GM, constituting in total 0.0887% of the share capital and 0.0531% of the total number of votes. Currently, the procedure for reduction of share capital and cancellation of purchased shares is underway.

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|---|--|---------------------|--------------------|
| Entity name: | Apator Group | | |
| Period covered by the financial statements: | 01.01.2021 – 30.09.2021 | Reporting currency: | Polish zloty (PLN) |
| Level of rounding: | all amounts are expressed in thousands of Polish zlotys (unless indicated otherwise) | | |

Share repurchase programme in 2021/2022

On 29th June 2021 General Shareholders Meeting of Apator SA adopted the resolution no 23/VI/2021 on performance of further Programme of buy back of own shares for their redemption and reduction of share capital in the amount not higher than 10 m PLN in the period from 10th August 2021 to 31st May 2022.

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 30 August 2021 | | | | As of 17 November 2021 | | | | Balance change | |
|--|----------------------|-------------------|---------------|---------------|------------------------|-------------------|---------------|---------------|----------------|----------------|
| | shares | votes | shares (%) | votes (%) | shares | votes | shares (%) | votes (%) | purchase | sale, donation |
| Apator Mining | 3 224 000* | 3 600 000 | 10.97% | 6.57% | 3 600 000 | 3 600 000 | 10.97% | 6.57% | - | - |
| Aviva OFE Aviva Santander SA | 3 338 888 | 3 338 888 | 10.18% | 6.09% | 3 338 000** | 3 338 000 | 10.17% | 6.09% | - | -888 |
| Mariusz Lewicki | 2 300 000 | 5 862 128 | 7.01% | 10.69% | 2 310 000 | 5 872 128 | 7.04% | 10.71% | 10 000 | - |
| Tadeusz Sosgórnik and his close associate*** | 1 867 308 | 5 478 114 | 5.69% | 9.99% | 1 917 308 | 5 678 114 | 5.84% | 10.36% | 50 000 | - |
| 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% | 1 435 000 | 3 717 544 | 4.37% | 6.78% | 29 672 | - |
| Kazimierz Piotrowski and his wife | 823 955 | 2 818 277 | 2.51% | 5.14% | 823 955 | 2 818 277 | 2.51% | 5.14% | - | 0 |
| Summary | 14 855 758 | 29 168 200 | 45.28% | 53.21% | 14 944 542 | 29 406 984 | 45.55% | 53.65% | 89 672 | -888 |

* 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 contract of registered pledge the performance of the rights from the shares covered by the pledge was left to Apator Mining Sp. z o.o.

** ownership status determined on the day of registration of participation in EGM of Apator SA on 18th October that is on 2nd October 2021

*** the shareholding of Tadeusz Sosgórnik is presented jointly with the shareholding of a person closely related to him. The total presentation of the possession of Tadeusz Sosgórnik is valid since the 2nd July 2020 that is since the day of the entry to the Supervisory Board of Apator SA.

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

| Specification | As of 30 August 2021 | | | | As of 17 November 2021 | | | | Balance change | |
|-------------------------|----------------------|-------------------|---------------|---------------|------------------------|-------------------|---------------|---------------|----------------|----------------|
| | shares | votes | shares (%) | votes (%) | shares | votes | shares (%) | votes (%) | purchase | sale, donation |
| SB Mariusz Lewicki | 2 300 000 | 5 862 128 | 7.01% | 10.69% | 2 310 000 | 5 872 128 | 7.04% | 10.71% | 10 000 | - |
| SB Tadeusz Sosgórnik* | 1 366 738 | 4 977 544 | 4.17% | 9.08% | 1 416 738 | 5 177 544 | 4.32% | 9.45% | 50 000 | - |
| 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 | 686 247 | 2 479 023 | 2.09% | 4.52% | 621 247 | 2 219 023 | 1.89% | 4.05% | - | -65 000 |
| SB Kazimierz Piotrowski | 587 147 | 2 107 853 | 1.79% | 3.85% | 587 147 | 2 107 853 | 1.79% | 3.85% | - | - |
| SB Janusz Niedźwiecki | 240 810 | 885 117 | 0.73% | 1.61% | 255 810 | 945 117 | 0.78% | 1.72% | 15 000 | - |
| The Executive Board | | | | | | | | | | |
| Mirosław Klepacki | 10 007 | 10 007 | 0.03% | 0.02% | 10 007 | 10 007 | 0.03% | 0.02% | - | - |
| Summary | 6 711 228 | 20 704 593 | 20.46% | 37.77% | 6 721 228 | 20 714 593 | 20.49% | 37.79% | 75 000 | -65 000 |

* shareholding of Tadeusz Sosgórnik presented separately, without shares held by a person closely related to him.

| | | | |
|---|--|---------------------|--------------------|
| Entity name: | Apator Group | | |
| Period covered by the financial statements: | 01.01.2021 – 30.09.2021 | Reporting currency: | Polish zloty (PLN) |
| Level of rounding: | all amounts are expressed in thousands of Polish zlotys (unless indicated otherwise) | | |

6.7.5. Dividend from the profit for 2020

On 29th June 2021 Ordinary General Shareholders Meeting of Apator SA decided to pay the dividend from the profit for 2020 in amount of 1.20 PLN gross per share. The total amount allocated for dividend, according to the decision of the General Meeting, was PLN 39,339,333.60 from the profit for 2020. In accordance with the dividend policy, dividends are paid in two parts: as an advance payment payable during the financial year and as a balance payable upon approval of the final dividend amount by the General Meeting.

