

PS-2021



Condensed
consolidated semi-
annual financial
statements

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1. General information

1.1. Information about the Group

Apator Capital Group consists of the parent company Apator S.A. and its direct and indirect subsidiary and jointly controlled entities.

1.1.1. Information about the parent company

The parent company Apator Spółka Akcyjna with the seat in Toruń (ul. Gdańska 4a lok C4) was established by the employees of liquidated state enterprise operating under the name Pomorskie Zakłady Aparatury Elektrycznej Apator in Toruń. The registration in the District Court in Toruń, V Commercial Division, took place on 14 January 1993 under the number RHB 1364. On 24 October 2001, an entry was made in the Register of Entrepreneurs of the District Court in Toruń, VII Commercial Division of the National Court Register under number 0000056456. The Company operates in the territory of Poland pursuant to the provisions of the Commercial Companies Code.

1.1.2. Subject of activity of the parent company and the capital group

According to the articles of association of the parent company, the basic subject of activity is production and service activity in the field of switchgear and controlgear of electricity, as well as sale of measurement equipment and systems. Shares of APATOR S.A. are listed on the basic market - sector according to classification of the Warsaw Stock Exchange "electrical machinery industry".

Entities within the capital group are generally focused on activities related to the production and sale of measuring instruments and devices, control and measurement, distribution and control equipment, SCADA class IT systems and cooperating with them telemechanical devices, protections and other network devices for distributed systems, providing the possibility of remote control and supervision of the power network in the full range of voltages and devices reading and transmitting data.

1.1.3. Composition of the Capital Group

In the first half of 2021 Apator Capital Group consisted of Apator S.A. and the following subsidiaries:

Apator Mining Sp. z o. o. (Katowice) - subsidiary company of Apator SA

FAP Pafal SA (Świdnica) - subsidiary company of Apator SA

Apator Metrix S.A. (Tczew) - subsidiary company of Apator SA

Apator GmbH (Berlin, Germany) – subsidiary company of Apator S.A.

Apator Rector Sp. z o. o. (Zielona Góra) - subsidiary company of Apator SA

Apator Powogaz S.A. (Poznań) - subsidiary company of Apator SA

Apator Elkomtech S.A. (Łódź) - subsidiary company of Apator SA

Apator Telemetry Sp. z o. o. (Słupsk) - Apator Powogaz S.A.

Apator Metra s. r. o. (Sumperk, Czech Republic) - subsidiary company of Apator Powogaz S.A.

Apator Miitors ApS (Aarhus, Denmark) – subsidiary company of Apator Powogaz S.A.

George Wilson Industries Ltd. (Coventry, UK) – subsidiary company of Apator Metrix S.A.

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The Apator Group had the share in the following associated entities:

ZAO Teplovodomer (Mytishi, Russia) - associated entity with Apator Powogaz S.A.

Inda d.o.o. (Slovenia) - associated entity with George Wilson Industries Ltd.

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Entities within the capital group subject to full consolidation

Company	Office	Core business activity	Competent Court/ the authority keeping the registers	Share in capital	Method of consolidation	Comments
APATOR MINING Sp. z o.o.	Katowice	Wholesale of mining, construction and civil engineering machinery	District Court in Katowice, 8th Commercial Division of the National Court Register; KRS 0000047770	100.00%	Full	Subsidiary
APATOR METRIX S.A.	Tczew	Manufacture of instruments and appliances for measuring, checking, navigating and other purposes	District Court in Gdansk, IX Commercial Division of the National Court Register; KRS 0000046259	100.00%	Full	Subsidiary
FAP PAFAL SA	Świdnica	Manufacture of measuring and control equipment, electrical and electronic equipment, trading activities, maintenance services	District Court for Wrocław-Fabryczna in Wrocław, IX Division of the National Court Register Number: KRS 0000057162	100.00%	Full	Subsidiary
APATOR RECTOR Sp. z o.o.	Zielona Góra	Computer science, publishing, printing and reproduction of recorded media	District Court in Zielona Góra, VIII Commercial Division of the National Court Register; KRS 0000297413	100.00%	Full	Subsidiary
APATOR POWOGAZ S.A.	Poznań	Manufacture of instruments and appliances for measuring, checking, testing, navigating and other general purpose machinery	District Court of Poznań - Nowe Miasto and Wilda in Poznań, VIII Commercial Division of the National Court Register KRS 0000028129	100.00%	Full	Subsidiary
APATOR ELKOMTECH S.A.	Łódź	Production of SCADA class information systems and cooperating with them telemechanics, security and other network devices for distributed systems	District Court for Łódź - Śródmieście in Łódź, XX Economic Division of the National Court Register; KRS 0000009308	100.00%	Full	Subsidiary
APATOR GmbH	Berlin	Sale of prepayment systems of electricity and gas meters	HRB 123670B Charlottenburg	100.00%	Full	Subsidiary
APATOR TELEMETRIA Sp. z o.o.	Słupsk	Manufacture of devices reading and transmitting data, production of system IT applications	District Court Gdańsk - North in Gdańsk, 8th Commercial Division of the National Court Register; KRS 0000290726	61.80%	Full	Indirect subsidiary Indirect share
APATOR METRA S. R. O.	Sumperk Czech Republic	Production of cost allocator system, thermometers and thermostats	Krajský soud v Ostravě, 268 34 073	100.00%	Full	Indirect subsidiary Indirect share

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Company	Office	Core business activity	Competent Court/ the authority keeping the registers	Share in capital	Method of consolidation	Comments
GEORGE WILSON INDUSTRIES Ltd	Coventry United Kingdom	Manufacture and sale of household and industrial gas meters; smart metering for gas metering	Companies House, 02873275	100.00%	Full	Indirect subsidiary Indirect share
Apator Miitors ApS	Aarhus Denmark	Design and development of ultrasonic technologies in the area of water and heat metering	The Central Business Register, 32763286	100.00%	Full	Indirect subsidiary Indirect share

Jointly controlled entities subject to consolidation:

Company	Office	Core business activity	Competent Court/ the authority keeping the registers	Share in capital	Method of consolidation	Comments
Inda d.o.o.	Slovenia	Development work on electronic counters and communication technologies used in smart metering	Okrožno sodišče v Ljubljani, 1413554	35.00%	Valuation using the equity method	Associated entities Indirect share
ZAO Teplovodomer	Mytishi Russia	Manufacture and sale of water meters and heat meters, as well as their legalization and service	EGRUL, 1025003516603	50.00%	Valuation using the equity method	Associated entities Indirect share

