

R-2022



Financial report

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1. General information

1.1. Information about the entity

The Company Apator Spółka Akcyjna (Apator S.A.) with its headquarters in Toruń (ul. Gdańska 4a lok C4) was created by employees of a liquidated state enterprise operating under the name of Pomorskie Zakłady Aparatury Elektrycznej Apator in Toruń. Registration in the District Court in Toruń, 5th Commercial Division, took place on 14 January 1993 under number RHB 1364. On 24 October 2001, an entry was made in the Register of Entrepreneurs of the District Court in Toruń, 6th Commercial Division of the National Court Register, under number 0000056456. The Company operates in the territory of Poland under the provisions of the Commercial Companies Code.

1.2. Core business activity of the entity:

In accordance with the Company's Statute, the core business activity is production and service activity in the field of electricity distribution and control apparatus and the sale of measurement apparatus and systems. Shares of Apator S.A. are listed on the main market of the Warsaw Stock Exchange, sector according to WSE classification – electromechanical industry.

1.3. Members of the Management Board and the Supervisory Board

Management Board

Arkadiusz Chmielewski – President of the Management Board (until 28 February 2023)

Maciej Wyczesany – President of the Management Board (since 1 March 2023)

Tomasz Łątka – Member of the Management Board

Supervisory Board

Janusz Niedźwiecki – Chairman of the Supervisory Board

Mariusz Lewicki – Deputy Chairman of the Supervisory Board

Janusz Marzygliński – Member of the Supervisory Board

Danuta Guzowska – Member of the Supervisory Board

Marcin Murawski – Member of the Supervisory Board

Kazimierz Piotrowski – Member of the Supervisory Board

Tadeusz Sosgórnik – Member of the Supervisory Board

2. Information about the basis for the preparation of the financial statements, the reporting currency and the rounding level applied

2.1. Basis for the preparation of the separate financial statements

These annual separate financial statements of Apator S.A. as at and for the year ending 31 December 2022 have been prepared in accordance with International Accounting Standards, International Financial Reporting Standards and related interpretations announced in the form of regulations of the European Commission.

The annual separate financial statements of Apator S.A. cover the year 2022 and include comparative data for 2021.

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2.2. Accounting principles

In preparing the annual separate financial statements for the period from 1 January 2022 to 31 December 2022, the same accounting principles (policies) and calculation methods were applied as in the most recent separate financial statements for the year ended 31 December 2021.

2.3. Applied International Financial Accounting Standards

CHANGES IN INTERNATIONAL FINANCIAL ACCOUNTING STANDARDS AND THEIR IMPACT ON THE SEPARATE FINANCIAL STATEMENTS

Standards that came into effect on 1 January 2022 but do not have a material impact in the preparation of the Company's annual financial statements are:

- Amendments to IFRS 3 (Business combinations),
- IAS 16 (Property, Plant and Equipment),
- IAS 37 (Provisions, Contingent Liabilities and Contingent Assets),
- Annual Improvements to IFRSs 2018 – 2022 (Amends standards: IFRS 1 "First-time Adoption of International Financial Reporting Standards", IFRS 9 "Financial Instruments", IAS 41 "Agriculture" and to the Illustrative Examples to IFRS 16 "Leases"; The amendments provide explanations and clarify the standards' guidance on recognition and measurement).

STANDARDS PUBLISHED BY THE INTERNATIONAL ACCOUNTING STANDARDS COMMITTEE, WHICH ARE NOT YET IN FORCE AND HAVE NOT BEEN ALREADY APPLIED BY THE COMPANY

The Company has not elected to apply standards, interpretations or amendments that are not yet in force in these annual separate financial statements.

The following new Standards, amendments to Standards and Interpretations have not been adopted by the EU or are not yet in force for periods ending 31 December 2022 and have not been applied in the annual separate financial statements:

- IFRS 17 "Insurance Contracts" and amendments to IFRS 17,
- Amendments to IAS 1 "Presentation of Financial Statements" (introducing the requirement to disclose material information on accounting policies),
- Amendments to IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors",
- Amendments to IAS 12 "Income Taxes",
- Amendments to IFRS 16 "Leases",
- Amendments to IAS 1 "Presentation of Financial Statements" (presentation of liabilities as long-term and short-term)
- IFRS 14 "Regulatory accruals",
- Amendments to IFRS 10 and IAS 28 concerning the sale or contribution of assets between an investor and its associates or joint venture.

The Company assesses that the introduction of the above standards will not have a material impact on the Company.

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2.4. Reporting and functional currency and the rounding level applied

The reporting currency of this annual separate financial statements is Polish zloty (PLN), and all the amounts are expressed in PLN thousand (unless otherwise stated).

The functional currency of the Company is also Polish zloty.

2.5. Duration of the activity of the entity

The duration of the activity of Apator S.A. is unlimited.

The separate financial statements have been prepared on a going concern basis for the foreseeable future, i.e. for a period of not less than 12 months from the end of the reporting period.

2.6. Approval of the financial statements

These separate financial statements were approved for publication by the entity's Management Board on 26 April 2023.

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3. Annual separate financial statements of Apator S.A.

3.1. Separate statement of financial position

ITEM	NOTE	as on	
		31 December 2022	31 December 2021
Fixed assets		346,008	402,137
Intangible assets	7.3	24,539	10,751
Goodwill	7.3	34,506	-
Tangible fixed assets	7.4	88,483	96,116
Right to use assets	7.6	10,771	9,626
Investment properties	7.7	1,177	1,011
Other long-term financial assets	7.8	170,957	270,495
- <i>in related entities</i>		170,957	270,495
Deferred tax assets	7.19	15,575	14,138
Current assets		188,257	138,517
Inventory	7.9	96,732	91,811
Trade receivables:	7.10	69,981	39,038
- <i>from related entities</i>		6,880	2,025
- <i>from other entities</i>		63,101	37,013
Receivables from corporate income tax	7.10	1,344	540
Receivables from other taxes, customs duties and social insurances		1,040	1,245
Other short-term receivables	7.10	1,223	989
- <i>from related entities</i>		37	-
- <i>from other entities</i>		1,186	989
Other short-term financial assets	7.8	17	166
- <i>in other entities</i>		17	166
Cash and cash equivalents	7.11	1,903	2,407
Short-term prepayments and accruals	7.12	3,154	2,321
Fixed assets classified as held for sale	7.5	12,863	-
TOTAL ASSETS		534,265	540,654

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ITEM	NOTE	as on	
		31 December 2022	31 December 2021
Equity		362,987	363,238
Share capital	7.13	3,265	3,278
Own shares		-	(450)
Other capitals	7.14	334,472	342,759
Capital from the revaluation of a defined benefit plan		(165)	(862)
Capital from valuation of hedging transactions		(178)	77
Undistributed financial result	7.15	25,593	18,436
- result for the current period		25,593	18,436
Liabilities		171,278	177,416
Long-term liabilities and provisions		14,156	18,677
Long-term credits and loans	7.16	3,119	7,000
- from other entities		3,119	7,000
Long-term liabilities		-	300
- towards other entities		-	300
Long-term liabilities from the right to use assets	7.6	7,934	7,542
Long-term liabilities due to employee benefits	7.17	3,103	3,835
Short-term liabilities and provisions		157,122	158,739
Short-term credits and loans	7.16	75,354	98,691
- from other entities		75,354	98,691
Trade liabilities	7.18	48,292	34,949
- towards related entities		1,934	1,220
- towards other entities		46,358	33,729
Liabilities due to other taxes, customs duties and social insurances		7,330	3,254
Other short-term liabilities	7.18	9,717	10,093
- towards related entities		-	372
- towards other entities		9,717	9,721
Short-term liabilities from the right to use assets	7.6	2,366	1,551
Short-term liabilities due to employee benefits	7.17	5,113	4,159
Other short-term provisions	7.17	8,950	6,042
TOTAL LIABILITIES AND EQUITY		534,265	540,654

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3.2. Separate statement of profit or loss and other comprehensive income

ITEM	NOTE	for the period	
		from 1 January 2022	from 1 January 2021
		to 31 December 2022	to 31 December 2021
Revenue from sales and services	7.21	411,884	282,486
- to related parties		58,934	47,427
- to other entities		352,950	235,059
Cost of goods sold		(349,735)	(250,765)
- to related parties		(49,563)	(38,658)
- to other entities		(300,172)	(212,107)
Gross profit (loss) from sales		62,149	31,721
Selling costs		(12,434)	(7,827)
General administrative costs		(48,619)	(38,132)
Profit (loss) from sales		1,096	(14,238)
Other operating revenues (costs), including:		507	3,874
Revenue	7.22	1,601	4,706
Costs	7.22	(1,094)	(832)
- including the result due to reversal of receivables		101	-
Profit (loss) from operating activities		1,603	(10,364)
Financial revenues (costs), including:		24,410	31,956
Revenue	7.23	32,760	34,670
Costs	7.23	(8,350)	(2,714)
Profit before tax		26,013	21,592
Current income tax	7.19	(1,258)	(1,421)
Deferred income tax	7.19	838	(1,735)
Net profit		25,593	18,436

ITEM	NOTE	for the period	
		from 1 January 2022	from 1 January 2021
		to 31 December 2022	to 31 December 2021
Other comprehensive income / (expenses)			
Other net comprehensive income / (expenses)		442	791
Items that may be reclassified to profit or loss in the future:			
Result on hedge accounting with tax effect		(255)	627
Items that will not be reclassified to profit or loss in the future:			
Actuarial gains and losses		697	164
Total comprehensive income		26,035	19,227
Net profit (loss), of which attributable to:		25,593	18,436
the company's shareholders		25,593	18,436
Total comprehensive income, of which attributable to:		26,035	19,227
the company's shareholders		26,035	19,227
Net profit (loss) per ordinary share:			
from continuing operations			
- basic		0.78	0.56
- diluted		0.78	0.56
Weighted average number of shares		32,670,559	32,778,619

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3.3. Separate statement of changes in equity

ITEM	Share capital	Own shares	Other capitals	Capital from the revaluation of a defined benefit plan	Capital from valuation of hedging transactions	Undistributed financial result	TOTAL EQUITY
Balance as at 1 January 2022	3,278	(450)	342,759	(862)	77	18,436	363,238
Changes in equity from 1 January 2022 to 31 December 2022							
Comprehensive income:							
Net profit for the period from 1 January 2022 to 31 December 2022	-	-	-	-	-	25,593	25,593
Distribution of result to supplementary capital	-	-	2,083	-	-	(2,083)	-
Other comprehensive income:							
Items that may be reclassified to profit or loss in the future:							
Result on hedge accounting with tax effect	-	-	-	-	(255)	-	(255)
Items that will not be reclassified to profit or loss in the future							
Revaluation of the defined benefit plan provision including tax effect	-	-	-	697	-	-	697
Total other comprehensive income	-	-	-	697	(255)	-	442
Comprehensive income recognised in the period from 1 January 2022 to 31 December 2022	-	-	2,083	697	(255)	23,510	26,035
Transactions with owners recognised directly in equity:							
Dividends	-	-	-	-	-	(16,353)	(16,353)
Purchase of own shares	-	(1,950)	-	-	-	-	(1,950)
Redemption of own shares	(13)	2,400	(2,387)	-	-	-	-
Capital from business combination	-	-	(7,983)	-	-	-	(7,983)
Balance as at 31 December 2022	3,265	-	334,472	(165)	(178)	25,593	362,987

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ITEM	Share capital	Own shares	Other capitals	Capital from the revaluation of a defined benefit plan	Capital from valuation of hedging transactions	Undistributed financial result	TOTAL EQUITY
Balance as at 1 January 2021	3,281	(300)	331,200	(1,026)	(550)	36,799	369,404
Changes in equity from 1 January 2021 to 31 December 2021							
Comprehensive income:							
Net profit for the period from 1 January 2021 to 31 December 2021	-	-	-	-	-	18,436	18,436
Distribution of result to supplementary capital	-	-	12,216	-	-	(12,216)	-
Other comprehensive income:							
Items that may be reclassified to profit or loss in the future:							
Result on hedge accounting with tax effect	-	-	-	-	627	-	627
Items that will not be reclassified to profit or loss in the future							
Revaluation of the defined benefit plan provision including tax effect	-	-	-	164	-	-	164
Total other comprehensive income	-	-	-	164	627	-	791
Comprehensive income recognised in the period from 1 January 2021 to 31 December 2021	-	-	12,216	164	627	6,220	19,227
Transactions with owners recognised directly in equity:							
Dividends	-	-	-	-	-	(39,339)	(39,339)
Settlement of previous year's advance dividend	-	-	-	-	-	14,756	14,756
Purchase of own shares	-	(810)	-	-	-	-	(810)
Redemption of own shares	(3)	660	(657)	-	-	-	-
Balance at 31 December 2021	3,278	(450)	342,759	(862)	77	18,436	363,238

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3.4. Separate statement of cash flows

ITEM	NOTE	for the period	
		from 1 January 2022 to 31 December 2022	from 1 January 2021 to 31 December 2021
Cash flows from operating activities			
Profit before tax (continuing operations)		26,013	21,592
Adjustments:		381	(13,599)
Amortisation of intangible assets	7.3	8,131	2,819
Depreciation of tangible fixed assets	7.4	17,348	16,476
(Profits) / losses on sale of tangible fixed assets and intangible assets		(274)	(155)
(Profits) / losses on fair value measurement of investment properties	7.7	(165)	(35)
(Profits) / losses due to change in fair value of derivatives		(414)	332
Interest costs		6,941	1,209
Dividend income	7.23	(31,240)	(34,473)
Other adjustments	7.24	54	228
Cash from operating activities before changes in working capital		26,394	7,993
Change in inventories	7.9	15,656	(42,497)
Change in receivables	7.24	(11,710)	8,609
Change in liabilities	7.24	14,703	1,163
Change in provisions	7.24	654	(10,739)
Change in prepayments and accruals	7.12	(686)	(351)
Cash generated in the course of operating activities		45,011	(35,822)
Tax return		787	-
Income tax paid		(3,906)	(3,353)
Net cash from operating activities		41,892	(39,175)
Cash flows from investment activities			
Expenditure on the acquisition of intangible assets	7.24	(3,375)	(3,277)
Expenditure on the acquisition of fixed tangible assets	7.24	(6,226)	(12,949)
Proceeds from the sale of tangible fixed assets		404	181
Investments in subsidiaries	7.8	(5,109)	(7,127)
Cash acquired in the merger with Apator Elkomtech S.A.		176	-
Dividends received		31,235	34,473
Other proceeds (expenses)	7.24	619	(813)
Net cash used from investing activities		17,724	10,488
Cash flows from financing activities			
Purchase of own shares		(1,950)	(810)
Proceeds from credits and loans		21,159	58,916
Repayment of credits and loans		(53,125)	(4,000)
Interest paid		(6,682)	(992)
Dividends paid		(16,353)	(24,583)
Repayment of lease liabilities		(2,554)	(1,591)
Other expenditure	7.24	(615)	(334)
Net cash from financing activities		(60,120)	26,606
Net increase (decrease) in cash and cash equivalents		(504)	(2,081)
Opening balance cash and cash equivalents		2,407	4,488
Closing balance of cash and its equivalents		1,903	2,407

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4. Accounting principles applied

4.1. Basis for preparation (general principles)

The separate financial statements have been prepared according to the historical cost principle, except for the valuation of certain fixed assets (investment properties) and financial instruments (derivatives), which are measured at fair value.