Accordingly, the advance dividend from the profit for 2020 in the total amount of PLN 14,756,412.60, i.e. PLN 0.45 gross per share, was paid on December 31, 2020, to Shareholders holding shares on December 24, 2020. 32,792,028 registered shares of series A and bearer shares of series A, B and C were entitled to receive advance payments towards the expected dividend.

The remainder of the dividend in the total amount of PLN 24,582,921, i.e. PLN 0.75 gross per share, was paid on August 23rd 2021. The right to this part of dividend was obtained by the shareholders holding the shares of Apator SA on 17th August 2021. 32,777,228 series A registered shares and series A, B and C bearer shares were eligible for payment of the remaining dividend.

| Advance payment of dividend from profit for 2020 | Number of shares | Advance payment on account of dividend per share | Advance dividend paid on December 31 2020 |
|--|-------------------|--|---|
| 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.

| Remaining dividend from 2020 earnings | Number of shares | Remaining dividend per share | Remaining dividend paid on 23.08.2021. |
|---------------------------------------|-------------------|------------------------------|--|
| Registered shares | 7 337 001 | PLN 0.75 | PLN 5 502 750.75 |
| Bearer shares | 25 440 227 | PLN 0.75 | PLN 19 080 170.25 |
| Repurchased shares | 29 100* | PLN 0.00 | PLN 0.00 |
| Total shares | 32 806 328 | | PLN 24 582 050.65 |

* shares repurchased under the implemented buyback did not participate in the payment of the remaining dividend.

Apator SA since its stock exchange debut in 1997 paid to its Shareholders about 500 m PLN in form of dividend and own shares buy-back programmes.

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.

| | | | |
|---|--|---------------------|--------------------|
| Entity name: | Apator Group | | |
| Period covered by the financial statements: | 01.01.2021 – 30.09.2021 | Reporting currency: | Polish zloty (PLN) |
| 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 and General Meetings of Apator S.A. and the companies in Apator Group adopted resolutions that the statements of the entities in Apator Group will be prepared according to IFRS/IAS (both individual and consolidated).

The financial statements (separate and consolidated) as at September 30th 2021 were prepared in accordance with International Financial Reporting Standards (IFRS/IAS) and the 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 the Apator Group were presented in the consolidated report RS 2020.

7.2. Consolidation rules

Consolidated financial statement of the capital group includes the data of the parent company Apator S.A. 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.

| | | | |
|---|--|---------------------|--------------------|
| Entity name: | Apator Group | | |
| Period covered by the financial statements: | 01.01.2021 – 30.09.2021 | Reporting currency: | Polish zloty (PLN) |
| Level of rounding: | all amounts are expressed in thousands of Polish zlotys (unless indicated otherwise) | | |

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 30 September 2021 is 29 180 911 (as at 31 December 2020 it was 29 204 907) and includes 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 30 September 2021 is 32 780 911 (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-III quarter 2021 | year 2020 | I-III quarter 2020 |
|-----------------------------------|--------------------|-----------|--------------------|
| | EUR / PLN | EUR / PLN | EUR / PLN |
| Statement of comprehensive income | 4.5585 | X | 4.4420 |
| Statement of cash flows | 4.6329 | X | 4.5268 |
| Statement of financial position | 4.6329 | 4.6148 | X |

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.

| | | | |
|---|--|---------------------|--------------------|
| Entity name: | Apator Group | | |
| Period covered by the financial statements: | 01.01.2021 – 30.09.2021 | Reporting currency: | Polish zloty (PLN) |
| Level of rounding: | all amounts are expressed in thousands of Polish zlotys (unless indicated otherwise) | | |

| SPECIFICATION | Assets | | Provisions | |
|--|---------------|---------------|---------------|---------------|
| | 30.09.2021 | 31.12.2020 | 30.09.2021 | 31.12.2020 |
| Tangible fixed assets | 2 350 | 2 313 | 11 755 | 15 110 |
| Financial assets | - | - | 1 461 | 1 435 |
| Derivative instruments | 920 | 1 347 | 191 | 948 |
| Stocks | 3 255 | 3 439 | - | - |
| Liabilities arising from employee benefits | 4 923 | 4 888 | - | - |
| Provisions | 3 474 | 3 626 | - | - |
| Write-downs on receivables | 705 | 715 | - | - |
| Tax loss | 11 327 | 11 199 | - | - |
| Tax relief to be accounted for in future periods | 10 517 | 10 517 | - | - |
| Other | 3 342 | 3 117 | 604 | 576 |
| Total | 40 813 | 41 161 | 14 011 | 18 069 |
| Netting of assets and reserves | (9 151) | (10 585) | (9 151) | (10 585) |
| Deferred tax assets/provisions disclosed in the statement of financial position | 31 662 | 30 576 | 4 860 | 7 484 |