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1.1.4. Composition of the Executive Board and the Supervisory Board

The Executive Board

Mirosław Klepacki – President of the Executive Board

Arkadiusz Chmielewski – Board Member

Tomasz Łątka - Executive Board Member

The 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

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2. Information on the basis for preparation of the condensed semi-annual consolidated financial statements, the reporting currency and the applied rounding level

2.1. Basis for development of the condensed semi-annual consolidated financial statement

The presented condensed semi-annual consolidated financial statement of the Apator Group as of the day and for the period ending on 30th June 2021 was prepared in accordance with International Accounting Standard IAS 34 "Interim Financial Reporting" adopted by the European Union. The statement does not contain all the information required to be disclosed in the full financial statement and should be read together with the consolidated statement of the Apator Group prepared on the day and for the financial year ending on 31st December 2020.

Condensed semi-annual consolidated financial statement of the Apator Group covers the first half of 2021 and contains comparative data:

1. Consolidated financial statements - situation as of 31st December 2020;
2. Consolidated statement of profit or loss and other comprehensive income - for 3 month period from 1 April till 30 June 2020 and for the period of 6 months ended 30 June 2020;
3. Consolidated statement of cash flows - for the period of 6 months ended 30 June 2020;
4. Consolidated statement of changes in equity - for the period from 1 January till 30 June 2020;

2.2. Accounting principles

The condensed consolidated semi-annual separate financial statements have been prepared in accordance with the historical cost principle (concept), except for the measurement of certain fixed assets (investment property) and financial instruments (derivatives), which are measured at fair value. The accounting policies adopted in the preparation of the condensed semi-annual consolidated financial statements are consistent, in principle, with those adopted in the preparation of the annual financial statements for the fiscal year ending December 31, 2020. The recognition of inventory write-down costs and inventory scrapping costs, as well as employee benefit reserve costs from actuarial valuation has changed. These are now presented in core operating expenses (previously in other operating expenses). In connection with this change, the presentation of the comparative period has been adjusted accordingly (Note 7.25).

2.3. Applied International Financial Accounting Standards

CHANGES IN THE INTERNATIONAL FINANCIAL ACCOUNTING STANDARDS AND THEIR IMPACT ON THE CONDENSED CONSOLIDATED SEMI-ANNUAL FINANCIAL STATEMENTS

While preparing the condensed semi-annual consolidated financial statements for the period January 1, 2021 through June 30, 2021, the same International Financial Accounting Standards principles and methods of computation as in the most recent consolidated financial statements for the year ended December 31, 2020.

Standards that became effective on January 1, 2021 but do not have a material impact in the preparation of the Group's condensed half-year consolidated financial statements are:

- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 related to the IBOR reform,

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- Amendment to IFRS 4: Application of IFRS 9 "Financial Instruments"

STANDARDS PUBLISHED BY THE INTERNATIONAL ACCOUNTING STANDARDS COUNCIL, WHICH ARE NOT ENTITLED AND WHICH HAVE NOT BEEN APPLIED BY THE GROUP

The Company did not decide to apply the report standards, interpretations or amendments which have been published but have not yet come into force.

The following new Standards, amendments to Standards and Interpretations have not been adopted by the EU or are not yet effective for the periods ending 30 June 2021 and have not been applied in the financial statements:

- IFRS 17 "Insurance Contracts" and amendments to IFRS 17,
- Amendments to IAS 1, "Presentation of Financial Statements",
- Amendments to IFRS 3 "Business Combinations",
- Amendments to IAS 16, "Property, Plant and Equipment",
- Amendments to IAS 37 "Provisions, Contingent Liabilities and Contingent Assets",
- Annual Amendment to IFRS 2018 - 2020,
- Amendments to IAS 1 "Presentation of Financial Statements" and the IFRS Board's guidance on accounting policy disclosures in practice,
- Amendments to IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors",
- Amendments to IFRS 16 "Leases",
- IFRS 14 "Regulatory Accruals",
- Amendments to IFRS 10 and IAS 28 regarding the sale or contribution of assets between an investor and its associates or joint ventures.

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2.4. Reporting and functional currency and the applied level of rounding

The reporting currency of these condensed semi-annual consolidated financial statements is the Polish zloty, and all amounts are expressed in thousands of Polish zloty (unless stated otherwise).

The functional currencies of foreign subsidiaries are respectively:

- Apator GmbH - EUR,
- Apator Metra - CZK,
- George Wilson Industries Ltd. - GBP,
- Miitors ApS. – DKK.

As at the reporting date, the assets and liabilities of these foreign subsidiaries are translated into the reporting currency of the Group at the exchange rate applicable at that date, and their statements of comprehensive income are translated at the weighted average exchange rate for a given financial year. Foreign exchange differences arising on such translation are recognised directly in equity as a separate component of equity. The functional currency of other companies is Polish zloty.

2.5. Duration of the activity of the group

The duration of the activity of the parent company Apator SA and the entities covered by consolidation is indefinite.

The condensed consolidated semi-annual financial statements have been prepared on the assumption that the Company will continue as an ongoing concern in the foreseeable future, i.e. within a period not shorter than 12 months from the end of the reporting period.

2.6. Approval of the financial statement

The condensed consolidated semi-annual financial statement was approved and signed by the Executive Board of the parent company on 30 August 2021.

