

Financial report



Consolidated quarterly report of the Apator Group for Q3 2022

Toruń, November 17, 2022 r.

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

| SPECIFICATION | in PLN thousand | | in EUR thousand | |
|---|--------------------|--------------------|--------------------|--------------------|
| | current period | previous period | current period | previous period |
| | I-III quarter 2022 | I-III quarter 2021 | I-III quarter 2022 | I-III quarter 2021 |
| Revenues from sales of products, goods and materials | 776 426 | 702 052 | 165 619 | 154 009 |
| Operating income | 19 749 | 89 569 | 4 213 | 19 649 |
| EBITDA | 61 632 | 131 036 | 13 147 | 28 745 |
| EBITDA excluding one-time events* | 72 541 | 96 957 | 15 474 | 21 269 |
| Gross profit (loss) | 2 684 | 83 669 | 573 | 18 355 |
| Net profit (loss) | -2 049 | 64 231 | -437 | 14 090 |
| Net profit (loss) excluding one-time events* | 8 860 | 36 627 | 1 890 | 6 614 |
| Net profit (loss) attributable to shareholders of the Group's parent company | -2 483 | 63 186 | -530 | 13 861 |
| Net profit (loss) for non-controlling interest | 434 | 1 045 | 93 | 229 |
| Weighted average number of shares | 29 078 474 | 29 180 911 | 29 078 474 | 29 180 911 |
| Net profit (loss) per one ordinary share [PLN/ share] | -0,09 | 2,17 | -0,02 | 0,48 |
| Cash flows from operating activities | -4 388 | 5 080 | -936 | 1 114 |
| Net cash flow from investment activities | (39 145) | (35 192) | (8 350) | (7 720) |
| Cash flows from financial activities | 26 421 | 38 320 | 5 636 | 8 406 |
| Total cash flows | (17 112) | 8 208 | (3 650) | 1 800 |
| SPECIFICATION | 30.09.2022 | year 2021 | 30.09.2022 | year 2021 |
| Assets in total | 1 055 300 | 999 260 | 216 703 | 217 259 |
| Fixed assets | 550 638 | 532 118 | 113 072 | 115 925 |
| Current assets | 504 662 | 467 142 | 103 631 | 101 334 |
| Equity capital with non-controlling interests | 520 704 | 551 275 | 106 925 | 119 858 |
| Non-controlling interests | 1 647 | 3 930 | 338 | 854 |
| Share capital | 3 278 | 3 278 | 673 | 713 |
| Long-term liabilities and provisions | 86 100 | 71 501 | 17 680 | 15 546 |
| Short-term liabilities and provisions | 448 496 | 376 484 | 92 097 | 81 855 |
| Weighted average number of shares | 29 078 474 | 29 178 619 | 29 078 474 | 29 178 619 |
| Net book value per common share [per share] | 17,91 | 18,89 | 3,68 | 4,11 |

*) results adjusted for the impact of the sale of the property of Apator Powogaz in 1Q 2021 and the impact of the GWi write-down in 3Q 2022

The above financial data for the first 9 months of 2021 and 2022 have been recalculated to EUR according to the following rules:

- individual items of the statement of comprehensive income and of the cash flow statement - according to the exchange rate constituting the arithmetic mean of the average EUR exchange rates determined by the National Bank of Poland as at the last day of each month of the reporting period: from 1 January to 30 September 2022 - 4.6880 EUR/PLN and from 1 January to 30 September 2021 - 4.5585 EUR/PLN;
- individual items of the statement of financial position - at the average EUR exchange rate set by the National Bank of Poland as at 30 September 2022 - 4.8698, as at 31 December 2021 - 4.5994.

| | | | |
|---|--|---------------------|--------------------|
| Entity name: | Apator Group | | |
| Period covered by the financial statements: | 01.01.2022 – 30.09.2022 | Reporting currency: | Polish zloty (PLN) |
| Level of rounding: | all amounts are expressed in thousands of Polish zlotys (unless indicated otherwise) | | |



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1. Consolidated financial statements

The consolidated and separate financial statements for the third quarter of 2022 have been prepared in accordance with the with the International Accounting Standards (IAS / IFRS) and related interpretations promulgated in the form of regulations of the European Commission and the Ordinance of the Minister of Finance of March 29, 2018 on current and periodic information provided by issuers of securities and conditions for recognizing as equivalent information required by the laws of a non-member state (Journal of Laws 2018, item 757).

Interim financial statements (consolidated and parent company) for the third quarter ended September 30, 2022 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 2021.

1.1. Consolidated statement of financial position

| SPECIFICATION | as of | |
|--|------------------|----------------|
| | 30.09.2022 | 31.12.2021 |
| Fixed assets | 550 638 | 532 118 |
| Intangible assets | 105 976 | 111 294 |
| Goodwill of the company | 126 894 | 125 777 |
| Tangible fixed assets | 230 310 | 220 946 |
| Right to use assets | 47 903 | 34 099 |
| Investment property | 1 883 | 1 733 |
| Investments in associates consolidated using the equity method | 234 | 2 242 |
| Other long-term financial assets | - | 247 |
| - <i>in other entities</i> | - | 247 |
| Long-term receivables | 5 231 | 4 429 |
| - <i>from other entities</i> | 5 231 | 4 429 |
| Long-term accruals and prepayments | 456 | 96 |
| Assets by virtue of deferred income tax | 31 751 | 31 255 |
| Current assets | 504 662 | 467 142 |
| Stocks | 272 415 | 238 934 |
| Contractual asset | 406 | 1 626 |
| Commercial receivables | 181 468 | 145 998 |
| - <i>from related entities</i> | - | 4 657 |
| - <i>from other entities</i> | 181 468 | 141 341 |
| Receivables from corporate income tax | 4 026 | 1 367 |
| Receivables from other taxes, customs duties and social security | 12 397 | 9 759 |
| Other short-term liabilities | 7 959 | 25 901 |
| - <i>from other entities</i> | 7 959 | 25 901 |
| Other short-term financial assets | - | 226 |
| - <i>in other entities</i> | - | 226 |
| Cash and cash equivalents | 19 720 | 36 832 |
| Cash and cash equivalents with limited disposability | - | 556 |
| Short-term interim settlements | 6 271 | 5 920 |
| Non-current assets classified as held for sale | - | 23 |
| TOTAL ASSETS | 1 055 300 | 999 260 |

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

| SPECIFICATION | as of | |
|--|------------------|----------------|
| | 30.09.2022 | 31.12.2021 |
| Equity capital | 520 704 | 551 275 |
| Equity capital attributable to equity holders of the parent company | 519 057 | 547 345 |
| Share capital | 3 278 | 3 278 |
| Unregistered reduction of share capital | (13) | - |
| Own shares | (5 909) | (3 972) |
| Other capitals | 564 207 | 553 460 |
| Capital from the revaluation of a defined benefit plan | (86) | (86) |
| Capital from valuation of hedging transactions and foreign exchange differences from consolidation | (2 848) | 1 684 |
| Undistributed financial result | (39 572) | (7 019) |
| - undistributed result from previous years | (37 089) | (69 220) |
| - result of the current period | (2 483) | 62 201 |
| Non-controlling interest | 1 647 | 3 930 |
| Liabilities | 534 596 | 447 985 |
| Long-term liabilities and provisions | 86 100 | 71 501 |
| Long-term loans and borrowings | 40 131 | 35 980 |
| - from other entities | 40 131 | 35 980 |
| Other long-term liabilities | 1 464 | 3 518 |
| - towards other entities | 1 464 | 3 518 |
| Long-term liabilities due to the right to use assets under lease (IFRS 16) | 33 716 | 19 642 |
| Deferred income tax provision | 3 123 | 4 432 |
| Long-term liabilities arising from employee benefits | 7 227 | 7 227 |
| Other long-term provisions | 439 | 702 |
| Short-term liabilities and provisions | 448 496 | 376 484 |
| Short-term loans and borrowings | 235 541 | 175 448 |
| - from other entities | 235 541 | 175 448 |
| Commercial liabilities | 117 771 | 95 974 |
| - towards affiliated entities | 1 112 | 611 |
| - towards other entities | 116 659 | 95 363 |
| Contractual liabilities | 243 | 976 |
| Corporate income tax liabilities | 888 | 12 589 |
| Liabilities due to other taxes, customs duties and social security | 16 121 | 14 646 |
| Other short-term liabilities | 41 358 | 38 519 |
| - towards other entities | 41 358 | 38 519 |
| Short-term liabilities due to the right to use assets under lease (IFRS 16) | 9 675 | 8 974 |
| Short-term liabilities arising from employee benefits | 13 829 | 17 608 |
| Other short-term provisions | 13 070 | 11 727 |
| Liabilities related to fixed assets classified as held for sale | - | 23 |
| LIABILITIES TOTAL | 1 055 300 | 999 260 |

| | | | |
|---|--|---------------------|--------------------|
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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 | |
|--|----------------|----------------|
| | 30.09.2022 | 31.12.2021 |
| Contingent receivables | 1 122 | 3 750 |
| Contingent receivables from other companies | 1 122 | 3 750 |
| Contingent liabilities | 57 058 | 69 001 |
| Contingent liabilities relating to related parties | 23 456 | 29 005 |
| - due to guarantees and securities granted to related entities | 23 456 | 29 005 |
| Contingent liabilities towards other companies | 33 602 | 39 996 |
| - due to guarantees and sureties granted | 33 602 | 39 996 |
| Other off-balance sheet items | 357 002 | 298 397 |
| Mortgage | 49 900 | 45 150 |
| Bail mortgage | 23 250 | 23 250 |
| Security over assets | 283 852 | 229 997 |
| Total off balance sheet items | 415 182 | 371 8 |

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

- Resulting from the Multi-product contract concluded between the Group companies and ING Bank Śląski S.A.:
 - Contractual mortgage on property of Apator S.A. in Ostaszewo up to the amount of PLN 40 million (included in the table above),
 - Registered pledge on inventories owned by Apator S.A., Apator Telemetria Sp. z o.o., Apator Powogaz S.A., FAP Pafal S.A. with book value not less than 148.8 million PLN (included in the table above),
 - Pledge on machinery and equipment owned by Apator S.A., Apator Powogaz S.A., Apator Metrix S.A. and Apator Telemetria Sp. z o.o with contractual value of PLN 31.1 million (taken into account in the table above),
 - 6 blank promissory notes with promissory note declarations submitted by the borrowers (joint and several liability of the Group companies),
 - Assignment of rights under the property insurance policy against all risks.
- Other collateral for loans and credits:

Apator S.A.

- ✓ agreement on a long-term investment loan 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),
 - assignment of rights under the property insurance policy against all risks,
 - statement on submission to execution up to the amount of PLN 15.6 million.

| | | | |
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- ✓ Overdraft agreement (limit PLN 10 million) concluded with CITI Bank Handlowy S.A:
 - registered pledge on fixed assets of Apator S.A. of the value of PLN 8.4 million (included in the table above),
 - assignment of rights under the property insurance policy against all risks.
- ✓ Full factoring agreement (limit PLN 5 million), concluded with ING Commercial Finance Polska S.A:
 - blank promissory note together with a promissory note declaration.

Apator Metrix group

- ✓ investment credit agreement of Apator Metrix S.A. concluded with Millennium S.A:
 - mortgage in the amount of PLN 23.3 million (with assignment of rights from insurance contract), established on properties of Apator Metrix S.A (included in the table above),
 - transfer of fixed assets with a value of PLN 2.4 million,
 - assignment of rights under the property insurance policy against all risks,
 - a registered pledge on receivables under a bank account agreement,
 - 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 22.8 million. from 31st October 2023,
 - statement of Apator Metrix S.A. on submission to execution to the amount of PLN 27.4 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 61.5 million PLN with blocking of shares of total value not less than 120% of the value of the future property (included in the table above), pledge will be kept till the day of establishing the contractual mortgage on acquired land and constructed property, the mortgage entry application was submitted on May 19, 2022,
 - 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.
 - blank promissory note together with a promissory note declaration.
 - ✓ Electronic credit agreement of Apator Telemetria Sp. z o. o. concluded with mBank S.A.:
 - 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 (included in the table above).
 - ✓ 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 contract guarantees in TU Euler Hermes S.A. (Group limit PLN 25 million):
 - Apator SA submitted 10 blank promissory notes together with the promissory note declaration,
 - Apator Rector Sp. z o.o. submitted 3 blank promissory notes with the promissory note declaration,
 - Apator Powogaz SA submitted 3 blank promissory notes together with the promissory note declaration,

| | | | |
|---|--|---------------------|--------------------|
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- Apator Metrix SA submitted 3 blank promissory notes together with the promissory note declaration,
- Apator Telemetry Sp. z o.o. submitted 3 pcs of blank promissory notes together with promissory note declaration,
- FAP Pafal S.A. 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, 2022 Group companies were the issuers of 59 blank promissory notes related to leases, insurance guarantee agreements, factoring and agreements with counterparties (due performance of the contract).

In addition, as of September 30, 2022. Apator S.A. was a party to the following guarantees and sureties:

- surety of three lease contracts for Apator Rector Sp. z o.o. for the total amount of PLN 0.7 million, with a maximum term of December 14, 2024 (included in the table above).

| | | | |
|---|--|---------------------|--------------------|
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1.2. Consolidated statement of comprehensive income

| SPECIFICATION | for period | | | |
|---|------------------|------------------|------------------|------------------|
| | 01.07.2022 | 01.07.2021 | 01.01.2022 | 01.01.2021 |
| | 30.09.2022 | 30.09.2021 | 30.09.2022 | 30.09.2021 |
| Revenue from sales and services | 281 226 | 240 136 | 776 426 | 702 052 |
| - to related entities | - | 5 241 | - | 12 407 |
| - other entities | 281 226 | 234 895 | 776 426 | 689 645 |
| Cost of sales of goods and services | (224 931) | (188 749) | (614 640) | (535 532) |
| - to related entities | - | (3 300) | - | (7 483) |
| - other entities | (224 931) | (185 449) | (614 640) | (528 049) |
| Gross sales profit | 56 295 | 51 387 | 161 786 | 166 520 |
| Sales costs | (10 419) | (8 653) | (30 107) | (25 554) |
| General administrative costs | (31 385) | (29 495) | (101 487) | (94 827) |
| Sales profit | 14 491 | 13 239 | 30 192 | 46 139 |
| Other operating income (costs): | (9 930) | 3 332 | (10 443) | 42 469 |
| - including result on reversal of receivables | 4 147 | 2 616 | 2 411 | 2 521 |
| Result on sale and liquidation of property, plant and equipment and intangible assets | 51 | 171 | 753 | 36 802 |
| Result on revaluation of non-financial fixed assets (GWI write-down) | (10 909) | - | (10 909) | - |
| Result on revaluation of non-financial current assets | 1 522 | 2 616 | (214) | 2 521 |
| Result on other operating activities | (594) | 545 | (73) | 3 146 |
| Share in profits of companies consolidated using the equity method | - | 379 | - | 961 |
| Operating income | 4 561 | 16 950 | 19 749 | 89 569 |
| Financial revenues (costs): | (7 183) | (448) | (17 065) | (5 900) |
| Dividends and profit shares | 990 | - | 990 | - |
| - other entities | 990 | - | 990 | - |
| Interest on loans and borrowings | (4 230) | (415) | (9 309) | (1 035) |
| Net profit (loss) on other interest | (607) | (133) | (1 552) | (580) |
| Result on shares and stocks | - | - | 65 | - |
| Result on bills of exchange | - | 12 | - | - |
| Result on exchange rate differences | (2 438) | 214 | (8 047) | (3 126) |
| Result on foreign exchange transactions | 362 | 21 | 1 460 | (832) |
| Result on revaluation of financial current assets | 29 | 69 | 197 | 298 |
| Other financial income and expense | (299) | (216) | (869) | (625) |
| Profit (loss) before taxes | (2 622) | 16 502 | 2 684 | 83 669 |
| Current income tax | (1 454) | (3 061) | (6 008) | (22 766) |
| Deferred income tax | 715 | (422) | 1 275 | 3 328 |
| Net profit (loss) | (3 361) | 13 019 | (2 049) | 64 231 |

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

| SPECIFICATION | for period | | | |
|--|----------------|----------------|----------------|---------------|
| | 01.07.2022 | 01.07.2021 | 01.01.2022 | 01.01.2021 |
| | 30.09.2022 | 30.09.2021 | 30.09.2022 | 30.09.2021 |
| Other comprehensive income | | | | |
| Other comprehensive income net | (172) | (1 194) | (2 019) | 4 505 |
| Items that may be reclassified to profit or loss in the future | | | | |
| Foreign exchange rate differences on translation of foreign operations | 2 923 | 2 148 | 2 530 | 2 520 |
| Result on hedge accounting with tax effect | (3 095) | (3 342) | (4 549) | 1 985 |
| Total comprehensive income | (3 533) | 11 825 | (4 068) | 68 736 |
| Net profit (loss), of which attributable to: | (3 361) | 13 019 | (2 049) | 64 231 |
| shareholders of parent company | (3 475) | 13 674 | (2 483) | 63 186 |
| non-controlling interests | 114 | (655) | 434 | 1 045 |
| Total comprehensive income, including accrued income: | (3 533) | 11 825 | (4 068) | 68 736 |
| shareholders of parent company | (3 647) | 12 480 | (4 502) | 67 691 |
| non-controlling interests | 114 | (655) | 434 | 1 045 |

| | | | |
|---|--|---------------------|--------------------|
| Entity name: | Apator Group | | |
| Period covered by the financial statements: | 01.01.2022 – 30.09.2022 | Reporting currency: | Polish zloty (PLN) |
| Level of rounding: | all amounts are expressed in thousands of Polish zlotys (unless indicated otherwise) | | |