Effective tax rate

| SPECIFICATION | for period | |
|--|---------------|---------------|
| | 01.01.2021 | 01.01.2020 |
| | 30.09.2021 | 30.09.2020 |
| Gross profit: | 83 669 | 64 633 |
| Income tax calculated at the applicable tax rates: | 15 282 | 12 085 |
| Adjustments | 4 156 | 3 220 |
| Tax on income exempt from taxation (fixed differences) | (451) | (569) |
| Unrecognized asset for losses on zone operations | 3 079 | - |
| Tax on non-deductible costs (fixed differences) | 836 | 1 959 |
| Tax on internal transactions in the group (fixed differences) | 960 | 891 |
| Tax on items not included in financial result of the period | (44) | (138) |
| Adjustment of tax losses from previous years | - | 1 094 |
| Other tax additions | 50 | 130 |
| Other tax deductions | (274) | (147) |
| Income tax disclosed in the statement of comprehensive income | 19 438 | 15 305 |
| Effective tax rate | 23.23% | 23.68% |

| | | | |
|---|--|---------------------|--------------------|
| Entity name: | Apator Group | | |
| Period covered by the financial statements: | 01.01.2021 – 30.09.2021 | Reporting currency: | Polish zloty (PLN) |
| Level of rounding: | all amounts are expressed in thousands of Polish zlotys (unless indicated otherwise) | | |

Write-offs revaluing fixed and current assets

| 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 | (1 949) | 23 | 16 690 |
| Receivables | 7 708 | (93) | 3 | 7 618 |
| Total | 26 850 | (2 042) | 26 | 24 834 |

| | | | |
|---|--|---------------------|--------------------|
| Entity name: | Apator Group | | |
| Period covered by the financial statements: | 01.01.2021 – 30.09.2021 | Reporting currency: | Polish zloty (PLN) |
| Level of rounding: | all amounts are expressed in thousands of Polish zlotys (unless indicated otherwise) | | |

Provisions for liabilities

| SPECIFICATION | 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 | - | 12 324 | 1 287 | 3 285 | - | 16 896 |
| Decrease - write-down of unused amounts in revenues | - | - | - | - | (251) | (251) |
| Use of the provision - settlement of costs | - | (12 108) | (419) | (6 786) | (297) | (19 610) |
| Net exchange differences translated from financial statement to currency presented | - | 9 | 11 | 14 | - | 34 |
| Value of provisions at the end of the period, including | 9 580 | 11 515 | 5 558 | 12 365 | 562 | 39 580 |
| - long term provisions | 8 354 | - | - | 943 | - | 9 297 |
| - short-term provisions | 1 226 | 11 515 | 5 558 | 11 422 | 562 | 30 283 |

| | | | |
|---|--|---------------------|--------------------|
| Entity name: | Apator Group | | |
| Period covered by the financial statements: | 01.01.2021 – 30.09.2021 | 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-III quarter 2021 | I-III quarter 2020 | I-III quarter 2021 | I-III quarter 2020 |
| Revenue from sales and services | 218 417 | 273 204 | 47 914 | 61 504 |
| Operating income | (1 305) | 21 699 | (286) | 4 885 |
| EBITDA | 12 833 | 35 001 | 2 815 | 7 879 |
| Gross profit | 29 802 | 54 069 | 6 538 | 12 172 |
| Net profit | 26 900 | 49 496 | 5 901 | 11 143 |
| Net profit attributable to shareholders of the Group's parent company | 26 900 | 49 496 | 5 901 | 11 143 |
| Net profit attributable to non-controlling interest | - | - | - | - |
| Weighted average number of shares | 32 780 911 | 32 807 709 | 32 780 911 | 32 807 709 |
| Net profit per one ordinary share [PLN/ share] | 0.82 | 1.51 | 0.18 | 0.34 |
| Cash flows from operating activities | (45 693) | 12 859 | (9 863) | 2 841 |
| Net cash flow from investment activities | 10 759 | 5 277 | 2 322 | 1 166 |
| Cash flows from financial activities | 32 998 | (20 107) | 7 123 | (4 442) |
| Total cash flows | (1 936) | (1 971) | (418) | (435) |
| Consolidated statement | 30.09.2021 | year 2020 | 30.09.2021 | year 2020 |
| Assets in total | 556 074 | 501 221 | 120 027 | 108 612 |
| Fixed assets | 402 501 | 396 309 | 86 879 | 85 878 |
| Current assets | 153 573 | 104 912 | 33 148 | 22 734 |
| Equity capital with non-controlling interests | 371 932 | 369 404 | 80 281 | 80 048 |
| Non-controlling interests | - | - | - | - |
| Share capital | 3 281 | 3 281 | 708 | 711 |
| Long-term liabilities and provisions | 20 136 | 12 381 | 4 346 | 2 683 |
| Short-term liabilities and provisions | 164 006 | 119 436 | 35 400 | 25 881 |
| Weighted average number of shares | 32 780 911 | 32 804 907 | 32 780 911 | 32 804 907 |
| Net book value per ordinary share [PLN/ share]. | 11.35 | 11.26 | 2.45 | 2.44 |