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3. Consolidated semi-annual financial statement of the capital group Apator

3.1. Consolidated statement of the financial position

SPECIFICATION	NOTE	as of	
		30.06.2021	31.12.2020
Fixed assets		504 349	496 611
Intangible assets	7.3	106 628	103 038
Value of subsidiaries entities	7.4	125 249	125 546
Tangible fixed assets	7.5	197 999	187 895
Right to use assets	7.6	33 939	38 587
Contractual asset	7.16	813	1 625
Investment property		1 446	1 441
Investments in jointly controlled entities consolidated with the equity method		1 450	2 048
Other long-term financial assets	7.13	119	-
- <i>in other entities</i>		119	-
Long-term receivables	7.10	5 107	5 777
- <i>from other entities</i>		5 107	5 777
Long-term accruals and prepayments		105	78
Assets by virtue of deferred income tax	7.15	31 494	30 576
Current assets		460 349	378 338
Stocks	7.7	218 966	155 074
Contractual asset	7.16	1 625	1 626
Commercial receivables	7.9	158 824	147 374
- <i>from related entities</i>		2 146	4 219
- <i>from other entities</i>		156 678	143 155
Receivables from corporate income tax	7.9	487	4 518
Receivables from other taxes, customs duties and social security	7.9	11 086	7 299
Other short-term liabilities	7.9	26 264	4 748
- <i>from related entities</i>		877	-
- <i>from other entities</i>		25 387	4 748
Other short-term financial assets		1 259	69
- <i>in other entities</i>		1 259	69
Cash and cash equivalents		34 967	29 251
Cash and cash equivalents with limited disposability		672	779
Short-term interim settlements		6 199	4 399
Non-current assets classified as held for sale	7.8	-	23 201
TOTAL ASSETS		964 698	874 949

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SPECIFICATION	NOTE	as of	
		30.06.2021	31.12.2020
Equity capital		551 328	517 241
Equity capital attributable to equity holders of the parent company		542 716	509 756
Share capital	7.10	3 281	3 281
Unregistered reduction of share capital		(3)	-
Own shares		(4 181)	(3 823)
Other capitals	7.11	553 784	521 858
Capital from the revaluation of a defined benefit plan		(253)	(253)
Capital from valuation of hedging transactions and foreign exchange differences from consolidation		1 677	(4 022)
Undistributed financial result		(11 589)	(7 285)
- undistributed result from previous years		(61 101)	(54 383)
- result of the current period		49 512	60 234
- write-offs from the current year's result		-	(13 136)
Non-controlling interest		8 612	7 485
Liabilities		413 370	357 708
Long-term liabilities and provisions		49 808	46 553
Long-term loans and borrowings	7.12	14 603	4 183
- from other entities		14 603	4 183
Other long-term liabilities		805	1 869
- towards other entities		805	1 869
Contractual liabilities		488	976
Long-term liabilities due to the right to use assets		19 424	22 690
Deferred income tax provision	7.15	5 137	7 484
Long-term liabilities arising from employee benefits	7.14	8 354	8 354
Other long-term provisions	7.14	997	997
Short-term liabilities and provisions		363 562	311 155
Short-term loans and borrowings	7.12	135 826	125 218
- from other entities		135 826	125 218
Commercial liabilities		100 654	74 006
- towards affiliated entities		568	142
- towards other entities		100 086	73 864
Contractual liabilities		977	977
Corporate income tax liabilities		13 312	5 392
Liabilities due to other taxes, customs duties and social security		15 195	15 910
Other short-term liabilities		53 399	46 359
- towards other entities		53 399	46 359
Short-term liabilities due to the right to use assets		9 652	10 133
Short-term liabilities arising from employee benefits	7.14	20 397	17 195
Other short-term provisions	7.14	14 150	15 965
LIABILITIES TOTAL		964 698	874 949

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

SPECIFICATION	NOTE	for period			
		from 01.04.2021	from 01.04.2020	from 01.01.2021	from 01.01.2020
		till 30.06.2021 unaudited	till 30.06.2020* unaudited	till 30.06.2021	till 30.06.2020*
Revenue from sales and services		237 418	237 408	461 916	461 944
- to related entities		3 844	2 863	7 166	6 476
- other entities		233 574	234 545	454 750	455 468
Cost of goods sold		(181 636)	(176 972)	(346 783)	(340 456)
- to related entities		(2 220)	(1 675)	(4 183)	(3 915)
- other entities		(179 416)	(175 297)	(342 600)	(336 541)
Gross sales profit		55 782	60 436	115 133	121 488
Sales costs		(8 537)	(7 880)	(16 901)	(16 923)
General administrative costs		(31 397)	(30 826)	(65 332)	(63 227)
Sales profit		15 848	21 730	32 900	41 338
Result on other operating activities, including:		77	(2 110)	39 137	(1 328)
Revenues	7.17	624	866	40 040	3 084
Costs	7.17	(547)	(2 976)	(903)	(4 412)
- of which net result of (impairment)/reversal of impairment losses on receivables		(119)	(1 427)	(95)	(1 340)
Share in profits of companies consolidated using the equity method		280	406	582	400
Operating income		16 205	20 026	72 619	40 410
Result on financial activities, including:		(3 069)	(353)	(5 452)	3 438
Revenues	7.18	295	157	642	5 620
Costs	7.18	(3 364)	(510)	(6 094)	(2 182)
- including gain/loss on (impairment)/reversal of impairment losses on interest receivables		-	(109)	-	(69)
Profit before tax		13 136	19 673	67 167	43 848
Current income tax	7.15	(2 749)	(3 866)	(19 705)	(9 979)
Deferred income tax	7.15	(529)	(725)	3 750	(1 450)
Net profit		9 858	15 082	51 212	32 419

* - Transformed data (note 7.25).

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SPECIFICATION	for period			
	from 01.04.2021	from 01.04.2020	from 01.01.2021	from 01.01.2020
	till 30.06.2021 unaudited	till 30.06.2020 unaudited	till 30.06.2021	till 30.06.2020
<i>Other comprehensive income / (expenses)</i>				
Other comprehensive income / (expenses) net	3 164	572	5 699	(4 250)
Items that may be reclassified to profit or loss in the future:				
Foreign exchange rate differences on translation of foreign operations	(2 291)	(2 301)	372	644
Result on hedge accounting with tax effect	5 455	2 873	5 327	(4 894)
Total comprehensive income	13 022	15 654	56 911	28 169
Net profit, of which attributable:	9 858	15 082	51 212	32 419
company's shareholders	9 130	14 346	49 512	31 232
non-controlling shareholders	728	736	1 700	1 187
Total comprehensive income, including accrued income:	13 022	15 654	56 911	28 169
company's shareholders	12 294	14 918	55 211	26 982
non-controlling shareholders	728	736	1 700	1 187
Net income per ordinary share:				
from continued operations				
- basic	0.31	0.49	1.70	1.07
- diluted	0.31	0.49	1.70	1.07
Weighted average number of shares	29 182 783	29 208 651	29 182 783	29 208 651

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3.3. The consolidated statement of changes in equity