1.3. 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 01.01.2022 | 3 278 | - | (3 972) | 553 460 | (86) | 1 684 | (7 019) | 547 345 | 3 930 | 551 275 |
| Changes in equity during the period from 01.01.2022 to 30.09.2022 | | | | | | | | | | |
| Comprehensive income | | | | | | | | | | |
| Net profit for the period from 01.01.2022 to 30.09.2022 | - | - | - | - | - | - | (2 483) | (2 483) | 434 | (2 049) |
| Distribution of result to supplementary capital | - | - | - | 48 293 | - | - | (48 293) | - | - | - |
| Coverage of loss from supplementary capital | - | - | - | (37 546) | - | - | 37 546 | - | - | - |
| Other comprehensive income | | | | | | | | | | |
| Items that may be reclassified to profit or loss in the future | | | | | | | | | | |
| Result on hedge accounting with tax effect | - | - | - | - | - | (4 549) | - | (4 549) | - | (4 549) |
| Net exchange differences translated from financial statement to currency presented | - | - | - | - | - | 2 530 | - | 2 530 | - | 2 530 |
| Total comprehensive income recognised in the period from 01.01.2022 to 30.09.2022 | - | - | - | 10 747 | - | (2 019) | (13 230) | (4 502) | 434 | (4 068) |
| Transactions with owners recorded directly in shareholder equity | | | | | | | | | | |

| | | | |
|--|---|-----------------------|--------------------|
| Nazwa jednostki: | Grupa Apator | | |
| Okres objęty sprawozdaniem finansowym: | 01.01.2022– 30.09.2022 | Waluta sprawozdawcza: | złoty polski (PLN) |
| Poziom zaokrągleń: | wszystkie kwoty wyrażone są w tysiącach złotych polskich (o ile nie wskazano inaczej) | | |

| 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 | | |
| Dividends | - | - | - | - | - | - | (14 553) | (14 553) | (219) | (14 772) |
| Purchase of treasury shares | - | - | (1 950) | - | - | - | - | (1 950) | - | (1 950) |
| Result on the sale of shares in subsidiary | - | - | - | - | - | (2 513) | (1 326) | (3 839) | - | (3 839) |
| Purchase of additional shares of subsidiary | - | - | - | - | - | - | (3 429) | (3 429) | (2 498) | (5 927) |
| Redemption of own shares | - | (13) | 13 | - | - | - | - | - | - | - |
| Other changes in capital | - | - | - | - | - | - | (15) | (15) | - | (15) |
| Total transactions with owners in the period from 01.01.2022 to 30.09.2022 | - | (13) | (1 937) | - | - | (2 513) | (19 323) | (23 786) | (2 717) | (26 503) |
| Balance as at 30.09.2022 | 3 278 | (13) | (5 909) | 564 207 | (86) | (2 848) | (39 572) | 519 057 | 1 647 | 520 704 |

| | | | |
|---|--|---------------------|--------------------|
| Entity name: | Apator Group | | |
| Period covered by the financial statements: | 01.01.2022 – 30.09.2022 | 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 01.01.2021 | 3 281 | - | (3 823) | 522 191 | (253) | (4 022) | (7 285) | 510 089 | 7 485 | 517 574 |
| 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 may 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 |
| 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) |

| | | | |
|---|--|---------------------|--------------------|
| Entity name: | Apator Group | | |
| Period covered by the financial statements: | 01.01.2022 – 30.09.2022 | 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 | | |
| 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) | 554 117 | (253) | 483 | (6 033) | 547 411 | 3 840 | 551 251 |

| | | | |
|---|--|---------------------|--------------------|
| Entity name: | Apator Group | | |
| Period covered by the financial statements: | 01.01.2022 – 30.09.2022 | Reporting currency: | Polish zloty (PLN) |
| Level of rounding: | all amounts are expressed in thousands of Polish zlotys (unless indicated otherwise) | | |

1.4. Consolidated cash flow statement

| SPECIFICATION | Period | |
|---|-----------------|-----------------|
| | 01.01.2022 | 01.01.2021 |
| | 30.09.2022 | 30.09.2021 |
| Cash flow from operating activities | | |
| Profit before tax | 2 684 | 83 669 |
| Adjustments | 63 530 | 11 864 |
| Depreciation of intangible assets | 11 034 | 11 133 |
| Depreciation of property, plant and equipment | 30 849 | 30 334 |
| Profit on sale of property, plant and equipment and intangible assets | (845) | (36 859) |
| Profit on the sale of financial assets available for sale | (64) | - |
| Gains on change in fair value of derivative instruments | (494) | 1 328 |
| Cost of interest | 10 076 | 1 394 |
| Shares in profits of associated companies | - | (961) |
| Interest revenue | (103) | (105) |
| Other adjustments | 13 077 | 5 600 |
| Cash flows from operating activities before changes in working capital | 66 214 | 95 533 |
| Change in inventories | (33 480) | (82 448) |
| Change in the state of a depreciated contractual asset | 1 219 | 1 219 |
| Change in receivables | (40 423) | (12 257) |
| Change in liabilities | 24 844 | 23 008 |
| Changes in provisions | (2 563) | (4 882) |
| Change in cash and cash equivalents with restricted use | 556 | 294 |
| Changes in prepayments and accruals | (389) | (1 897) |
| Other adjustments | - | 2 297 |
| Cash generated in the course of operating activity | 15 978 | 20 867 |
| Tax refund | 1 432 | 341 |
| Income tax paid | (21 798) | (16 128) |
| Net cash flows from operating activities | (4 388) | 5 080 |
| Cash flows from investing activities | | |
| Expenses related to acquisition of intangible assets | (18 415) | (19 247) |
| Expenses related to acquisition of fixed assets | (34 548) | (42 374) |
| Proceeds from the sale of fixed assets | 23 668 | 34 433 |
| Investments in subsidiaries | (10 859) | (7 127) |
| Proceeds from the sale of subsidiaries | 380 | - |
| Dividends received | - | 1 109 |
| Other inflows (expenses) | 629 | (1 986) |
| Net cash provided by investing activities | (39 145) | (35 192) |
| Cash flows from financing activities | | |
| Purchase of own shares | (1 951) | (361) |
| Inflows from loans and borrowings taken out | 87 639 | 113 023 |
| Repayment of loans and credits | (26 024) | (41 679) |
| Interest | (9 091) | (1 105) |
| Dividends paid | (14 671) | (22 347) |
| Repayment of liabilities under financial lease | (8 658) | (8 786) |
| Other expenses | (823) | (425) |
| Net cash from financial operations | 26 421 | 38 320 |
| Net increase (decrease) in cash and cash equivalents | (17 112) | 8 208 |
| Opening balance of cash and cash equivalents | 36 832 | 29 251 |

| | | | |
|---|--|---------------------|--------------------|
| Entity name: | Apator Group | | |
| Period covered by the financial statements: | 01.01.2022 – 30.09.2022 | Reporting currency: | Polish zloty (PLN) |
| Level of rounding: | all amounts are expressed in thousands of Polish zlotys (unless indicated otherwise) | | |

| SPECIFICATION | Period | |
|--|------------|------------|
| | 01.01.2022 | 01.01.2021 |
| | 30.09.2022 | 30.09.2021 |
| Closing balance of cash and cash equivalents | 19 720 | 37 459 |

1.5. Consolidated financial statements by operating segments

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

- Electricity
- Gas
- Water and heating

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

| SPECIFICATION | Electricity | Gas | Water and heating | Unallocated | Total |
|---|----------------|----------------|-------------------|----------------|----------------|
| Financial results of operating segments for the period from 01.01.2022 to 30.09.2022 | | | | | |
| Sales revenue | 303 226 | 215 151 | 258 049 | - | 776 426 |
| Cost of goods sold | (254 731) | (179 281) | (180 628) | - | (614 640) |
| Gross sales profit | 48 495 | 35 870 | 77 421 | - | 161 786 |
| Sales costs | (10 334) | (6 566) | (12 980) | (227) | (30 107) |
| General administrative costs | (38 705) | (21 649) | (38 141) | (2 992) | (101 487) |
| Profit (loss) on sales | (544) | 7 655 | 26 300 | (3 219) | 30 192 |
| Other operating income (costs) | 501 | (10 719) | (225) | - | (10 443) |
| Operating income (loss) | (43) | (3 064) | 26 075 | (3 219) | 19 749 |
| Other financial costs | (7 387) | (3 443) | (6 235) | - | (17 065) |
| Gross profit (loss) | (7 430) | (6 507) | 19 840 | (3 219) | 2 684 |
| Depreciation | 21 034 | 11 312 | 9 537 | - | 41 883 |
| EBITDA | 20 991 | 8 248 | 35 612 | (3 219) | 61 632 |
| Impact of one-off events | - | 10 909 | - | - | 10 909 |
| EBITDA excluding one-off events | 20 991 | 19 157 | 35 612 | (3 219) | 72 541 |
| Financial results of operating segments for the period from 01.01.2021 to 30.09.2021 | | | | | |
| 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) on sales | (88) | 16 961 | 32 253 | (2 987) | 46 139 |
| Other operating income (costs) | 3 693 | 2 112 | 36 664 | - | 42 469 |
| Operating income (loss) | - | - | 961 | - | 961 |
| Other financial costs | 3 605 | 19 073 | 69 878 | (2 987) | 89 569 |
| Gross profit (loss) | (1 949) | (1 119) | (2 832) | - | (5 900) |
| Depreciation | 1 656 | 17 954 | 67 046 | (2 987) | 83 669 |
| EBITDA | 19 990 | 12 930 | 8 547 | - | 41 467 |
| Other operating income (costs) | 23 595 | 32 003 | 78 425 | (2 987) | 131 036 |
| Impact of one-off events | - | - | (34 079) | - | (34 079) |
| EBITDA excluding one-off events | 23 595 | 32 003 | 44 346 | (2 987) | 96 957 |

| | | | |
|---|--|---------------------|--------------------|
| Entity name: | Apator Group | | |
| Period covered by the financial statements: | 01.01.2022 – 30.09.2022 | Reporting currency: | Polish zloty (PLN) |
| Level of rounding: | all amounts are expressed in thousands of Polish zlotys (unless indicated otherwise) | | |

1.6. Geographical structure of sales

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

- Country - including domestic sales
- Union + UK - 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 01.01.2022 till 30.09.2022 | | | | |
| Total revenue | 407 780 | 78 054 | 290 592 | 776 426 |
| Sales outside | 407 780 | 78 054 | 290 592 | 776 426 |
| Sales to subsidiaries | - | - | - | - |
| 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 |

1.7. Generic costs

| SPECIFICATION | for period | |
|---|-----------------|-----------------|
| | from 01.01.2022 | from 01.01.2021 |
| | till 30.09.2022 | till 30.09.2021 |
| Depreciation | 41 883 | 41 467 |
| Materials and energy consumption | 404 340 | 334 480 |
| External services | 84 273 | 90 832 |
| Employee benefits | 178 824 | 172 780 |
| Other costs | 24 216 | 18 355 |
| Costs of manufacturing products for the entity's own needs | (2 714) | (3 742) |
| Change in finished products, work in progress and prepayments | (34 159) | (33 775) |
| Cost of goods and materials sold | 49 571 | 35 516 |
| Total costs | 746 234 | 655 913 |

| | | | |
|---|--|---------------------|--------------------|
| Entity name: | Apator Group | | |
| Period covered by the financial statements: | 01.01.2022 – 30.09.2022 | 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 2021, available at the link below: <https://www.apator.com.pl/relacje-inwestorskie/dane-finansowe-i-raporty-okresowe>.

2.1. Organisation of Apator Group

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



12 companies
domestic
and foreign



9 production plants



2.4 thousand
employees



12
R&D offices

Companies of the Apator Group are included in the electromechanical sector and focus their activities on the production and sale of measuring instruments (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 devices for distributed systems, ensuring the possibility of remote control and supervision of the power grid in the full range of voltages and devices reading and transmitting data. Apator Group also implements solutions supporting the energy transformation and development of renewable energy (e.g. automation devices, RES supervision systems, energy storage).

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



listed on
GPW in Warsaw
from 25 years



taken into account
in index **sWIG80**
and **WIGdiv**

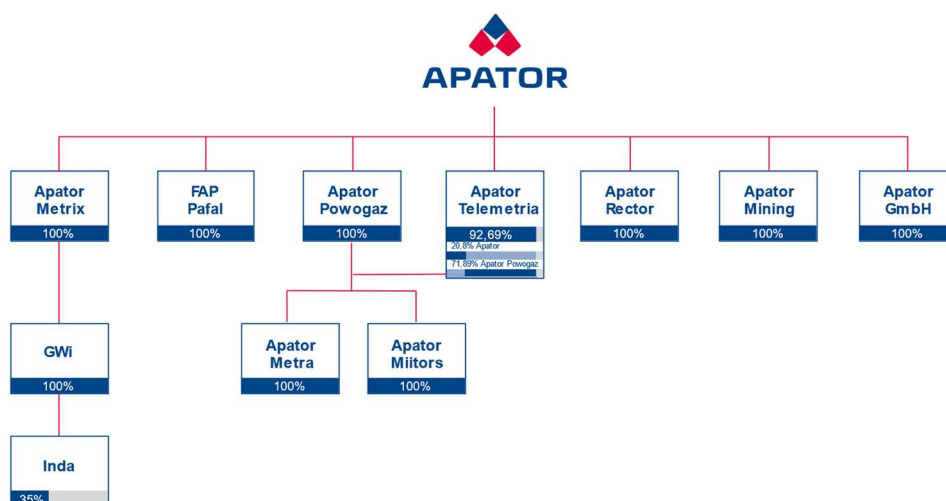


company
dividend

2.2. Composition of the Apator Group and its business segments

The Group's structure as at 30 September 2022 was as follows:

| | | | |
|---|--|---------------------|--------------------|
| Entity name: | Apator Group | | |
| Period covered by the financial statements: | 01.01.2022 – 30.09.2022 | Reporting currency: | Polish zloty (PLN) |
| Level of rounding: | all amounts are expressed in thousands of Polish zlotys (unless indicated otherwise) | | |



Information on changes in the structure of Apator Group can be found in point 6.5 of this report.

Activity of Apator Group is organized in three segments:

| Business Units | electricity | gas | water&heat |
|-----------------------------------|--|---|--|
| Lines Business* | <ul style="list-style-type: none"> electricity metering switchgear automation ICT | | |
| Companies included in the Segment | <ul style="list-style-type: none"> Apator SA (Toruń) 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) | <ul style="list-style-type: none"> Apator Powogaz (Jaryszki) Apator Telemetria (Słupsk) Apator Metra (Czech Republic) Apator Miitors (Denmark) |
| Solutions | <ul style="list-style-type: none"> Electronic meters (domestic, residential, industrial, prosumer) including smart meters (with remote reading function) Power distribution systems Control and monitoring systems Measurement data management systems Solutions for RES (automation, RES management systems, energy storage) | <ul style="list-style-type: none"> Bellows meters (domestic, industrial) including smart meters (with remote reading function) Remote reading services, system that allows interrupting and resuming gas supply via GSM network | <ul style="list-style-type: none"> Water meters (residential, domestic, industrial) including smart meters (with remote reading function) Ultrasonic water meters Heat meters, heat cost allocators Remote reading and billing of utility consumption, system management |

| | | | |
|---|--|---------------------|--------------------|
| Entity name: | Apator Group | | |
| Period covered by the financial statements: | 01.01.2022 – 30.09.2022 | Reporting currency: | Polish zloty (PLN) |
| Level of rounding: | all amounts are expressed in thousands of Polish zlotys (unless indicated otherwise) | | |



| | | | |
|---|---|---|---|
| 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, Brasil, Romania, Lithuania, Israel | Poland, United Kingdom, Belgium, Germany, Hungary | Poland, Czech Republic, Spain, France, Greece and Romania |
| Sales scale in I-IIIQ 2022 | PLN 303.2 million | PLN 215.5 million | PLN 258.0 million |
| Share of export in segment revenues in I-IIIQ 2022 | 23.6% | 68.9% | 57,6% |

*) as a result of the consolidation process of the Electricity Segment (merger of Apator SA with Apator Elkomech SA) and work on the use of product synergies, the Apator Group reorganized the business lines within this Segment. Currently, the Segment includes the following lines: electricity metering (e.e. meters), switchgear (equipment for the distribution of e.e. and protection of electrical circuits against the effects of short circuits and overloads), automation (solutions for the operation, supervision and control of power grid operations in the form of protections, controllers, telemechanics and industrial automation), ICT (SCADA systems, asset and network asset management systems).

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 2021, available at the link below: <https://www.apator.com.pl/relacje-inwestorskie/dane-finansowe-i-raporty-okresowe>.

3.1. Results achieved in three quarters of 2022

The Apator Group achieved the following financial results in January-September 2022:

| Specification | I-IIIQ 2022 | I-IIIQ 2021 | Change | Dynamics |
|--|----------------|----------------|----------------|---------------|
| Sales revenues, including: | 776 426 | 702 052 | 74 374 | 110,6% |
| country | 407 780 | 364 907 | 42 873 | 111,7% |
| export | 368 646 | 337 145 | 31 501 | 109,3% |
| Cost of goods sold | 614 640 | 535 532 | 79 108 | 114,8% |
| Gross sales profit | 161 786 | 166 520 | -4 734 | 97,2% |
| Sales costs | 30 107 | 25 554 | 4 553 | 117,8% |
| General administrative costs | 101 487 | 94 827 | 6 660 | 107,0% |
| Sales profit | 30 192 | 46 139 | -15 947 | 65,4% |
| Result on other operating activities | -10 443 | 42 469 | -52 912 | - |
| Share in profits of companies consolidated using the equity method | - | 961 | -961 | - |
| Operating income | 19 749 | 89 569 | -69 820 | 22,0% |
| EBITDA | 61 632 | 131 036 | -69 404 | 47,0% |
| EBITDA excluding one-off events* | 72 541 | 96 957 | -24 416 | 74,8% |
| Result on financial activity | -17 065 | -5 900 | -11 165 | 289,2% |
| Profit before tax | 2 684 | 83 669 | -80 985 | 3,2% |

| | | | |
|---|--|---------------------|--------------------|
| Entity name: | Apator Group | | |
| Period covered by the financial statements: | 01.01.2022 – 30.09.2022 | Reporting currency: | Polish zloty (PLN) |
| Level of rounding: | all amounts are expressed in thousands of Polish zlotys (unless indicated otherwise) | | |

| Specification | I-IIIQ 2022 | I-IIIQ 2021 | Change | Dynamics |
|---|----------------|---------------|----------------|--------------|
| Current income tax | -6 008 | -22 766 | 16 758 | 26,4% |
| Deferred income tax | 1 275 | 3 328 | -2 053 | 38,3% |
| Net profit | - 2 049 | 64 231 | -66 280 | - |
| <i>Net profit excluding one-off events*</i> | <i>8 860</i> | <i>36 627</i> | <i>-27 767</i> | <i>24,2%</i> |
| Profitability ratio: | | | | |
| Gross profit margin on sales | 20,8% | 23,7% | | |
| Profit margin on sales | 3,9% | 6,6% | | |
| Profit margin EBITDA* | 9,3% | 13,8% | | |
| Net profit margin* | 1,1% | 5,2% | | |

**) the results of the periods I-IIIQ cleaned of the impact of the sale of Apator Powogaz SA real estate for 2021 and of the write-down of the value of development works of GWi for 2022*

The main factors influencing financial performance in I-IIIQ 2022 include:

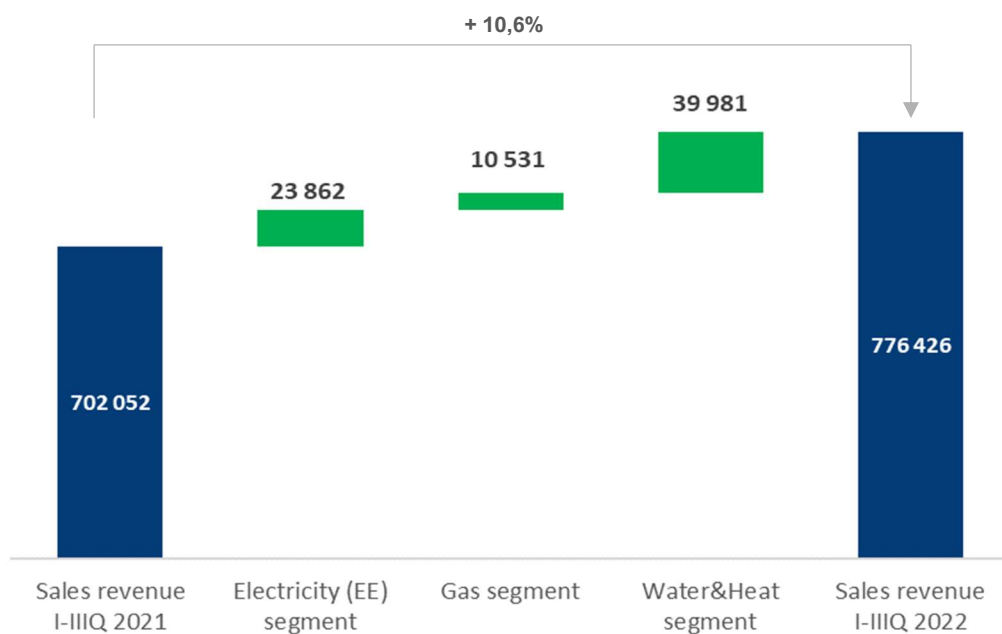
- sales development with high level of quarterly sales of Apator Group, for the first time in the history of the CG the limit of PLN 250 million turnover for the second quarter of 2022 was broken. In the third quarter, revenues of over PLN 280 million thanks to a strong rebound in sales in the Electricity segment. As a consequence, on a cumulative basis, a significant increase in revenues with the participation of all three segments;
- persistent difficulties in the availability of components for production and deepening inflation resulting in continued dynamic cost increases (mainly raw materials, materials, transportation and energy) and, consequently, a decline in margins. In addition, the war in Ukraine has exacerbated previous supply chain disruptions and is compounding difficulties in sourcing some of the components ordered and lengthening lead times. In 2022 cost increases is felt in all segments, which was reflected in the level of margins generated by them and ultimately reflected on the results of the entire Apator Group;
- countermeasures implemented since last year (in response to the deterioration of results and observed trends) focused on securing continuity of production, reducing cost pressure on margins and ensuring greater flexibility of selling prices (including in long-term contracts and acquired through tenders) resulting in a restoration of financial results since the second quarter of 2022;
- the write-down (PLN -10.9 million) revaluating the capitalized development work related to the indirect subsidiary George Wilson Industries Ltd ("GWi") based in the UK (the write-down relates entirely to the Apator Group's Gas segment). This amount will be included in the consolidated statement of the Group for the third quarter of 2022 in the item of other operating expenses;
- high financing costs associated with maintaining increased working capital, and, consequently, the level of net debt, which - especially in view of rising interest rates - translates into higher interest on loans and borrowings (PLN 9.3 million after three quarters of 2022, up by PLN 8.3 million compared to the same period in 2021);
- unstable situation on foreign exchange markets - the results of I-IIIQ were also adversely affected by the unstable level of foreign exchange rates (especially USD) in this period, which translated into inflation of manufacturing costs and a negative result on foreign exchange differences (PLN -8.0 million, i.e. 4.9 million below I-IIIQ 2021) presented in financial activities.

Sales revenue

In three quarters of 2022, the Apator Group generated revenue higher year-on-year by 10.6% (PLN 776.4 million). Sales increased in all three segments and the fastest growing Water and Heat segment once again generated record high turnover, approaching in the third quarter of this year up to PLN 90 million.

| | | | |
|---|--|---------------------|--------------------|
| Entity name: | Apator Group | | |
| Period covered by the financial statements: | 01.01.2022 – 30.09.2022 | Reporting currency: | Polish zloty (PLN) |
| Level of rounding: | all amounts are expressed in thousands of Polish zlotys (unless indicated otherwise) | | |

| Specification | I-IIIQ 2022 (PLN thousand) | I-IIIQ 2021 (PLN thousand) | Change y/y (PLN thousand) | Dynamics (%) |
|---|----------------------------------|----------------------------------|---------------------------------|-----------------|
| Electricity (EE) segment | 303 226 | 279 364 | 23 862 | 108,5% |
| <i>country</i> | 231 642 | 210 993 | 20 649 | 109,8% |
| <i>export</i> | 71 584 | 68 371 | 3 213 | 104,7% |
| <i>ratio of exports in the segment EE in total sales revenue</i> | 9,2% | 9,7% | | |
| Gas segment | 215 151 | 204 620 | 10 531 | 105,1% |
| <i>country</i> | 66 841 | 60 424 | 6 417 | 110,6% |
| <i>export</i> | 148 310 | 144 196 | 4 114 | 102,9% |
| <i>ratio of exports in the segment Gas in total sales revenue</i> | 19,1% | 20,5% | | |
| Water and Heating segment (W&H) | 258 049 | 218 068 | 39 981 | 118,3% |
| <i>country</i> | 109 297 | 93 490 | 15 807 | 116,9% |
| <i>export</i> | 148 752 | 124 578 | 24 174 | 119,4% |
| <i>ratio of exports in the segment W&H in total sales revenue</i> | 19,2% | 17,7% | | |
| Total sales revenues | 776 426 | 702 052 | 74 374 | 110,6% |
| <i>country</i> | 407 780 | 364 907 | 42 873 | 111,7% |
| <i>export</i> | 368 646 | 337 145 | 31 501 | 109,3% |
| <i>share of total exports in total revenues</i> | 47,5% | 48,0% | | |



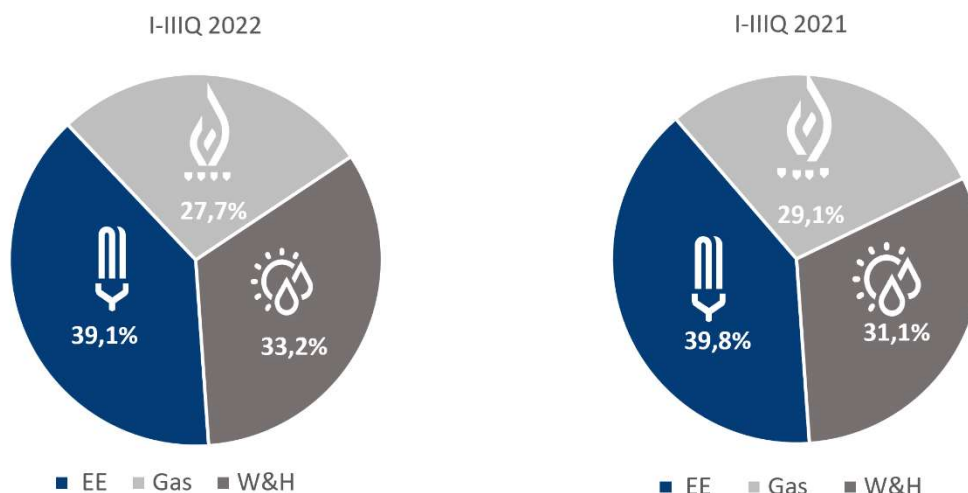
| | | | |
|---|--|---------------------|--------------------|
| Entity name: | Apator Group | | |
| Period covered by the financial statements: | 01.01.2022 – 30.09.2022 | Reporting currency: | Polish zloty (PLN) |
| Level of rounding: | all amounts are expressed in thousands of Polish zlotys (unless indicated otherwise) | | |

Changes in sales of particular segments were as follows:

- Electric Energy (EE) segment - sales higher y/y (by PLN 23.9 million, or 8.5%) thanks to the very high dynamics of domestic turnover in the third quarter of this year high (+37.5%, a clear continuation of the improvement in sales dynamics in Poland started in the second quarter of this year). At the same time, the segment's exports were higher by 4.7% y/y with high y/y turnover dynamics on key foreign markets. Dynamic sales growth recorded in two main lines: electricity metering and the switchgear line. In electricity metering turnover higher by PLN 22.2 million y/y (PLN 171.6 million after three quarters of 2022), i.e. by 14.9% (in the third quarter alone, sales were higher by PLN 23.7 million, i.e. by 45.1% y/y). In the domestic sales of meters - after a period of several weaker quarters - a visible reversal of the downward trend (starting from the second quarter of this year) and a significant improvement in revenue dynamics in the third quarter (+72.9% y/y). Sales in the switchgear line increased by PLN 7.1 million, i.e. 9.4% y/y (PLN 83.0 million in I-IIIQ 2022). Also higher (by PLN 4.6 million, i.e. by 34.2% y/y to PLN 18.0 million) revenues in the ICT line. The decrease in turnover (by PLN 7.9 million, i.e. by 21.8% y/y to PLN 28.1 million) was recorded in automation (mainly lower sales of equipment for the operation and supervision of networks and substations, as well as protection automation);
- Gas segment - increase in domestic sales (+10.6% y/y) as a result of the tender for PSG Sp. z o.o., with a simultaneous slight improvement in export dynamics in the following quarters of this year. (+2.9% y/y after three quarters, +2.2% y/y after half a year, foreign sales in the third quarter of 2022 by 4.2% higher compared to the third quarter of 2021), despite restrictions orders from some of the existing main markets of the segment (Belgium, the Netherlands). Thanks to active sales activities, higher year-on-year turnover on the German, Hungarian, Romanian, Czech and Georgian markets among others. In the second quarter, effective entry into the new Armenian market (turnover from April to September this year at the level of PLN 2.9 million);
- Water and Heat segment - another quarter of record segment sales (PLN 89.3 million, +16.1% y/y). Turnover for the entire nine months was higher by PLN 40.0 million (+18.3% year-on-year), thanks to high growth rates in both export sales (+19.4%) and domestic sales (+16.9%). In exports, turnover increases recorded on all main markets of the segment, starting from the key markets (Czech, Spanish and French markets), through the Greek, Lithuanian and Italian markets, to markets that have gained importance relatively recently, i.e. Norwegian, Latvian and Estonian market. In addition, large deliveries were made on the most distant markets: Thailand (PLN 3.7 million turnover after nine months of this year) and Ethiopian (PLN 5.9 million). The sales results of the segment clearly show the impact of the favourable trends in the water and heat metering market, additionally strengthened by strong pressure to save natural resources and the related precise measurement of water and heat consumption - a significant increase in demand for smart devices, reading systems (SPIDAP), billing and heat allocators (adjustment of the infrastructure to the requirements of the Energy Efficiency Act). In the perspective of the next months, a great potential for the development of sales of heat meters related, with high demand, to temporary difficulties in the access of components to production, which did not allow Apator Group to realize sufficiently large deliveries in the previous quarters. Recorded increase in the export of ultrasonic water meters (+64.3% y/y) confirming the positive reception of the new technology on foreign markets.

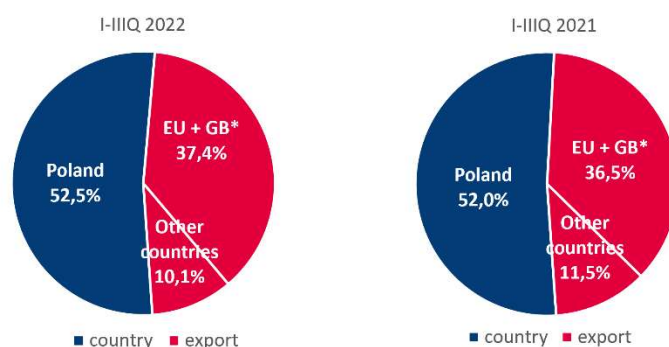
In view of the above, in the sales structure of the Apator Group, the Water and Heat segment increased its share.

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Geographical structure of sales

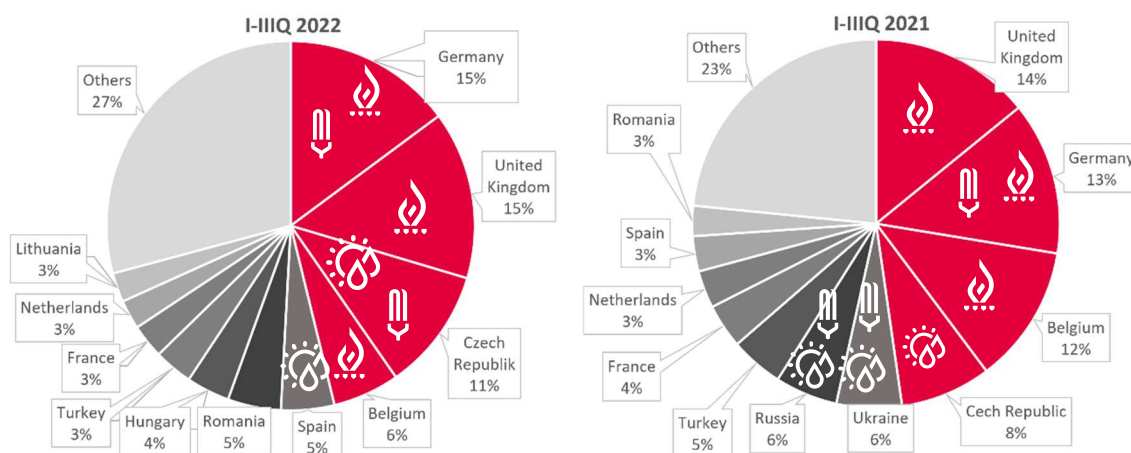
Thanks to very good domestic sales results in the third quarter of 2022 (especially in the Electric Energy segment), both in July-September and cumulatively, the sales dynamics in Poland were higher than the growth in export turnover (for the country: +27.1% in the third quarter, +11.7% cumulatively, in exports: +6.6% quarterly, +9.3% cumulatively). As a consequence, the geographical structure of sales changed slightly in favor of the domestic market, and its share in the Group's total turnover increased by 0.5 p.p. y/y, to 52.5% of total revenues.



*EU+GB = European Union with United Kingdom

The main sales market of the Apator Group is Poland. The European Union (with a dominant share of the German, Czech, Belgian, Spanish and Romanian markets) and the United Kingdom remain second among the Group's trading partners. Despite the stoppage of sales to the Russian and Belarusian markets Report of the Management and the reduction of turnover in Ukraine, the Apator Group successively compensates for the declines in sales in the East with revenues from other geographic directions, as a result of which export is systematically increasing.

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Foreign sales - countries with a share of more than 5% Share of exports in I-IIIQ 2022 Sold range

| | | |
|----------------|-----|---|
| Germany | 15% | mainly gas and electricity meters |
| United Kingdom | 15% | gas meters |
| Czech Republic | 11% | mainly water meters and cost allocators |
| Belgium | 6% | gas and inductive electricity meters |

Seasonality of sales

The phenomenon of seasonality in the activity of the Apator Group is not particularly significant, the more so that due to the effects of the pandemic and now also the war in Ukraine, the turnover for 2020 - 2022 should not be regarded as representative of the phenomenon of seasonality, where factors of a decidedly one-time nature (difficulties in access to materials and components, inflation) have a large impact.

| Revenues reported in years | I quarter | II quarter | III quarter | IV quarter |
|----------------------------|-----------|------------|-------------|------------|
| 2020 r. | 224 536 | 237 408 | 244 126 | 228 395 |
| 2021 r. | 224 498 | 237 418 | 240 136 | 238 031 |
| 2022 r. | 237 063 | 258 137 | 281 226 | |

Operating expenses by function and type

| Specification | I-IIIQ 2022 (PLN thousand) | I-IIIQ 2021 (PLN thousand) | Change y/y (PLN thousand) | Dynamics (%) |
|---|-------------------------------|-------------------------------|------------------------------|-----------------|
| Costs by function | | | | |
| Cost of goods sold (COGS) | 614 640 | 535 532 | 79 108 | 114,8% |
| Selling and general administrative expenses (SG&A) | 131 594 | 120 381 | 11 213 | 109,3% |
| Total | 746 234 | 655 913 | 90 321 | 113,8% |
| Costs by type | | | | |
| Depreciation | 41 883 | 41 467 | 416 | 101,0% |
| Materials and energy consumption | 404 340 | 334 480 | 69 860 | 120,9% |
| External services | 84 273 | 90 832 | -6 559 | 92,8% |
| Employee benefits | 178 824 | 172 780 | 6 044 | 103,5% |
| Other | 24 216 | 18 355 | 5 861 | 131,9% |
| Change in stocks of finished goods and work in progress | 12 698 | - 2 001 | 14 699 | - |

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| | | | | |
|--------------|----------------|----------------|---------------|---------------|
| Total | 746 234 | 655 913 | 90 321 | 113,8% |
|--------------|----------------|----------------|---------------|---------------|

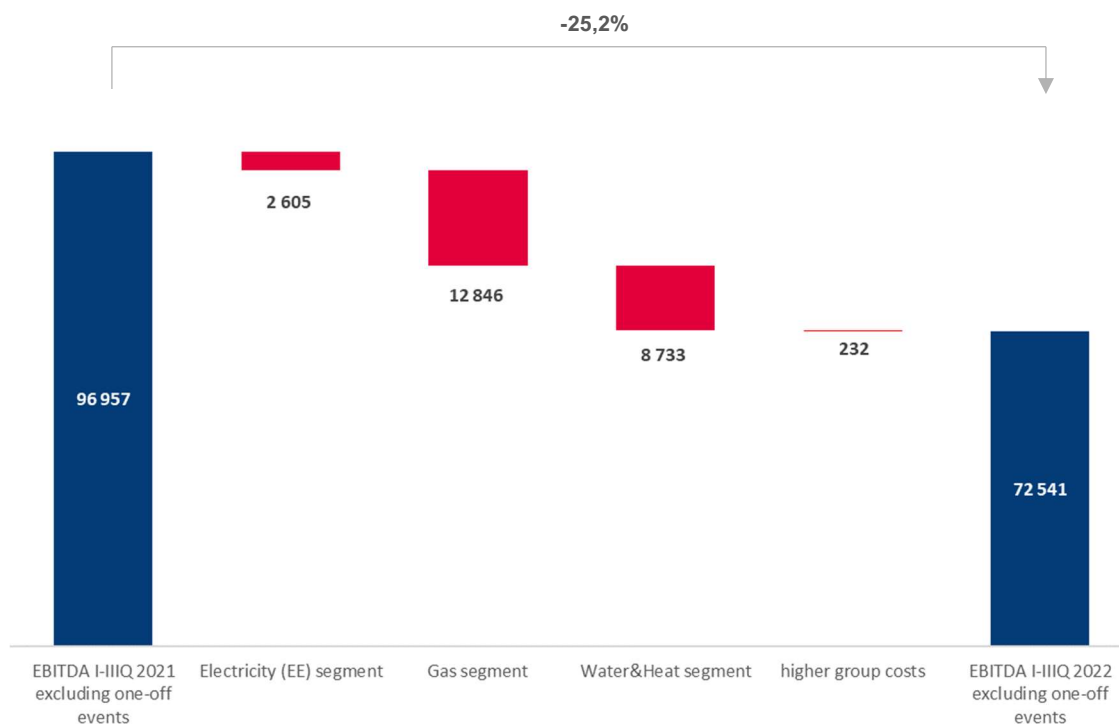
The increase in costs is related to a significant increase in the scale of revenues and is mainly due to macroeconomic reasons. Pandemic-induced, and now compounded by the war in Ukraine, disruptions in global supply chains and related component availability problems, as well as worsening inflation and upward pressure on wages, are fostering price increases primarily in raw materials, materials and components (especially electronics) and transportation costs. Taking into account the fact that some purchases are made abroad, an additional factor intensifying the negative impact of the price increase was the weakening of the zloty, especially against the dollar. Price pressures, which until last year mainly affected the Electricity segment, are now being strongly felt in other segments as well, as reflected in the in the levels of margins they generated.