The above financial figures for the 9 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 being the arithmetic average of average EUR exchange rates determined by the National Bank of Poland on the last day of each month of the reporting period: from 1 January to 30 September 2021 - 4.5585 EUR/PLN and from 1 January to 30 September 2020 - 4.4420 EUR/PLN;
- individual items of the cash flow statement - according to the average EUR exchange rate set by the National Bank of Poland as at September 30, 2021 - 4.6329, as at September 30, 2020 - 4.5268;
- individual items of the statement of financial position - at the average EUR exchange rate set by the National Bank of Poland as at September 30, 2021 - 4.6329, as at December 31, 2020 - 4.6148;

| | | | |
|---|--|---------------------|--------------------|
| Entity name: | Apator Group | | |
| Period covered by the financial statements: | 01.01.2021 – 30.09.2021 | 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 | |
|--|----------------|----------------|
| | 30.09.2021 | 31.12.2020 |
| Fixed assets | 402 501 | 396 309 |
| Intangible assets | 10 664 | 10 418 |
| Tangible fixed assets | 97 498 | 101 215 |
| Right to use assets under lease | 8 396 | 9 382 |
| Investment property | 976 | 976 |
| Other long-term financial assets | 270 495 | 258 259 |
| - <i>in related entities</i> | 270 495 | 258 259 |
| Assets by virtue of deferred income tax | 14 472 | 16 059 |
| Current assets | 153 573 | 104 912 |
| Stocks | 98 406 | 49 314 |
| Commercial receivables | 48 153 | 47 078 |
| - <i>from related entities</i> | 6 621 | 4 126 |
| - <i>from other entities</i> | 41 532 | 42 952 |
| Receivables from other taxes, customs duties and social security | 407 | 1 662 |
| Other short-term liabilities | 1 594 | 359 |
| - <i>from related entities</i> | 1 000 | - |
| - <i>from other entities</i> | 594 | 359 |
| Other short-term financial assets | 333 | 41 |
| - <i>in other entities</i> | 333 | 41 |
| Cash and cash equivalents | 2 552 | 4 488 |
| Short-term interim settlements | 2 128 | 1 970 |
| TOTAL ASSETS | 556 074 | 501 221 |

| | | | |
|---|--|---------------------|--------------------|
| Entity name: | Apator Group | | |
| Period covered by the financial statements: | 01.01.2021 – 30.09.2021 | Reporting currency: | Polish zloty (PLN) |
| Level of rounding: | all amounts are expressed in thousands of Polish zlotys (unless indicated otherwise) | | |

| SPECIFICATION | as of | |
|--|----------------|----------------|
| | 30.09.2021 | 31.12.2020 |
| Equity capital | 371 932 | 369 404 |
| Equity capital attributable to equity holders of the parent company | 371 932 | 369 404 |
| Share capital | 3 281 | 3 281 |
| Unregistered reduction of share capital | (3) | - |
| Own shares | (658) | (300) |
| Other capitals | 343 416 | 331 200 |
| Capital from the revaluation of a defined benefit plan | (1 026) | (1 026) |
| Capital from valuation of hedging transactions | 22 | (550) |
| Undistributed financial result | 26 900 | 36 799 |
| - result of the current period | 26 900 | 51 555 |
| - write-offs from the current year's result | - | (14 756) |
| Liabilities | 184 142 | 131 817 |
| Long-term liabilities and provisions | 20 136 | 12 381 |
| Long-term loans and borrowings | 8 000 | - |
| - from other entities | 8 000 | - |
| Long-term liabilities | 140 | - |
| - towards other entities | 140 | - |
| Long-term liabilities due to the right to use assets under lease | 6 930 | 7 315 |
| Long-term liabilities arising from employee benefits | 5 066 | 5 066 |
| Short-term liabilities and provisions | 164 006 | 119 436 |
| Short-term loans and borrowings | 102 530 | 50 742 |
| - from other entities | 102 530 | 50 742 |
| Commercial liabilities | 36 714 | 32 125 |
| - towards affiliated entities | 1 123 | 2 553 |
| - towards other entities | 35 591 | 29 572 |
| Corporate income tax liabilities | 23 | 1 392 |
| Liabilities due to other taxes, customs duties and social security | 3 442 | 3 935 |
| Other short-term liabilities | 8 959 | 9 946 |
| - towards other entities | 8 959 | 9 946 |
| Short-term liabilities due to the right to use assets under lease | 1 263 | 1 383 |
| Short-term liabilities arising from employee benefits | 3 683 | 7 151 |
| Other short-term provisions | 7 392 | 12 762 |
| LIABILITIES TOTAL | 556 074 | 501 221 |