SPECIFICATION	Capital stock	Unregistered reduction of share capital	Own shares	Other capitals	Capital from the revaluation of a defined benefit plan	Capital from valuation of hedging transactions and foreign exchange differences from consolidation	Undistributed financial result	Total	Non-controlling interest	TOTAL EQUITY CAPITAL
Balance as at 01.01.2021	3 281	-	(3 823)	521 858	(253)	(4 022)	(7 285)	509 756	7 485	517 241
Changes in equity during the period from 01.01.2021 to 30.06.2021										
Comprehensive income:										
Net profit for the period from 01.01.2021 to 30.06.2021	-	-	-	-	-	-	49 512	49 512	1 700	51 212
Distribution of result to supplementary capital	-	-	-	31 926	-	-	(31 926)	-	-	-
Other comprehensive income:										
Items that can be reclassified in the future:										
Result on hedge accounting including with tax effect	-	-	-	-	-	5 327	-	5 327	-	5 327
Net exchange differences translated from financial statement to currency presented	-	-	-	-	-	372	-	372	-	372
Total other comprehensive income	-	-	-	-	-	5 699	-	5 699	-	5 699
Total comprehensive income recognised in the period from 01.01.2021 to 30.06.2021	-	-	-	31 926	-	5 699	17 586	55 211	1 700	56 911
Transactions with owners recognised directly in equity:										
Dividends	-	-	-	-	-	-	(35 019)	(35 019)	(573)	(35 592)
Settlement of the advance dividend from the previous year	-	-	-	-	-	-	13 136	13 136	-	13 136
Purchase of treasury shares	-	-	(361)	-	-	-	-	(361)	-	(361)
Redemption of own shares	-	(3)	3	-	-	-	-	-	-	-
Other changes in capital	-	-	-	-	-	-	(7)	(7)	-	(7)
Balance as at 30.06.2021	3 281	(3)	(4 181)	553 784	(253)	1 677	(11 589)	542 716	8 612	551 328

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SPECIFICATION	Capital stock	Unregistered reduction of share capital	Own shares	Other capitals	Capital from the revaluation of a defined benefit plan	Capital from valuation of hedging transactions and foreign exchange differences from consolidation	Undistributed financial result	Total	Non-controlling interest	TOTAL EQUITY CAPITAL
Balance as at 01.01.2020	3 286	-	(4 576)	487 573	(270)	(1 361)	1 537	486 189	6 700	492 889
Changes in equity during the period from 01.01.2020 to 30.06.2020										
Comprehensive income:										
Net profit for the period from 01.01.2020 to 30.06.2020	-	-	-	-	-	-	31 232	31 232	1 187	32 419
Distribution of result to supplementary capital	-	-	-	16 032	-	-	(16 032)	-	-	-
Other comprehensive income:										
Items that can be reclassified in the future:										
Result on hedge accounting including with tax effect	-	-	-	-	-	(4 894)	-	(4 894)	-	(4 894)
Net exchange differences translated from financial statement to currency presented	-	-	-	-	-	644	-	644	-	644
Total other comprehensive income	-	-	-	-	-	(4 250)	-	(4 250)	-	(4 250)
Total comprehensive income recognised in the period from 01.01.2020 to 30.06.2020	-	-	-	16 032	-	(4 250)	15 200	26 982	1 187	28 169
Transactions with owners recognised directly in equity:										
Dividends	-	-	-	-	-	-	-	-	(573)	(573)
Purchase of treasury shares	-	-	(180)	-	-	-	-	(180)	-	(180)
Balance as at 30.06.2020	3 286	-	(4 756)	503 605	(270)	(5 611)	16 737	512 991	7 314	520 305

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

3.4. Consolidated cash flow statement

SPECIFICATION	NOTE	for period	
		from 01.01.2021 till 30.06.2021	from 01.01.2020 till 30.06.2020
Cash flow from operating activities			
Profit before tax (continued operations)		67 167	43 848
Adjustments:		(3 266)	26 621
Depreciation of intangible assets	7.3	7 417	7 102
Depreciation of property, plant and equipment	7.5	19 887	18 668
Impairment losses on property, plant and equipment		-	(112)
Profit on sale of property, plant and equipment and intangible assets		(36 658)	(1 038)
(Profits) losses due to change in fair value of derivative instruments		857	(668)
Cost of interest		831	1 323
Shares in profits of associated companies		(582)	(400)
Interest revenue		(70)	(67)
Other adjustments	7.20	5 052	1 813
Cash flows from operating activities before changes in working capital		63 901	70 469
Change in inventories		(63 892)	(17 455)
Change in the state of a depreciated contractual asset		813	813
Change in receivables		(13 727)	(8 395)
Change in liabilities	7.20	32 635	5 936
Changes in provisions	7.20	(564)	1 439
Change in cash and cash equivalents with restricted use		107	62
Changes in prepayments and accruals		(1 994)	(907)
Other adjustments	7.20	(120)	(266)
Cash generated in the course of operating activity		17 159	51 696
Tax return		58	-
Income tax paid		(12 185)	(7 909)
Net cash flows from operating activities		5 032	43 787
Cash flows from investing activities			
Expenditure on the acquisition and production of intangible assets	7.20	(12 470)	(7 971)
Expenditures for the acquisition of property, plant and equipment and lease assets	7.20	(29 212)	(17 340)
Proceeds from the sale of fixed assets	7.20	33 857	6 576
Dividends received		396	-
Other expenses		(3 212)	(1 257)
Net cash provided by investing activities		(10 641)	(19 992)
Cash flows from financing activities			
Purchase of own shares		(361)	(180)
Inflows from loans and borrowings taken out		54 937	6 797
Repayment of loans and credits		(34 308)	(17 743)
Interest paid		(669)	(1 045)
Dividends paid		-	(464)
Repayment of lease liabilities		(7 966)	(5 201)
Other expenses		(308)	(503)
Net cash from financial operations		11 325	(18 339)
Net increase in cash and cash equivalents		5 716	5 456
Opening balance of cash and cash equivalents		29 251	34 322
Closing balance of cash and cash equivalents		34 967	39 778

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4. Basic judgments and bases for estimating uncertainty

The main judgments and estimates of the Executive Board of the Apator Group concerning the application of accounting principles and the main sources of information used to establish the above mentioned estimates are the same as adopted in the preparation of the condensed consolidated financial statement of the Apator Group as of the day and for the financial year ending on 31st December 2020.