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

The accounting policies and principles set out below have been applied to all periods presented in the statements by the Company.

4.2. Detailed principles for the valuation of assets and liabilities

4.2.1. Intangible assets

Research and development

Expenses incurred during the research phase with the intention of acquiring new scientific or technical knowledge are recognised as a profit or loss for the current period as they are incurred.

Expenditure incurred on development work, the results of which find application in the development or manufacture of a new or substantially improved product, is capitalised where the manufacture of a new product (or process) is technically possible and economically justified and the Company has the technical, financial and other resources necessary to complete the development work. Costs to be capitalised include: costs of materials, remuneration of employees directly involved in the development work, a reasonable portion of the costs indirectly related to the generation of the intangible asset, and capitalised borrowing costs. Other development costs are recognised as a profit or loss for the current period as they are incurred.

Development costs are recognised as intangible assets based on their acquisition price, reduced by accumulated amortisation write-offs and impairment losses.

Other intangible assets

Other intangible assets acquired by the Company with a specified useful economic life are reported based on their acquisition price, reduced by amortisation write-offs and impairment losses.

Expenditure incurred at a later date

Subsequent expenditure on existing intangible assets is capitalised only if it increases future economic benefits associated with a given asset. Other expenditure, including internally generated expenditure: trademarks and branding, are recognised as a profit or loss for the current period as they are incurred.

Amortisation

Amortisation is made with regard to the acquisition price of a given asset or its equivalent value less its residual value.

The cost of amortisation is recognised as a profit or loss for the current period using the straight-line method in respect of the Company's estimated useful life of an intangible asset, other than goodwill, from the point at which it is determined to be fit for use, which best reflects how the future economic benefits associated with the use of the asset will be realised.

The Group assumes the following useful lives for each category of intangible assets:

- Patents and licenses from 2 to 5 years
- Development work from 3 to 5 years

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- Computer software from 3 to 5 years

4.2.2. Tangible fixed assets

Tangible fixed assets are property, plant and equipment held by an entity for use in the production, supply of goods or services, rental to third parties or for administrative purposes, which are expected to be used for more than 12 months. They are measured at the purchase price or production cost less depreciation write-offs and impairment losses. In line with the component-based approach, the entity adopts different depreciation rates for significant components of a tangible fixed asset. Depreciation commences at the time of handover for use. The determination of annual depreciation rates takes into account the useful economic life of the tangible fixed asset. The correctness of the application of depreciation periods and rates by the entity is periodically reviewed by the managers of the production departments. For the depreciation of tangible fixed assets, the straight-line depreciation method is used. The useful lives for individual assets are as follows:

- Buildings and structures from 10 to 40 years
- Machinery and equipment from 2 to 25 years
- Means of transport from 4 to 10 years
- Other tangible fixed assets from 3 to 10 years

If circumstances arise that indicate that the reporting value of the tangible fixed assets may not be recoverable, a review of these assets for possible impairment is performed. If there are indications that an impairment may have occurred and the reporting value exceeds the estimated recoverable amount, then the value of those assets or the cash-generating units to which they belong is reduced to their recoverable amount. The recoverable amount corresponds to the higher of the following two values: fair value less selling costs or value-in-use costs. When determining value in use, estimated future cash flows are discounted to present value using a gross discount rate that reflects current market assessments of the time value of money and the risks associated with the asset. In the case of an asset that does not generate cash inflows in a substantially independent manner, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Profits or losses arising from the sale/liquidation or discontinued use of tangible fixed assets are determined as the difference between the sales revenue and the net value of these assets and are recognised in the result of the period in which the sale occurred.

Tangible fixed assets under construction refer to assets under construction or assembly and are recognised at the purchase price or manufacturing cost. Tangible fixed assets under construction are not depreciated until the construction is completed and the asset is handed over for use.

4.2.3. Investments in subsidiaries and associates

Investments in subsidiaries are recognised at acquisition price plus non-refundable capital contributions granted, including to cover losses reported in the subsidiary's statements less impairment losses.

Associates are entities whose operating and financial policies are significantly influenced by the Company but not controlled by it.

A joint venture is a contractual arrangement whereby two or more parties undertake a jointly controlled business activity and both parties are entitled to the net assets of the joint venture.

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

Where the Company's share of losses exceeds the carrying amount of an associate or joint venture, this amount is reduced to zero and no further losses are recognised if the Company has no obligation to cover them.

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4.2.4. Leases

The classification of leases is made in accordance with IFRS 16.

The recognition of whether a contract contains the characteristics of a lease depends on the content of the contract at the time of its conclusion, indicating whether the performance of the contract depends on the use of a specific asset or whether the contract gives an effective right to use a specific asset, even if this right is not expressly included in the contract.

Contracts may contain lease and non-lease components. The Company allocates the consideration specified in the contract to the lease and non-lease components respectively, based on their relative fair values. However, in the case of property leases where the Company is the lessee, the Company has elected not to separate non-lease components from lease components and to recognise them as a single lease components.

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

- fixed lease payments (including in-substance fixed lease payments) less any lease incentives receivable,
- variable lease payments that depend on an index or a rate, initially measured using the index or rate according to their value at the commencement date,
- amounts expected to be payable by the Company under residual value guarantees;
- the exercise price of a purchase option if the Company is reasonably certain to exercise that option, and
- financial penalties for lease termination if the lease terms provide that the Company may exercise the option to terminate the lease.

Lease payments are discounted using the lease interest rate. In most cases, the rate follows directly from the terms of the contract. If this rate cannot be easily determined, the lessee's incremental borrowing rate is used, i.e. the interest rate a lessee would have to pay to borrow the funds necessary to obtain an asset of similar value, in a similar economic environment, over a similar term and with a similar security.

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

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

The company is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they are implemented. When adjustments to lease payments based on an index or rate come into effect, the lease liability is subject to reassessment and adjustment in relation to the right-of-use asset component.

Lease payments are allocated between principal amount and finance costs. Finance costs charge the financial result over the lease term in such a way as to achieve a constant periodic interest rate on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost, which includes:

- the amount of the initial measurement of the lease liability,
- any lease payments made on or before the inception date, less lease incentives received,
- any initial direct costs.

Right-of-use assets are depreciated on a straight-line basis over the useful life of the assets, not exceeding the lease term. If the Company is reasonably certain that it will exercise its purchase option, the right-of-use asset is depreciated over the useful life of the asset.

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

- right of perpetual usufruct of land – perpetual,
- lease of office space and production building – 3 years,
- computer hardware – 3 years,
- means of transport – 4 years.

Payments related to short-term leases and leases of low-value assets are recognised as expenses on a straight-line basis in the profit and loss account. Short-term leases refer to leases of 12 months or less. Low-value assets include computer hardware. The materiality threshold has been set at PLN 20 thousand for the value of the right-to-use of an individual leased asset.

Lease periods are negotiated individually and include a wide range of varying conditions. Lease agreements do not impose any other special conditions (the so-called covenants) except for the collateral on leased assets in favour of the lessor. The leased assets cannot be used as collateral for credits and loans.

The lease agreements concluded by the Company do not include an extension option, but this does not exclude extending the agreement for another period. These agreements, however, generally contain termination clauses, used to ensure the greatest possible operational flexibility with regard to the management of assets used in the Company's operating activities. Most lease termination options can be exercised by both the Company and the lessor.

The value of the lease liability is calculated based on the following assumptions:

- in the case of perpetual usufruct of land – perpetual usufruct is assumed,
- in the case of fixed-term agreements – the maximum period that can generate a liability is assumed,
- in the case of agreements concluded for an indefinite period of time – an individual business analysis is conducted to determine the assumed period of use,
- discount rate – determined in accordance with the adopted principles.

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

4.2.5. Investment properties

Investment property is considered to be property that is treated as a source of rental income and/or is held due to expected appreciation in value. Investment properties are measured at fair value at the reporting date, i.e. based on historical experience and market assumptions and judgements about their potential. Profits and losses arising from changes in the fair value of investment properties are recognised in the financial result in the period in which they arise.

4.2.6. Inventory

Materials and goods are valued at acquisition price (purchase price plus transport costs, border charges, customs, unloading and loading costs). The release of materials and goods is valued at a weighted average.

Products are valued on an ongoing basis at their manufacturing cost, and the inventory of products and goods is valued at a production cost not higher than their net selling prices obtainable if the sale had taken place at the reporting date. The manufacturing cost consists of the sum of direct costs (materials, wages) and a reasonable proportion of the indirect costs associated with the manufacture of the product, comprising the indirect costs of production and the proportion of fixed indirect costs corresponding to the level of these costs at normal capacity utilisation.

The inventory is reviewed at the end of each reporting period. A 100% write-down is made on economically unusable inventory. In addition, to make inventory values realistic, an age structure analysis is carried out, with

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the decisive factor being the date of acceptance and release from the warehouse. This way of statistically calculating write-offs includes an element of estimation that affects the reporting value of the inventory. The write-down updating inventory value is charged to the costs of the core business.

4.2.7. Borrowing costs

The company capitalises borrowing costs (interest and other costs incurred by the Company in connection with the mobilisation of financing) directly attributable to the acquisition or construction of tangible assets. Capitalisation rules are not applied to investment properties and inventories produced on a repetitive basis, with a short production cycle.

To the extent that the Company borrows funds specifically to finance the acquisition of an asset, the amount of borrowing costs that can be capitalised is the difference between the actual cost of borrowing in a given period and the income of the entities from the temporary investment of these borrowed funds.

Where the Company borrows funds for a general purpose and then uses the funds to acquire an asset, the capitalisation rate (weighted average of borrowing costs, comprising all credits and loans outstanding during the period in question) shall be applied to the expenditure incurred during this period.

4.2.8. Financial instruments

The Company classifies as a financial instrument any agreement which results in the simultaneous creation of a financial asset for one party and a financial liability or equity instrument for the other party, provided that there are clear economic consequences from a contract between two or more parties. The classification of financial assets depends on the financial asset management model adopted by the Company and the contractual terms of the cash flows.

Financial assets are classified into one of the following categories:

- assets measured at amortised cost - debt instruments held for the purpose of collecting contractual cash flows, which include only principal and interest payments. In this category, the Company classifies and presents in the statement of financial position particularly:
 - trade receivables, investment receivables, other receivables,
 - loans granted,
 - cash,
 - cash equivalents,
 - cash accumulated on the VAT account;

The Company's trade and other receivables primarily include trade receivables from unrelated entities (mainly for invoices issued as a result of the Group's performance of contracts) and budget receivables, including corporate income tax and value-added tax receivables. Trade receivables, which typically have a maturity of between 14 and 90 days, are recognised at their nominal value, i.e. according to the amounts originally invoiced. Trade receivables are held for collection and meet the SPPI test, therefore at the balance sheet date these items are measured at amortised cost, taking into account any write-downs calculated using the expected loss model.

- assets measured at fair value through other comprehensive income - debt instruments, the flows of which represent solely payments of principal and interest and which are held for the purpose of collecting contractual cash flows and for sale; they are measured at fair value through other comprehensive income, except for impairment gains and losses, interest income and foreign exchange gains and losses, which are recognised in profit or loss (in particular forward contracts).

On 1 January 2022 and 31 December 2022, the Company had no debt instruments classified in this category. In respect of equity instruments held that do not give control, joint control or significant influence

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on entities, after initial recognition, the Company measures these investments in equity instruments at fair value with a presentation of gains and losses from changes in fair value in other comprehensive income.

- assets measured at fair value through profit or loss - assets that do not meet the criteria for measurement at amortised cost or at fair value through comprehensive income are measured at fair value through profit or loss. The Company includes derivatives (in particular forward and swap contracts) in this category;

Financial liabilities are classified into one of the following categories:

- presented at fair value through profit or loss – are recorded under "Trade liabilities and other short-term liabilities" and include derivatives held by the Company (in particular forward and swap contracts),
- measured at amortised cost – financial liabilities not classified as "recognised at fair value through profit or loss"; are primarily recorded under the item "Trade liabilities and other short-term liabilities" and "Liabilities due to frequency reservations and other permits".

Recognition and measurement of a financial asset and a financial liability at recognition and derecognition

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

They are initially measured at fair value. Costs of transaction allocated directly to the purchase or issue of financial assets and liabilities (except for financial assets and liabilities valued at fair value through profit and loss) are added to or deducted from, respectively, fair value of financial assets or liabilities at their initial recognition. Costs of transaction allocated directly to the purchase of financial assets or taking over of financial liabilities measured at fair value through profit and loss are recognised directly in the result.

Financial assets are derecognised when the rights to receive cash flows from them have expired or have been transferred, and the Company has transferred substantially all the risks and benefits resulting from their ownership. Where the Company does not transfer or retain all the risks and benefits resulting from the ownership rights but continues to control the transferred asset, it recognises the retained interest in the asset and the associated liabilities it will have to pay.

If the Company retains all the risks and benefits resulting from the ownership of the transferred asset, it continues to recognise the asset and the external funding secured for the benefits received.

The Company ceases to recognise financial liabilities only when they are met, cancelled or expire. The difference between the carrying amount of a derecognised financial liability and the amount paid or payable is recognised in the result.

Valuation after initial recognition

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

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

Financial assets and liabilities classified as measured at fair value through profit or loss (including derivatives) are revalued to fair value with the effects of the valuation recognised in profit or loss.

Impairment of financial assets

The company uses the expected credit losses model (ECL) for the following categories of financial assets measured at amortised cost:

- trade receivables - represent amounts due from customers for goods sold or services rendered in the ordinary course of business.

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- loans granted
- cash, cash equivalents and cash accumulated on VAT accounts.

The Company assesses expected credit losses associated with financial assets measured at amortised cost, irrespective of whether there is an indication of impairment.

Impairment loss on trade receivables

For short-term trade receivables, the Company applies the simplified approach (in accordance with IFRS 9) and measures impairment losses at the amount of credit losses expected over the life of the receivable from its initial recognition.

An impairment loss is recognised for current receivables, overdue (doubtful) receivables, receivables in debt collection and disputed receivables at gross amounts (including VAT). Impairment loss on overdue receivables is recognised after taking into account the accumulated write-offs for disputed receivables and receivables in debt collection.

Impairment losses are made on the basis of an estimate of the probability of recoverability of assets, based on historical data. In addition, the Company creates specific write-offs for receivables at risk of uncollectibility (i.e. subject to litigation or bankruptcy proceedings).

Bank loans

Bank loans are initially recognised at fair value plus directly attributable transaction costs. After initial recognition, such liabilities are measured at amortised cost using the effective interest method.

Trade liabilities and other liabilities

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

Hedge accounting

Cash flow hedging

The Company has elected to remain with the hedge accounting requirements of IAS 39, rather than those of IFRS 9. Derivative financial instruments, such as fx forward exchange contracts, are used to hedge the risk of changes in exchange rates. The level of hedging adopted in a given period may not exceed 50% of the annual currency exposure in the case of import hedging, while in the case of export hedging, the level of hedging is in the range of 50-80% of the annual currency exposure. Relying on the planned exposure is a type of estimation that affects the value of the instruments.

In order to hedge against the risk of rising interest rates, the Company uses Interest Rate Swap (IRS) hedging transactions. These transactions make it possible to manage interest rate risk by allowing, among other things, the loan interest rate to be converted from a floating rate to a fixed rate, providing an opportunity to hedge against increases in borrowing cost.