EBITDA

The level of consolidated EBITDA of Apator Group was affected by decreases in profits in all three segments related - with higher sales levels y/y - to lower margins as a result of higher costs of materials (mainly semiconductors, copper, plastics) and transport services due to global disturbances supply chains and other factors of production (mainly salaries, electricity) as a result of deepening inflation. The results of individual segments were also influenced by:

- a clear improvement in the situation in the Electricity segment in the following quarters of 2022 as a result of optimization measures taken and renegotiation of sales contracts (despite the persistently strong competitive pressure and the order acquisition procedure limiting the possibility of flexible adjustment of sales prices). The first symptoms of improvement recorded in the second quarter, in the third - even with a lower (by PLN 2.5 million y/y) result on other operating activities - EBITDA of the segment by PLN 4.2 million above the third quarter of 2021. SG&A costs on a cumulative basis higher y/y, however, the results of the third quarter clearly show the effects of optimization and savings activities (both in the position of selling costs and overheads: total decrease in fixed costs y/y by PLN 0.9 million). Cumulatively significantly lower (by PLN 3.2 million y/y) result on other operating activities related mainly to lower compensation and provision for liabilities released in 2021;
- increase in SG&A costs y/y in the Gas segment, mainly due to more expensive transport and the growing pressure to increase salaries. The decrease (by PLN 12.8 million y/y) in the result on other operating activities is related to the co-financing received in the first half of 2021 from the anti-crisis shield (PLN +1.0 million) and, above all, to the a write-down on the value of capitalized development works related to the British company GWi (PLN -10.9 million);
- additional (apart from the increase in the cost of TKW) factors lowering the margins of the Water and Heat segment: unfavorable change in the product mix, loss of highly profitable eastern markets and higher SG&A costs resulting from the increase in turnover (sales costs) and partly from relocations (overheads). Despite the above trends, the segment's margin remained high (30% for the gross margin, 13.8% for the EBITDA margin). The loss of share in profits of entities consolidated by the equity method (PLN -1.0 million y/y) after the sale by Apator Powogaz SA of a block of shares of AO Teplovodomer with its registered office in Russia had an additional impact on the decrease in the segment's result.

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*) EBITDA I-IIIQ 2021 cleaned of the impact of the sale of Apator Powogaz SA real estate, EBITDA I-IIIQ 2022 without the write-down of the value of development works of GWi.

Net result

Consolidated net result was at the level of PLN -2.0 million and was influenced, in addition to the aforementioned factors, primarily by the loss on financing activities (PLN -17.1 million), which consisted of:

- growing, in the context of rising inflation and rising interest rates, debt service costs (PLN 9.3 million) associated with maintaining an increased level of net debt allocated, in addition to investments, to finance higher working capital;
- negative exchange rate differences compensated to a small extent by a positive result on foreign exchange transactions (total result on items at PLN -6.6 million) related to the uncertain situation on foreign exchange markets and the weakening of the zloty.

After adjusting the result for the impact of a one-off event, i.e. the write-down of the value of development works of GWi belonging to the Gas segment, the net profit of Apator Group in the period of January-September 2022 would be PLN 8.9 million.

3.2. Results achieved in the third quarter of 2022

The Apator Group achieved the following financial results in the third quarter of 2022:

| Specification | IIIQ 2022 | IIIQ 2021 | Change | Dynamics |
|-----------------------------------|----------------|----------------|---------------|---------------|
| Sales revenues, including: | 281 226 | 240 136 | 41 090 | 117,1% |
| country | 155 877 | 122 602 | 33 275 | 127,1% |
| export | 125 349 | 117 534 | 7 815 | 106,6% |
| Cost of goods sold | 224 931 | 188 749 | 36 182 | 119,2% |
| Gross sales profit | 56 295 | 51 387 | 4 908 | 109,6% |

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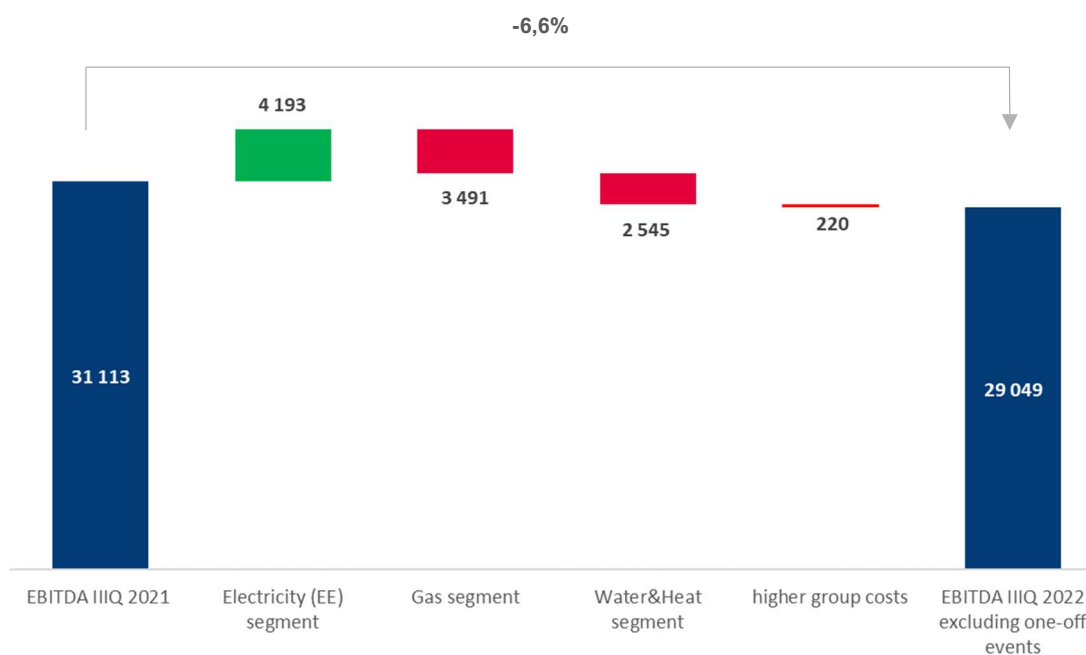
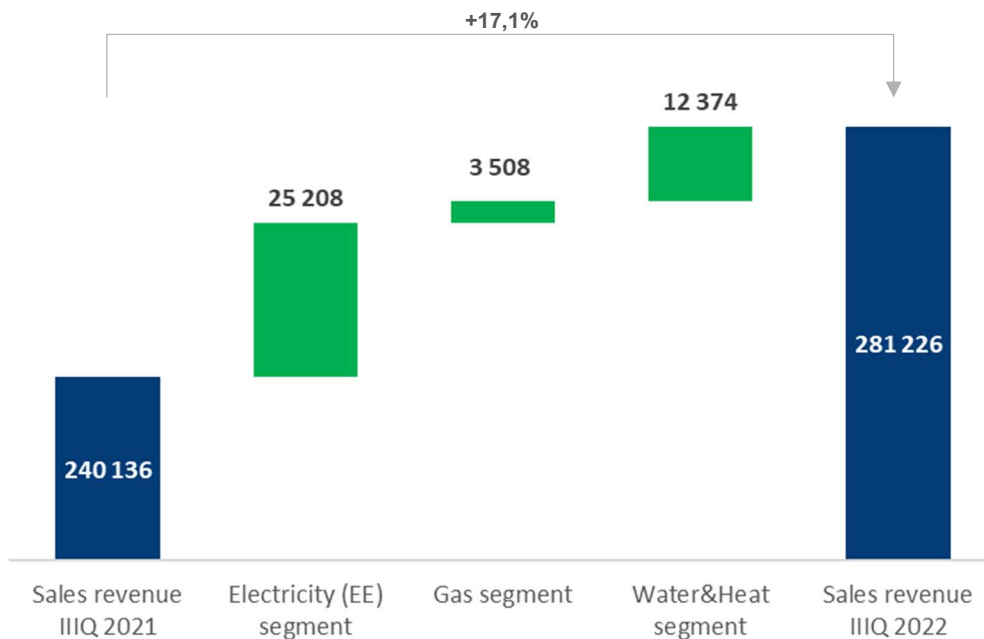
| Specification | IIIQ 2022 | IIIQ 2021 | Change | Dynamics |
|--|---------------|---------------|-----------------|---------------|
| Sales costs | 10 419 | 8 653 | 1 766 | 120,4% |
| General administrative costs | 31 385 | 29 495 | 1 890 | 106,4% |
| Sales profit | 14 491 | 13 239 | 1 252 | 109,5% |
| Result on other operating activities | -9 930 | 3 332 | -13 262 | - |
| Share in profits of companies consolidated using the equity method | - | 379 | -379 | - |
| Operating income | 4 561 | 16 950 | - 12 389 | 26,9% |
| EBITDA | 18 140 | 31 113 | - 12 973 | 58,3% |
| <i>EBITDA excluding one-off events*</i> | <i>29 049</i> | <i>31 113</i> | <i>- 2 064</i> | <i>93,4%</i> |
| Result on financial activity | -7 183 | - 448 | - 6 735 | 1 603,3% |
| Profit before tax | -2 622 | 16 502 | - 19 124 | - |
| Current income tax | - 1 454 | - 3 061 | 1 607 | 47,5% |
| Deferred income tax | 715 | - 422 | 1 137 | - |
| Net profit | -3 361 | 13 019 | - 16 380 | - |
| <i>Net profit excluding one-off events*</i> | <i>7 548</i> | <i>13 019</i> | <i>- 5 471</i> | <i>58,0%</i> |
| Profitability ratio: | | | | |
| Gross profit margin on sales | 20,0% | 21,4% | | |
| Profit margin on sales | 5,2% | 5,5% | | |
| Profit margin EBITDA* | 10,3% | 13,0% | | |
| Net profit margin* | 2,7% | 5,4% | | |

**) the results of the third quarter of 2022 cleaned of the impact of the write-down of the value of development works of GWi.*

In the third quarter of 2022:

- high increase in revenues (+17.1%) was achieved with positive sales dynamics in all three segments, including the fastest-growing Electricity segment (+26.6% to PLN 119.9 million), catching up with domestic turnover from the first half of 2022. Still high dynamics of turnover in the Water and Heat segment (+16.1% y/y to PLN 89.3 million). Stable growth also in Gas (+5.1% to PLN 72.1 million) with improving dynamics of the segment's exports (+4.2% y/y in the third quarter compared to +2.2% y/y after the first half of the year);
- dynamic increase (by 27.1%) in domestic sales was recorded thanks to very good results of all segments, but mainly in Electricity, which made up for the period of temporarily lower meter deliveries;
- constraints on the availability of components and an increase in their costs (intensified by worsening inflation and instability on currency markets) affect margins and require maintaining the high stock level to ensure smooth production processes and efficient execution of increased orders;
- a clear improvement of the situation in the Electricity segment was recorded as a result of optimization measures taken and renegotiation of sales contracts - better results of the segment y/y with higher profitability at all levels;
- gross profit on sales increased by 9.6% y/y to PLN 56.3 million thanks to the good situation in Electricity. Margins erosion is still visible in other segments (by 5.5 pp in Water and Heat to 27.5% and by 1.3 pp to 15.7% in the Gas segment) related to high growth in production costs;
- higher y/y costs of sales and overheads were recorded as a result of the increase in global transport prices and fuels as well as pressure to increase salaries;
- EBITDA amounted to PLN 18.1 million (-41.7% y/y), which was determined - with a higher y/y profit on sales - negative result on other operating activities (PLN -9.9 million) related to the write-down on the value of capitalized development works related to the British company GWi; after adjusting for the impact of the write-down in GWi, the EBITDA result would amount to PLN 29.0 million;
- the level of net loss amounted to PLN 3.4 million, while after eliminating the impact of the write-down, the net profit of Apator Group would be PLN 7.5 million.

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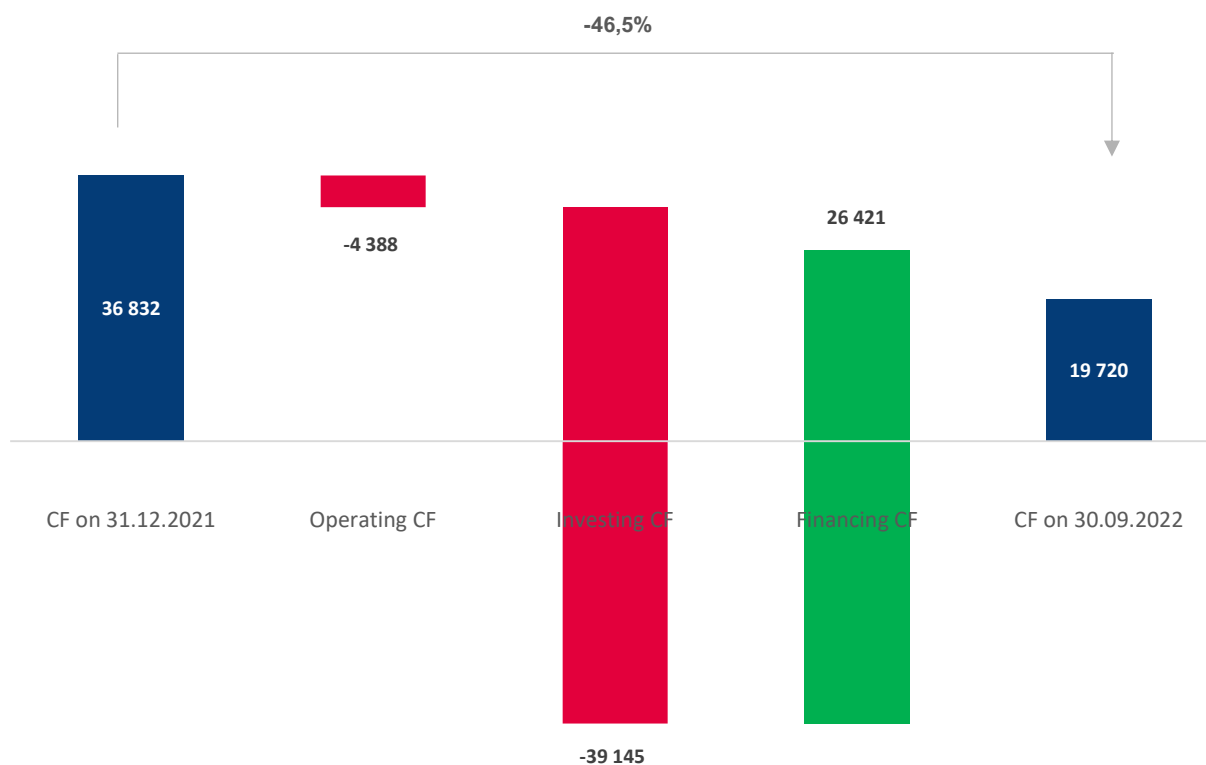


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Analysis of financial situation

The cash balance as of September 30, 2022 was PLN 17.1 million lower than at the end of 2021, at PLN 19.7 million. Cash and cash equivalents were influenced by the following factors:

- negative cash flow from operations, with the level of generated cash flow influenced by a much higher commitment of funds to working capital (sourcing and securing materials and raw materials as a result of taking necessary measures to manage risks associated with disruptions in global supply chains) oraz skorelowany z wyższą sprzedażą wzrost poziomu należności;
- negative flows from investing activities mainly as a result of capital expenditures on fixed assets and intangible assets (total PLN 53.0 million, mainly for expenditures on construction of new plant of Apator Powogaz SA, new machinery and equipment, R&D works) and investments in subsidiaries (purchase of shares in Apator Telemetry by Apator SA and Apator Powogaz SA - PLN 10.9 million);
- positive cash flow balance primarily related to an increase in credit debt (balance of PLN 61.6 million), less the dividends from profit for the 2021 paid (PLN 14.7 million) and repayment of finance lease liabilities (PLN 8.7 million).



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| Other basic indicators | I-IIIQ 2022 | YE 2021 | I-IIIQ 2021 | Formula |
|--------------------------------|-------------|---------|-------------|---|
| Current liquidity ratio | 1,13 | 1,24 | 1,27 | current assets/short-term liabilities |
| Quick liquidity ratio | 0,52 | 0,61 | 0,64 | (current assets - inventories)/short-term liabilities |
| Return on assets ROA* | 0,78% | 3,81% | 5,31% | net profit/average total assets calculated as the average value from the opening and closing balance sheet |
| Return on equity ROE* | 1,49% | 6,69% | 9,27% | net profit/average value of equity calculated as the average value from the opening and closing balance sheet |
| Net debt (PLN thousand) | 255 952 | 174 596 | 164 079 | loans and borrowings - cash and equivalents - loans granted |
| Net Debt/LTM EBITDA* | 2,78 | 1,50 | 1,28 | (credits and loans - cash and equivalents - granted loans)/LTM EBITDA |
| Capex (PLN thousand) | 55 112 | 90 661 | 56 902 | tangible and intangible investment expenditure |
| Working capital (PLN thousand) | 271 987 | 229 274 | 236 607 | (current assets - cash) - (short-term liabilities - short-term loans and borrowings) |

*) LTM EBITDA and net profit cleaned of the impact of the sale of Apator Powogaz SA real estate and of the write-down of the value of development works of GWi.

The level of net working capital (NSR) at the end of September 2022 was 43.6 million higher compared to the with the end of the third quarter of 2021, and at the same time PLN 42.7 million higher than at the end of 2021. This is due to higher inventories (by PLN 32.3 million including contract assets) and receivables (by PLN 35.5 million) with cash at the end of the period lower by PLN 17.1 million. Due to the macroeconomic situation (difficulties with component availability, extended delivery times), an increase in working capital is evident in all segments but applies in particular to the Electricity segment, followed by Water and Heat and to the least extent to the Gas segment. Although maintaining the current level of NSR involves an additional financial burden on the Apator Group, on the other hand makes the implementation of the recently concluded and renegotiated contracts, as well as on-going procurement, is secured.

Capex capital expenditures incurred in the first three quarters of 2022 (comparable to with the previous year's level) incurred mainly in the Water and Heat segment and related primarily to expenditures to complete construction of a new plant near Poznań (PLN 16.3 million). The bulk of other expenditures are related to research and development work carried out throughout the Group (including development of the Ultrimis family of products - new applications and accuracy classes, development of new or implementation of the next generation of software solutions, e.g. a system for remote reading of water and heat meter readings, a system for managing photovoltaic and wind farms, and a number of other solutions to support management and improve energy efficiency for customers).

Financial debt is higher both y/y as at the end of last year due to the need to finance higher working capital to secure the continuity of production (applies to all three segments, most significantly EE) and to finance the construction of a new plant for Apator Powogaz. The net debt/corrected EBITDA ratio for the last 12 months is at 2.78x. Apator Group on an ongoing, systematic basis monitors the status of the credits used, keeping it under strict control.