5. Information on the seasonality of activities

In the Apator Group is observed higher quarterly sales in the period between 2nd and 4th quarter in relation to the 1st quarter. It is related to the schedule of deliveries and seasonality of stocking of the Distribution System Operators in the scope of metering equipment and revival of the construction sector starting from Q2 in the scope of switchgear.

6. The influence of Covid-19 on financial situation of the Apator Group

COVID-19 pandemic is still being felt by most sectors of the economy in 2021. They are also not without the influence on Apator Group.

To date, the Group has successfully avoided material disruptions to its operations and has maintained liquidity to meet its obligations on an ongoing basis. Management has taken steps to ensure the continuity of production processes and to provide proper health and safety measures for employees. Areas which may pose a potential risk to the Group's future financial standing are still being monitored on an ongoing basis:

(i) temporary absence of technological and manufacturing staff that can cause reduction of manufacturing capacity, (ii) delays in deliveries of materials and goods from abroad, (iii) slowdown in activities of public administration bodies, including in particular decisions of entities that are recipients of goods offered by Apator Group, (iv) extension of the period for payment of receivables by recipients due to their difficult liquidity situation.

The areas where, so far, the impact of COVID-19 is most noticeable are:

- material supply chains - in order to prevent imbalances on the side of supply chains and thus ensure continuity of production, there was quite a significant increase in stocking (increased material purchases for future contracts for fear of possible renewed difficulties in acquiring components for production),
- warehouse management - increase in inventories resulting on one hand from ongoing contracts, the execution of which is postponed, and on the other hand from the increase in prices of components,
- increase in debt - the increase in current credit exposure is a consequence of the above two changes on the inventory side
- provisions for future liabilities - an increase in provisions for penalties for delays in the execution of contracts (resulting from, among other things, physical difficulties in accessing the places of installation of equipment and, consequently, in the completion of contracts) and the persistently relatively high level of provisions for guarantee repairs (changes in schedules due to difficulties resulting from an epidemic state).

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7. Explanatory notes to the condensed consolidated financial statements

7.1. Alternative performance measures

EBITDA is a measure of the Group's performance after eliminating the impact of income taxes, financing costs and depreciation. The Company's management considers it an important additional performance measure, As a result, EBITDA is presented alongside the measures defined by IFRS. EBITDA is not a measure defined by IFRS and is not a standardized measure, so this indicator should not be analysed separately or as a substitute for measures defined by IFRS.

Adjusted EBITDA is EBITDA after eliminating the impact of non-recurring transactions. Its calculation is intended to ensure comparability of EBITDA in subsequent periods.

The calculation of EBITDA and adjusted EBITDA is presented in the table below.

SPECIFICATION	from 01.01.2021	from 01.01.2020
	till 30.06.2021	till 30.06.2020
Net profit for the financial period	51 212	32 419
(+) Income tax	15 955	11 429
Gross profit	67 167	43 848
(+) Financial costs	6 095	2 182
(-) Financial revenues	643	5 620
(+) Depreciation	27 304	25 770
EBITDA	99 923	66 180
(-) Non-recurring events - sale of real estate	34 079	-
Adjusted EBITDA	65 844	66 180

7.2. Operating segments

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

- ✓ Electricity
- ✓ Gas
- ✓ Water and heating

The Executive Board analyses the results of each segment at the level of individual results, i.e. gross sales result, sales result, operating result and EBITDA. Activities conducted outside these segments are presented as other.

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

SPECIFICATION	CONTINUED OPERATION				TOTAL
	Electricity	Gas	Water and heating	Unallocated	
<i>Financial results of operating segments for the period from 01.01.2021 to 30.06.2021</i>					
Sales revenue	184 686	136 042	141 188	-	461 916
Cost of goods sold	(151 563)	(104 564)	(90 656)	-	(346 783)
Gross sales profit	33 123	31 478	50 532	-	115 133
Sales costs	(6 488)	(3 937)	(6 323)	(153)	(16 901)
General administrative costs	(26 302)	(14 198)	(22 963)	(1 869)	(65 332)
Profit (loss) from sales	333	13 343	21 246	(2 022)	32 900
Other operating income	1 482	1 008	36 647	-	39 137
Share in profits of associated companies	-	-	582	-	582
Profit (loss) from operating activities	1 815	14 351	58 475	(2 022)	72 619
Depreciation	12 959	8 587	5 758	-	27 304
EBITDA	14 774	22 938	64 233	(2 022)	99 923
Impact of non-recurring transactions	-	-	(34 079)	-	(34 079)
Adjusted EBITDA	14 774	22 938	30 154	(2 022)	65 844
Other financial costs	(1 666)	(1 268)	(2 518)	-	(5 452)
Gross profit (loss)	149	13 083	55 957	(2 022)	67 167
<i>Financial results of operating segments for the period from 01.01.2020 to 30.06.2020</i>					
Sales revenue	203 582	147 533	110 829	-	461 944
Cost of goods sold	(155 880)	(109 785)	(74 791)	-	(340 456)
Gross sales profit	47 702	37 748	36 038	-	121 488
Sales costs	(7 134)	(3 280)	(6 254)	(255)	(16 923)
General administrative costs	(27 631)	(13 986)	(19 698)	(1 912)	(63 227)
Profit (loss) from sales	12 937	20 482	10 086	(2 167)	41 338
Other operating costs	(449)	(22)	(857)	-	(1 328)
Share in profits of associated companies	-	-	400	-	400
Profit (loss) from operating activities	12 488	20 460	9 629	(2 167)	40 410
Depreciation	13 371	7 668	4 731	-	25 770
EBITDA	25 859	28 128	14 360	(2 167)	66 180
Other financial income	526	1 454	1 458	-	3 438
Gross profit (loss)	13 014	21 914	11 087	(2 167)	43 848

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7.3. Intangible assets

The main increases in intangible assets during the first half of 2021 were related to expenditures on development work.

Data concerning intangible assets are presented in the tables below.