As future scheduled sales or purchase payments are not recognised in the Company's financial statements, while fx forward hedging instruments without hedge accounting are measured at fair value through profit or loss, a potential accounting mismatch arises. In order to eliminate it, the Company introduced hedge accounting from 1 July 2011.

If a derivative financial instrument is designated as a hedge of the variability of cash flows relating to the specific risks associated with a recognised asset, a recognised liability or a highly probable forecast transaction that could affect the profit or loss for the current period, the portion of the gain or loss on the hedging instrument that is an effective hedge is recognised in other comprehensive income and presented, as a separate hedge item, in equity. Gains or losses previously recognised in equity are transferred to profit or loss of the current

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period in the same period and under the same heading as the hedged cash flows are recognised in profit or loss. The ineffective portion of changes in the fair value of the derivative is recognised immediately as profit or loss of the current period.

If a hedging instrument no longer meets the criteria for hedge accounting, it expires, is sold, terminated, exercised or its designation is changed, the Company discontinues hedge accounting. Accumulated gains or losses previously recognised in other comprehensive income and presented in equity remain in equity until the forecast transaction is realised and recognised as profit or loss of the current period. Where the hedged item is a non-financial asset, gains or losses previously recognised in other comprehensive income adjust the reporting value of this asset when it is recognised. If a forecast transaction is not expected to occur, gains or losses recognised in the statement of financial position are recognised immediately as profit or loss for the current period. Otherwise, amounts previously recognised in other comprehensive income are recognised as profit or loss of the current period, in the same period or periods during which the hedged forecast transaction affects profit or loss of the current period.

At the inception of the hedge there is formal designation and documentation of the hedging relationship, as well as the risk management objective and strategy for undertaking the hedge. The documentation includes the identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged, and how the entity will assess the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. The hedge is expected to be highly effective in offsetting changes in fair value or cash flows arising from the risk being hedged. The effectiveness of the hedge is assessed on an ongoing basis to verify that it is highly effective throughout all reporting periods for which it is established.

4.2.9. Provisions

Provisions are created when the Company has an obligation (legal or customary) arising from past events and when it is likely that the fulfilment of this obligation will necessitate funds outflow, and the amount of the liability can be reliably estimated.

The costs relating to a particular provision are shown in profit or loss, less any refunds. Where the effect of the time value of money is material, the amount of the provision is determined by discounting the projected future cash flows to their present value, using a gross discount rate, which reflects current market assessments of the time value of money and the risks, if any, associated with the liability. If the discounting method is used, any increase in the provision due to the passage of time is recognised as a financing cost. Provisions are also created for future liabilities due to restructuring, if the Company is obliged to undergo the process of restructuring pursuant to separate regulations or concluded binding agreements, and the restructuring plans make it possible to estimate the value of future liabilities in a reliable way.

The company also creates a provision for warranty repairs. This provision is estimated on the basis of historical data on the share of defective products in the sales revenue of these products (statistical provision) and on the basis of complaints actually made about completed contracts (individual provision). The statistical provision is calculated using an index based on a cost base less the cost of using the individual provision. The provision for warranty repairs is charged to the core business - as a special cost related to the production of the product.

4.2.10. Employee benefits

In accordance with the remuneration schemes, employees are entitled to retirement benefits and jubilee awards. Jubilee awards are paid to employees after they have worked a certain number of years. Retirement benefits are paid as a one-off payment upon retirement. The amount of retirement benefits and jubilee awards depends on the length of service and the fixed base specified in the Company Collective Labour Agreement of Apator S.A. The Company creates a provision for future liabilities in respect of retirement benefits and jubilee

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awards in order to allocate costs to the periods to which they relate. According to IAS 19, jubilee awards are other long-term employee benefits, while retirement benefits are defined post-employment benefit plans.

The provisions created for jubilee and retirement benefits are determined on the basis of the projected unit credit method and actuarial techniques. The basis for a reliable estimate of provisions is:

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

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

- employee benefit costs – recognised in profit or loss (other operating expenses);
- net interest on the net defined benefit liabilities – recognised in profit or loss (other operating expenses);
- revaluation of net defined benefit liabilities Actuarial gains/losses – recognised in other comprehensive income (capital from remeasurement of defined benefit plan).

The costs of other long-term employee benefits (jubilee awards) are recognised in overhead costs.

The Company creates a provision for the costs of accumulated paid absences, which it will have to incur as a result of the employees' unused entitlement that has accumulated at the reporting date. The provision for the costs of accumulated paid absences is recognised as a liability after deducting any amount already paid. The provision for the costs of accumulated paid absences is a short-term provision, is not discounted and is charged to the core business.

4.2.11. Revenue

Revenue from sales of goods

The company recognises all sales revenue at a point in time when the customer obtains control of the good.

Sales revenue is recognised at the fair value of the consideration received or due and represents receivables for products, goods and services provided in the normal course of business, less discounts, value-added tax and other sales-related taxes. Revenue is recognised to the extent that it is probable that the economic benefits associated with the transaction will flow to the Company and when the amount of revenue can be reliably measured.

Revenue from sales of services

Service revenue relating to short-term orders is recognised at a point in time when the service is finalised, upon confirmation of the performance of the contract bond (upon receipt of the acceptance report).

Determining the transaction price

In the case of contracts involving several performance obligations, a transaction price is assigned to each of these obligations based on the unit selling price. If these prices cannot be determined from direct observations, they are estimated based on expected costs plus a mark-up.

Estimates of revenue, costs or completion rates are reviewed when circumstances have changed. The resulting increases or decreases in estimated income or expenses are recognised in profit or loss for the period during which management became aware of the circumstances giving rise to the review of the estimates.

For fixed-price contracts, the customer pays a fixed amount according to the payment schedule. If the value of the services provided by the Company exceeds the value of the payment, a customer contract asset is recognised. If the value of the payment exceeds the value of the services provided, a customer contract liability is recognised.

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

Guarantees and payment terms

As a rule, Apator S.A. uses payment terms between 30 and 90 days. In the switchgear business line they are generally 30-90 days, while in the electricity metering line they are 30 days.

Guarantees in the form of performance bonds are generally provided for a period of 1-1.5 years and, after their expiry, warranty guarantees apply for a further 2-5 years (depending on the contract).

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

Other revenue

Interests

Interest revenue is recognised successively as it accrues, with reference to the net reporting value of a given financial asset, in accordance with the effective interest rate method.

Dividends

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

4.2.12. Costs

The company recognises costs in accordance with the principle of matching revenues and costs and the principle of prudence.

Cost of goods sold – includes the cost of goods and services sold, including ancillary activities.

Selling costs – include sales agency costs, commercial costs, advertising and promotion costs and distribution costs.

General administrative costs – include costs associated with the management and administration of the Company as a whole.

4.2.13. Transactions in foreign currencies

In the financial statements of Apator S.A. transactions in foreign currency are converted at the exchange rate applicable at the date of the transaction. At the reporting date, monetary assets and liabilities are recorded at the exchange rate of the leading bank applicable at the end of the reporting period. Gains and losses resulting from currency conversion are recognised directly in profit or loss.

4.2.14. Taxes

Income tax includes both the current and the deferred part. Current and deferred income tax is recognised as a profit or a loss incurred in the current period, except for situations when it involves business combinations and items recognised directly in equity or as other comprehensive income.

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Current tax is the expected amount of tax liabilities or receivables on taxable income for a given year, determined using tax rates legally or actually in force as of the reporting date and adjustments to the tax liability relating to previous years.

Deferred tax is recognised in connection with temporary differences between the reporting value of assets and liabilities and their values determined for tax purposes. Deferred income tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities arising from a transaction that is not a business combination and affects neither current period profit or loss nor taxable profit, differences associated with investments in subsidiaries and associates to the extent that it is not probable that they will be disposed of in the foreseeable future. In addition, no deferred tax is recognised on temporary differences arising from the initial recognition of goodwill. Deferred tax is measured using the tax rates that are expected to apply when temporary differences reverse, whereby the tax laws that have been legally or actually in force by the reporting date are taken as the basis. Deferred tax assets and provisions are offset if the Company has an enforceable legal right to offset current tax liabilities and assets, and provided that the deferred tax assets and provisions relate to the income tax imposed by the same tax authority on the same taxpayer or different taxpayers that intend to settle income tax liabilities and receivables on a net basis or to simultaneously realise the receivables and settle the liability.

Deferred tax assets related to an unsettled tax loss, unused tax credit and deductible temporary differences are recognised to the extent that it is probable that taxable profit will be available against which they can be utilised. Deferred tax assets are reassessed at each reporting date and reduced to the extent that it is not probable that the related income tax benefits will be realised.

4.2.15. Grants

Government grants are assistance by a government that takes the form of a transfer of resources to an economic entity in return for past or future compliance with certain conditions relating to its operating activities.

In accordance with IAS 20, government grants are recognised when there is reasonable assurance that the entity will comply with the conditions attached to the grant and that the grant will be received.

As a general rule, when a subsidy relates to a cost item, it is recognised as a deduction from the relevant costs. Conversely, where these resources relate to an asset, their fair value reduces the initial value of that asset.

In individual cases, the subsidy may also be recognised as other operating income.

4.2.16. Zone tax credit resulting from doing business in a Special Economic Zone

The company benefits from an income tax exemption due to new investment costs by virtue of its permit to conduct business activities in the Pomeranian Special Economic Zone (PSEZ), obtained on 28 December 2010. The subject of the exemption under the obtained permit is zone income, i.e. the income obtained from the business activities conducted within the territory of the PSEZ.

The company recognises the tax credit resulting from its activities in the Special Economic Zone (exemption from corporate income tax) in accordance with IAS 12, i.e. it recognises it as a deferred tax asset up to the amount of public assistance that can be obtained. The maximum amount of assistance available is calculated by multiplying the assistance intensity applicable in the province by the value of the investment expenditure considered eligible. Deferred tax assets relating to unused tax credits are recognised on an estimated basis to the extent that it is probable that taxable profit will be available against which they can be utilised. These assets are reassessed at each reporting date and reduced to the extent that it is not probable that the related income tax benefits will be realised.

On 3 June 2020, the Company received Support Decision No. PSSE.DW.11.2020 for a new investment to increase production capacity (expansion of an existing plant). The decision assumes that eligible costs of at least PLN 30 million (not more than PLN 39 million) will be incurred by the end of 2025 and will make it possible

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to benefit from the tax exemption for conducting business activities in the Special Economic Zone. The decision was issued for a fixed period - 15 years.

4.2.17. Equity

The Company includes the following in equity: share capital, other capitals, capital from the remeasurement of the defined benefit plan, capital from the valuation of hedging transactions, undistributed financial result from previous years, the result of the current year. Items that reduce the size of equity are write-offs from the current year's financial result.

4.3. Combinations under common control

A business combination involving entities or businesses under common control is a business combination in which all of the combining entities or businesses are ultimately controlled by the same party or parties both before and after the combination, and that control is not transitory.

Due to the lack of adequate regulations in IFRS for transactions under common control, the Board, in accordance with IAS 8 guidelines, has developed its own accounting policies following the solutions existing in other sets of accounting policies. From the perspective of the Company's separate financial statements, these policies apply only to the transaction of a legal merger of the Company with Apator Elkomtech S.A.

The main objectives of these accounting policies are described below.

The effect of the settlement of the legal merger has been recognised in these financial statements effective from 3 January 2022. Details of the settlement of the merger transaction are presented in note 7.2.

The Company adopted the "predecessor accounting" method to account for the legal merger. As a result of this method:

- the combined assets and liabilities of Apator Elkomtech S.A. were measured at their carrying amount as at the date of settlement of the legal merger, which would be determined in the consolidated financial statements of the ultimate parent unit, i.e. Apator S.A. (taking into account the goodwill created by the Company's acquisition of Apator Elkomtech S.A. and the customer relations activated by Apator Elkomtech S.A. with the acquisition of part of Atrem S.A.'s business in 2020),
- no additional goodwill was recognised,
- the balances of settlements between the Company and Apator Elkomtech S.A. were eliminated,
- the Company's investment in Apator Elkomtech S.A. shares was eliminated,
- the share capital of Apator Elkomtech S.A. was eliminated (and therefore the share capital shown in these financial statements represents the share capital of the Company),
- the difference between the value of the Company's eliminated investment in Apator Elkomtech S.A. and the assets, liabilities and capital items recognised in accordance with the principles described above was accounted for in the Company's equity under "Other capitals",
- transaction costs were recognised in the financial result, the Company's comparative figures have not been restated.

5. Basic judgements and basis for uncertainty estimation

Preparing a financial statement in accordance with IFRS requires the Company's Management Board to make estimates, judgements and assumptions that affect the adopted principles and the presented values of assets, liabilities, revenue and expenses,

The estimates and related assumptions are based on historical experience and various factors that are considered reasonable in given circumstances. The results of these estimates provide a basis for professional judgement of the book value of assets and liabilities. For significant issues, the Company's Management Board

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relies on the opinions of independent experts when making estimates. The actual value may differ from the estimated value.

The estimates and related assumptions are verified on an ongoing basis. A change in accounting estimates is recognised in the period in which the change was made.

The following areas require significant estimates and subjective assessment:

- revenue recognition and transaction price allocation for contracts with several contractual obligations for which revenue is recognised over time,
- the recognition of deferred tax assets on tax losses from previous periods,
- uncertainty about estimates and subjective assessments made in relation to leasing transactions,
- estimated useful life of intangible assets,
- estimated useful life of tangible fixed assets,
- estimated valuation of investment properties,
- estimate of the pension liability under the defined benefit plan,
- estimation of other provisions,
- impairment of financial and non-financial assets,
- impairment of inventory,
- impairment of receivables,
- the value of derivatives resulting from the assumed level of hedging of future cash flows.

Estimates and assumptions that have a significant effect on the values disclosed in the Company's separate financial statements are included in the following notes:

- Intangible assets (note 4.2.1, note 7.3),
- Tangible fixed assets (note 4.4.2, note 7.4),
- Right to use assets, lease liabilities (note 4.2.4, note 7.6),
- Investment properties (note 4.2.5, note 7.7),
- Other financial assets (note 4.2.8, note 7.8),
- Inventory (note 4.2.6, note 7.9),
- Trade receivables and other receivables (note 4.2.8, note 7.10),
- Provisions for liabilities (notes 4.2.9, 4.2.10; note 7.17),
- Deferred income tax (notes 4.2.14, 4.2.16; note 7.19),
- Derivatives (note 4.2.8, note 7.25).

6. Information on seasonality of operations

The seasonality phenomenon in the Group's operations is not particularly relevant, especially as, due to the effects of the pandemic and now also the war in Ukraine, the turnover structure for 2020–2022 should not be taken as representative of the seasonality phenomenon, since it is strongly influenced by atypical factors (difficulties in accessing materials and components, inflation).

7. Explanatory notes to the separate financial statements

7.1. Operating segments

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

- Water and Heat
- Gas

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- Electricity,

while the activities of Apator S.A. focus on the Electricity segment. An analysis of the segments was performed in the consolidated financial statements of the Apator Group for 2022.