Although the level of working capital and, consequently, also net debt recorded at the end of the third quarter of this year is high, corresponds to the current market situation, in which the key is to ensure maximum security in terms of production liquidity and delivery. Although it is expected that in the next few quarters the net debt/EBITDA ratio may still remain at an elevated level, its target value in the long term is to be below 2x.

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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 Management Board on Activity of Apator Group for 2021 in the chapter 8: <https://www.apator.com.pl/relacje-inwestorskie/dane-finansowe-i-raporty-okresowe>.

In the opinion of the Management Board, the risks indicated in the aforementioned document remain valid. At the same time, the Management Board notes that risk factors arising from legal, political, economic conditions (both local and global), which are beyond the reach and control of the Company/Group, may significantly affect the achievement of expected goals.

In order to mitigate risks, the Management Board continuously evaluates the situation from the business side.

Nonetheless, management notes that the factors that will impact results in the coming quarters are:

- unstable energy security (restrictions on access to solid fuels and natural gas), global weakening of economic growth affecting sales volumes of existing products and changing customer needs. The Apator Group continuously monitors the situation in all markets and seeks new sales opportunities and possibilities to introduce products related to energy transformation;
- widespread inflation, especially the price level of plastics, copper, steel, brass, electronics, and high increases in the cost of energy, fuel, transportation services and labour. The Group is taking steps to mitigate the negative effects of cost increases by introducing a dynamic pricing policy for partners and distributors and implementing a series of optimization measures concerning, among other things, optimization/automation of production, changes in the product mix aimed at improving profitability;
- further lengthening of delivery times for components and production materials resulting from increasing lead times (cessation of transportation by Russia) and recurring restrictions on the availability of certain components (i.e.: plastics, copper, steel and electronics). The Apator Group, limiting exposure to supply risks, introduces substitutes and alternative materials (while maintaining the required level of product quality), actively seeks other sources of purchase and conducts optimal inventory management, adapted to the current situation. The cooperation and integration of activities in this area between Group entities enables the Group to benefit from synergy effects and reduces exposure to operational risks;
- unstable situation in financial markets, rising interest rates and high volatility of foreign exchange rates. The Group's companies - while reducing exposure to financial risks - take care to hedge currency positions, effectively engage working capital and minimize debt service costs.

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The impact of the situation in the East

As of the day of publication of this report Apator Group identifies risks resulting from the war in Ukraine but their level depends on the development of further situation and its influence on currency rates, prices of raw materials and other areas of activity:

1) Sales revenues for the first three quarters of 2022 from the Russian, Ukrainian and Belarusian markets accounted for about 0.6% in the total sales of Apator SA and about 1.9% in the entire Apator Group. Since the war broke out, the Group has halted sales in the Russian and Belarusian markets.

2) In terms of receivables from counterparties in distressed markets, their share of total receivables in Apator Group is a little over 1.3%. In view of the above, the situation in the East has no significant impact on the activities of Apator SA and its capital group.

Detailed values of receivables as at 30.09.2022 are presented in the table below.

| Level of receivables as at 30.09.2022 (thousand PLN) | Apator SA | Grupa Apator |
|---|---------------|----------------|
| Receivables from counterparties (Ukraine, Russia, Belarus) | 2,4 | 2 444 |
| Ukraine | 2,4 | 1 269* |
| Russia | - | 1 175 |
| Belarus | - | - |
| Total trade receivables as of March 31, 2022. | 65 229 | 181 468 |
| Share of the company's trade receivables | 0,0% | - |
| Share in trade receivables of Capital Group APATOR | - | 1,3% |

*) receivables in the amount of PLN 2,197 thousand were written off in February this year, by the end of September, due to repayments received, the write-off was partially reversed to the amount of PLN 41.6 thousand.

4.2. Prospects

The detailed description of perspectives and development factors for particular segments that will determine the activity and results of Apator Group has been presented in the Report of the Management Board on Activity of Apator Group for 2021 in the chapter 3 and 4. In the opinion of the Management Board, the perspectives indicated in the aforementioned document remain valid. Link to document: <https://www.apator.com.pl/relacje-inwestorskie/dane-finansowe-i-raporty-okresowe>.

The Apator Group operates in sectors of the economy that have recently been undergoing dynamic transformation on regulatory and technological grounds, which creates new opportunities and possibilities of development for the Group.

- the focus of EU policy on supporting and moving European economies toward climate neutrality (the European Green Deal, REPowerUE) is redirecting funding toward environmentally sustainable technologies and innovations, increasing demand for green energy, pressure to conserve natural resources, and raising the environmental awareness of populations;
- the digitalization of all sectors of the economy, including the energy sector related to, among other things, the collection of and processing of huge amounts of data, as well as the need for high-quality digital security;
- the gradual decentralization of the energy sector and the emergence of new market participants: renewable energy generators and prosumers, which creates the need to ensure system balancing with a dynamically growing share of distributed generation on the part of DSOs, and generates the need for new products and services for managing energy from RES on the part of business customers.

At the same time, the Apator Group is subject to global trends and environmental conditions that continue to be influenced by the pandemic, and in 2022, additionally, the negative effects of the war in Ukraine. These involve impediments to business, which include:

- the challenges of ensuring energy security for the entire economy;

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- turmoil in the market for raw materials, materials and components related to periodic lack of availability, extended lead times, volatility and price inflation, and high freight costs;
- limited willingness of key customers to accept systematic adjustment of pricing policies and price valorisation of products supplied under long-term contracts.

The situation in each segment is further influenced by:

Electricity Segment:

- the expected 2023 update of the Polish Energy Policy 2040 and the launch of further financial programs ("My Electricity 5.0") that are an impetus for further RES development (both by energy companies and the private sector, including the expected development of corporate and industrial RES installations), support for ee self-consumption and storage;
- high prices of energy, gas, heat and water for enterprises, local government units and households causing increased interest and demand for solutions for precise measurement and management of utility consumption, modern systems, applications and services developed within the offer of the Apator Group (e.g. GISMO system for street lighting management, OMNITORUS system for utility consumption management, DS services, power guard);
- the rollout of smart meters in Poland is gaining momentum. Apator expects an increase in revenues and volumes of smart meters in the product mix and assumes that market share will be maintained at 50%;
- the need to modernize and expand distribution networks due to, among other things, the demand for new capacity resulting from the dynamic growth of volatile renewable sources in Poland's power system and planned new RES investments.

Gas segment:

- the situation of the gas sector in Europe remains difficult to predict due to the ongoing war in the East and the EU's desire to become independent of Russian gas. EU countries are sourcing fuel from other directions, but a gradual reduction of gas in the energy mixes of most European countries is to be expected. At the same time, deliveries of smart gas meters continue as part of the ongoing roll-outs in selected European markets. Apator Metrix SA will participate in 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 about 1 million units of gas meters in the period 2023-2031 - a contract with the total value of about PLN 300 million in the part attributable to Apator Metrix SA. At the same time, the segment undertook intensive efforts to develop product innovations and new services integrated with the Electricity segment.

Water and Heat segment

- the water and heat industry has a very good outlook due to the rising cost of utilities, the trend of water conservation as a result of shortages of this resource, as well as regulatory pressure (water and heat meter replacements with remote reading meters being implemented throughout Europe). In addition, there is a noticeable increase in interest in remote reading systems, water and heat billing services, technical solutions for water quality monitoring, leak detection and others. As a result of the relocation of operations to a modern factory in Jarzyski near Poznań, the segment will gradually increase the scale of production in the outlook for future quarters in response to increased demand for precision water and heat measurement equipment.

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4.3. Strategy of the Apator Group

According to the adopted by the Management Board of Apator S.A. and approved by the Supervisory Board of the Company on 11.10.2022 "Update of Strategy of the Apator Group in the perspective to 2025", the ambition of the Apator Group invariably remains to maintain its position as a European leader in the provision of hardware and software solutions in Smart Metering and Energy Management. Apator is also upholding its past directions in solutions that enable effective management of natural resources and support innovative energy companies in meeting the challenges of energy transition.

The mission of the Apator Group in the perspective of 2025 is to disseminate advanced technologies to a wider audience including, in addition to the utilities, businesses and the public. Apator Group wants to create tomorrow's solutions for active and conscious market participants who care about the environment, the planet and future generations, supporting them in self-production, management and sharing of green energy and conservation of natural resources.

In the face of growing challenges related to climate change, the energy crisis and the need to accelerate the energy transition process, supported by European Union policies and financial programs, the Apator Group identifies the following strategic opportunities for business development:

1. Continue organic growth by maintaining and continuously developing high technical competence in providing the following solutions:

- smart metering (smart electricity meters, gas meters, water meters and heat meters),
- ultrasonic technologies in water measurement,
- specialized switchgear, automation and telemechanics services and products for existing customers (mainly utilities),
- comprehensive solutions for managing utilities, resources and processes for a wider group of business customers, including those outside the energy sector, i.e. small and medium-sized enterprises, industry and local government units, for whom the Group is preparing a dedicated offer from its traditional products.

2. Development of a new portfolio of solutions for the areas of distributed energy, electromobility and RES, among others:

- energy storage facilities,
- EV charging stations,
- Grid Edge solutions: systems, next-generation meters and controllers to support energy self-consumption and energy efficiency management, including for residential customers.

3. New business areas in the Gas segment coordinated with growth in the Electricity segment - development of product offerings in the HVAC business including hybrid home solutions for efficient heating, air conditioning and ventilation.

4. Development of a comprehensive range of solutions for managing water consumption and conservation, including:

- building reading networks and providing remote reading services based on a wide range of communication technologies,
- billing services,
- Remote leak location systems and autonomous water loss mitigation systems.

As part of the updated Strategy, the Apator Group plans to achieve in 2025 the following financial targets:

- consolidated sales revenue of PLN 1.4 billion
- consolidated EBITDA of about PLN 200 million

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According to the Company's management, the level of the Group's capital expenditures will be maintained at the current ratio to the level of annual revenues (i.e. 5-7%) and a significant portion of the investment funds will be allocated to the development of new technologies and products, as well as investments in maintaining modern production potential.

Further consolidation of the organization and adaptation of the Apator Group structure to the business environment and effective implementation of new strategic directions are also important elements of the implementation of the updated Strategy. These goals will be achieved in stages, taking into account the business diversity of each Group company.

5. List of major events

5.1. List of events in three quarters of 2022

- On the 3rd January 2022 District Court in Toruń, 7th Economic Department of National Court Register made the entry of merger of Apator SA with headquarters in Toruń with subsidiary Apator Elkomtech SA with headquarters in Łódź (more in par. 6.5).
- On January 21, 2022, a subsidiary of Apator Powogaz SA acquired 248 shares of Apator Telemetry Sp. z o.o. (constituting 10.1%) from two natural persons for the total price of PLN 5.9 million (more in point 6.5).
- On 24th February 2022 Apator SA signed the contract with Enea Operator Sp. z o.o. in result of selection of the offer of the Company as the most favourable one in one of the tasks of the tender for the supply of static electricity meters with GSM communication module. The value of the contract is PLN 23 million, however, its provisions provide for the option right to double the order. In view of the total maximum value of the contract may amount to PLN 46 million. Delivery of the basic order will be made within 24 months from the date of signing the contract. Shipments of meters under the contract have been carried out since July this year. By the end of September, deliveries with a total value of nearly PLN 8.6 million were made.
- On February 24, 2022. The Russian Federation launched military operations against Ukraine, therefore Apator Group made the assessment of current effects of warfare on activity of Apator SA and Apator Group. For more information, see item. 4.1 of this report.
- On March 9, 2022, Apator Powogaz SA concluded a promised contract for the acquisition of real estate with a newly built production plant in Jarzyski (municipality of Żerniki, Poznań district), to which the company's activities were relocated in May this year. The total value of the Agreement amounted to PLN 52.3 million net, including: PLN 6.4 million net as the price for the acquired land property, PLN 45.9 million net as consideration for the design, construction and transfer of ownership of the production hall with office space, as well as for the transfer of copyrights and subsidiary rights to the project (for more information, see section 6.5 of this report).
- On 11th April 2022 Apator Metrix SA concluded the contract with Landis+Gyr for the supply of smart gas meters in the scope of mass implementation of the smart meters in Belgium. The tender launched by the Belgian distribution network operators (Fluvius, ORES, RESA and Sibelga) and won by Landis+Gyr (Belgium) is for an end-to-end Data-as-a-Service solution. DaaS Data-as-a-Service), consisting of a central master system and smart utility meters. Therefore, Apator Metrix SA as a partner of Landis+Gyr under the concluded contract resulting from the above tender will deliver in 2023 - 2031 ca. 1 million of iSMART2 smart gas meters of the value of ca. EUR 65 million (that is ca. PLN 300 million according to average exchange rate of NBP from 11th April 2022, 1 EUR= 4.6451 PLN).
- On the 22nd April 2022 the offer of Apator SA was selected as the most favourable one in the tender of Tauron Dystrybucja for the supply of municipal 3-phase electricity meters of the value PLN 34.8 million with an option to increase the order in accordance with the right of option by 30%. The contract for Task 3 was signed on May 31, 2022. The value of the contract is PLN 18 million net and can be increased if TD exercises its option right. Accordingly, the total value of the contract may amount to PLN 23.4 million. Deliveries of the basic order will be made within 15 months from the date of conclusion of the contract. At the same time, the Management Board of Apator SA informed about the withdrawal from signing the contract in the scope of task 4 due to the price level. The first deliveries under the signed

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contract took place in late July this year, by the end of September, the total value of deliveries exceeded PLN 4.4 million.

8. On 22nd April 2022 the offer of consortium of Apator SA and Griffin Group SA Energy Sp. k. was selected as the most favourable one in the tender of Tauron Dystrybucja SA for the supply of the remote reading meters in the area of Smart City Wrocław. Deliveries are expected to be made by May 2025. The contract between the Consortium and TD was signed on June 16, 2022. The value of the entire contract is PLN 189 million net, and can be increased if TD exercises its right of option to increase the order by 12%. At the same time, the Management Board of Apator SA informed about the ongoing negotiations on the provisions of the executive agreement between Griffin Group SA Energy Sp. K. and Apator SA, so that the remuneration for Apator SA for the performance of 1-phase supplies and 3-phase meters operating with PLC technology is estimated at 18-20% of the Consortium's contract value. The remuneration may be increased by 16- 18% in relation to the value of the remuneration of the basic order for Apator SA in case TD exercises its right of option.
9. On May 20, 2022, Apator Powogaz SA sold the entire block of shares (i.e. 18,018 shares) of AO Teplovodomer seated in Russia (representing 50% of the share capital) at a price of RUB 5 million, i.e. approx. EUR 75 thousand (according to the Bank of Russia exchange rate on May 19, 2022), i.e. approx. PLN 348 thousand.
10. On May 23, 2022 the Management Board of Apator SA announced the conversion of 4,510 registered voting preference shares in the ratio of 1:4 into ordinary bearer shares (no preference). As a result of this swap, the total number of votes decreased from 54,788,231 to 54,774,701. The above shares were assimilated and listed on May 23, 2022. After the conversion of shares, the share capital of Apator SA is PLN 3,277,722.80 and consists of 32,777,228 shares with a nominal value of PLN 0.10 each, including 7,332,491 registered shares (preferred to voting in the ratio of 1:4) and 25,444,737 ordinary bearer shares.
11. On May 23, 2022 the Management Board of Apator SA informed about notification received from Mr. Tadeus Sosgórnik under Article paragraph 1 point 1 of the Act of 29th July 2005 on Public Offer and Conditions of Introducing Financial Instruments to the Organized Trading System and Public Companies about the increase of previously held share above the threshold of 10% of the total number of votes at the General Meeting of Apator SA. The increase in shares was the result of the acquisition of 50,000 registered shares in Apator SA. Before the acquisition of shares, Mr. Sosgórnik held 1,466,738 shares of Apator SA, which was 4.48% of the share capital and 5,377,544 votes from the shares held, representing 9.82% of the total number of votes; after the acquisition of shares, he held 1,516,738 shares of the Company, which is 4.63% of the share in its share capital entitling it to exercise 5,577,544 votes giving 10.18% of the total number of votes.
12. On 28th June 2022 the Ordinary General Shareholders Meeting of Apator SA was held, that among other things adopted the dividend level from the profit in 2021 in amount of 0,50 PLN gross per share (more in Section 6.7.5).
13. On June 29, 2022 the Supervisory Board of Apator SA appointed on June 29, 2022 Management Board of Apator SA for a new joint 3-year term of office, ending on the date of the Ordinary General Meeting of Apator SA to be held in 2025. Since its appointment, the Management Board of Apator SA has been operating in a two-member composition: Arkadiusz Chmielewski - President of the Board, Business Development Director of Apator Group and Tomasz Łątka - Member of the Board, General Director of Apator SA.
14. On June 30, 2022 an annex to the Multi-product Agreement dated June 22, 2016 was concluded between ING Bank Śląski SA and the following companies of the Apator Group: Apator SA, Apator Powoga SA, Apator Metrix SA, FAP Pafal SA, Apator Rector Sp. z o.o., Apator Telemetry Sp. z o.o. Under the signed annex, the credit period was extended for another 3 years and the revolving credit limit for current financing of the mentioned companies was increased from the amount of PLN 180 million to PL 250 million. The credit limit may be used in the form of working capital loans, bank guarantees, letters of credit, and repurchase of receivables by the Bank. The interest rate on the limit is based on by the WIBOR/EURIBOR 1M rate plus the bank's margin.
15. On September 20, 2022 the offer of Apator S.A. was selected as the most advantageous for the Part no 1 and Part no 2 in the proceedings announced by PGE Dystrybucja S.A. Łódź Branch in the scope of

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"Supplies of electricity metering equipment - static prepayment meters" in the mode of sole-source contract under the Public Procurement Law. Apator S.A. will provide electricity meters that allow energy measurement in prepayment mode or credit mode, additionally equipped with a communication module in LTE 450 technology allowing remote meter reading. The value of the bid for both Parts is PLN 19 million, of which the value of the base bid is PLN 12 million and the option is PLN 7 million. Deliveries of the basic order will be made within 18 months from the date of conclusion of the contract.