| | | | |
|---|--|---------------------|--------------------|
| Entity name: | Apator Group | | |
| Period covered by the financial statements: | 01.01.2021 – 30.09.2021 | 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 | |
|--|----------------|----------------|
| | 30.09.2021 | 31.12.2020 |
| Contingent receivables | 966 | 200 |
| Contingent receivables from other companies | 966 | 200 |
| Contingent liabilities | 31 267 | 25 097 |
| Contingent liabilities relating to related parties | 6 224 | 6 165 |
| - due to guarantees and securities granted to related entities | 6 224 | 6 165 |
| Contingent liabilities towards other companies | 25 042 | 18 932 |
| - due to guarantees and sureties granted | 25 042 | 18 932 |
| Other off-balance sheet items | 122 235 | 82 299 |
| Mortgage | 35 900 | 35 900 |
| Security over assets | 86 335 | 46 399 |
| Total off balance sheet items | 154 468 | 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 180 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 45.8 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.
- Agreement on long-term investment credit in the amount of PLN 13 million concluded with CITI Bank Handlowy S.A:
 - registered pledge on the acquired shares in the amount of PLN 12.1 million (disclosed in the table above),
 - registered pledge on fixed assets with a total value of PLN 2.8 million (included in the table above),
 - statement on submission to execution up to the amount of PLN 15.6 million.
- 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 granting contract guarantees within a revolving limit (limit for the Group: PLN 25 million) and 1 bill of exchange as collateral for a "confirming" factoring agreement to finance deliveries concluded with Santander Faktoring Sp. z o.o. as well as 1 bill of exchange as collateral for a lease agreement concluded with mLeasing Sp. z o.o. Moreover, at 30th September 2021 Apator SA was the party of the following guarantees and sureties in intra Group (included in the table above):

- guarantee of return of advance payment by Apator Metrix S.A. in the amount of EUR 1.2 million (PLN 5.7 million) towards Flonidan A/S with the period of validity till 30th June 2022,

| | | | |
|---|--|---------------------|--------------------|
| Entity name: | Apator Group | | |
| Period covered by the financial statements: | 01.01.2021 – 30.09.2021 | Reporting currency: | Polish zloty (PLN) |
| Level of rounding: | all amounts are expressed in thousands of Polish zlotys (unless indicated otherwise) | | |

- surety for two lease agreements for Apator Rector Sp. z o.o. for the total amount PLN 0.5 million, with a deadline of 15 March 2023 at the latest.

Additionally, at the 30th September 2021 Apator S.A. was the beneficiary of payment guarantee for the amount of PLN 200 thousand, issued by Bank Millennium SA, expiring on 30 September 2021, and an advance payment refund guarantee of EUR 0.2 million (PLN 0.8 million) issued by mBank, expiring on 30 November year 2021;