7.2. Merger of Apator S.A. with Apator Elkomtech S.A.

On 18 October 2021, the General Shareholders Meeting of Apator Elkomtech S.A. adopted a resolution on the merger of Apator Elkomtech S.A. (merged company) and Apator S.A. (merging company) by transferring all the assets of Apator Elkomtech S.A. to Apator S.A. pursuant to Art. 492 sec. 1 point 1 of the Commercial Companies Code. On 3 January 2022, the District Court in Toruń, 6th Commercial Division of the National Court Register, issued a decision on the entry of the merger. On that day, the companies were merged and all the assets of the merged company were transferred to the merging company.

As a result of the legal merger and application of the accounting principles described in note 2.2 to it, the following items were recognised in the Company's ledgers:

Specification	Value
Fixed assets	31,558
Current assets	40,725
Liabilities and provisions	-21,264
Customer relations	6,030
Goodwill	34,506
Elimination of investment in shares of Apator Elkomtech S.A.	-99,538
Merger settlement capital	-7,983

7.3. Intangible assets

On 2 January 2022, with the incorporation of Apator Elkomtech S.A. into Apator S.A., the customer relations previously presented in the consolidated financial statements were included in the separate financial statements of Apator S.A. These relationships at a gross value of PLN 26.8 million were identified when the shares of Apator Elkomtech S.A. were acquired, (Consolidated annual financial statements for 2014) and their economic useful life was assumed to be 10 years.

With the incorporation of Apator Elkomtech S.A., customer relations activated by Apator Elkomtech S.A. with the acquisition of part of Atrem S.A. were also recognised in the separate financial statements of Apator S.A.

The amortisation of the above customer relations at the date of the merger (2 January 2022) amounted to PLN 21.1 million.

Data on intangible assets is presented in the tables below.

ITEM	as on	
	31 December 2022	31 December 2021
Customer relations	5,757	-
Patents, licenses, computer software	3,695	4,989
Development costs	14,863	5,750
Other intangible assets	224	12
Total	24,539	10,751

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ITEM	CUSTOMER RELATIONS	PATENTS AND LICENCES, COMPUTER SOFTWARE	DEVELOPMENT COSTS	OTHER INTANGIBLE ASSETS	TOTAL
Net value as at 1 January 2021	-	5,392	5,002	24	10,418
Expenditure on intangible assets	-	1,244	1,908	-	3,152
Decrease due to liquidation	-	(185)	-	-	(185)
Amortisation	-	(1,647)	(1,160)	(12)	(2,819)
Decrease in existing amortisation due to liquidation	-	185	-	-	185
Net value as at 31 December 2021	-	4,989	5,750	12	10,751
Net value as at 1 January 2022	-	4,989	5,750	12	10,751
Change due to merger with Apator Elkomtech S.A.	29,809	1,351	20,617	372	52,149
Expenditure on intangible assets	-	303	2,983	-	3,286
Decrease due to liquidation	-	(103)	-	(29)	(132)
Decrease due to abandonment of investments	-	-	(13)	-	(13)
Amortisation	(2,981)	(1,622)	(3,443)	(86)	(8,132)
Amortisation at the date of merger with Apator Elkomtech S.A.	(21,071)	(1,325)	(11,031)	(74)	(33,501)
Decrease in existing amortisation due to liquidation	-	103	-	29	132
Net value as at 31 December 2022	5,757	3,695	14,863	224	24,539

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ITEM	CUSTOMER RELATIONS	PATENTS AND LICENCES, COMPUTER SOFTWARE	DEVELOPMENT COSTS	OTHER INTANGIBLE ASSETS	TOTAL
Situation as at 31 December 2021					
Gross value	-	17,426	13,880	522	31,828
Total accumulated amortisation and impairment losses to date	-	(12,437)	(8,130)	(510)	(21,077)
Net value	-	4,989	5,750	12	10,751
Situation as at 31 December 2022					
Gross value	29,809	18,976	37,467	865	87,117
Total accumulated amortisation and impairment losses to date	(24,052)	(15,281)	(22,604)	(641)	(62,578)
Net value	5,757	3,695	14,863	224	24,539

Similarly as in the case of customer relations, the balance sheet of Apator S.A. of 31 December 2022 presented goodwill of PLN 34.5 million, presented previously in the consolidated financial statements of the Apator Group. The initial recognition of goodwill in the consolidated financial statements occurred with the acquisition of shares in Apator Elkomtech S.A. in 2014 (Consolidated annual financial statements for 2014). Goodwill is one of the assets allocated to the cash-generating unit of the Network Automation Centre and was tested for impairment along with other assets allocated to this centre. Key information on the test and its assumptions is presented in note 7.8.

Additional information is presented in the table below.

ITEM	as on	
	31 December 2022	31 December 2021
Gross value of all fully amortised intangible assets still in use	25,104	14,786
Value of research and development expenditure recognised as an expense during the period	13,642	6,666
Amount of borrowing costs capitalised during the period	376	12

7.4. Tangible fixed assets

The most significant expenditures on tangible fixed assets during 2022 included investments in machinery and equipment and other property, plant and equipment (tools, instrumentation and workstations).

Data on tangible fixed assets is presented in the tables below.

ITEM	as on	
	31 December 2022	31 December 2021
Land, buildings and structures	35,235	35,044
Machinery and equipment	22,138	26,566
Means of transport	502	437
Other tangible fixed assets	30,608	34,069
Total	88,483	96,116

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Period covered by the financial statements:	1 January 2022 – 31 December 2022	Reporting currency:	polish zloty (PLN)
Rounding level:	all amounts are expressed in thousands of PLN (unless stated otherwise)		

ITEM	Land, buildings and structures	Machinery and equipment	Means of transport	Other tangible fixed assets	Total
Net value as at 1 January 2021	36,084	30,775	250	34,088	101,197
Increase due to reclassification - from right to use leased assets to tangible fixed assets	-	-	1,361	-	1,361
Increase due to expenditures on tangible fixed assets	64	2,627	126	6,910	9,727
Decrease due to disposal	-	(182)	(233)	(25)	(440)
Decrease due to liquidation	-	(1,314)	-	(836)	(2,150)
Depreciation	(1,104)	(6,787)	(376)	(6,929)	(15,196)
Increase in existing depreciation due to reclassification - from right to use leased assets to tangible fixed assets	-	-	(899)	-	(899)
Decrease in existing depreciation due to disposal	-	182	208	25	415
Decrease in existing amortisation due to liquidation	-	1,265	-	836	2,101
Net value as at 31 December 2021	35,044	26,566	437	34,069	96,116
Net value as at 1 January 2022	35,044	26,566	437	34,069	96,116
Change due to merger with Apator Elkomtech S.A.	16,609	7,004	2,500	736	26,849
Increase due to reclassification - from right to use leased assets to tangible fixed assets	-	-	1,109	-	1,109
Increase due to expenditures on tangible fixed assets	761	1,091	-	3,967	5,819
Decrease due to disposal	-	(239)	(415)	-	(654)
Decrease due to liquidation	-	(550)	(8)	(25)	(583)
Decrease due to reclassification - to assets held for sale	(15,898)	-	-	-	(15,898)
Amortisation	(1,416)	(6,168)	(285)	(7,454)	(15,323)
Depreciation at the date of acquisition of Apator Elkomtech S.A.	(2,900)	(6,351)	(2,499)	(710)	(12,460)
Increase in existing depreciation due to reclassification - from right to use leased assets to tangible fixed assets	-	-	(740)	-	(740)
Decrease in existing depreciation due to disposal	-	234	395	-	629
Decrease in existing amortisation due to liquidation	-	550	8	25	583
Decrease in existing depreciation due to reclassification - to assets held for sale	3,035	-	-	-	3,035
Net value as at 31 December 2022	35,235	22,138	502	30,608	88,483

ITEM	Land, buildings and structures	Machinery and equipment	Means of transport	Other tangible fixed assets	Total
Situation as at 31 December 2021					
Gross value	45,406	71,746	3,442	91,933	212,527
Total accumulated amortisation and impairment losses to date	(10,362)	(45,180)	(3,005)	(57,864)	(116,411)
Net value	35,044	26,566	437	34,069	96,116
Situation as at 31 December 2022					
Gross value	46,878	79,053	6,628	96,611	229,170
Total accumulated amortisation and impairment losses to date	(11,643)	(56,915)	(6,126)	(66,003)	(140,687)
Net value	35,235	22,138	502	30,608	88,483

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Rounding level:	all amounts are expressed in thousands of PLN (unless stated otherwise)			

7.5. Fixed assets classified as held for sale

On 22 December 2022, a preliminary contract was concluded (Notarial deed Rep. 11531/2022) for the sale of the properties of Apator S.A. located in Łódź for PLN 14 million. The final agreement is to be concluded no later than 30 June 2023.

In view of the above, on 31 December 2022, these properties were reclassified as assets held for sale.

ITEM	in the period	
	from 1 January 2022	from 1 January 2021
	to 31 December 2022	to 31 December 2021
Value at the beginning of the period	-	-
Increase due to reclassification	12,863	-
Decrease due to disposal	-	-
Value at the end of the period	12,863	-

ITEM	REPORTING VALUE
Land, buildings and structures	12,863
Fixed assets classified as held for sale as at 31 December 2022.	12,863

In connection with the conclusion of the preliminary contract, a joint contractual mortgage in the amount of PLN 9 million was established on these properties and a declaration of submission to enforcement up to the amount of PLN 9 million was signed for the return of the deposit.

7.6. Right to use assets, lease liabilities

The Company's capitalised leased assets include:

- the right of perpetual usufruct of land,
- lease of office space and a production building,
- computer hardware,
- means of transport.

The discount rate for property lease agreements was determined in accordance with the adopted principle. It currently ranges from 1% to 2.9% (due to different contracting periods and high volatility of interest rates). For other lease liabilities, the discount rate follows directly from the terms of the contract.

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Period covered by the financial statements:	1 January 2022 – 31 December 2022	Reporting currency: polish zloty (PLN)
Rounding level:	all amounts are expressed in thousands of PLN (unless stated otherwise)	

Data on the right to use leased assets is presented in the tables below.

ITEM	as on	
	31 December 2022	31 December 2021
Land, buildings and structures	9,195	8,300
Machinery and equipment	1,267	430
Means of transport	309	896
Total	10,771	9,626

ITEM	LAND, BUILDINGS AND STRUCTURES	MACHINERY AND EQUIPMENT	MEANS OF TRANSPORT	TOTAL
Net value as at 1 January 2021	7,806	270	1,306	9,382
Increase due to expenditures on tangible fixed assets	1,230	-	426	1,656
Decrease due to reclassification - from right to use leased assets to tangible fixed assets	-	-	(1,361)	(1,361)
Depreciation	(736)	(170)	(374)	(1,280)
Decrease in existing depreciation due to reclassification - from right to use leased assets to tangible fixed assets	-	-	899	899
Other changes - gross	-	330	-	330
Net value as at 31 December 2021	8,300	430	896	9,626
Net value as at 1 January 2022	8,300	430	896	9,626
Change due to merger with Apator Elkomtech S.A.	2,329	-	656	2,985
Increase due to expenditures on tangible fixed assets	488	965		1,453
Decrease due to disposal	-	-	(418)	(418)
Decrease due to reclassification - from right to use leased assets to tangible fixed assets	-	-	(1,109)	(1,109)
Depreciation	(1,738)	(128)	(159)	(2,025)
Depreciation at the date of derecognition	(184)	-	(415)	(599)
Decrease in existing depreciation due to disposal	-	-	118	118
Decrease in existing depreciation due to reclassification - from right to use leased assets to tangible fixed assets	-	-	740	740
Net value as at 31 December 2022	9,195	1,267	309	10,771

ITEM	as on	
	31 December 2022	31 December 2021
Long-term liabilities from the right to use assets	7,934	7,542
Short-term liabilities from the right to use assets	2,366	1,551
Total	10,300	9,093

ITEM	as at 31 December 2022		as at 31 December 2021	
	Payments	Present value of payments	Payments	Present value of payments
Payable within 1 year	2,396	2,366	1,571	1,551
Payable over a period of 1 to 5 years	2,461	2,162	2,072	1,763
Payable over 5 years	9,420	5,772	9,570	5,779
Total future minimum lease payments under finance lease contracts	14,277	10,300	13,213	9,093
Discount	(3,977)	X	(4,120)	X
Present value of minimum lease payments	10,300	10,300	9,093	9,093

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The statement of profit or loss and other comprehensive income shows the following lease amounts:

ITEM	in the period	
	from 1 January 2022	from 1 January 2021
	to 31 December 2022	to 31 December 2021
Depreciation of right-of-use assets		
Buildings	(1,738)	(736)
Machinery and equipment	(128)	(170)
Means of transport	(159)	(374)
Total depreciation	(2,025)	(1,280)
Interest costs (included in financial costs)	(279)	(184)
Costs associated with short-term leases (included in cost of goods sold and general administrative costs)	(37)	(37)
Costs associated with leases of low-value assets not shown above as short-term leases (included in general administrative costs)	(29)	(26)

Total cash outflows from leases amounted to PLN 2,833 thousand in 2022 (in 2021 – PLN 1,775 thousand).

7.7. Investment properties

Apator S.A. classified the purchased land together with the buildings, which the Company leased to unrelated parties, as investment properties.

ITEM	in the period	
	from 1 January 2022	from 1 January 2021
	to 31 December 2022	to 31 December 2021
Value at the beginning of the period	1,011	976
Increase in fair value	166	35
Value at the end of the period	1,177	1,011

Income and expenses from the investment properties are presented in the table.

ITEM	in the period	
	from 1 January 2022	from 1 January 2021
	to 31 December 2022	to 31 December 2021
Rental income included in current result	35	20
Direct operating costs relating to an investment property that generated rental income during the period	14	11

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Rounding level:	all amounts are expressed in thousands of PLN (unless stated otherwise)		

7.8. Other financial assets

Data on other financial assets is presented in the table below.

ITEM	as on	
	31 December 2022	31 December 2021
Other long-term financial assets	170,957	270,495
Other stocks and shares (not publicly traded)	170,957	270,495
Other short-term financial assets	17	166
Derivatives	17	166
Total other financial assets, including:	170,974	270,661
- in related entities	170,957	270,495
- in other entities	17	166

Apator S.A.'s long-term financial assets include shares in the following companies:

ITEM	as on	
	31 December 2022	31 December 2021
Shares in subsidiaries and jointly controlled entity	170,957	270,495
Shares in Apator Telemetry Sp. z o.o., (Słupsk)	12,236	12,236
Shares of Apator Metrix S.A. (Tczew)	8,935	8,935
Shares in Apator Mining Sp. z o.o. (Katowice)	4,747	4,747
Shares in Apator Powogaz S.A. (Poznań)	68,647	68,647
Shares in Apator Rector Sp. z o.o. (Zielona Góra)	74,287	74,287
Shares of FAP Pafal S.A. (Świdnica)	515	515
Shares in Apator GmbH (Berlin)	1,590	1,590
Shares in Apator Elkomtech S.A. (Łódź)	-	99,537

Data on subsidiaries is presented in the table below.