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 October 11, 2022, after The Management Board of Apator SA announces that following the completion of the analysis of the main indications of the possibility of impairment of the carrying value of the non-current assets of the Apator Group ("the Group"), the decision was made to make an impairment loss of the capitalized development work shown in the consolidated balance sheet of the Group, related to the indirect subsidiary George Wilson Industries Ltd ("GWi") based in the UK, in accordance with the provisions of IAS 36 "Impairment of Assets". The write-down is related to an update of the financial projections prepared for GWi, which were affected by changes in the macroeconomic environment, including the effects of the pandemic, the impact of the war in Ukraine on the development of the gas metering sector, lower margins and current and planned volumes of products sold, as well as a revision of strategic plans for GWi. The write-down relates entirely to the Apator Group's Gas segment. The write-down amount will be included in the consolidated statement of the Group for the third quarter of 2022 in the item of other operating expenses.
2. On 11.10.2022 the Supervisory Board of the Company approved "Update of Strategy of the Apator Group in the perspective to 2025" adopted by the Management Board of the Company (for more information, see point 4.3 of this report).
3. On 28.10.2022 the offer of Apator S.A. was selected as the most favourable in Part no. 1 in the tender proceedings announced by Energa Operator S.A. for the supply of electricity meters with PLC PRIME communication along with modems for substitute communication. The terms of the tender stipulated that one contractor could be awarded the contract for only one part of the tender. The value of the offer for Apator S.A. under the basic order is PLN 63.3 million. The ordering party may use the right of option, therefore the value of the offer may increase to the amount of about PLN 76 million. Deliveries will be made within 24 months from the date of conclusion of the contract.
4. On November 14, 2022 Apator S.A. concluded two contracts with PGE Dystrybucja S.A. for "Delivery of electricity metering equipment - prepayment static meters". The value of these contracts totals PLN 19 million, of which the value of the base bid is PLN 12 million and the extended option is PLN 7 million. The contract is expected to be completed within 18 months from the date of signing the contract.
5. On November 14, 2022 Apator S.A. received information about registration of amendments to the Statutes of Apator SA by the District Court in Toruń. Amendments to the Statutes relate to: reduction of the share capital of Apator SA in connection with redemption of 130,155 bearer shares, carrying the right to 130,155 votes at the AGM, acquired under the share buyback program (more in Section 6.7.2).

6. Additional information

6.1. Credits, loans, sureties, guarantees

Balance of credits and loans of Apator Group:

| Specification | as of | | Change |
|-----------------------------|------------|------------|--------|
| | 30.09.2022 | 31.12.2021 | |
| Long-term loans and credits | 40 131 | 35 980 | 4 151 |

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| Short-term loans and credits | 235 541 | 175 448 | 60 093 |
| Total loans and borrowings | 275 672 | 211 428 | 64 244 |

6.1.1. Loans

As of September 30, 2022, the status of material loan agreements is as follows:

1. Apator Group

Multi-product agreement dated June 22, 2016.

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

The Agreement is secured by:

- registered pledges on the Companies' inventories with a total value of PLN 148.8 million,
- registered pledges on the fixed assets of companies with a total net value of PLN 31.1 million,
- mortgage on real estate of Apator SA to the value of PLN 40 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 250 million.

As of September 30, 2022, the Apator Group's debt balance under the multi-product agreement was:

- on account of credit limits used PLN 181.9 million,
- on guarantees and letters of credit PLN 6.9 million,
- on account of supplier financing PLN 5.0 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 March 24, 2022, an annex to the agreement was signed, pursuant to which the term of the loan was extended until March 22, 2023. The interest rate on the loan was determined according to a variable interest rate equal to the WIBOR rate for deposits 3 months plus the bank's margin. The loan repayment is secured by a registered pledge on the company's fixed assets with a value of PLN 8.4 million and an assignment of rights under an insurance policy. As of September 30, 2022, the level of used credit was PLN 1.2 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 Telemetria 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. On June 29, an addendum was concluded to convert the outstanding portion of the loan into EUR. The loan after currency conversion bears interest at a variable rate equal to the EURIBOR rate for 3-month deposits plus the bank's margin. As of September 30, 2022, an amount of EUR 1.78 million remained to repay the loan.

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c) has a full factoring agreement with ING Commercial Finance Polska S.A. with a limit of up to PLN 10 million intended to finance current operations. On August 23, 2022, the parties concluded Annex No. 1, based on which the limit was reduced to PLN 5 million. The agreement was valid until October 21, 2022 and was rolled over for another year. The interest rate on the financing was set at a floating interest rate equal to WIBOR 1M plus the bank's margin. The agreement is secured by a blank promissory note.

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 of September 30 2022, the outstanding loan balance was PLN 1.0 million.

4. GWi Ltd. has an overdraft facility with CITI London Bank on September 8, 2017 in the amount of GBP 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 collateral of repayment of credit is the guarantee of Apator Metrix SA in form of bank guarantee for the amount of 4 M GBP (that is PLN 22.8 million at ING's September 30, 2022 selling rate for GBP = 5.6976) and a statement of submission to execution under Article 777 of the Civil Code up to the amount of GBP 4.8 million (i.e. PLN 27.3 million according to ING's selling rate of the day 30 September 2022 for GBP = 5.6976). The interest rate on the loan is set at the variable SONIA rate plus the bank's margin. As of September 30, 2022, the outstanding balance of the loan was as follows GBP 4 million (i.e. PLN 22.8 million at the average NBP exchange rate of 30 September 2022 for GBP = PLN 5.6976).

5. Spółka 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. On May 6, 2022, an annex was concluded increasing the amount of financing by PLN 0.9 million. The loan is intended to finance the purchase of land and construction of a modern production plant in Jarzyski (cadastral precinct Żerniki 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 a maximum of PLN 41.9 million - interest rate according to the variable interest rate WIBOR 1M plus the Bank's margin.

As of September 30, 2022, the loan is secured by:

- 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 Jarzyski/Żerniki). The mortgage application has been submitted.

The repayment period of the loan is set for the period from July 31, 2022 to December 4, 2030. As of the date of on September 30, 2022, the debt under the above loan amounted to PLN 40.6 million.

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- b) has a credit facility with mBank SA in the amount of PLN 10 million designed to finance the company's current business activities with a repayment period (Aneks nr 6) until September 28, 2023. The interest rate on the loan was set at a variable rate, depending on usage, equal to WIBOR ON plus the bank's margin. Repayment of the loan is secured by a blank promissory note. As of September 30, 2022, the value of the loan used was PLN 9.4 million.
- c) has a factoring agreement with Santander Faktoring Sp. z o.o. with a limit of up to PLN 15 million for supplier financing. The agreement is for the period from September 19, 2019 to June 30, 2023. The interest rate is set at a variable rate equal to WIBOR 1M plus the bank's margin. The financing is secured by a blank promissory note and a statement of submission to execution under Article 777 of the Civil Code up to PLN 22.5 million. As of September 30, 2022, the amount of financing used was PLN 11.3 million.
- d) has a factoring agreement with ING Commercial Finance Polska S.A. with a limit of up to PLN 4.5 million earmarked for financing current operations with a term until March 12 year 2023. On September 22, 2022, an annex was signed extending the method of financing to include both taking over and without taking over the solvency risk of recipients. The interest rate on the financing was set at a floating interest rate, depending on usage, equal to WIBOR 1M or EURIBOR 1M plus the bank's margin. The agreement is secured by a blank promissory note. As of September 30, 2022, the value of used financing was PLN 0.1 million.

6. Apator Metra has a loan from Raiffeisenbank, a.s. in the amount of CZK 30 million, the purpose of which is to finance current business activities. The contract is for an indefinite period. The interest rate on the loan was set based on the variable 1D PRIDOR rate plus the Bank's margin. The loan is secured by a pledge on real estate in the amount of CZK 50 million (i.e. PLN 9.6 million according to the average exchange rate of the National Bank of Poland as of September 30, 2022 for CZK = PLN 0.1928), together with the assignment of rights from an all-risk property insurance policy. As of September 30, 2022, the loan utilization was CZK 13.3 million (PLN 2.6 million).

7. Apator Telemetria Sp. z o.o. on March 24, 2022 entered into an electronic credit agreement with mBank SA for supplier financing, with a limit of PLN 7 million. The interest rate on the financing was set at a variable rate, depending on use equal to WIBOR 1M or EURIBOR 1M plus the bank's margin. The agreement is secured by a blank promissory note. As of September 30, 2022, the value of used financing was PLN 6.9 million.

In three quarters of 2022 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

In three quarters of 2022 the companies of Apator Group did not grant loans to entities outside Apator Group. The balance of loans granted and received by entities of Apator Group at the 30th September 2022 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 30 September 2022, the amount of the outstanding loan (including interest) was EUR 1.5 million. Interest for 2021 was paid in January 2022.

| | | | |
|---|--|---------------------|--------------------|
| Entity name: | Apator Group | | |
| Period covered by the financial statements: | 01.01.2022 – 30.09.2022 | Reporting currency: | Polish zloty (PLN) |
| Level of rounding: | all amounts are expressed in thousands of Polish zlotys (unless indicated otherwise) | | |

6.1.3. Sureties and quarantees

In three quarters of 2022, the companies of Apator Group did not give any guarantees to the entities outside Apator Group.

The balance of warrants and guarantees outstanding as of September 30, 2022 is as follows:

1. Apator SA:

- conditional surety for payment due to three concluded lease contracts for purchase of fixed assets between Apator Rector Sp. z o.o. and mLeasing Sp. z o.o. in total amount of PLN 0.7 million with a maximum term through December 14, 2024. The guarantee fee is calculated on a quarterly basis at a rate of 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 22.8 million at the GBP selling rate at ING Bank on the 30 September 2022 equal to GBP 1 GBP = 5.6976 PLN) for the period until October 31, 2022. The guarantee secures a loan granted to GWi by Citi Bank for repayment of loans previously granted by NIG and Apator Metrix SA, among others. 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 2022 Apator Group had also active guarantees issued by insurers and banks.

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

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 the Capital Group are not significant.

6.3. Related party transactions

Between companies in Apator Group the cooperation is performed in business areas, in financial activity and in support functions (mainly IT). Within this cooperation in three quarters of 2022, similarly as in previous periods, neither Apator SA nor any other entity dependent on it concluded transactions with related entities, which would be concluded on conditions other than market conditions.

6.4. Consolidated entities as of September 30, 2022

- parent entity: Apator SA, which operates in the Electricity segment in the lines of switchgear, electricity metering and automation,
- 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 |

| | | | |
|---|--|---------------------|--------------------|
| Entity name: | Apator Group | | |
| Period covered by the financial statements: | 01.01.2022 – 30.09.2022 | 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 |
|----------------------|---|-------------------------------|--------------------------|------------------|--|
| | Mining equipment trade (small business - not a business line) | Apator Mining Sp. z o. o. | Katowice | 100% | Subsidiary company of Apator SA |
| Electricity / Gas | Electricity and gas metering | Apator GmbH | Berlin (Germany) | 100% | Subsidiary company of Apator SA |
| 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 |
| Water and Heat (W&H) | - | Apator Powogaz SA | Jaryszki | 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 Telemetria Sp. z o. o. | Slupsk | 92.69% | Directly dependent on Apator SA in 20.8% and indirect subsidiary by Apator Powogaz SA in 71.89% |

and the following affiliate valued using the equity method:

| Segment | Business line | Company | Office | Share in capital | Relation to Apator 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

Acquisitions

Purchase of shares of Apator Telemetria Sp. z o.o.

On 21 January 2022, a subsidiary of Apator Powogaz SA acquired 248 shares from two individuals (partners of Apator Telemetria Sp. z o.o.) for a total price of PLN 5.9 million. Therefore, the subsidiary Apator Powogaz SA currently has 71.89% share in share capital of Apator Telemetria sp. z o. o. and 71.89% share in total number of votes.

After taking into account the above transaction, Apator SA and Apator Powogaz SA have jointly 92.69% share in the share capital of Apator Telemetria Sp. z o. o. and 92.69% share in the total number of votes.

| | | | |
|---|--|---------------------|--------------------|
| Entity name: | Apator Group | | |
| Period covered by the financial statements: | 01.01.2022 – 30.09.2022 | Reporting currency: | Polish zloty (PLN) |
| Level of rounding: | all amounts are expressed in thousands of Polish zlotys (unless indicated otherwise) | | |

Apator Telemetry 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.

Mergers

Merger of Apator SA with Apator Elkomtech SA

On January 3, 2022. District Court in Toruń, VII Economic Department of the National Court Register, made the entry of the merger of Apator SA with the seat in Toruń with the subsidiary Apator Elkomtech SA with headquarters in Łódź. Due to the fact that Apator SA was the owner of 100% shares of Apator Elkomtech SA, the merger was performed in simplified procedure based on art. § of Polish Commercial Companies Code, without the increase of share capital of the Issuer and without the issue of new shares.

The merger was made under art. 4 2 § point of the Polish Commercial Companies Code by transferring all the assets of Apator Elkomtech SA to Apator SA. On the day of registration of the merger in the register of entrepreneurs of National Court Register, Apator SA entered into all rights and obligations of Apator Elkomtech SA. In view of with the above, since January 3, 2022, Apator Elkomtech SA, together with its branches, has been 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 power network. The company was made up of combined resources from locations: Łódź (registered office), Toruń (former Apator Control sp. o.o., incorporated into Apator Elkomtech SA in 20) and Po nań, 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 action allows 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.

Sale

Disposal of shares in AO Teplovodomer

On May 20, 2022, Apator Powogaz SA sold the entire block of shares (i.e. 18,018 shares) of AO Teplovodomer with its seat in Russia (constituting 50% of the share capital) at a price of RUB 5 million, i.e. approx. EUR 75 thousand (according to the Bank of Russia exchange rate of 19.05.2022), i.e. approx. 348 thousand zlotys. As of April 30, 2022, the book value in the financial statements of Apator Powogaz SA of the shares sold was as follows PLN 314 thousand, while the valuation in the consolidated statements of the Apator Group was PLN 717 thousand.

Relocation - reorganization of the assets of Apator Group in the direction of the increase of their effectiveness

Relocation of Apator Powoga SA to Jaryski near Poznań

On March 9, 2022, Apator Powogaz SA concluded a promised contract for the acquisition of real estate with a newly built production plant in Jaryszki (municipality of Żerniki, Po nań district), to which the company's activities were relocated in the second quarter of this year. The value of the Agreement is PLN 52.3 million net, including:

- PLN 6.4 million net as the price for the acquired land properties,
- PLN 45.9 million net as consideration for the design, construction and transfer of ownership of a production hall with an office section, and for the transfer of copyrights and subsidiary rights to the design.

Relocation of Apator Powogaz SA is the key factor influencing the development and future results of Water and Heat segment. Relocation of the company's manufacturing operations to a modern factory will allow for

| | | | |
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| Entity name: | Apator Group | | |
| Period covered by the financial statements: | 01.01.2022 – 30.09.2022 | Reporting currency: | Polish zloty (PLN) |
| Level of rounding: | all amounts are expressed in thousands of Polish zlotys (unless indicated otherwise) | | |

further automation of production processes, implementation of the highest quality standards and significant increase in efficiency and production capacity. The scale of production of the largest assortment group of the company - water meters, in the perspective of 2025 will reach the level of 4 million units per year, which means an increase by approximately 40% compared to 2021. Volumes in other product groups will also increase significantly.

Relocation of Apator Telemetry Sp. o.o. in Słupsk

Apator Telemetry Sp. z o.o. concluded a lease contract with Pomorska Agencja Rozwoju Regionalnego SA for a newly built production building with office and social facilities in the Słupsk Special Economic Zone. The relocation of operations took place in late July and early August this year. The new production hall will guarantee an increase in the usable area and the scaling up of production potential, as well as the improvement of productivity and efficiency of production also under the needs of a larger scale of production at Apator Powogaz SA. Apator Telemetry Sp. z o.o., in addition to conducting key R&D activities for the Apator Group and developing remote reading systems, also manufactures, among other things, radio overlays for water meters and heat meters.

Relocation and reorganization of GWi Ltd. in the United Kingdom

In order to optimize costs and improve efficiency of the operation of George Wilson Industries (GWi) Ltd. (headquarters in Coventry, United Kingdom) which is the subsidiary of Apator Metrix SA and also operates in the gas metering industry, the decision was made to:

- relocation to a smaller hall (optimally scaled down for the company's needs) in Coventry near the current location,
- reorganization of its activity by the transfer of the production of smart gas meters and industrial gas meters to Apator Metrix SA in Tczew.

The company's relocation to its new headquarters took place in July-August this year.

The gas regulator manufacturing and distribution business will remain in GWi Ltd. In addition, GWi Ltd. is an NMO (National Measurement Office) authorized repair and refurbishment center for gas meters used in the United Kingdom, which is also its significant source of revenue.

In addition to the above, there were no other changes in the structure of the business entity in three quarters of 2022, including as a result of business combinations, acquisitions or sales of Issuer Group entities, long-term investments, demergers and restructurings.

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

The Supervisory Board

At the 30th September 2022 the composition of the Supervisory Board of Apator SA was as follows:

1. Janus Niedźwiecki - Chairman of the Supervisory Board (independent as defined by the DPSN 2021),
2. Mariusz Lewicki - Deputy Chairman of the Supervisory Board,
3. Janus Marygliński - Supervisory Board member,
4. Danuta Guzowska - Supervisory Board member,
5. Kazimierz Piotrowski - Supervisory Board member,
6. Marcin Murawski - SB member (independent as defined by the DPSN 2021),
7. Tadeus Sosgórnik - Supervisory Board member.

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

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|---|--|---------------------|--------------------|
| Entity name: | Apator Group | | |
| Period covered by the financial statements: | 01.01.2022 – 30.09.2022 | Reporting currency: | Polish zloty (PLN) |
| Level of rounding: | all amounts are expressed in thousands of Polish zlotys (unless indicated otherwise) | | |

The Management Board

At the 30th September 2022 the composition of the Management Board of Apator SA was as follows:

1. Arkadiusz Chmielewski - President of Management Board, Business Development Director of the Apator Group,
2. Tomasz Łątka - Member of the Management Board, General Director of Apator SA.

The current joint 3-year term of office of the Board of Directors ends on the date of the Annual General Meeting in 2025.

6.7. Shares, Shareholders

6.7.1. Share capital

At 30.09.2022 the share capital of Apator SA was 3,277,722.80 PLN and was divided into 7,332,491 registered shares of A series and 25,444,737 bearer shares of A, B series. and C with a nominal value of PLN 0.10 each. The total number of votes at the General Meeting resulting from all issued shares was 54,774,701.

| As of 30th September 2022* | | | | |
|----------------------------|-------------------|-------------------|-------------------|------------------|
| | Number of shares | Share structure % | Number of votes | Vote structure % |
| Registered shares | 7 332 491 | 22,4% | 29 329 964 | 53,5% |
| Bearer shares | 25 444 737 | 77,6% | 25 444 737 | 46,5% |
| Total shares | 32 777 228 | 100,00% | 54 774 701 | 100,00% |

*) the amounts given in the table include the conversion of registered shares into ordinary bearer shares, they do not include the redemption of shares purchased under the last buy-back program

On 28th June 2022. General Shareholders Meeting adopted the resolution on reduction of share capital as a result of redemption of 130.155 shares of Apator SA acquired under the buyback program (see par. 6.7.2). On November 14, 2022, the capital reduction was registered with the National Court Register. Therefore, as at the date of signing this report, the current share capital of Apator SA amounts to PLN 3,264,707.30 and is divided into 7,332,491 series A registered shares and 25,314,582 series A, B and C bearer shares with a nominal value of PLN 0.10 each. The total number of votes at the General Meeting resulting from all issued shares is now 54,644,546.

| Stan na 17th November 2022 | | | | |
|----------------------------|-------------------|-------------------|-------------------|------------------|
| | Number of shares | Share structure % | Number of votes | Vote structure % |
| Registered shares | 7 332 491 | 22,5% | 29 329 964 | 53,7% |
| Bearer shares | 25 314 582 | 77,5% | 25 314 582 | 46,3% |
| Total shares | 32 647 073 | 100,00% | 54 644 546 | 100,00% |

6.7.2. Implementation of the share buy-back programs

Share repurchase programme in 2021/2022

On June 29, 2021, the General Meeting of Shareholders of Apator SA adopted Resolution No. 23/VI/2021 on the implementation of the next Own Share Repurchase Program for 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 10, 2021 through May 31, 2022. The repurchase of shares was executed through the agency of Erste Securities Polska SA with its registered office in Warsaw. On June 28, 2022, the General Meeting of Shareholders of Apator SA adopted the Resolution No. 26/VI/2022 on closing the above-mentioned Program.