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

| SPECIFICATION | for period | | | |
|---|-----------------|-----------------|------------------|------------------|
| | 01.07.2021 | 01.07.2020 | 01.01.2021 | 01.01.2020 |
| | 30.09.2021 | 30.09.2020* | 30.09.2021 | 30.09.2020* |
| Revenue from sales and services | 73 265 | 108 258 | 218 417 | 273 204 |
| - to related entities | 11 304 | 9 087 | 41 650 | 36 180 |
| - other entities | 61 961 | 99 171 | 176 767 | 237 024 |
| Cost of sales of goods and services | (65 357) | (90 626) | (188 466) | (215 002) |
| - to related entities | (11 018) | (7 491) | (32 921) | (23 939) |
| - other entities | (54 339) | (83 135) | (155 545) | (191 063) |
| Gross sales profit | 7 908 | 17 632 | 29 951 | 58 202 |
| Sales costs | (2 110) | (1 902) | (5 405) | (6 201) |
| General administrative costs | (8 264) | (9 368) | (280 80) | (29 839) |
| Profit (loss) from sales | (2 466) | 6 362 | (3 534) | 22 162 |
| Other operating revenues (costs), including | 695 | 474 | 2 229 | (463) |
| - including result on (impairment) / reversal of receivables | (6) | 472 | (1) | (20) |
| Result on sale and liquidation of property, plant and equipment and intangible assets | 126 | 9 | 80 | 114 |
| Result on revaluation of non-financial current assets | (6) | 447 | (1) | (45) |
| Result on other operating activities | 575 | 18 | 2 150 | (532) |
| Profit (loss) from operating activities | (1 771) | 6 836 | (1 305) | 21 699 |
| Financial revenues (costs), including: | 1 050 | 2 391 | 31 107 | 32 370 |
| Dividends and shares in profits | 1 315 | 1 551 | 32 946 | 30 920 |
| - from related entities | 1 315 | 1 551 | 32 946 | 30 920 |
| Interest on loans and borrowings | (195) | (109) | (443) | (524) |
| Net profit (loss) on other interest | (32) | (44) | (121) | (98) |
| Result on exchange rate differences | 25 | 1 252 | (553) | 1 352 |
| Result on foreign exchange transactions | 129 | (137) | (255) | 966 |
| Result on revaluation of financial current assets | (23) | - | (23) | - |
| Other financial income and expense | (169) | (122) | (444) | (246) |
| Profit (loss) before taxes | (721) | 9 227 | 29 802 | 54 069 |
| Current income tax | (57) | (408) | (1 449) | (2 355) |
| Deferred income tax | (552) | (1 031) | (1 453) | (2 218) |
| Net profit (loss) | (1 330) | 7 788 | 26 900 | 49 496 |
| Other comprehensive income | | | | |
| Other comprehensive income net | (269) | (388) | 572 | (449) |
| Items that may be reclassified to profit or loss in the future | | | | |
| Result on hedge accounting with tax effect | (269) | (388) | 572 | (449) |
| Total comprehensive income | (1 599) | 7 400 | 27 472 | 49 047 |

* - transformed (paragraph 8.8)

| | | | |
|---|--|---------------------|--------------------|
| Entity name: | Apator Group | | |
| Period covered by the financial statements: | 01.01.2021 – 30.09.2021 | 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 | Unregistered reduction of share capital | Own shares | Other capitals | Capital from the revaluation of a defined benefit plan | Capital from valuation of hedging transactions | Undistributed financial result | TOTAL |
| Balance as at 01.01.2021 | 3 281 | - | (300) | 331 200 | (1 026) | (550) | 36 799 | 369 404 |
| Changes in equity during the period from 01.01.2021 to 30.09.2021 | | | | | | | | |
| Comprehensive income | | | | | | | | |
| Net profit for the period from 01.01.2021 to 30.09.2021 | - | - | - | - | - | - | 26 900 | 26 900 |
| Distribution of result to supplementary capital | - | - | - | 12 216 | - | - | (12 216) | - |
| Other comprehensive income | | | | | | | | |
| Items that may be reclassified to profit or loss in the future | | | | | | | | |
| Result on hedge accounting with tax effect | - | - | - | - | - | 572 | - | 572 |
| Total comprehensive income recognised in the period from 01.01.2021 to 30.09.2021 | - | - | - | 12 216 | - | 572 | 14 684 | 27 472 |
| Transactions with owners recorded directly in shareholder equity | | | | | | | | |
| Dividends | - | - | - | - | - | - | (39 339) | (39 339) |
| Settlement of the advance dividend from the previous year | - | - | - | - | - | - | 14 756 | 14 756 |
| Purchase of treasury shares | - | - | (361) | - | - | - | - | (361) |
| Redemption of own shares | - | (3) | 3 | - | - | - | - | - |
| Total transactions with owners in the period from 01.01.2021 to 30.09.2021 | - | (3) | (358) | - | - | - | (24 583) | (24 944) |
| Balance as at 30.09.2021 | 3 281 | (3) | (658) | 343 416 | (1 026) | 22 | 26 900 | 371 932 |

| | | | |
|---|--|---------------------|--------------------|
| Entity name: | Apator Group | | |
| Period covered by the financial statements: | 01.01.2021 – 30.09.2021 | 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 | Unregistered reduction of share capital | Own shares | Other capitals | Capital from the revaluation of a defined benefit plan | Capital from valuation of hedging transactions | Undistributed financial result | TOTAL |
| Balance as at 01.01.2020 | 3 286 | - | (1 053) | 314 447 | (922) | 126 | 39 304 | 355 188 |
| Changes in equity during the period from 01.01.2020 to 30.09.2020 | | | | | | | | |
| Comprehensive income | | | | | | | | |
| Net profit for the period from 01.01.2020 to 30.09.2020 | - | - | - | - | - | - | 49 496 | 49 496 |
| Distribution of result to supplementary capital | - | - | - | 17 980 | - | - | (17 980) | - |
| Items that may be reclassified to profit or loss in the future | | | | | | | | |
| Result on hedge accounting with tax effect | - | - | - | - | - | (449) | - | (449) |
| Total comprehensive income recognised in the period from 01.01.2020 to 30.09.2020 | - | - | - | 17 980 | - | (449) | 31 516 | 49 047 |
| Transactions with owners recorded directly in shareholder equity | | | | | | | | |
| Dividends | - | - | - | - | - | - | (21 324) | (21 324) |
| Purchase of treasury shares | - | - | (259) | - | - | - | - | (259) |
| Redemption of own shares | - | (5) | 5 | - | - | - | - | - |
| Redemption of own shares | - | - | - | - | - | - | - | - |
| Total transactions with owners in the period from 01.01.2020 to 30.09.2020 | - | (5) | (254) | - | - | - | (21 324) | (21 583) |
| Balance as at 30.09.2020 | 3 286 | (5) | (1 307) | 332 427 | (922) | (323) | 49 496 | 382 652 |