ITEM	Segment	Book value	Equity	% of share * equity	Difference
Shares in Apator Telemetry Sp. z o.o. (Słupsk)	Water and Heat	12,236	29,880	6,215	(6,021)
Shares of Apator Metrix S.A. (Tczew)	Gas	8,935	63,111	63,111	54,176
Shares in Apator Mining Sp. z o.o. (Katowice)	Electricity	4,747	43,576	43,576	38,829
Shares in Apator Powogaz S.A. (Poznań)	Water and Heat	68,647	210,567	210,567	141,920
Shares in Apator Rector (Zielona Góra)	Network Automation Centre	74,287	2,455	2,455	(71,832)
Shares of FAP Pafal S.A. (Świdnica)	Electricity	515	11,313	11,313	10,798
Shares in Apator GmbH (Berlin)	Electricity, Gas	1,590	2,128	2,128	538
Total		170,957	363,030	339,365	168,408

On 31 December 2022, the Company's Management Board carried out an impairment test on the shares in subsidiaries. A weighted average cost of capital of 13.0% (previously 8.8%) and a five-year forecast period were assumed based on the companies' financial plans for 2023 – 2027.

Based on the tests carried out, no impairment of assets was found within individual cash-generating units in the Apator Group (CGU). The impairment test on the shares in subsidiaries was performed based on an estimate of the present value of the sum of future free cash flows generated by each cash-generating unit, taking into account tax, change in current assets balances and expenditure on tangible and intangible assets (i.e. the recoverable amount of investments in shares in subsidiaries was estimated using the value-in-use method). The residual value was determined using a 3.5% growth rate for the years beyond 2027.

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In the Apator Group of Companies, cash-generating units are direct subsidiaries of Apator S.A., except the Automation and ICT Business Lines in Apator S.A. (former Apator Elkomtech S.A.) and Apator Rector Sp. z o.o., which are hereinafter referred to collectively as the Network Automation Centre. Due to the merger of Apator S.A. and Apator Elkomtech S.A., the subject of the impairment test are therefore the net assets allocated to the Network Automation Centre, i.e. the difference in assets and liabilities of the Automation and ICT Business Lines and investments in shares in Apator Rector Sp. z o.o.

In the case of the Network Automation Centre, the impairment test was carried out on the assumption that the companies' assets constitute a single Cash Generating Unit. The rationale for this approach is primarily the high level of operational integration resulting from the complementary offers of the two entities and the consolidation of hardware and ICT solutions planned in the business strategy of the Apator Group, as well as taking fuller advantage of new market opportunities in the areas of RES and energy efficiency. Although, due to the uncertain situation caused by COVID-19, the order of the segment's integration activities was temporarily changed (in the first phase, Apator Elkomtech was merged with Apator S.A., while the merger of subsidiaries: Apator Rector Sp. z o.o. and Apator Elkomtech S.A. planned already in 2019 will be realised in subsequent phases which are currently being analysed), the core integration objectives and activities remain valid and will be consistently implemented in the coming periods. At the same time, irrespective of formal legal and organisational changes, the Apator Group conducts systematic optimisation of organisational structures and activities aimed at increasing the synergy of the segment. As part of these initiatives, there are joint projects in the CGU in which the Automation and ICT Business Lines in Apator S.A. (former Apator Elkomtech S.A.) benefit from the knowledge and experience of Apator Rector Sp. z o.o. in the field of management and implementation of IT projects. In this sense, the merger of Apator Elkomtech S.A. and Apator S.A., carried out earlier than originally planned, did not in any way weaken the current and target level of integration of the Network Automation Centre.

As a result of the test, the Company found no impairment through the value of the assets allocated to the Network Automation Centre. For the Network Automation Centre, a sensitivity analysis was carried out for the change in WACC caused by a change in the degree of foreign capital financing, changes in the cost of own capital and for the change in operating result. It was estimated that a 1.2 p.p. increase in WACC or an 11.5% decrease in EBIT in each of the forecast years could cause the recoverable amount to become equal to the carrying amount (both factors were analysed separately).

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Rounding level:	all amounts are expressed in thousands of PLN (unless stated otherwise)		

7.9. Inventory

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

ITEM	as on	
	31 December 2022	31 December 2021
Materials	52,237	67,654
Work in progress	28,160	14,782
Finished products	12,922	7,270
Goods	2,499	795
Other inventories	914	1,310
Total value of inventories	96,732	91,811

Inventory write-downs are included below.

ITEM	in the period	
	from 1 January 2022	from 1 January 2021
	to 31 December 2022	to 31 December 2021
Total inventory write-down		
Value of write-downs at the beginning of the period	8,982	8,263
Change due to merger	4,214	-
Increase - creation of a write-down charged against current result	7,253	3,045
Decrease - write-down of unused amounts as income	(1,738)	(22)
Exercise of a write-down - write-off	(3,200)	(2,304)
Value of write-downs at the end of the period	15,511	8,982

A registered pledge in favour of ING Bank Śląski S.A. is established over inventory worth PLN 73.3 million. (in connection with the Multi-product Agreement).

7.10. Trade receivables and other receivables

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

ITEM	as on	
	31 December 2022	31 December 2021
Short-term receivables, including:	73,588	41,812
Trade receivables:	69,981	39,038
Gross trade receivables	72,321	39,921
Impairment loss on trade receivables	(2,340)	(883)
Receivables from corporate income tax	1,344	540
Receivables from other taxes, customs duties and social insurances	1,040	1,245
Receivables from other taxes, customs duties and social insurances	1,040	1,245
Other short-term receivables	1,223	989
Receivables from sold tangible fixed assets and intangible assets	37	-
Deposits, bid bonds, sureties	241	27
Prepayments - advances for the purchase of services	118	72
Advances on tangible fixed assets	690	783
Other receivables	138	108
Impairment loss on other short-term receivables	(1)	(1)
Total receivables, including:	73,588	41,812
- from related entities	6,917	2,025

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- from other entities	66,671	39,787
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The age structure of trade receivables at the end of the reporting periods is shown in the table below.

ITEM	31 December 2022		31 December 2021	
	Gross value	Impairment loss on financial assets	Gross value	Impairment loss on financial assets
Not due	64,800	45	35,432	-
Overdue from 0-30 days	4,780	16	2,280	-
Overdue from 31-180 days	472	10	1,326	-
Overdue from 180 days - 1 year	87	87	2	2
Overdue over one year	2,182	2,182	881	881
Total	72,321	2,340	39,921	883

The change in impairment loss of total receivables (including trade receivables) is presented below.

ITEM	as on	
	from 1 January 2022	from 1 January 2021
	to 31 December 2022	to 31 December 2021
Opening balance on 1 January	884	861
Change due to merger	1,786	-
Creation of individual write-downs (step 3 of the impairment model)	345	29
Creation of write-downs according to the write-down matrix	33	3
Reversal of individual write-downs	(467)	(9)
Exercise of individual write-downs	(240)	-
Closing balance on 31 December	2,341	884
Individual write-down	2,288	864
Write-down calculated based on matrix	53	20

Based on the expected credit loss model, the Company's Management Board considered the write-down for impairment of current receivables to be immaterial. The company divides its receivables portfolio into 3 portfolios, depending on the geographical direction of sales (domestic sales, foreign sales within the EU, foreign sales outside the EU). These portfolios are characterised by similar recoverability of receivables.

7.11. Cash and cash equivalents

Cash at the bank bears interest at variable rates.

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

The specification of cash and cash equivalents is shown in the table below. Due to the relatively low balance of cash held in VAT accounts (split payment) in relation to the turnover in the cash accounts and the fact that these funds are highly liquid, the company does not show the balance of these accounts in a separate balance sheet item. The write-down due to IFRS 9 was immaterial as at 31 December 2021 and 31 December 2022.

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Rounding level:	all amounts are expressed in thousands of PLN (unless stated otherwise)		

ITEM	as on	
	31 December 2022	31 December 2021
Cash at bank	203	1,310
Other - VAT cash (split payment)	1,700	1,097
Total cash and cash equivalents	1,903	2,407

7.12. Accruals and prepayments

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

ITEM	as on	
	31 December 2022	31 December 2021
IT systems	2,013	1,820
Insurance	485	348
Guarantees	324	-
Car insurance policies	130	77
Trade fairs	83	-
Training	32	15
Membership fees	32	31
Subscription	7	7
Marketing services	8	8
Other	40	15
Short-term prepayments and accruals	3,154	2,321

7.13. Share capital

On 14 November 2022, the Regional Court in Toruń, 7th Commercial Division of the National Court Register registered the redemption of 130,155 bearer shares.

In view of the above, the share capital is PLN 3,264,707.30 and is divided into 32,647,073 shares, including:

- 7,332,491 registered shares with a voting preference of 1:4,
- 25,314,582 bearer shares.

The above shares entitled to exercise 54,644,546 votes at the General Shareholders Meeting of 31 December 2022.

Information concerning share capital is presented in the tables below.

ITEM	as on	
	31 December 2022	31 December 2021
Number of issued, fully paid shares	32,647,073	32,777,228
Nominal value of shares	0.10	0.10
Share capital	3,265	3,278

ITEM	in the period	
	from 1 January 2022	from 1 January 2021
	to 31 December 2022	to 31 December 2021
Opening balance of share capital	3,278	3,281
Decrease in share capital during the period	(13)	(3)

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Redemption of own shares	(13)	(3)
Closing balance of share capital	3,265	3,278

The shareholder structure as at 31 December 2022 is shown in the table below.

Full name	Registered shares	Bearer shares	Total shares	Number of votes	Share of capital	Share of votes
Mariusz Lewicki	1,187,376	1,126,624	2,314,000	5,876,128	7.09%	10.75%
T. Sosgórnik with a closely associated person	1,470,000	506,060	1,976,060	6,386,060	6.05%	11.69%
Danuta Guzowska	954,214	566,065	1,520,279	4,382,921	4.66%	8.02%
Zbigniew Jaworski	766,348	698,652	1,465,000	3,764,044	4.49%	6.89%
Apator Mining Sp. z o. o.	0	3,600,000	3,600,000	3,600,000	11.03%	6.59%
Kazimierz Piotrowski with his wife	664,774	159,181	823,955	2,818,277	2.52%	5.16%
PTE Allianz Polska*	0	4,545,864	4,545,864	4,545,864	13.92%	8.32%
Others	2,289,779	14,112,136	16,401,915	23,271,252	50.24%	42.58%
TOTAL	7,332,491	25,314,582	32,647,073	54,644,546	100.00%	100.00%

(*) total status for: Allianz OFE, Allianz DFE and Drugi Allianz OFE determined on the basis of a notification from PTE Allianz Polska S.A.

7.14. Other capitals

Information on other capitals is presented in the table.

ITEM	as on	
	31 December 2022	31 December 2021
Supplementary capital, including:	332,455	332,759
<i>Share premium reserve</i>	15,142	15,142
<i>Other supplementary capital</i>	317,313	317,617
Capital from business combination	(7,983)	-
Reserve capitals	10,000	10,000
Total other capitals	334,472	342,759

In accordance with Resolution No. 24/VI/2022 of the Ordinary General Shareholders Meeting of Apator S.A. of 28 June 2022, the net profit for the financial year 2021 in the amount of PLN 18,436,136.32 was distributed as follows:

Dividend PLN 16,352,623.00
 Supplementary capital PLN 2,083,513.32

An advance payment was made on 24 January 2022 against the expected dividend from the profit for the financial year 2021, in the total amount of PLN 9,823,208.40, or PLN 0.30 per share. The remaining dividend in the amount of PLN 6,529,414.60, or PLN 0.20 per share, was paid on 31 August 2022.

Pursuant to Resolution 26/VI/2022, the Share Repurchase Programme (adopted pursuant to Resolution 23/VI/2021) was closed and the related Share Redemption Fund was liquidated (in the original amount of PLN 10 million). Unused Fund resources of PLN 7.6 million were transferred to supplementary capital.

At the same time, by resolution 32/VI/2022, a new Share Repurchase Programme was opened with a Share Redemption Fund of PLN 10 million.

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Rounding level:	all amounts are expressed in thousands of PLN (unless stated otherwise)		

7.15. Undistributed financial result

The specification of the undistributed financial result is included in the table below.

ITEM	as on	
	31 December 2022	31 December 2021
Undistributed financial result	25,593	18,436
- result for the current period	25,593	18,436

As of the publication date of this report, the Management Board of Apator S.A. has not made a recommendation on the distribution of the result for 2022. This recommendation will be made closer to the date of the General Shareholders Meeting.

7.16. Credits and loans

Information on credits and loans is presented below.

ITEM	as on	
	31 December 2022	31 December 2021
Long-term credits and loans	3,119	7,000
payable over 1 and up to 2 years	3,119	4,000
payable over 2 and up to 5 years	-	3,000
Short-term credits and loans	75,354	98,691
Total credits and loans, including	78,473	105,691
- from other entities	78,473	105,691

All credits and loans were granted in PLN; a summary of liabilities due to credits and loans is presented below:

ITEM	LIABILITY	COSTS	LIABILITY	COSTS
	as on	from 1 January 2022	as on	from 1 January 2021
	31 December 2022	to 31 December 2022	31 December 2021	to 31 December 2021
Credits	78,473	6,642	105,691	1,106
Credit 1	55,922	5,631	91,641	853
Credit 2	196	318	3,050	165
Credit 3	7,278	552	11,000	88
Credit 4	15,077	66	-	-
Credit 5	-	75	-	-
Loans	-	13	-	3
Loan 1	-	13	-	3
Total	78,473	6,655	105,691	1,109

As of 31 December 2022, Apator S.A. had credit debt totalling PLN 78,473 thousand. The terms of the credit agreements are presented below.

Credit (1)

Bank name	ING Bank Śląski S.A.
Date of conclusion of the agreement and any addenda thereto	22 June 2016, Addendum No 15 of 8 September 2022
Amount of credit granted	Limit of up to PLN 135 million ¹ - this limit may be used in the form of working capital loans, bank guarantees and letters of credit

¹ The maximum limit for the Apator Group of Companies may not exceed a total of PLN 250 million

Entity name:	Apator S.A.	Page 39	
Period covered by the financial statements:	1 January 2022 – 31 December 2022	Reporting currency:	polish zloty (PLN)
Rounding level:	all amounts are expressed in thousands of PLN (unless stated otherwise)		

Credit (1)

Credit repayment date	30 June 2025
Type of security	Contractual mortgage on the real estate of Apator S.A. in Ostaszewo of up to PLN 40 million, Registered pledge over inventory of PLN 73.3 million, Registered pledge over fixed assets of PLN 20.6 million, Assignment of rights under an all-risk property insurance policy, Registered pledge over the receivables of Apator S.A. under the bank account agreement with ING Bank Śląski, Blank promissory note and promissory note declaration.
Interest rate	WIBOR 1M + margin per annum

Credit (2)

Bank name	CITI Bank Handlowy S.A.
Date of conclusion of the agreement and any addenda thereto	13 January 2017, last addendum of 5 April 2022
Amount of credit granted	PLN 10 million – overdraft facility
Credit repayment date	22 March 2023
Type of security	Registered pledge over fixed assets of PLN 8.4 million, Assignment of rights under an all-risk property insurance policy.
Interest rate	WIBOR 3M + margin per annum

Credit (3)

Bank name	CITI Bank Handlowy S.A.
Date of conclusion of the agreement and any addenda thereto	13 August 2021, last addendum of 29 June 2022
Amount of credit granted	PLN 13 million - long-term credit for the purchase of shares in Apator Telemetria Sp. z o.o., the credit was converted to EUR by virtue of an addendum of 29 June 2022,
Credit repayment date	9 August 2024
Type of security	Registered pledge over acquired shares of PLN 12.1 million and over fixed shares of PLN 2.8 million, Registered pledge over the receivables of Apator S.A. under the bank account agreement with CITI Bank Handlowy S.A., Assignment of rights under an all-risk property insurance policy, Declaration of submission to enforcement up to the amount of PLN 15.6 million.
Interest rate	WIBOR 3M + margin per annum

Credit (4)

Credit line denominated in EUR within the limit defined as Credit (1).