Within the share buy-back program, 130,155 bearer shares were bought back (for the total amount of 2,399.8 thousand), carrying 130,155 votes at the GM, representing a total of 0.3971% of the share capital and 0.2376%

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|---|--|---------------------|--------------------|
| Entity name: | Apator Group | | |
| Period covered by the financial statements: | 01.01.2022 – 30.09.2022 | Reporting currency: | Polish zloty (PLN) |
| Level of rounding: | all amounts are expressed in thousands of Polish zlotys (unless indicated otherwise) | | |

of the total number of votes. The above shares were redeemed and the company's share capital was reduced on November 14, 2022 (as provided in point 6.7.1).

Share repurchase programme in 2022/2023

On June 28, 2022, the General Meeting of Shareholders of Apator SA adopted Resolution No. 32/VI/2022 on the implementation of the next Own Share Repurchase Program for redemption and reduction of share capital, in the amount not exceeding 10 million PLN, in the period from July 7, 2022 to May 31, 2023.

The company did not acquire any shares under the above program.

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 2022 | | | | As of November 17, 2022* | | | | Balance change | |
|---|----------------------|-------------------|---------------|---------------|--------------------------|-------------------|---------------|---------------|----------------|----------------|
| | shares | votes | shares (%) | votes (%) | shares | votes | shares (%) | votes (%) | purchase | sale, donation |
| Apator Mining | 3 600 000** | 3 600 000 | 10,98% | 6,57% | 3 600 000 | 3 600 000 | 11,03% | 6,59% | - | - |
| Aviva OFE Aviva Santander SA | 3 338 991*** | 3 338 991 | 10,19% | 6,10% | 3 338 991*** | 3 338 991 | 10,23% | 6,11% | - | - |
| Mariusz Lewicki | 2 314 000 | 5 876 128 | 7,06% | 10,73% | 2 314 000 | 5 876 128 | 7,09% | 10,75% | - | - |
| Tadeusz Sosgórnik and his close associate**** | 1 918 598 | 6 129 404 | 5,85% | 11,19% | 1 976 060 | 6 386 060 | 6,05% | 11,69% | 57 462 | - |
| Danuta Guzowska | 1 520 279 | 4 382 921 | 4,64% | 8,00% | 1 520 279 | 4 382 921 | 4,66% | 8,02% | - | - |
| Zbigniew Jaworski | 1 455 000 | 3 754 044 | 4,44% | 6,85% | 1 460 956 | 3 760 000 | 4,47% | 6,88% | 5 956 | - |
| Kazimierz Piotrowski and his close associate | 823 955 | 2 818 277 | 2,51% | 5,15% | 823 955 | 2 818 277 | 2,52% | 5,16% | - | - |
| Summary | 14 970 823 | 29 899 765 | 45,67% | 54,59% | 15 034 241 | 30 162 377 | 46,05% | 55,20% | 63 418 | - |

*) in connection with the registration of the capital reduction in the National Court Register on November 14, 2022, the shares of the shareholders shown in the table as of November 17 this year were recalculated in relation to the new lower numbers of shares and total votes

**) 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.

***) holdings based on OFE's published asset structure as of December 31, 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 2022* | | | | As of November 17, 2022* | | | | Balance change | |
|-------------------------|-----------------------|-------------------|---------------|---------------|--------------------------|-------------------|---------------|---------------|----------------|---------------|
| | shares | votes | shares (%) | votes (%) | shares | votes | shares (%) | votes (%) | purchase | sales |
| RN Mariusz Lewicki | 2 314 000 | 5 876 128 | 7,06% | 10,73% | 2 314 000 | 5 876 128 | 7,09% | 10,75% | - | - |
| RN Tadeusz Sosgórnik | 1 566 738 | 5 777 544 | 4,78% | 10,55% | 1 624 200 | 6 034 200 | 4,98% | 11,04% | 66 398 | 8 936 |
| RN Danuta Guzowska | 1 520 279 | 4 382 921 | 4,64% | 8,00% | 1 520 279 | 4 382 921 | 4,66% | 8,02% | - | - |
| RN Janusz Marzygliński | 471 247 | 1 619 023 | 1,44% | 2,96% | 404 849 | 1 353 431 | 1,24% | 2,48% | - | 66 398 |
| RN Kazimierz Piotrowski | 587 147 | 2 107 853 | 1,79% | 3,85% | 587 147 | 2 107 853 | 1,80% | 3,86% | - | - |
| RN Janusz Niedźwiecki | 255 810 | 945 117 | 0,78% | 1,73% | 255 810 | 945 117 | 0,78% | 1,73% | - | - |
| Summary | 6 715 221 | 20 708 586 | 20,49% | 37,82% | 6 706 285 | 20 699 650 | 20,55% | 37,88% | 66 398 | 75 334 |

*) data includes only shares held by management and supervisory personnel, not including shares held by closely related persons. Due to the registration of the capital reduction in the National Court Register on November 14, 2022, the shares of managing and supervising persons shown in the table as of November 17 this year were recalculated in relation to the new lower numbers of shares and total votes.

| | | | |
|---|--|---------------------|--------------------|
| Entity name: | Apator Group | | |
| Period covered by the financial statements: | 01.01.2022 – 30.09.2022 | 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 2021

On 28th June 2022 Ordinary General Shareholders Meeting of Apator SA decided to pay the dividend from the profit for 2021 in amount of 0.50 PLN gross per share. The total amount allocated to dividends, as decided by the General Meeting, is PLN 16,352,623.00 from the 2021 profit.

Shareholders holding shares on January 17, 2022 were paid on January 24, 2022 an advance on the expected dividend from profit for 2021 in the total amount of PLN 9,823,208.40, or PLN 0.30 gross per share. 32,744,028 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 remaining dividend in the total amount of PLN 6,529,414.60, or PLN 0.20 gross per share, was paid on August 31, 2022. The right to this part of the dividend was obtained by shareholders holding shares of Apator SA on July 6, 2022.

32,647,073 registered shares of A series and bearer shares of A, B and C series were entitled to the payment of the remaining part of the dividend.

| Advance payment of dividend from profit for 2021 | Number of shares | Advance payment on account of dividend per share | Advance dividend paid on January 24, 2022. |
|--|-------------------|--|--|
| Registered shares | 7 337 001 | PLN 0.30 | PLN 2 201 100.30 |
| Bearer shares | 25 407 027 | PLN 0.30 | PLN 7 622 108.10 |
| Repurchased shares | 33 200* | PLN 0.00 | PLN 0.00 |
| Total shares | 32 777 228 | | PLN 9 823 208.40 |

**) in the payment of the dividend advance, the shares bought back under the buyback did not participate.*

| Remaining dividend from 2021 earnings | Number of shares | Remaining dividend per share | Remaining part of dividend |
|---------------------------------------|-------------------|------------------------------|----------------------------|
| Registered shares | 7 332 491 | PLN 0.20 | PLN 1 466 498.20 |
| Bearer shares | 25 314 582 | PLN 0.20 | PLN 5 062 916.40 |
| Repurchased shares | 130 155* | PLN 0.00 | PLN 0.00 |
| Total shares | 32 777 228 | | PLN 6 529 414.60 |

**) shares repurchased as part of the ongoing buyback do not participate in the payment of the remaining dividend.*

Apator SA since its stock exchange debut in 1997 paid to its Shareholders about PLN 516 million in form of dividend and own shares buy-back programmes.

6.8. Summary

The Management 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: | 01.01.2022 – 30.09.2022 | 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 (individual and consolidated) as at 30 September 2022 were prepared in accordance with the International Financial Reporting Standards (IFRS/IAS) and related interpretations announced in the form of regulations of the European Commission, in Polish zloty, due to the fact that the Polish zloty is the basic currency in which economic operations of Apator Group are denominated.

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

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

The financial statements have been prepared under the historical cost convention, except for the valuation of certain non-current assets (investment properties) and financial instruments (derivatives), which are measured at fair value. Detailed accounting principles applied by Apator Group were presented in the consolidated report RS 2021.

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.

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;

| | | | |
|---|--|---------------------|--------------------|
| Entity name: | Apator Group | | |
| Period covered by the financial statements: | 01.01.2022 – 30.09.2022 | Reporting currency: | Polish zloty (PLN) |
| Level of rounding: | all amounts are expressed in thousands of Polish zlotys (unless indicated otherwise) | | |

- 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 2022 is 29,078,474 (as at 31 December 2021 it was 29,178,619) and includes the shares held by the subsidiary.

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

The weighted average number of shares as at 30 September 2022 is 32,678,474 (as at 31 December 2021 it was 32,778,619).

| | | | |
|---|--|---------------------|--------------------|
| Entity name: | Apator Group | | |
| Period covered by the financial statements: | 01.01.2022 – 30.09.2022 | Reporting currency: | Polish zloty (PLN) |
| Level of rounding: | all amounts are expressed in thousands of Polish zlotys (unless indicated otherwise) | | |

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

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

| SPECIFICATION | Assets | | Provisions | |
|--|---------------|---------------|---------------|---------------|
| | 30.09.2022 | 31.12.2021 | 30.09.2022 | 31.12.2021 |
| Tangible fixed assets | 1 779 | 2 413 | 10 061 | 11 116 |
| Financial assets | - | - | 1 394 | 1 482 |
| Derivative instruments | 1 244 | 1 140 | (653) | 214 |
| Stocks | 4 188 | 3 359 | - | - |
| Liabilities arising from employee benefits | 4 325 | 4 783 | - | - |
| Provisions | 3 680 | 3 119 | - | - |
| Write-downs on receivables | 613 | 725 | - | - |
| Tax loss | 10 767 | 11 001 | - | - |
| Tax relief to be accounted for in future periods | 10 517 | 10 517 | - | - |
| Other | 2 963 | 3 093 | 646 | 515 |
| Total | 40 076 | 40 150 | 11 448 | 13 327 |
| Netting of assets and reserves | (8 325) | (8 895) | (8 325) | (8 895) |
| Deferred tax assets/provisions disclosed in the statement of financial position | 31 751 | 31 255 | 3 123 | 4 432 |

Effective tax rate

| SPECIFICATION | for period | |
|--|----------------|---------------|
| | 01.01.2022 | 01.01.2021 |
| | 30.09.2022 | 30.09.2021 |
| Gross profit: | 2 684 | 83 669 |
| Income tax calculated at the applicable tax rates: | 239 | 15 282 |
| Adjustments | 4 494 | 4 156 |
| Tax on income exempt from taxation (fixed differences) | (1 336) | (451) |
| Unrecognized asset for losses on zone operations | 1 419 | 3 079 |
| Tax on non-deductible costs (fixed differences) | 1 291 | 836 |
| Tax on internal transactions in the group (fixed differences) | 1 299 | 960 |
| Uncreated asset against GWI write-down | 2 073 | - |
| Tax on items not included in financial result of the period | (42) | (44) |
| Adjustment of tax losses from previous years | (452) | - |
| Other tax additions | 247 | 50 |
| Other tax deductions | (5) | (274) |
| Income tax disclosed in the statement of comprehensive income | 4 733 | 19 438 |
| Effective tax rate | 176,34% | 23,23% |

| | | | |
|---|--|---------------------|--------------------|
| Entity name: | Apator Group | | |
| Period covered by the financial statements: | 01.01.2022 – 30.09.2022 | 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 |
|--------------------------|--------------------------------|----------------------|--|--------------------------------------|
| Intangible assets | - | 10 909 | - | 10 909 |
| Goodwill of subsidiaries | 335 | - | - | 335 |
| Other financial assets | 190 | - | - | 190 |
| Stocks | 17 971 | 3 966 | 37 | 21 974 |
| Receivables | 4 610 | (459) | 2 | 4 153 |
| Total | 23 106 | 14 416 | 39 | 37 561 |

| | | | |
|---|--|---------------------|--------------------|
| Entity name: | Apator Group | | |
| Period covered by the financial statements: | 01.01.2022 – 30.09.2022 | 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 | 8 231 | 11 487 | 5 117 | 11 285 | 1 144 | 37 264 |
| Increase - creation of a provision charged to the current result | - | 5 799 | 2 118 | 3 040 | 1 706 | 12 663 |
| Decrease - write-down of unused amounts in revenues | - | (1 427) | - | (360) | - | (1 787) |
| Use of the provision - settlement of costs | - | (9 134) | (1 178) | (2 394) | (943) | (13 649) |
| Net exchange differences translated from financial statement to currency presented | - | 17 | 26 | 31 | - | 74 |
| Value of provisions at the end of the period, including | 8 231 | 6 742 | 6 083 | 11 602 | 1 907 | 34 565 |
| - long term provisions | 7 227 | - | - | 439 | - | 7 666 |
| - short-term provisions | 1 004 | 6 742 | 6 083 | 11 163 | 1 907 | 26 899 |

| | | | |
|---|--|---------------------|--------------------|
| Entity name: | Apator Group | | |
| Period covered by the financial statements: | 01.01.2022 – 30.09.2022 | 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 S.A.*

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 | bieżący okres | current period |
| | I-III quarter 2022 | I-III quarter 2021 | I-III quarter 2022 | I-III quarter 2021 |
| Revenues from sales of products, goods and materials | 286 999 | 218 417 | 61 220 | 47 914 |
| Profit (loss) from operating activities | 20 | (1 305) | 4 | (286) |
| EBITDA | 19 257 | 12 833 | 4 108 | 2 815 |
| Gross profit (loss) | 23 797 | 29 802 | 5 076 | 6 538 |
| Net profit (loss) | 23 987 | 26 900 | 5 117 | 5 901 |
| Net profit (loss) attributable to shareholders of the Group's parent company | 23 987 | 26 900 | 5 117 | 5 901 |
| Weighted average number of shares | 32 678 474 | 32 780 911 | 32 678 474 | 32 780 911 |
| Net profit (loss) per one ordinary share [PLN/ share] | 0,73 | 0,82 | 0,16 | 0,18 |
| Cash flows from operating activities | 12 279 | (45 693) | 2 619 | (10 024) |
| Net cash flow from investment activities | 18 441 | 10 759 | 3 934 | 2 360 |
| Cash flows from financial activities | (31 424) | 32 998 | (6 703) | 7 239 |
| Total cash flows | (704) | (1 936) | (150) | (425) |
| SPECIFICATION | 30.09.2022 | year 2021 | 30.09.2022 | year 2021 |
| Assets in total | 548 078 | 540 654 | 112 546 | 117 549 |
| Fixed assets | 362 464 | 402 920 | 74 431 | 87 603 |
| Current assets | 185 614 | 137 734 | 38 115 | 29 946 |
| Equity capital with non-controlling interests | 359 229 | 363 238 | 73 767 | 78 975 |
| Share capital | 3 278 | 3 278 | 673 | 713 |
| Long-term liabilities and provisions | 18 105 | 18 677 | 3 718 | 4 061 |
| Short-term liabilities and provisions | 170 744 | 158 739 | 35 062 | 34 513 |
| Weighted average number of shares | 32 678 474 | 32 778 619 | 32 678 474 | 32 778 619 |
| Net book value per ordinary share [PLN/ share] | 10,99 | 11,08 | 2,26 | 2,41 |

The above financial data for the first 9 months of 2021 and 2022 have been recalculated to EUR according to the following rules:

- individual items of the statement of comprehensive income and of the cash flow statement - according to the exchange rate constituting the arithmetic mean of the average EUR exchange rates determined by the National Bank of Poland as at the last day of each month of the reporting period: from 1 January to 30 September 2022 - 4.6880 EUR/PLN and from 1 January to 30 September 2021 - 4.5585 EUR/PLN;
- individual items of the statement of financial position - at the average EUR exchange rate set by the National Bank of Poland as at 30 September 2022 - 4.8698, as at 31 December 2021 - 4.5994.

*) Due to the merger of Apator SA and Apator Elkomtech SA at the beginning of 2022, the comparability of the data presented in point 8 is limited. Data for 2021 refers to Apator SA as it operated then, data for 2022 refers to Apator SA after merger with subsidiary Apator Elkomtech SA.

| | | | |
|---|--|---------------------|--------------------|
| Entity name: | Apator Group | | |
| Period covered by the financial statements: | 01.01.2022 – 30.09.2022 | Reporting currency: | Polish zloty (PLN) |
| Level of rounding: | all amounts are expressed in thousands of Polish zlotys (unless indicated otherwise) | | |

8.1. Statement on financial condition of parent entity Apator S.A.

| SPECIFICATION | as of | |
|--|----------------|----------------|
| | 30.09.2022 | 31.12.2021 |
| Fixed assets | 362 464 | 402 920 |
| Intangible assets | 25 914 | 10 751 |
| Goodwill of the company | 34 506 | - |
| Tangible fixed assets | 103 704 | 96 899 |
| Right to use assets under lease | 11 269 | 9 626 |
| Investment property | 1 011 | 1 011 |
| Other long-term financial assets | 170 957 | 270 495 |
| - <i>in related entities</i> | 170 957 | 270 495 |
| Assets by virtue of deferred income tax | 15 103 | 14 138 |
| Current assets | 185 614 | 137 734 |
| Stocks | 112 726 | 91 811 |
| Commercial receivables | 65 229 | 39 038 |
| - <i>from related entities</i> | 5 993 | 2 025 |
| - <i>from other entities</i> | 59 236 | 37 013 |
| Receivables from corporate income tax | 806 | 540 |
| Receivables from other taxes, customs duties and social security | 637 | 1 245 |
| Other short-term liabilities | 1 562 | 206 |
| - <i>from related entities</i> | 208 | - |
| - <i>from other entities</i> | 1 354 | 206 |
| Other short-term financial assets | - | 166 |
| - <i>in other entities</i> | - | 166 |
| Cash and cash equivalents | 1 703 | 2 407 |
| Short-term interim settlements | 2 951 | 2 321 |
| TOTAL ASSETS | 548 078 | 540 654 |

| | | | |
|---|--|---------------------|--------------------|
| Entity name: | Apator Group | | |
| Period covered by the financial statements: | 01.01.2022 – 30.09.2022 | Reporting currency: | Polish zloty (PLN) |
| Level of rounding: | all amounts are expressed in thousands of Polish zlotys (unless indicated otherwise) | | |

| SPECIFICATION | as of | |
|--|----------------|----------------|
| | 30.09.2022 | 31.12.2021 |
| Equity capital | 359 229 | 363 238 |
| Equity capital attributable to equity holders of the parent company | 359 229 | 363 238 |
| Share capital | 3 278 | 3 278 |
| Unregistered reduction of share capital | (13) | - |
| Own shares | (2 388) | (450) |
| Other capitals | 335 714 | 342 759 |
| Capital from the revaluation of a defined benefit plan | (862) | (862) |
| Capital from valuation of hedging transactions | (487) | 77 |
| Undistributed financial result | 23 987 | 18 436 |
| - <i>result of the current period</i> | 23 987 | 18 436 |
| Liabilities | 188 849 | 177 416 |
| Long-term liabilities and provisions | 18 105 | 18 677 |
| Long-term loans and borrowings | 4 431 | 7 000 |
| - <i>from other entities</i> | 4 431 | 7 000 |
| Long-term liabilities | 53 | 300 |
| - <i>towards other entities</i> | 53 | 300 |
| Long-term liabilities due to the right to use assets under lease | 8 366 | 7 542 |
| Long-term liabilities arising from employee benefits | 5 255 | 3 835 |
| Short-term liabilities and provisions | 170 744 | 158 739 |
| Short-term loans and borrowings | 100 813 | 98 691 |
| - <i>from other entities</i> | 100 813 | 98 691 |
| Commercial liabilities | 42 330 | 34 949 |
| - <i>towards affiliated entities</i> | 2 168 | 1 220 |
| - <i>towards other entities</i> | 40 162 | 33 729 |
| Liabilities due to other taxes, customs duties and social security | 6 490 | 3 254 |
| Other short-term liabilities | 5 700 | 10 093 |
| - <i>towards affiliated entities</i> | 39 | 372 |
| - <i>towards other entities</i> | 5 661 | 9 721 |
| Short-term liabilities due to the right to use assets under lease | 2 388 | 1 551 |
| Short-term liabilities arising from employee benefits | 4 850 | 4 159 |
| Other short-term provisions | 8 173 | 6 042 |
| LIABILITIES TOTAL | 548 078 | 540 654 |

| | | | |
|---|--|---------------------|--------------------|
| Entity name: | Apator Group | | |
| Period covered by the financial statements: | 01.01.2022 – 30.09.2022 | 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 S.A.