SPECIFICATION	as of	
	30.06.2021	31.12.2020
Customer Relationships	10 229	11 719
Patents and licenses, computer software	10 918	11 884
Development costs	74 617	70 190
Other intangible assets	9 056	8 986
Advances for intangible assets	1 808	259
Total	106 628	103 038

SPECIFICATION	CUSTOMER RELATIONS	PATENTS AND LICENSES, COMPUTER SOFTWARE	DEVELOPMENT COSTS	OTHER INTANGIBLE ASSETS	ADVANCES FOR INTANGIBLE ASSETS	TOTAL
Net value as at 01.01.2021	11 719	11 884	70 190	8 986	259	103 038
Increases on account of	-	701	577	20	9	1 307
Increase on account of own production	-	-	8 221	45	-	8 266
Advance payments for tangible fixes assets	-	-	-	-	1 624	1 624
Decrease due to liquidation	-	(24)	-	-	-	(24)
Decrease resulting from reclassification - to assets held for sale	-	-	(165)	-	-	(165)
Settlement of prepayments for intangible assets	-	-	-	-	(84)	(84)
Depreciation	(1 490)	(1 620)	(4 112)	(195)	-	(7 417)
Decrease in the current depreciation due to liquidation	-	24	-	-	-	24
Net exchange differences translated from financial statement to currency presented	-	(47)	(94)	200	-	59
Net value as at 30.06.2021	10 229	10 918	74 617	9 056	1 808	106 628
Status as of 30.06.2021						
Gross value	29 809	30 271	121 656	16 744	1 808	200 288
Total amortization to date and revaluation write-offs	(19 580)	(19 353)	(47 039)	(7 688)	-	(93 660)
Net value	10 229	10 918	74 617	9 056	1 808	106 628

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7.4. Value of subsidiaries entities

Data concerning the company's value are presented in the tables below.

NAME OF SUBSIDIARY	as of	
	30.06.2021	31.12.2020
Apator Rector Sp.z o.o.	43 106	43 106
Apator Elkomtech S.A.	34 506	34 506
Apator Powogaz S.A.	17 855	17 855
Apator Telemetry Sp.z o.o.	5 546	5 546
Apator Metra s. r. o.	724	716
George Wilson Industries Ltd.	3 744	3 653
Miitors ApS	19 768	20 164
Net goodwill	125 249	125 546

SPECIFICATION	in the period	
	from 01.01.2021	from 01.01.2020
	till 30.06.2021	till 31.12.2020
Gross goodwill at the beginning of the period	125 881	124 251
Net exchange differences translated from financial statement to currency presented	(297)	1 630
Gross goodwill at the end of the period	125 584	125 881
Impairment loss at the beginning of the period	(335)	(466)
Change due to derecognition of an entity	-	131
Impairment loss at the end of the period	(335)	(335)
Net goodwill at the end of the period	125 249	125 546

In Apator Group, cash generating units (CGU) are the companies directly dependent on Apator S.A. or groups of the companies whose parent entities are the direct subsidiaries from Apator S.A. and that are characterized by homogeneous base of assets to perform operating activity (except Apator Elkomtech S.A. and Apator Rector Sp. z o.o., jointly called Network Operation Automation Centre).

Since several years Apator Elkomtech S.A. and Apator Rector Sp. z o.o. have performed the sales of services by common sales department and jointly make the offers for provision of comprehensive services. The high level of operational integration and complementarity of the offer of both units significantly facilitates the acquisition of new projects.

The Executive Board assessed the existence of indicators of impairment of goodwill and other assets in the Group by analysing market, external and internal factors and verified the validity of the assumptions used in the impairment tests performed as of December 31, 2020. Based on its analysis, Management assessed that the assumptions made as at December 31, 2020 remain valid, and since the tests performed at that time did not indicate a need to recognize impairment losses on investments in subsidiaries, these tests were not performed as at June 30, 2021. In accordance with IAS 36, impairment testing of the shares will be performed as of December 31, 2021.

Moreover, on 30th June 2021 further steps were taken towards better integration of the companies in Electric Energy segment and under the optimization of the capital group structure the decision was taken to include Apator Elkomtech S.A. to Apator S.A. In result of this merger it is expected to increase the efficiency of management and to obtain the market synergies. The above change will impact the value of the CGU's tested assets beginning in 2022.

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7.5. Tangible fixed assets

The most significant expenditures on property, plant and equipment during the first half of 2021 were investments in machinery and equipment.

There were no indications of impairment of property, plant and equipment.

Data concerning property, plant and equipment are presented in the tables below.

SPECIFICATION	as of	
	30.06.2021	31.12.2020
Land, buildings and structures	66 150	67 427
Machinery and equipment	55 662	51 240
Means of transport	1 649	1 527
Other non-current assets	43 944	39 750
Property, plant and equipment under construction	29 874	27 183
Advances on property, plant and equipment	720	768
Total	197 999	187 895

SPECIFICATION	LAND, BUILDINGS AND STRUCTURES	MACHINERY AND EQUIPMENT	MEANS OF TRANSPORT - TU	OTHER NON-CURRENT ASSETS	PROPERTY, PLANT AND EQUIPMENT UNDER CONSTRUCTION	ADVANCES ON PROPERTY, PLANT AND EQUIPMENT	TOTAL
Net value as at 01.01.2021	67 427	51 240	1 527	39 750	27 183	768	187 895
Increases on account of	-	11 314	193	7 229	-	-	18 736
Increase in the balance due to modernisation	183	260	-	1 206	-	-	1 649
Increase on account of own production	31	507	-	743	-	-	1 281
Increase due to from reclassification - from the right to use leased assets to property, plant and equipment	-	639	1 171	995	-	-	2 805
Increase due to from reclassification - other	-	-	66	-	-	-	66
Increase due to expenditures on tangible fixed assets under construction and advances on tangible fixed assets	-	-	-	-	24 363	934	25 297
Decrease due to disposal	-	(2 542)	(159)	(6)	-	-	(2 707)
Decrease due to liquidation	-	(1 427)	(773)	(1 174)	-	-	(3 374)
Decrease due to abandonment of investment	-	-	-	-	(9)	-	(9)
Settlement of outlays for tangible fixed assets under construction (acceptance) and advances for tangible fixed assets	-	-	-	-	(21 666)	(983)	(22 649)
Depreciation	(1 582)	(7 442)	(339)	(5 676)	-	-	(15 039)
Increase in the current depreciation due to reclassification - from the right to use assets under lease to property, plant and equipment	-	(229)	(970)	(298)	-	-	(1 497)
Reduction of the existing disposal write-offs	-	1 785	159	6	-	-	1 950
Decrease in the current depreciation due to liquidation	-	1 379	773	1 164	-	-	3 316