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Rounding level:	all amounts are expressed in thousands of PLN (unless stated otherwise)	

Credit (5)

A non-revolving credit of PLN 5 million provided within the limit defined as Credit (1), repaid in full on 31 August 2022.

During the reporting period, Apator S.A. complied with its obligations under its credit agreements, including the covenants established.

7.17. Provisions for liabilities

Information on provisions for liabilities is presented in the table.

ITEM	PROVISIONS / LIABILITIES			OTHER PROVISIONS		TOTAL
	RETIREMENT BENEFITS, JUBILEE AWARDS	BONUSES	LEAVES	GUARANTEES	OTHER	
Value of provisions as at 1 January 2021	5,844	5,103	1,270	12,002	760	24,979
Increase - creation of a provision charged against current result	-	4,546	199	3,105	-	7,850
Decrease - write-down of unused amounts as income	(705)	(968)	0	-	(463)	(2,136)
Exercise of a provision - cost settlement	(454)	(6,547)	(91)	(9,065)	(297)	(16,454)
Revaluation of a provision recognised in other comprehensive income	(203)	-	-	-	-	(203)
Value of provisions as at 31 December 2021, including:	4,482	2,134	1,378	6,042	-	14,036
- long-term provisions	3,835	-	-	-	-	3,835
- short-term provisions	647	2,134	1,378	6,042	-	10,201
Value of provisions as at 1 January 2022	4,482	2,134	1,378	6,042	-	14,036
Change due to acquisition of Apator Elkomtech S.A.	1,493	691	497	263	392	3,336
Increase - creation of a provision charged against current result	-	4,022	628	2,803	3,561	11,014
Decrease - write-down of unused amounts as income	(663)	(2,578)	-	(361)	-	(3,602)
Exercise of a provision - cost settlement	(505)	(2,272)	(231)	(1,964)	(1,786)	(6,758)
Revaluation of a provision recognised in other comprehensive income	(860)	-	-	-	-	(860)
Value of provisions as at 31 December 2022, including:	3,947	1,997	2,272	6,783	2,167	17,166
- long-term provisions	3,103	-	-	-	-	3,103
- short-term provisions	844	1,997	2,272	6,783	2,167	14,063

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Rounding level:	all amounts are expressed in thousands of PLN (unless stated otherwise)		

Employee benefits – actuarial assumptions

Primary actuarial assumptions used at the reporting date (expressed as weighted average values):

▪ Discount rate as at 31 December 2022	8.4%
▪ Wage growth rate	4.1%
▪ Future increase in the rate of revalorisation of the basis for calculating jubilee awards	0%
▪ Number of employees	894

Assumptions concerning future mortality and disability are based on published statistics and mortality tables.

The following mobility parameters were also applied:

▪ For people aged up to 40	5%
▪ For people aged 41 and 45	4%
▪ For people aged 46 to 50	3%
▪ For people aged 50 and over	1%

7.18. Liabilities

Information on liabilities is presented in the table below.

ITEM	as on	
	31 December 2022	31 December 2021
Long-term liabilities	7,934	7,842
Derivative liabilities	-	300
Long-term liabilities from the right to use assets	7,934	7,542
Short-term liabilities, including:	67,705	49,847
Trade liabilities	48,292	34,949
Current liabilities	44,572	33,760
Overdue liabilities	3,720	1,189
Liabilities due to other taxes, customs duties and social insurances	7,330	3,254
Other short-term liabilities	9,717	10,093
Payroll liabilities	4,049	2,430
Dividend liabilities	42	42
Derivative liabilities	166	112
Investment liabilities	376	1,814
Liabilities due to the purchase of shares	-	5,109
Prepayments - advances received for deliveries	4,501	-
Deferred revenue	-	96
Other liabilities	583	490
Short-term liabilities from the right to use assets	2,366	1,551
Total liabilities, including:	75,639	57,689
- towards related entities	1,934	1,592
- towards other entities	73,705	56,097

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Rounding level:	all amounts are expressed in thousands of PLN (unless stated otherwise)		

7.19. Income tax

The specifics of income tax and deferred tax for the reporting period are presented in the tables.

ITEM	in the period	
	from 1 January 2022	from 1 January 2021
	to 31 December 2022	to 31 December 2021
Profit and loss account		
Current income tax	1,258	1,421
Current income tax burden	1,258	1,421
Deferred income tax	(838)	1,735
Associated with the emergence and reversal of temporary differences	(838)	1,735
Tax burden recognised in the statement of comprehensive income	420	3,156
Statement of changes in equity		
Other comprehensive income		
Deferred income tax	103	186
Net deferred income tax on cash flow hedges settled during the financial year	(60)	147
Deferred income tax on actuarial provision revaluation	163	39
Tax benefit shown in equity	103	186

ITEM	Assets		Provisions		Net value	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021	31 December 2022	31 December 2021
	Tangible fixed assets	-	-	2,401	1,543	(2,401)
Financial assets	268	268	-	-	268	268
Derivatives	33	80	3	32	30	48
Inventory	2,879	1,707	-	-	2,879	1,707
Liabilities due to employee benefits	1,713	1,490	-	-	1,713	1,490
Provisions	1,886	1,257	-	-	1,886	1,257
Write-downs of receivables	437	147	-	-	437	147
Tax credit to be settled in future periods	10,517	10,517	-	-	10,517	10,517
Other	344	276	84	29	260	247
Total	18,077	15,742	2,502	1,604	15,575	14,138
Netting assets and provisions	(2,502)	(1,604)	-	-	-	-
Deferred tax assets / liabilities recognised in the statement of financial position	15,575	14,138	-	-	15,575	14,138

On 28 December 2010, the Company received Permit No 69/PSSE to conduct business activities in the Pomeranian Special Economic Zone. At the date of commencement of operations in the PSEZ, deferred tax assets in the amount of PLN 20,357 thousand were recognised due to a tax credit that could be used.

The value of this asset as at 31 December 2022 has not changed in relation to the comparative period and amounts to PLN 10,517 thousand. The company assumes that the settlement of the capitalised tax credit will take place by the end of 2026.

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Period covered by the financial statements:	1 January 2022 – 31 December 2022	Reporting currency:	polish zloty (PLN)
Rounding level:	all amounts are expressed in thousands of PLN (unless stated otherwise)		

Presentation of the effective tax rate:

ITEM	in the period	
	from 1 January 2022	from 1 January 2021
	to 31 December 2022	to 31 December 2021
Tax base	26,013	21,592
Tax rate applied	19.00%	19.00%
Income tax calculated at the applicable rate	4,942	4,102
Tax on tax-exempt income (dividends from related entities)	(5,936)	(6,550)
Uncreated asset from losses on zone activities	772	5,361
Tax on non-tax-deductible expenses (permanent differences)	647	248
Other tax deductions	(5)	(5)
Income tax	420	3,156
Effective tax rate	1.61%	14.62%

7.20. Costs by type

ITEM	for the period	
	from 1 January 2022	from 1 January 2021
	to 31 December 2022	to 31 December 2021
Amortisation and depreciation	25,479	19,295
Consumption of materials and energy	229,230	170,385
External services	55,258	53,241
Employee benefits	78,694	59,535
Other costs	10,629	7,525
Manufacturing costs of products for entity's own purposes	(3,602)	(4,855)
Change in the status of finished goods, work in progress and prepayments and accruals	(8,099)	(18,471)
Cost of goods and materials sold	23,199	10,069
Total costs	410,788	296,724

7.21. Revenue

The Company recognises all revenue from sales at a point in time: either when the customer takes control of the good in question or when the service is finalised, following confirmation that the obligation under the contract/agreement has been fulfilled (upon receipt of an acceptance report).

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Period covered by the financial statements:	1 January 2022 – 31 December 2022	Reporting currency:	polish zloty (PLN)
Rounding level:	all amounts are expressed in thousands of PLN (unless stated otherwise)		

The specification of revenue by business line and domestic and foreign sales is presented in the table below. The automation line is the result of the merger with Apator Elkomtech S.A.

ITEM	from 1 January 2022	from 1 January 2021
	to 31 December 2022	to 31 December 2021
Switchgear, including:	128,207	110,051
<i>country</i>	77,763	68,962
<i>export</i>	50,444	41,089
Measuring apparatus, including:	229,858	172,435
<i>country</i>	187,347	141,828
<i>export</i>	42,511	30,607
Automation, including:	53,819	0
<i>country</i>	53,746	0
<i>export</i>	73	0
Total	411,884	282,486

7.22. Other operating revenues and expenses

ITEM	in the period	
	from 1 January 2022	from 1 January 2021
	to 31 December 2022	to 31 December 2021
Operating revenue	1,601	4,706
Result on sales of fixed tangible assets	274	155
Valuation of investment property	165	35
Release of write-downs of receivables	101	-
Release of provisions for liabilities	-	760
Compensation received for tangible fixed assets	179	39
Compensations and contractual penalties received	775	3,391
Other revenues	107	326
Operating expenses	(1,094)	(832)
Cost of liquidated tangible fixed assets	-	(48)
Random losses and other damage to assets	(362)	(281)
Donations made	(25)	(31)
Penalties, fines, compensation paid	(416)	(328)
Other costs	(291)	(144)
Net operating revenues (expenses)	507	3,874

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Rounding level:	all amounts are expressed in thousands of PLN (unless stated otherwise)		

7.23. Financial revenues and expenses

ITEM	in the period	
	from 1 January 2022	from 1 January 2021
	to 31 December 2022	to 31 December 2021
Financial revenues	32,760	34,670
Dividends and profit sharing	31,240	34,473
Interest on funds in bank accounts	10	-
Interest on receivables	140	60
Revenues from foreign exchange transactions (including derivatives)	1,261	-
Guarantees provided	109	137
Financial expenses	(8,350)	(2,714)
Interest on credits and loans	(6,319)	(973)
Interest on lease liabilities	(279)	(184)
Other interest	(167)	(58)
Negative exchange differences	(651)	(550)
Expenses on foreign exchange transactions (including derivatives)	-	(310)
Commissions on credits and loans	(336)	(150)
Bank guarantees and commissions (excluding loan commissions)	(585)	(466)
Other costs	(13)	(23)
Net financial revenues (expenses)	24,410	31,956

Revenues and expenses relating to foreign currency derivative transactions are presented in the table.

ITEM	in the period	
	from 1 January 2022	from 1 January 2021
	to 31 December 2022	to 31 December 2021
Revenue	1,067	648
Execution of foreign exchange spot transactions	302	79
Execution of forward transactions	725	631
Closing valuation	80	41
Opening valuation	(40)	(103)
Costs	194	(958)
Execution of foreign exchange spot transactions	(73)	(27)
Execution of forward transactions	(106)	(662)
Closing valuation	(8)	(381)
Opening valuation	381	112
Result on derivatives	1,261	(310)

7.24. Explanations regarding the cash flow statement

Apator S.A. prepares the cash flow statement for the part relating to operating activities using the indirect method, whereby profit is adjusted for the effects of non-cash transactions, changes in inventories, receivables and liabilities and other items where the cash effects are cash flows from financing or investing activities.

The following table presents an explanation of the inconsistencies between the changes in the balance from the statement of financial position and the changes in the balance of these items as reported in the cash flow statement.

Entity name:	Apator S.A.		Page 46
Period covered by the financial statements:	1 January 2022 – 31 December 2022	Reporting currency:	polish zloty (PLN)
Rounding level:	all amounts are expressed in thousands of PLN (unless stated otherwise)		

ITEM	in the period	
	from 1 January 2022	from 1 January 2021
	to 31 December 2022	to 31 December 2021
Change in inventories		
Change in inventories	(4,921)	(42,497)
Inventory at the date of acquisition of the subsidiary	20,577	-
Change in the balance shown in the cash flow statement	15,656	(42,497)
Change in receivables		
Change in trade receivables	(30,943)	8,040
Change in corporate tax receivables	(804)	(540)
Change in receivables from other taxes, customs duties and social insurances	205	417
Change in other receivables	(234)	153
Change in advances for tangible fixed assets	(690)	-
Receivables at the date of acquisition of the subsidiary	19,922	-
Adjustment for income tax receivables	804	540
Adjustment for investment receivables	30	(1)
Change in the balance shown in the cash flow statement	(11,710)	8,609
Change in liabilities		
Change in long-term liabilities	(300)	300
Change in long-term liabilities from the right to use assets	392	227
Change in trade liabilities	13,343	2,824
Change in corporate tax liabilities	-	(1,392)
Change in liabilities from other taxes, customs duties and social insurances	4,076	(681)
Change in other liabilities	(376)	147
Change in short-term liabilities from the right to use assets	815	168
Liabilities at the date of acquisition of the subsidiary	(11,998)	-
Adjustment for liabilities due to the purchase of shares	5,109	(5,109)
Adjustment for finance lease liabilities	1,102	(395)
Adjustment for derivative liabilities	247	318
Adjustment for income tax liabilities	1,056	1,392
Adjustment for investment liabilities	1,237	3,364
Change in the balance shown in the cash flow statement	14,703	1,163
Change in provisions		
Change in long-term provisions for employee benefits	(732)	(1,231)
Change in short-term provisions for employee benefits	954	(2,992)
Change in other short-term provisions	2,908	(6,720)
Provisions at the date of acquisition of the subsidiary	(3,336)	-
Other changes	860	204
Change in the balance shown in the cash flow statement	654	(10,739)
Change in prepayments and accruals		
Change in short-term prepayments and accruals	(833)	(351)
Prepayments and accruals at the date of acquisition of the subsidiary	147	-
Change in the balance shown in the cash flow statement	(686)	(351)

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Period covered by the financial statements:	1 January 2022 – 31 December 2022	Reporting currency:	polish zloty (PLN)
Rounding level:	all amounts are expressed in thousands of PLN (unless stated otherwise)		

ITEM	in the period	
	from 1 January 2022	from 1 January 2021
	to 31 December 2022	to 31 December 2021
Expenditure on the acquisition of fixed tangible assets		
Purchase of tangible fixed assets	(7,576)	(8,709)
Change in inventory for internal projects	303	(262)
Lease purchase	1,453	18
Change in investment liabilities	(1,189)	(756)
Other	783	(3,240)
Total	(6,226)	(12,949)

ITEM	in the period	
	from 1 January 2022	from 1 January 2021
	to 31 December 2022	to 31 December 2021
Expenditure on the acquisition of intangible assets		
Purchase of intangible assets	(3,067)	(2,237)
Lease purchase	-	(915)
Change in development work under construction	(219)	-
Change in net investment liabilities	(48)	(125)
Other	(41)	-
Total	(3,375)	(3,277)

ITEM	in the period	
	from 1 January 2022	from 1 January 2021
	to 31 December 2022	to 31 December 2021
Other adjustments to cash flows from operating activities		
Liquidation of tangible fixed assets and intangible assets	29	48
Grant settlement	97	-
(Profit) loss on settlement of derivatives	(619)	30
Commissions and fees on credits and loans	336	150
Negative differences on credits and dividends	211	-
Total	54	228

ITEM	in the period	
	from 1 January 2022	from 1 January 2021
	to 31 December 2022	to 31 December 2021
Other proceeds (expenses) from investing activities		
Advances for tangible fixed assets under construction	-	(783)
Proceeds and expenses related to forward contracts and options	619	(30)
Total	619	(813)
Other proceeds (expenses) from financing activities		
Lease interest	(279)	(184)
Commissions and fees on credits and loans	(336)	(150)
Total	(615)	(334)

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Period covered by the financial statements:	1 January 2022 – 31 December 2022	Reporting currency:	polish zloty (PLN)
Rounding level:	all amounts are expressed in thousands of PLN (unless stated otherwise)		

7.25. Financial instruments

In accordance with IFRS 9, the Company classifies financial instruments into the following categories:

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

The table below shows the carrying amount of significant groups of financial assets and liabilities by category. The carrying amount of the Company's financial assets and financial liabilities shown in the tables below was not materially different from their fair value in all periods presented. The principles for determining fair values are described in note 4.2.8.