| SPECIFICATION | as of | |
|--|----------------|----------------|
| | 30.09.2022 | 31.12.2021 |
| Contingent receivables | - | 250 |
| Contingent receivables from other companies | - | 250 |
| Contingent liabilities | 29 387 | 27 952 |
| Contingent liabilities relating to related parties | 666 | 6 369 |
| - due to guarantees and securities granted to related entities | 666 | 6 369 |
| Contingent liabilities towards other companies | 28 721 | 21 583 |
| - due to guarantees and sureties granted | 28 721 | 21 583 |
| Other off-balance sheet items | 157 238 | 122 236 |
| Mortgage | 40 000 | 35 900 |
| Security over assets | 117 238 | 86 336 |
| Total off balance sheet items | 186 625 | 150 438 |

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 S.A. (Group limit of PLN 250 million):
 - contractual mortgage on the property of Apator S.A. in Ostaszewo up to the amount of 40.0 million PLN (taken into consideration in the table above),
 - registered pledge on inventories worth PLN 73.3 million (included in the table above),
 - registered pledge on fixed assets worth PLN 20.6 million (included in the table above),
 - assignment of rights under the property insurance policy against all risks,
 - registered pledge on receivables of Apator S.A. under the contract of bank accounts in ING Bank Śląski,
 - blank promissory note together with a promissory note declaration.
- Agreement on a long-term investment loan with CITI Bank Handlowy S.A.:
 - registered pledge on the acquired shares in the amount of PLN 12.1 million (included in the table above),
 - registered pledge on fixed assets with a total value of PLN 2.8 million (included in the table above),
 - registered pledge on receivables of Apator S.A. due to the contract of bank account in CITI Bank Handlowy S.A.,
 - assignment of rights under the property insurance policy against all risks,
 - statement on submission to execution up to the amount of PLN 15.6 million.
- Credit agreement with CITI Bank Handlowy S.A. (overdraft facility, limit of PLN 10 million):
 - registered pledge on fixed assets worth PLN 8.4 million (included in the table above),
 - assignment of rights under the property insurance policy against all risks.
- Full factoring agreement (limit PLN 5 million), concluded with ING Commercial Finance Polska S.A.:
 - blank promissory note together with a promissory note declaration.

Apator S.A. submitted also 10 pieces of blank promissory notes as the security under the contract of TU Euler Hermes S.A. for the provision of contractual guarantees within a revolving limit (limit for the Group of PLN 25 million), 1 promissory note to secure a leasing agreement concluded with mLeasing Sp. z o.o., 3 bills of exchange as collateral for the contractual guarantee agreement with PZU SA and

| | | | |
|---|--|---------------------|--------------------|
| Entity name: | Apator Group | | |
| Period covered by the financial statements: | 01.01.2022 – 30.09.2022 | Reporting currency: | Polish zloty (PLN) |
| Level of rounding: | all amounts are expressed in thousands of Polish zlotys (unless indicated otherwise) | | |

5 bills of exchange as collateral for the contract guarantee agreement with KUKE S.A. and made a declaration of submission to enforcement up to PLN 50,000 under the lease agreement.

In addition, as of September 30, 2022, Apator S.A. was a party to the following intra-group guarantees and sureties (included in the table above):

- surety of three lease contracts for Apator Rector Sp. z o.o. for the total amount of PLN 0.7 million, with a maximum term of December 14, 2024.

| | | | |
|---|--|---------------------|--------------------|
| Entity name: | Apator Group | | |
| Period covered by the financial statements: | 01.01.2022 – 30.09.2022 | Reporting currency: | Polish zloty (PLN) |
| Level of rounding: | all amounts are expressed in thousands of Polish zlotys (unless indicated otherwise) | | |

8.3. Statement of comprehensive income of parent entity Apator S.A.

| SPECIFICATION | for period | | | |
|---|-----------------|-----------------|------------------|------------------|
| | 01.07.2022 | 01.07.2021 | 01.01.2022 | 01.01.2021 |
| | 30.09.2022 | 30.09.2021 | 30.09.2022 | 30.09.2021 |
| Revenue from sales and services | 112 368 | 73 265 | 286 999 | 218 417 |
| - to related entities | 11 303 | 11 304 | 43 569 | 41 650 |
| - other entities | 101 065 | 61 961 | 243 430 | 176 767 |
| Cost of sales of goods and services | (94 590) | (65 357) | (240 873) | (188 466) |
| - to related entities | (10 199) | (11 018) | (34 933) | (32 921) |
| - other entities | (84 391) | (54 339) | (205 940) | (155 545) |
| Gross sales profit | 17 778 | 7 908 | 46 126 | 29 951 |
| Sales costs | (2 515) | (2 110) | (8 801) | (5 405) |
| General administrative costs | (10 829) | (8 264) | (37 555) | (28 080) |
| Profit (loss) from sales | 4 434 | (2 466) | (230) | (3 534) |
| Other operating income, including | (399) | 695 | 250 | 2 229 |
| - including result on impairment of receivables | 198 | (6) | 83 | (1) |
| Result on sale and liquidation of property, plant and equipment and intangible assets | 4 | 126 | 222 | 80 |
| Result on revaluation of non-financial current assets | 198 | (6) | 83 | (1) |
| Result on other operating activities | (601) | 575 | (55) | 2 150 |
| Profit (loss) from operating activities | 4 035 | (1 771) | 20 | (1 305) |
| Financial revenues (costs), including: | (2 646) | 1 050 | 23 777 | 31 107 |
| Dividends and shares in profits | 402 | 1 315 | 31 240 | 32 946 |
| - from related entities | 402 | 1 315 | 31 240 | 32 946 |
| Interest on loans and borrowings | (1 714) | (195) | (4 613) | (443) |
| Net profit (loss) on other interest | (88) | (32) | (256) | (121) |
| Result on exchange rate differences | (1 225) | 25 | (2 829) | (553) |
| Result on foreign exchange transactions | 123 | 129 | 793 | (255) |
| Result on revaluation of financial current assets | - | (23) | (3) | (23) |
| Other financial costs | (144) | (169) | (555) | (444) |
| Profit (loss) before tax | 1 389 | (721) | 23 797 | 29 802 |
| Current income tax | 80 | (57) | (1 087) | (1 449) |
| Deferred income tax | 80 | (552) | 1 277 | (1 453) |
| Net profit (loss) | 1 549 | (1 330) | 23 987 | 26 900 |

| SPECIFICATION | for period | | | |
|---|--------------|----------------|---------------|---------------|
| | 01.07.2022 | 01.07.2021 | 01.01.2022 | 01.01.2021 |
| | 30.09.2022 | 30.09.2021 | 30.09.2022 | 30.09.2021 |
| Other comprehensive income | | | | |
| Other comprehensive income net | (277) | (269) | (564) | 572 |
| Items that may be reclassified to profit or loss in the future | | | | |
| Result on hedge accounting with tax effect | (277) | (269) | (564) | 572 |
| Total comprehensive income | 1 272 | (1 599) | 23 423 | 27 472 |
| Net profit (loss), of which attributable: | 1 549 | (1 330) | 23 987 | 26 900 |
| shareholders of parent company | 1 549 | (1 330) | 23 987 | 26 900 |
| Total comprehensive income, including accrued income: | 1 272 | (1 599) | 23 423 | 27 472 |
| shareholders of parent company | 1 272 | (1 599) | 23 423 | 27 472 |

| | | | |
|---|--|---------------------|--------------------|
| Entity name: | Apator Group | | |
| Period covered by the financial statements: | 01.01.2022 – 30.09.2022 | Reporting currency: | Polish zloty (PLN) |
| Level of rounding: | all amounts are expressed in thousands of Polish zlotys (unless indicated otherwise) | | |

8.4. Statement on changes in equity of the parent entity Apator S.A.

| SPECIFICATION | CAPITAL FOR THE SHAREHOLDERS OF PARENT ENTITY | | | | | | | TOTAL |
|--|---|---|----------------|----------------|--|--|--------------------------------|-----------------|
| | 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 | |
| Balance as at 01.01.2022 | 3 278 | - | (450) | 342 759 | (862) | 77 | 18 436 | 363 238 |
| Changes in equity during the period from 01.01.2022 to 30.09.2022 | | | | | | | | |
| Comprehensive income | | | | | | | | |
| Net profit for the period from 01.01.2022 to 30.09.2022 | - | - | - | - | - | - | 23 987 | 23 987 |
| Distribution of the result to supplementary capital | - | - | - | 2 084 | - | - | (2 084) | - |
| Other comprehensive income | | | | | | | | |
| Items that may be reclassified to profit or loss in the future | | | | | | | | |
| Result on hedge accounting including with tax effect | - | - | - | - | - | (564) | - | (564) |
| Total comprehensive income recognised in the period from 01.01.2022 to 30.09.2022 | - | - | - | 2 084 | - | (564) | 21 903 | 23 423 |
| Transactions with owners recognised directly in equity | | | | | | | | |
| Dividends | - | - | - | - | - | - | (16 352) | (16 352) |
| Purchase of treasury shares | - | - | (1 951) | - | - | - | - | (1 951) |
| Redemption of treasury shares | - | (13) | 13 | - | - | - | - | - |
| Capital from merger of entities of Apator S.A. and Apator Elkomtech S.A. | - | - | - | (9 129) | - | - | - | (9 129) |
| Total transactions with owners in the period from 01.01.2022 till 30.09.2022 | - | (13) | (1 938) | (9 129) | - | - | (16 352) | (27 432) |
| Balance as at 30.09.2022 | 3 278 | (13) | (2 388) | 335 714 | (862) | (487) | 23 987 | 359 229 |

| | | | |
|---|--|---------------------|--------------------|
| Entity name: | Apator Group | | |
| Period covered by the financial statements: | 01.01.2022 – 30.09.2022 | 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 01.01.2021 | 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 the 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 including 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 recognised directly in 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 treasury 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: | 01.01.2022 – 30.09.2022 | 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 S.A.

| SPECIFICATION | Period | |
|---|-----------------|-----------------|
| | 01.01.2022 | 01.01.2021 |
| | 30.09.2022 | 30.09.2021 |
| Cash flow from operating activities | | |
| Profit before tax | 23 797 | 29 802 |
| Adjustments | (6 907) | (17 849) |
| Depreciation of intangible assets | 6 127 | 2 091 |
| Depreciation of property, plant and equipment | 13 110 | 12 047 |
| Profit on sale of property, plant and equipment and intangible assets | (222) | (128) |
| Gains on change in fair value of derivative instruments | (111) | (104) |
| Cost of interest | 5 016 | 616 |
| Dividend income | (31 240) | (32 946) |
| Other adjustments | 413 | 575 |
| Cash flows from operating activities before changes in working capital | 16 890 | 11 953 |
| Change in inventories | (337) | (49 092) |
| Change in receivables | (5 693) | (25) |
| Change in liabilities | 4 018 | 3 285 |
| Changes in provisions | 292 | (8 838) |
| Changes in prepayments and accruals | (482) | (158) |
| Cash generated in the course of operating activity | 14 688 | (42 875) |
| Income tax paid | (2 409) | (2 818) |
| Net cash flows from operating activities | 12 279 | (45 693) |
| Cash flows from investing activities | | |
| Expenses related to acquisition of intangible assets | (2 788) | (2 528) |
| Expenses related to acquisition of fixed assets | (5 849) | (9 231) |
| Proceeds from the sale of fixed assets | 357 | 123 |
| Investments in subsidiaries | (4 933) | (7 127) |
| Dividends received | 31 026 | 31 946 |
| Other inflows (expenses) | 628 | (2 424) |
| Net cash provided by investing activities | 18 441 | 10 759 |
| Cash flows from financing activities | | |
| Purchase of own shares | (1 951) | (361) |
| Inflows from loans and borrowings taken out | 21 159 | 60 777 |
| Repayment of loans and credits | (27 192) | (1 000) |
| Interest | (4 534) | (472) |
| Dividends paid | (16 353) | (24 583) |
| Repayment of liabilities under financial lease | (1 970) | (1 111) |
| Other expenses | (583) | (252) |
| Net cash from financial operations | (31 424) | 32 998 |
| Net increase (decrease) in cash and cash equivalents | (704) | (1 936) |
| Opening balance of cash and cash equivalents | 2 407 | 4 488 |
| Closing balance of cash and cash equivalents | 1 703 | 2 552 |

| | | | |
|---|--|---------------------|--------------------|
| Entity name: | Apator Group | | |
| Period covered by the financial statements: | 01.01.2022 – 30.09.2022 | 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 | |
|---|----------------|----------------|
| | od 01.01.2022 | od 01.01.2021 |
| | do 31.09.2022 | do 31.09.2021 |
| Depreciation | 19 237 | 14 138 |
| Materials and energy consumption | 164 836 | 128 591 |
| External services | 38 044 | 40 474 |
| Employee benefits | 58 412 | 46 374 |
| Other costs | 7 003 | 5 139 |
| Costs of manufacturing products for the entity's own needs | (2 683) | (3 633) |
| Change in finished products, work in progress and prepayments | (16 467) | (16 134) |
| Cost of goods and materials sold | 18 847 | 7 002 |
| Total costs | 287 229 | 221 951 |

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 | |
|--|---------------|---------------|--------------|--------------|
| | 30.09.2022 | 31.12.2021 | 30.09.2022 | 31.12.2021 |
| Tangible fixed assets | - | - | 3 021 | 1 543 |
| Financial assets | 268 | 268 | - | - |
| Derivative instruments | 160 | 80 | 1 | 32 |
| Stocks | 2 926 | 1 707 | - | - |
| Liabilities arising from employee benefits | 1 996 | 1 490 | - | - |
| Provisions | 1 784 | 1 257 | - | - |
| Write-downs on receivables | 440 | 147 | - | - |
| Tax loss | 92 | - | - | - |
| Tax relief to be accounted for in future periods | 10 517 | 10 517 | - | - |
| Other | 337 | 276 | 395 | 29 |
| Total | 18 520 | 15 742 | 3 417 | 1 604 |
| Netting of assets and reserves | (3 417) | (1 604) | (3 417) | (1 604) |
| Deferred tax assets/provisions disclosed in the statement of financial position | 15 103 | 14 138 | - | - |

| | | | |
|---|--|---------------------|--------------------|
| Entity name: | Apator Group | | |
| Period covered by the financial statements: | 01.01.2022 – 30.09.2022 | 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 | |
|--|----------------|----------------|
| | 01.01.2022 | 01.01.2021 |
| | 30.09.2022 | 30.09.2021 |
| Gross profit: | 23 797 | 29 802 |
| Income tax calculated at the applicable tax rates: | 4 521 | 5 662 |
| Adjustments | (4 711) | (2 760) |
| Tax on exempt income (dividends from related parties) | (5 935) | (6 260) |
| Unrecognized asset for losses on zone operations | 1 419 | 3 079 |
| Tax on non-deductible costs (fixed differences) | 191 | 425 |
| Tax on intragroup transactions (permanent differences) | (382) | - |
| Other tax deductions | (4) | (4) |
| Income tax disclosed in the statement of comprehensive income | (190) | 2 902 |
| Effective tax rate | -0,80% | 9,74% |

Write-offs revaluing fixed and current assets

| WYSZCZEGÓLNIENIE | At the beginning of the period | Change due to merger of entities of Apator S.A. and Apator Elkomtech S.A. | Change in the period | Closing balance at the end of period |
|------------------------|--------------------------------|---|----------------------|--------------------------------------|
| Other financial assets | 1 522 | - | - | 1 522 |
| Stocks | 8 982 | 4 214 | 2 200 | 15 396 |
| Receivables | 884 | 1 786 | (321) | 2 349 |
| Total | 11 388 | 6 000 | 1 879 | 19 267 |

Provisions for liabilities

| PROVISIONS FOR LIABILITIES WYSZCZEGÓLNIENIE | 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 | 4 482 | 2 134 | 1 378 | 6 042 | - | 14 036 |
| Change due to merger of entities of Apator S.A. and Apator Elkomtech S.A. | 1 493 | 691 | 497 | 263 | 1 142 | 4 086 |
| Increase - creation of a provision charged to the current result | - | 1 646 | 763 | 1 941 | 1 706 | 6 056 |
| Decrease - write-off in income of unused amounts | - | (949) | - | (361) | - | (1 310) |
| Use of the provision - settlement of costs | - | (1 876) | (154) | (1 617) | (943) | (4 590) |
| Value of reserves at the end of the period, including: | 5 975 | 1 646 | 2 484 | 6 268 | 1 905 | 18 278 |
| - long term provisions | 5 255 | - | - | - | - | 5 255 |
| - short-term provisions | 720 | 1 646 | 2 484 | 6 268 | 1 905 | 13 023 |

| | | | |
|---|--|---------------------|--------------------|
| Entity name: | Apator Group | | |
| Period covered by the financial statements: | 01.01.2022 – 30.09.2022 | Reporting currency: | Polish zloty (PLN) |
| Level of rounding: | all amounts are expressed in thousands of Polish zlotys (unless indicated otherwise) | | |

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| | | | |
|---|--|---------------------|--------------------|
| Entity name: | Apator Group | | |
| Period covered by the financial statements: | 01.01.2022 – 30.09.2022 | Reporting currency: | Polish zloty (PLN) |
| Level of rounding: | all amounts are expressed in thousands of Polish zlotys (unless indicated otherwise) | | |