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

SPECIFICATION	LAND, BUILDINGS AND STRUCTURES	MACHINERY AND EQUIPMENT	MEANS OF TRANSPORT - TU	OTHER NON- CURRENT ASSETS	PROPERTY, PLANT AND EQUIPMENT UNDER CONSTRUCTION	ADVANCES ON PROPERTY, PLANT AND EQUIPMENT	TOTAL
Net exchange differences translated from financial statement to currency presented	91	176	1	7	3	1	279
Other changes	-	2	-	(2)	-	-	-
Net value as at 30.06.2021	66 150	55 662	1 649	43 944	29 874	720	197 999
Status as of 30.06.2021							
Gross value	100 544	168 363	15 909	166 533	29 874	720	481 943
Total amortization to date and revaluation write-offs	(34 394)	(112 701)	(14 260)	(122 589)	-	-	(283 944)
Net value	66 150	55 662	1 649	43 944	29 874	720	197 999

7.6. Right to use assets

The Group's capitalized leased assets include:

- the right of perpetual usufruct of land,
- lease of office space and production building,
- machinery and equipment;
- computer hardware,
- instruments, tools,
- means of transport.

Data concerning the right to use assets under lease are presented in the tables below.

SPECIFICATION	as of	
	30.06.2021	31.12.2020
Land, buildings and structures	17 646	19 260
Machinery and equipment	9 184	10 676
Means of transport	2 574	3 059
Other non-current assets	4 535	5 587
Property, plant and equipment under construction	-	5
Total	33 939	38 587

SPECIFICATION	LAND, BUILDINGS AND STRUCTURES	MACHINERY AND EQUIPMENT	MEANS OF TRANSPORT - TU	OTHER NON- CURRENT ASSETS	PROPERTY, PLANT AND EQUIPMENT UNDER CONSTRUCTION	TOTAL
Net value as at 01.01.2021	19 260	10 676	3 059	5 587	5	38 587
Increase due to leasing acceptance	536	222	529	-	-	1 287
Increase due to reclassification - other	225	-	-	-	-	225
Increase due to expenditures on tangible fixed assets under construction and advances on tangible fixed assets	-	-	-	-	1 283	1 283
Decrease resulting from reclassification - from the right to use assets under lease to property, plant and equipment	-	(639)	(1 171)	(995)	-	(2 805)
Settlement of expenditures on property, plant and equipment under construction	-	-	-	-	(1 288)	(1 288)

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

SPECIFICATION	LAND, BUILDINGS AND STRUCTURES	MACHINERY AND EQUIPMENT	MEANS OF TRANSPORT - TU	OTHER NON- CURRENT ASSETS	PROPERTY, PLANT AND EQUIPMENT UNDER CONSTRUCTION	TOTAL
and advances for property, plant and equipment						
Depreciation	(2 375)	(1 304)	(813)	(356)	-	(4 848)
Reduction of the existing amortization resulting from reclassification - from the right to use leased assets to property, plant and equipment	-	229	970	299	-	1 498
Net value as at 30.06.2021	17 646	9 184	2 574	4 535	-	33 939
Status as of 30.06.2021						
Gross value	28 574	15 059	5 860	6 337	-	55 830
Total depreciation and revaluation write-offs to date	(10 928)	(5 875)	(3 286)	(1 802)	-	(21 891)
Net value	17 646	9 184	2 574	4 535	-	33 939

7.7. Stocks

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

SPECIFICATION	as of	
	30.06.2021	31.12.2020
Materials	125 348	87 612
Production in progress	54 472	36 877
Finished products	29 331	23 858
Goods	4 132	2 593
Advances for deliveries	5 683	4 134
Total value of inventories	218 966	155 074

Changes in the value of revaluation write-downs on inventories are presented below.

SPECIFICATION	in the period	
	from 01.01.2021	from 01.01.2020
	till 30.06.2021	till 31.12.2020
Revaluation write-off on total inventories		
Value of write-offs at the beginning of the period	18 616	12 897
Increase - creation of a write-down on the current result	923	8 051
Decrease - write-down of unused amounts in revenues	(1 956)	(2 307)
Use of write-off- write-down	(1 113)	-
Net exchange differences translated from financial statement to currency presented	7	(25)
Value of write-offs at the end of the period	16 477	18 616

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

7.8. Fixed assets intended for sale

On the 12th January 2021 the company Apator Powogaz S.A. concluded with the entity from developer branch the promised contract of sale of the real property located at the street Klemensa Janickiego 23/25 in Poznań with total area of 3,3 ha where the present headquarters of Apator Powogaz S.A. is located. Under the above mentioned Contract the ownership right to the property was transferred to the Buyer at the price of 63,5 m PLN net. As of the day of conclusion of the Agreement transferring the ownership, the Buyer leased the property to the Company for the purpose of its current business activity until 28.02.2022, with a possibility of prolongation of the lease period until April 30, 2022. Release of the property will occur on the date of termination of the lease.

SPECIFICATION	in the period	
	from 01.01.2021	from 01.01.2020
	till 30.06.2021	till 31.12.2020
Value at the beginning of the period	23 201	24 775
Decrease due to disposal	(23 201)	(1 743)
Other	-	169
Value at the end of the period	-	23 201

7.9. Trade receivables and other receivables

Data on the age structure and allowance for trade receivables is presented below.

SPECIFICATION	30.06.2021		31.12.2020	
	Gross value	Impairment due to losses on financial assets	Gross value	Impairment due to losses on financial assets
Not required	140 885	-	123 170	-
Past due from 0 to 30 days	15 132	(8)	16 508	(9)
Past due from 31 to 180 days	2 845	(30)	7 979	(671)
Past due from 181 days to one year	290	(290)	736	(339)
Past due over a year	4 549	(4 549)	3 975	(3 975)
Total	163 701	(4 877)	152 368	(4 994)

As of June 30, 2021, all receivables over 180 days were individually written off.

The impairment charge for unmatured receivables is immaterial.

The table below presents data on revaluation write-downs on total receivables.

SPECIFICATION	as of	
	30.06.2021	31.12.2020
Opening balance	7 708	6 279
Creation of individual write-downs (level 3 of the impairment model)	274	4 556
Creation of write-downs according to the write-down matrix	3	9
Reversal of individual deductions	(167)	(1 943)
Use of individual allowances	(225)	(1 193)
Closing balance, including:	7 593	7 708
Individual deduction	7 561	7 689
Write-off calculated on the basis of the matrix	32	19

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The following table presents the specification of other short-term receivables.