| | | | |
|---|--|---------------------|--------------------|
| Entity name: | Apator Group | | |
| Period covered by the financial statements: | 01.01.2021 – 30.09.2021 | 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 |
| | 30.09.2021 | 30.09.2020 |
| Cash flow from operating activities | | |
| Profit before tax | 29 802 | 54 069 |
| Adjustments | (17 849) | (17 839) |
| Depreciation of intangible assets | 2 091 | 1 928 |
| Depreciation of property, plant and equipment | 12 047 | 11 374 |
| Profit on sale of property, plant and equipment and intangible assets | (128) | (114) |
| (Profits) losses due to change in fair value of derivative instruments | (104) | 278 |
| Cost of interest | 616 | 773 |
| Interest revenue | - | (8) |
| Dividend income | (32 946) | (30 920) |
| Other adjustments | 575 | (1 150) |
| Cash flows from operating activities before changes in working capital | 11 953 | 36 230 |
| Change in inventories | (49 092) | (24 612) |
| Change in the state of a depreciated contractual asset | - | 7 260 |
| Change in receivables | (25) | (29 660) |
| Change in liabilities | 3 285 | 23 245 |
| Changes in provisions | (8 838) | 2 203 |
| Changes in prepayments and accruals | (158) | 345 |
| Cash generated in the course of operating activity | (42 875) | 15 011 |
| Income tax paid | (2 818) | (2 152) |
| Net cash flows from operating activities | (45 693) | 12 859 |
| Cash flows from investing activities | | |
| Expenses related to acquisition of intangible assets | (2 528) | (1 154) |
| Expenses related to acquisition of fixed assets | (9 231) | (10 550) |
| Proceeds from the sale of fixed assets | 123 | 172 |
| Inflows on sale of financial assets available for sale | - | 4 184 |
| Investments in subsidiaries | (7 127) | (1 506) |
| Proceeds from repayment of loans granted | - | 2 500 |
| Interest received | - | 119 |
| Dividends received | 31 946 | 16 919 |
| Other expenses | (2 424) | (5 407) |
| Net cash provided by investing activities | 10 759 | 5 277 |
| Cash flows from financing activities | | |
| Purchase of own shares | (361) | (259) |
| Inflows from loans and borrowings taken out | 60 777 | 3 408 |
| Repayment of loans and credits | (1 000) | - |
| Interest | (472) | (618) |
| Dividends paid | (24 583) | (21 324) |
| Repayment of liabilities under financial lease | (1 111) | (1 049) |
| Other expenses | (252) | (265) |
| Net cash from financial operations | 32 998 | (20 107) |
| Net decrease in cash and cash equivalents | (1 936) | (1 971) |
| Opening balance of cash and cash equivalents | 4 488 | 4 202 |
| Closing balance of cash and cash equivalents | 2 552 | 2 231 |

| | | | |
|---|--|---------------------|--------------------|
| Entity name: | Apator Group | | |
| Period covered by the financial statements: | 01.01.2021 – 30.09.2021 | Reporting currency: | Polish zloty (PLN) |
| Level of rounding: | all amounts are expressed in thousands of Polish zlotys (unless indicated otherwise) | | |

8.6. Generic costs

| SPECIFICATION | for period | |
|---|------------------|------------------|
| | from 01.01.2021 | from 01.01.2020 |
| | till 30.09.2021 | till 30.09.2020 |
| Depreciation | (14 138) | (13 302) |
| Materials and energy consumption | (128 591) | (160 273) |
| External services | (40 473) | (30 682) |
| Employee benefits | (46 374) | (43 403) |
| Other costs | (5 140) | (4 771) |
| Costs of manufacturing products for the entity's own needs | 3 633 | 3 363 |
| Change in finished products, work in progress and prepayments | 16 134 | 4 680 |
| Cost of goods and materials sold | (7 002) | (6 654) |
| Total costs | (221 951) | (251 042) |