The categories and classes of financial instruments at reporting value are presented below.

ITEM	NOTE	Assets measured at fair value through profit or loss	Assets measured at amortised cost	Financial liabilities measured at fair value through profit or loss	Liabilities measured at amortised cost	Lease liabilities	Total
Carrying amount as at 31 December 2022							
Derivatives	7.8	17	-	-	-	-	17
Trade and other receivables	7.10	-	81,840	-	-	-	81,840
Cash and cash equivalents	7.11	-	203	-	-	-	203
Cash on the VAT account;	7.11	-	1,700	-	-	-	1,700
Derivative liabilities	7.18	-	-	165	-	-	165
Trade liabilities and other liabilities	7.18	-	-	-	53,960	-	53,960
Debt	7.6 7.16	-	-	-	78,473	10,301	88,774
TOTAL		17	83,743	165	132,433	10,301	226,659
Carrying amount as at 31 December 2021							
Derivatives	7.8	166	-	-	-	-	166
Trade and other receivables	7.10	-	39,245	-	-	-	39,245
Cash and cash equivalents	7.11	-	1,310	-	-	-	1,310
Cash on the VAT account;	7.11	-	1,097	-	-	-	1,097
Derivative liabilities	7.18	-	-	412	-	-	412
Trade liabilities and other liabilities	7.18	-	-	-	42,500	-	42,500
Debt	7.6 7.16	-	-	-	105,691	9,093	114,784
TOTAL		166	41,652	412	148,191	9,093	199,514

The items of revenues, expenses, gains and losses recognised in profit or loss by category of financial instrument are presented below.

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Period covered by the financial statements:	1 January 2022 – 31 December 2022	Reporting currency:	polish zloty (PLN)
Rounding level:	all amounts are expressed in thousands of PLN (unless stated otherwise)		

ITEM	Financial assets measured at amortised cost	Financial liabilities measured at amortised cost	Derivative liabilities measured at fair value through profit or loss	TOTAL
Situation as at 31 December 2022	(8,294)	1,346	1,032	(5,916)
Revenues (expenses) from interest	150	(6,765)	-	(6,615)
Foreign exchange gains (losses)	(8,762)	8,111	-	(651)
Revenues from realisation of derivatives	-	-	619	619
Revenues from valuation of derivatives	-	-	413	413
Creation of write-downs	(12)	-	-	(12)
Reversal of write-downs	101	-	-	101
Gains on foreign exchange spot transactions	229	-	-	229
Situation as at 31 December 2021	(8,320)	6,644	(362)	(2,038)
Revenues (expenses) from interest	60	(1,215)	-	(1,155)
Foreign exchange gains (losses)	(8,409)	7,859	-	(550)
Expenses on realisation of derivatives	-	-	(31)	(31)
Expenses on valuation of derivatives	-	-	(331)	(331)
Creation of write-downs	(23)	-	-	(23)
Gains on foreign exchange spot transactions	52	-	-	52

The table below provides an analysis of financial instruments measured at fair value, grouped according to a three-level hierarchy, where:

- Level 1 - fair value is based on quoted (unadjusted) prices;
- Level 2 - fair value is determined based on values observable in the market, but which are not direct market quotations;
- Level 3 - fair value is determined on the basis of various valuation techniques not based on any observable market data.

ITEM	as at 31 December 2022			as at 31 December 2021		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Derivatives (assets)	-	17	-	-	166	-
Derivatives (liabilities)	-	(166)	-	-	(412)	-
Total	-	(149)	-	-	(246)	-

Transfers between levels did not occur.

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

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Period covered by the financial statements:	1 January 2022 – 31 December 2022	Reporting currency:	polish zloty (PLN)
Rounding level:	all amounts are expressed in thousands of PLN (unless stated otherwise)		

7.26. Derivative financial instruments, hedge accounting

In Apator S.A., foreign exchange derivative contracts are entered into as part of the foreign exchange hedging policy. The company hedges export inflows exceeding import outflows (EUR) and import outflows exceeding export inflows (USD).

As at 31 December 2022, the Company applies cash flow hedge accounting. As of 1 July 2011, the Company designated FX forward derivatives as hedge accounting instruments to hedge against the risk of cash flow volatility from future planned sales flows denominated in foreign currency.

As of 10 July 2015, the Company designated FX forward derivatives as hedge accounting instruments to hedge against the risk of cash flow volatility from future forecast purchase flows denominated in foreign currency.

Due to the unstable macroeconomic and geopolitical situation, including the recently notable inflation factor, the credit risk associated with financial instruments has significantly increased since the initial recognition.

Foreign exchange inflow hedges are concluded over a time horizon of 24 consecutive months (at the turn of the year, the hedging period may cover three calendar years) and the sum of the hedges for 24 months may not exceed the export plan for the current year.

Foreign exchange outflow hedges are concluded over a rolling 12-month time horizon and the level of hedging over the period cannot exceed 50% of the annual foreign currency exposure.

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

Type of hedge	Hedging the volatility of future cash flows in EUR and USD
Hedged item	The hedged item is the portion of future highly probable flows from EUR-denominated sales and USD-denominated purchases.
Hedging instruments	The hedging instrument is FX forward transactions in which the Company undertakes to sell EUR and purchase USD for PLN.
Risk to be hedged	The Company hedges the volatility of its cash flows for currency risk.
Financial statements recognition method	The portion of the change in the fair value measurement of hedging instruments, corresponding to the effective hedge, is recognised in the capital from the valuation of hedging transactions (statement of changes in capital). The ineffective portion of the change in the fair value measurement of hedging instruments is recognised in financial revenues or expenses.
Period in which cash flows are expected to occur	The hedged item is expected to generate cash flows in the period up to 31 October 2023.
Nominal value	EUR 1,760 thousand

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Period covered by the financial statements:	1 January 2022 – 31 December 2022	Reporting currency: polish zloty (PLN)
Rounding level:	all amounts are expressed in thousands of PLN (unless stated otherwise)	

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

ITEM	as on	
	31 December 2022	31 December 2021
Short-term assets	17	166
Hedging instruments	17	166
Total assets	17	166
Long-term liabilities	-	300
Hedging instruments	-	300
Short-term liabilities	166	112
Hedging instruments	166	112
Total liabilities	166	412

The table below shows the amounts for cash flow hedge accounting recognised by the Company in 2022 in profit or loss and capital.

ITEM	as on	
	31 December 2022	31 December 2021
Valuation of instruments, including:	(149)	(246)
Capital from the valuation of hedging transactions (changes in the fair value measurement of hedging derivatives for hedged risk, corresponding to effective hedging)	(221)	94
Financial result of the period (changes in the valuation of hedging derivatives for hedged risks, corresponding to ineffective hedging)	72	(340)

The table below shows the changes in capital from the valuation of hedging transactions due to cash flow hedge accounting.

ITEM	in the period	
	from 1 January 2022	from 1 January 2021
	to 31 December 2022	to 31 December 2021
Opening balance	94	(680)
Reversal of valuation from previous period	(94)	680
Closing valuation	(221)	94
Closing balance	(221)	94

7.27. Objectives and principles of risk management

In addition to derivatives, the main financial instruments used by the Company include bank credits, including overdraft facilities. The company also holds financial assets such as trade receivables and cash and other receivables and loans granted.

The Company concludes transactions involving derivatives, which primarily comprise forward exchange contracts. The purpose of these transactions is to manage the foreign exchange risk arising in the course of the Company's business. Agreements for forward contracts are concluded on the basis of exchange rate forecasts, in accordance with a corporate guideline and a resolution of the Company's Management Board.

The risks to which Apator S.A. is exposed include market risk (primarily foreign exchange risk and interest rate risk), as well as credit risk and liquidity risk.

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Period covered by the financial statements:	1 January 2022 – 31 December 2022	Reporting currency:	polish zloty (PLN)
Rounding level:	all amounts are expressed in thousands of PLN (unless stated otherwise)		

Foreign exchange risk

The Company is exposed to foreign exchange risk from commercial transactions. Such risk results from sales and purchases made by the companies in currencies other than the functional currency. Foreign exchange risk is associated with financial market volatility and high exchange rate volatility and differences. A change in exchange rates can permanently affect the competitiveness and market value of the company (it can determine a significant increase in costs or a decrease in planned revenue from foreign trade operations). In 2022, an unfavourable trend in the PLN/USD exchange rate was again noted, affecting the incurred costs of raw materials and consumables.

In order to minimise foreign exchange risk, the Company uses natural hedging as well as hedging with financial instruments to hedge the EUR and USD exchange rates. However, from 2020 onwards, when financial markets were determined by the impact of the COVID-19 pandemic, resulting in high volatility and uncertainty, the Company has adopted a precautionary approach when entering into new forward contracts and primarily uses natural hedging.

The forward contracts as at 31 December 2022 are presented in note 7.26 and the table below.

As of 31 December 2022, Apator S.A. held forward exchange contracts.

ITEM	Flows			
	as at 31 December 2022		as at 31 December 2021	
	in currency	PLN at the date of the contract	in currency	in PLN at the date of the contract
Cash flow hedging instruments in EUR	(1,760)	(8,038)	(3,764)	(17,247)
Cash flow hedging instruments in USD	-	-	1,500	5,946

The degree of exposure of Apator S.A. to currency risk is presented in the table below.

ITEM	as at 31 December 2022		as at 31 December 2021	
	in currency	in PLN	in currency	in PLN
Items in euro (EUR)	1,894	8,869	641	2,405
Trade receivables:	3,461	16,205	1,722	7,630
Advances provided for purchase of materials and services	-	-	7	34
Cash			277	1,227
Trade liabilities	(1,561)	(7,306)	(1,323)	(6,288)
Advances received for deliveries	(6)	(30)	(42)	(198)
Items in US dollars (USD)	(2,135)	(9,391)	(1,361)	(5,759)
Trade receivables:	62	271	46	181
Advances provided for purchase of materials and services	77	352	228	912
Cash	30	133	15	58
Trade liabilities	(2,304)	(10,147)	(1,650)	(6,910)
Items in pounds sterling (GBP)	-	-	(3)	(14)
Trade liabilities	-	-	(3)	(14)
Items in Czech crowns (CZK)	-	-	2	9
Trade receivables:	-	-	2	9
Items in Hungarian forints (HUF)	24,100	281	-	-
Trade receivables:	24,100	281	-	-
Items in Chinese yuan (CNY)	(845)	(496)	594	384
Advances provided for purchase of materials and services	852	561	638	412
Cash	8	5	-	-
Trade liabilities	(1,705)	(1,062)	(44)	(28)

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Rounding level:	all amounts are expressed in thousands of PLN (unless stated otherwise)		

At the reporting date of 31 December 2022, monetary assets and liabilities have been converted at an exchange rate which is the arithmetic mean of the closing rates (spot exchange rates at the end of the reporting period): the buying rate and the selling rate of the currency of the leading bank, i.e. ING.

ITEM	as at 31 December 2022
EUR	4.6818
USD	4.3767
CNY	0.6339

In accordance with the "Forward Contracts Regulations" guideline adopted by Apator S.A., forward contracts and options are used to hedge export inflows exceeding import expenditure. For the conclusion of forward contracts, the approval of the Management Board in the form of a resolution is required; the resolution establishes the maximum denomination of the hedges, determined on the basis of the foreign trade balance plan and the level of existing hedges. The conclusion of a complex hedging structure follows the favourable opinion of the Supervisory Board, which makes its decision after the Management Board has presented the reasons for its intention to apply such hedging and its potential impact on the financial results.

The table below shows the sensitivity of the gross financial result and equity to reasonably possible exchange rate fluctuations. The Company expects that all currencies may fluctuate by 10% (in the absence of volatility in other parameters).

ITEM	from 1 January 2022 to 31 December 2022		from 1 January 2021 to 31 December 2021	
	Impact on gross financial result	Direct impact on equity	Impact on gross financial result	Direct impact on equity
EUR / PLN				
+10%	887	(804)	241	(1,725)
- 10%	(887)	804	(241)	1,725
USD / PLN				
+10%	(939)	-	(576)	595
- 10%	939	-	576	(595)
GBP / PLN				
+10%	-	-	(1)	-
- 10%	-	-	1	-
CZK / PLN				
+10%	-	-	1	-
- 10%	-	-	(1)	-
HUF / PLN				
+10%	28	-	-	-
- 10%	(28)	-	-	-
CNY / PLN				
+10%	(50)	-	38	-
- 10%	50	-	(38)	-

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Period covered by the financial statements:	1 January 2022 – 31 December 2022	Reporting currency:	polish zloty (PLN)
Rounding level:	all amounts are expressed in thousands of PLN (unless stated otherwise)		

Interest rate risk

Due to its liabilities in the form of credits bearing interest at variable rates, Apator S.A. is exposed to interest rate risk.

Financial instruments by interest rate are presented below.

ITEM	as on	
	31 December 2022	31 December 2021
Financial instruments with a variable interest rate	(88,571)	(113,474)
Financial assets	202	1,310
Financial liabilities	(88,773)	(114,784)
Total	(88,571)	(113,474)

The table below shows the sensitivity of the gross financial result and equity to reasonably possible WIBOR fluctuations. For the purpose of the analysis, it is assumed that the amount of liabilities outstanding at the end of the reporting period was unpaid the entire year.

ITEM	from 1 January 2022 to 31 December 2022	
	Impact on gross financial result	Impact on equity
WIBOR		
+ 250 basis points	(2,214)	-
- 250 basis points	2,214	-

As the debt instruments are based on WIBOR, Apator S.A. is not affected by the reform of the IBOR system.

Credit risk

Credit risk is the risk that a counterparty will fail to meet its liabilities under a financial instrument or agreement, resulting in a financial loss for the other party. Apator S.A. is exposed to credit risk arising from its operating activities, mainly from trade receivables.

The Company concludes transactions only with reputable companies with good credit ratings in order to mitigate this risk. All customers who wish to take advantage of deferred payment terms are subject to an initial verification. The Company also uses the services of a credit bureau.

The Company has financial control instructions for sales orders. The Company aims to work with all customers on the basis of trade agreements. In addition, thanks to the ongoing monitoring of receivables, the Company's exposure to the risk of uncollectible receivables is negligible.