8.7. 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 | |
|--|---------------|---------------|--------------|--------------|
| | 30.09.2021 | 31.12.2020 | 30.09.2021 | 31.12.2020 |
| Tangible fixed assets | - | - | 1 543 | 1 641 |
| Financial assets | 268 | 268 | - | - |
| Derivative instruments | 41 | 140 | 63 | 8 |
| Stocks | 1 635 | 1 570 | - | - |
| Liabilities arising from employee benefits | 1 639 | 2 346 | - | - |
| Provisions | 1 526 | 2 486 | - | - |
| Write-downs on receivables | 147 | 147 | - | - |
| Tax relief to be accounted for in future periods | 10 517 | 10 517 | - | - |
| Other | 335 | 284 | 30 | 50 |
| Total | 16 108 | 17 758 | 1 636 | 1 699 |
| Netting of assets and reserves | (1 636) | (1 699) | (1 636) | (1 699) |
| Deferred tax assets/provisions disclosed in the statement of financial position | 14 472 | 16 059 | - | - |

| | | | |
|---|--|---------------------|--------------------|
| Entity name: | Apator Group | | |
| Period covered by the financial statements: | 01.01.2021 – 30.09.2021 | Reporting currency: | Polish zloty (PLN) |
| Level of rounding: | all amounts are expressed in thousands of Polish zlotys (unless indicated otherwise) | | |

Effective tax rate

| SPECIFICATION | for period | |
|--|----------------|----------------|
| | 01.01.2021 | 01.01.2020 |
| | 30.09.2021 | 30.09.2020 |
| Gross profit: | 29 802 | 54 069 |
| Income tax calculated at the applicable tax rates: | 5 662 | 10 273 |
| Adjustments | (2 760) | (5 700) |
| Tax on exempt income (dividends from related parties) | (6 260) | (5 875) |
| Unrecognized asset for losses on zone operations | 3 079 | - |
| Tax on non-deductible costs (fixed differences) | 425 | 179 |
| Other tax deductions | (4) | (4) |
| Income tax disclosed in the statement of comprehensive income | 2 902 | 4 573 |
| Effective tax rate | 9.74% | 8.46% |

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 | (669) | 7 594 |
| Receivables | 861 | 24 | 885 |
| Total | 10 646 | (645) | 10 001 |

Provisions for liabilities

| SPECIFICATION | 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 | - | 3 474 | (1) | 2 167 | 41 | 5 681 |
| Decrease - write-down of unused amounts in revenues | - | (968) | - | - | (504) | (1 472) |
| Use of the provision - settlement of costs | - | (5 921) | (52) | (6 777) | (297) | (13 047) |
| Value of provisions at the end of the period, including | 5 844 | 1 688 | 1 217 | 7 392 | - | 16 141 |
| - long term provisions | 5 066 | - | - | - | - | 5 066 |
| - short-term provisions | 778 | 1 688 | 1 217 | 7 392 | - | 11 075 |

| | | | |
|---|--|---------------------|--------------------|
| Entity name: | Apator Group | | |
| Period covered by the financial statements: | 01.01.2021 – 30.09.2021 | Reporting currency: | Polish zloty (PLN) |
| Level of rounding: | all amounts are expressed in thousands of Polish zlotys (unless indicated otherwise) | | |

8.8. Transformation of comparative data

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

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

| ITEMS OF THE REPORT / CHANGE TITLE | from 01.07.2020 | Effect of change in accounting policy | from 01.07.2020 |
|---------------------------------------|--------------------|---------------------------------------|------------------|
| | till 30.09.2020 | | till 30.09.2020 |
| | untransformed data | | transformed data |
| Cost of goods sold | (86 430) | (4 196) | (90 626) |
| - other entities | (78 939) | (4 196) | (83 135) |
| Gross sales profit | 21 828 | (4 196) | 17 632 |
| Sales profit | 10 558 | (4 196) | 6 362 |
| Other operating income (costs) | (3 722) | 4 196 | 474 |

| ITEMS OF THE REPORT / CHANGE TITLE | from 01.01.2020 | Effect of change in accounting policy | from 01.01.2020 |
|---------------------------------------|--------------------|---------------------------------------|------------------|
| | till 30.09.2020 | | till 30.09.2020 |
| | untransformed data | | transformed data |
| Cost of goods sold | (210 389) | (4 613) | (215 002) |
| - other entities | (186 450) | (4 613) | (191 063) |
| Gross sales profit | 62 815 | (4 613) | 58 202 |
| Sales profit | 26 775 | (4 613) | 22 162 |
| Other operating income (costs) | (5 076) | 4 613 | (463) |

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| | | | |
|---|--|---------------------|--------------------|
| Entity name: | Apator Group | | |
| Period covered by the financial statements: | 01.01.2021 – 30.09.2021 | Reporting currency: | Polish zloty (PLN) |
| Level of rounding: | all amounts are expressed in thousands of Polish zlotys (unless indicated otherwise) | | |