Trade receivables consist of amounts owed by a large number of customers, spread across different industries and geographical areas. Apator S.A. also makes sales to non-EU entities such as the UK or Brazil, among others.

At the end of 2022, one customer – PGE Dystrybucja S.A. – had a receivables balance of more than 10% of the total trade receivables balance (18%).

Credit risk related to cash and derivatives is limited as the counterparties of Apator S.A. are banks with high ratings assigned by international rating agencies.

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Rounding level:	all amounts are expressed in thousands of PLN (unless stated otherwise)		

Liquidity risk

Apator S.A. monitors liquidity risk on a weekly basis through net liquidity reports and on a monthly basis through half-yearly cash flow compilations. Comprehensive, aggregate information is reported to the level of directors and Management Board. Apator S.A. uses an overdraft facility to finance day-to-day operations.

The table below provides information on the contractual due dates of liabilities.

ITEM	Value as at the reporting date	Contractual cash flows					TOTAL
		over 6 months	from 6 to 12 months	from 1 to 2 years	from 2 to 5 years	over 5 years	
Situation as at 31 December 2022	137,649	123,444	3,182	4,741	839	9,420	141,626
Credits and loans	78,473	73,275	2,079	3,119	-	-	78,473
Lease liabilities	10,300	1,293	1,103	1,622	839	9,420	14,277
Derivative payments	166	166	-	-	-	-	166
Trade liabilities	48,292	48,292	-	-	-	-	48,292
Investment liabilities	376	376	-	-	-	-	
Other financial liabilities	42	42	-	-	-	-	42
Situation as at 31 December 2021	152,001	134,310	2,868	5,303	4,069	9,570	156,120
Credits and loans	105,691	96,691	2,000	4,000	3,000	-	105,691
Lease liabilities	9,093	788	783	1,003	1,069	9,570	13,213
Derivative payments	412	27	85	300	-	-	412
Trade liabilities	34,949	34,948	-	-	-	-	34,948
Investment liabilities	1,814	1,814	-	-	-	-	1,814
Other financial liabilities	42	42	-	-	-	-	42

Tax risk

Regulations on value-added tax, corporate income tax, personal income tax or social security contributions are subject to modifications, as a result of which there is often no reference to established regulations or legal precedents. Applicable regulations also include ambiguities that cause differences in opinions as to the legal interpretation of tax regulations both between government bodies and between companies and government bodies. Tax and other (for example, customs or foreign exchange) settlements may be audited by bodies authorised to impose significant penalties, and additional amounts of liabilities determined as a result of the audit must be paid with interest. Due to these phenomena, the tax risk in Poland is higher than the usual tax risks in countries with more developed tax regimes.

The supply of technologically advanced products to the most demanding customers in Poland and abroad is currently an important factor in the development of the Company's business, generating stable profits, but due to the achieved scale and pace of development, as well as the fact that the complexity of the subject matter of product supply agreements often requires participation in international consortia, it automatically increases the financial risks associated with conducting international business. One element of risk is the tax risks associated with the movement of goods between companies cooperating in the performance of agreements and coming from different countries as well as the tax interpretations accompanying these transactions.

Tax settlements may be audited within a period of five years. As a result, amounts disclosed in the financial statements may change at a later date after they have been finally determined by a tax authority. The Company is of the opinion that appropriate provisions were created for probable and quantifiable liability risks.

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Rounding level:	all amounts are expressed in thousands of PLN (unless stated otherwise)		

Capital management

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

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

Apator S.A. monitors capital using the leverage ratio, which is calculated as the ratio of net debt to total capital plus net debt.

The Company's net debt includes interest-bearing credits and loans, trade liabilities and other liabilities excluding derivatives, less cash and cash equivalents. Equity comprises the equity disclosed in the statement of financial position.

Leverage ratios for 2021 and 2022 are included in the table below.

ITEM	as on	
	31 December 2022	31 December 2021
Net debt	152,044	160,561
Debt	153,946	162,968
Cash and cash equivalents	(1,902)	(2,407)
Equity	362,987	363,238
Equity and net debt	515,031	523,799
Leverage ratio	29.52%	30.65%

Climate risk

The growing impact of climate risks makes it crucial to integrate this area of risk into organisational management, which can be challenging. As part of its existing climate risk management system, the Apator Group monitors, e.g., the carbon footprint emitted during production processes on an ongoing basis, actively follows changing legal and market requirements in the field of climate protection and adapts its products accordingly.

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Rounding level:	all amounts are expressed in thousands of PLN (unless stated otherwise)		

7.28. Information about related entities

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

ITEM	for the period
	from 1 January 2022 to 31 December 2022
Short-term employee benefits	5,463
Total	5,463

The Company identified related entities. The following were recognised as related entities:

a. Subsidiaries

- Apator Mining Sp. z o.o. (Katowice)
- FAP Pafal S.A. (Świdnica)
- Apator Metrix S.A. (Tczew)
- Apator GmbH (Berlin, Germany)
- Apator Rector Sp. z o.o. (Zielona Góra)
- Apator Powogaz S.A. (Poznań)
- Apator Telemetria Sp. z o.o. (Słupsk) – a subsidiary of Apator Powogaz S.A. (71.89% of shares); Apator S.A. holds 20.8% of shares in Apator Telemetria Sp. z o.o.
- Apator Metra s.r.o. (Šumperk, Czech Republic) – a subsidiary of Apator Powogaz S.A.
- Apator Miitors ApS. (Horsens, Denmark) – a subsidiary of Apator Powogaz S.A.
- George Wilson Industries Ltd. (Coventry, Great Britain) – a subsidiary of Apator Metrix S.A.

b. Members of the Supervisory Board

c. Members of key management personnel

d. Close family members of members of the Supervisory Board and management personnel living in the same household

e. Entities controlled by the persons referred to in point b and c.

The Management Board of Apator S.A. stated that the top management of Apator S.A. consists of the following persons:

- Arkadiusz Chmielewski – President of the Management Board (until 28 February 2023)
- Maciej Wyczesany – President of the Management Board (since 1 March 2023)
- Tomasz Łątka – Member of the Management Board

Other members of management:

- Małgorzata Mazurek – Finance Director, Proxy
- Jolanta Dombrowska – Management and Corporate Communications Director, Proxy
- Artur Bratkowski – Metering Equipment & Systems Director, Proxy
- Krzysztof Kluszczynski – Power and Industrial Automation Director, Proxy

Transactions with related entities were carried out at arm's length.

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

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Period covered by the financial statements:	1 January 2022 – 31 December 2022	Reporting currency:	polish zloty (PLN)
Rounding level:	all amounts are expressed in thousands of PLN (unless stated otherwise)		

ITEM	APATOR GmbH	Apator Metrix S.A.	George Wilson Industries Ltd.	Apator Mining Sp. z o.o.	Apator Powogaz S.A.	Apator Telemetria Sp. z o.o.	Apator Rector Sp. z o.o.	FAP Pafal S.A.	TOTAL
Transactions in the period from 1 January 2022 to 31 December 2022 and as at 31 December 2022									
Sales of products and services	42,825	6,095	2,278	11	5,742	229	1,117	202	58,499
Sales of goods and materials	185	29	-	-	209	12	-	-	435
Cost relating to sales transactions of products and services	40,459	3,795	2,480	-	1,648	104	500	192	49,178
Cost relating to sales transactions of goods and materials	151	27	-	-	196	11	-	-	385
Trade receivables:	6,390	-	-	-	203	76	191	20	6,880
Investment receivables	-	-	-	-	-	-	37	-	37
Financial revenue from dividend	371	10,002	-	2,243	15,000	624	-	3,000	31,240
Purchase of products, services, goods and materials	229	137	-	-	22	4,734	2,056	3,283	10,461
Trade liabilities	-	75	-	5	-	790	455	609	1,934

Entity name:	Apator S.A.		Page 59
Period covered by the financial statements:	1 January 2022 – 31 December 2022	Reporting currency:	polish zloty (PLN)
Rounding level:	all amounts are expressed in thousands of PLN (unless stated otherwise)		

ITEM	APATOR GmbH	Apator Metrix S.A.	George Wilson Industries Ltd.	Apator Mining Sp. z o.o.	Apator Powogaz S.A.	Apator Telemetry Sp. z o.o.	Apator Rector Sp. z o.o.	Apator Elkomtech S.A.	FAP Pafal S.A.	TOTAL
<i>Transactions in the period from 1 January 2021 to 31 December 2021 and as at 31 December 2021</i>										
Sales of products and services	24,436	2,902	7,497	13	8,071	137	577	3,180	458	47,271
Sales of goods and materials	95	-	-	-	-	34	-	4	23	156
Cost relating to sales transactions of products and services	21,833	761	8,739	-	4,246	52	206	2,168	432	38,437
Cost relating to sales transactions of goods and materials	75	-	-	-	-	121	-	3	22	221
Trade receivables:	303	311	902	-	200	29	-	280	-	2,025
Financial revenue from dividend	-	13,001	-	5,471	10,000	-	-	3,001	3,000	34,473
Dividends paid	-	-	-	2,700	-	-	-	-	-	2,700
Purchase of products, services, goods and materials	504	102	487	-	3	573	266	249	6,490	8,674
Purchase of fixed assets and intangible assets	-	1,010	-	-	-	-	-	-	-	1,010
Trade liabilities	-	38	14	3	-	326	477	-	362	1,220
Loans received in the period	-	-	-	-	-	-	-	-	2,000	2,000
Repayment of loans received	-	-	-	-	-	-	-	-	2,000	2,000
Interest on loans received	-	-	-	-	-	-	-	-	3	3
Other liabilities	-	372	-	-	-	-	-	-	-	372

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7.29. Contingent items and other items not included in the statement of financial position

Guarantees

As of 31 December 2022, Apator S.A. had active guarantees issued by:

- ✓ TU Hermes S.A.:
 - For a performance bond in the amount of PLN 17,940 thousand until 22 June 2025 at the latest,
 - For a warranty and quality guarantee in the amount of PLN 4,596 thousand until 29 June 2029 at the latest.

- ✓ ING Bank Śląski S.A.:
 - For a performance bond in the amount of PLN 910 thousand until 18 November 2024 at the latest,
 - For a warranty and quality guarantee in the amount of PLN 1,749 thousand until 9 December 2025 at the latest,
 - For a bid bond in the amount of PLN 7,000 thousand, until 6 March 2023 at the latest,
 - For the performance of payments under lease agreements in the amount of PLN 102 thousand, until 27 April 2026 at the latest,
 - For a letter of credit in the amount of PLN 135 thousand, until 14 September 2023.

- ✓ PZU S.A.:
 - For a performance bond in the amount of PLN 490 thousand, until 31 July 2023 at the latest,
 - For a warranty and quality guarantee in the amount of PLN 257 thousand until 15 January 2027 at the latest,
 - For a bid bond in the amount of PLN 2,000 thousand, until 6 March 2023 at the latest.

- ✓ KUKE S.A.:
 - For a performance bond in the amount of PLN 12 thousand, until 16 June 2026 at the latest,
 - For a warranty and quality guarantee in the amount of PLN 121 thousand until 15 December 2024 at the latest,
 - For a bid bond in the amount of PLN 4,000 thousand, until 6 March 2023 at the latest.

In addition, as of 31 December 2022, Apator S.A. was a party to the following intra-group guarantees and sureties:

- surety for three lease agreements for Apator Rector Sp. z o.o. for a total of PLN 666 thousand with a maximum deadline of 14 December 2024.

In addition, as of 31 December 2022, Apator S.A. was the beneficiary of a payment guarantee of PLN 103 thousand, issued by STU Ergo Hestia S.A., with a deadline of 30 June 2023.

Promissory notes

Apator S.A. also submitted 10 blank promissory notes as collateral under the agreement with TU Euler Hermes S.A. for the provision of contract guarantees under the revolving limit (limit for the Group: PLN 25 million), 1 promissory note as collateral for the lease agreement concluded with mLeasing Sp. z o.o., 1 promissory note as collateral for the factoring agreement concluded with ING Commercial Finance Polska, 3 promissory notes as collateral for the contract guarantee agreement concluded with PZU SA and 5 promissory notes as collateral for the contract guarantee agreement with KUKE S.A.

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7.30. Employment structure

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

ITEM	period	
	from 1 January 2022	from 1 January 2021
	to 31 December 2022	to 31 December 2021
Average employment in FTEs for the period	838	643
Blue-collar workers	491	420
White-collar workers	347	223
FTEs at the end of the period	876	644
Blue-collar workers	523	433
White-collar workers	353	211

In addition to workers employed at Apator S.A. under an employment contract, the Company also uses the services of a temporary employment agency. On average, 114 people were temporarily employed in 2022.

7.31. Amount of remuneration for the entity authorised to audit the financial statements

On 14 July 2021, Apator S.A. signed an agreement with PricewaterhouseCoopers Polska Spółka z ograniczoną odpowiedzialnością Audyt sp. k. for the audit of the condensed semi-annual separate financial statements, review of the condensed half-yearly consolidated financial statements and audit of the annual separate and consolidated financial statements for 2021-2023.

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

ITEM	VALUE	
	2022	2021
Audit/review of interim statements	100	90
Audit of annual statements	140	130
Total remuneration of the auditor	240	220

In addition to the above remuneration, Apator S.A. also covers the documented costs of the audit team's stay away from the Auditors' premises (travel, accommodation), as well as the costs of the assurance service concerning the report in XBRL format (PLN 34 thousand) and the evaluation of the Report on the Remuneration of the Members of the Management Board and Supervisory Board (PLN 22 thousand).

8. Impact of the environment on the financial position of Apator S.A.

As at the date of this report, the Company identifies risks arising from the war in Ukraine; however, their level depends on the further development of the situation and its impact on exchange rates, prices of raw materials and other areas of operation. Sales revenues for 2022 from the Russian, Ukrainian and Belarusian markets accounted for approx. 0.5% of total sales of Apator S.A. Since the outbreak of the war, sales in the Russian and Belarusian markets have been halted.

The disruption to supply chains and difficulties in sourcing components for production that arose during the COVID-19 pandemic have not ceased. In addition, the tense political and economic situation related to the conflict in Ukraine exacerbated the rising inflation during the first half of the year, causing further price increases not only for raw materials but also for energy and transport. These phenomena have negatively

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impacted the performance of Apator S.A. Unfavourable fluctuations in exchange rates and interest rates following rising inflation exacerbated the decline in margins generated by the Company.

Apator S.A. is continuously working to introduce substitutes and alternative materials (while maintaining product quality), actively seeking other sources of purchases and conducting inventory management that is optimal in the current situation.

9. Events after the balance sheet date

On 31 January 2023, the Supervisory Board of Apator S.A. has received Arkadiusz Chmielewski's resignation as President of the Company's Management Board, with effect from 28 February 2023. At the same time, the Company's Supervisory Board appointed Maciej Wyczesany as President of the Management Board of Apator S.A. as of 1 March 2023.

As of 22 March 2023, Apator S.A.'s overdraft agreement concluded with CITI Bank Handlowy S.A. has expired. The Company's financial position is not affected by the discontinuation of this funding.

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10. Signatures

Management Board

26 April 2023

Maciej Wyczesany

President of the Management Board, General Director

Tomasz Łątka

Member of the Management Board, Director of Business Development for Automation and ICT Solutions

The person responsible for maintaining the accounting records

26 April 2023

Małgorzata Mazurek

Financial Director

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