SPECIFICATION	as of	
	30.06.2021	31.12.2020
Other short-term liabilities	26 264	4 748
Receivables from sales of property, plant and equipment and intangible assets	21 500	25
Receivables from long-term agreements (contracts)	103	300
Dividend receivables	878	-
Deposits	1 493	2 437
Disputed claims	80	81
Prepayments - advances for the purchase of services	2 064	1 466
Other receivables	236	528
Write-off for impairment of other short-term receivables	(90)	(89)

7.10. Capital stock

The shareholders' structure as at 30 June 2021 is presented in the table below.

Name and surname	Registered shares	Bearer shares	Total number of shares	Number of votes	Equity participation	Votes participation
Mariusz Lewicki	1 187 376	1 112 624	2 300 000	5 862 128	7.01%	10.69%
Tadeusz Sosgórnik and his close associate	1 203 602	663 706	1 867 308	5 478 114	5.69%	9.99%
Danuta Guzowska	954 214	566 065	1 520 279	4 382 921	4.64%	8.00%
Zbigniew Jaworski	760 848	644 480	1 405 328	3 687 872	4.28%	6.73%
Apator Mining Sp. z o. o.	0	3 600 000	3 600 000	3 600 000	10.97%	6.57%
Kazimierz Piotrowski and his wife	664 774	159 181	823 955	2 818 277	2.51%	5.14%
Aviva Otwarty Fundusz Emerytalny Aviva Santander SA*	0	3 338 888	3 338 888	3 338 888	10.18%	6.09%
Others	2 566 187	15 384 383	17 950 570	25 649 131	54.72%	46.79%
TOTAL	7 337 001	25 469 327	32 806 328	54 817 331	100.00%	100.00%

* - number of shares registered at Ordinary General Shareholders Meeting of Apator S.A. on 29th June 2021.

In accordance with the Resolution No 19/VI/2021 of the Ordinary General Shareholders Meeting of Apator S.A. dated

On June 29, 2021, 29,100 treasury shares purchased by the Company under the Share Repurchase Program established on July 2, 2020 were cancelled. The total acquisition price amounted to PLN 659.9 thousand.

By virtue of Resolution No. 20/VI/2021, the share capital was reduced by PLN 2,910 in connection with redemption of shares. After the capital reduction is registered in the National Court Register, the Company's share capital will amount to PLN 3,278 thousand. As of the date of signing the report, the capital reduction has not been registered in the National Court Register [KRS].

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7.11. Other capitals

Information on other capital is presented in the table below.

SPECIFICATION	as of	
	30.06.2021	31.12.2020
Supplementary capital, including:	523 757	492 488
<i>Supplementary capital from the sale of own shares above their nominal value</i>	15 142	15 142
<i>Other reserve capital</i>	508 615	477 346
Reserve capitals	30 027	29 370
Other total capitals	553 784	521 858

Detailed changes in other capitals during the first half of 2021 are presented in the table below.

SPECIFICATION	SUPPLEMENTARY CAPITAL FROM THE SALE OF OWN SHARES ABOVE THEIR NOMINAL VALUE	OTHER RESERVE CAPITAL	RESERVE CAPITALS	TOTAL
Status as of 01.01.2021	15 142	477 346	29 370	521 858
Increase in the period from 01.01.2021 to 30.06.2021	-	21 926	10 000	31 926
Breakdown of the result	-	31 926	-	31 926
Increase in reserve capital	-	(10 000)	10 000	-
Decrease in the period from 01.01.2021 to 30.06.2021	-	9 343	(9 343)	-
Decrease of the supplementary capital	-	9 343	(9 343)	-
Status as of 30.06.2021	15 142	508 615	30 027	553 784

In accordance with the Resolution No 17/VI/2021 of the Ordinary General Shareholders Meeting of Apator S.A. dated

On June 29, 2021, net profit for the financial year 2020 in the amount of PLN 51,554,955.61 was distributed in following way:

Dividend PLN 39 339 333.60

Supplementary capital PLN 12 215 622.01

On 31 December 2020, an advance payment of PLN 14,756,412.60, i.e. PLN 0.45 per share, was paid on account of the expected dividend from the profit for the financial year 2020. The remaining dividend of PLN 24,582,921.00, or PLN 0.75 per share, was paid on August 23, 2021.

Pursuant to Resolution 18/VI/2021, the Share Repurchase Program (adopted pursuant to Resolution 31/VII/2020) was closed and the related Share Redemption Fund (in the original amount of PLN 10 million) was liquidated. Unused Fund resources in the amount of PLN 9.34 million were transferred to supplementary capital.

At the same time, by virtue of resolution 23/VI/2020 a new Share Repurchase Program was opened with a Share Redemption Fund of PLN 10 million.

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7.12. Credits and loans

Information on loans and borrowings is presented below.

SPECIFICATION	as of	
	30.06.2021	31.12.2020
Long-term loans and borrowings	14 603	4 183
payable over 1 to 2 years	2 091	4 183
payable over 5 years	12 512	-
Short-term loans and borrowings	135 826	125 218
Total loans and borrowings, including	150 429	129 401
- from other entities	150 429	129 401

In connection with the liabilities under the loans, the Group holds the following collateral.

Multi-product agreement with ING Bank Śląski S.A.

- Contractual mortgage on real estate of Apator SA in Ostaszewo to the amount of PLN 35.9 million,
- Registered pledge on inventories being the property of Apator S.A., Apator Telemetria Sp. z o.o., Apator Powogaz S.A., FAP Pafal S.A., Apator Elkomtech S.A. with the book value not less than PLN 102.5 million.
- Pledge on machines and equipment and means of transport owned by Apator S.A., Apator Powogaz S.A., Apator Metrix S.A., Apator Elkomtech S.A. The contractual value of the pledge amounts to PLN 22.1 million.
- Registered pledge on receivables under current and future bank account agreements maintained by the bank for the Group companies,
- Blank promissory notes together with promissory notes declarations submitted by 7 borrowers' companies (joint and several liability of Group's companies),
- Assignment of rights under the property insurance policy against all risks.

Other collateral for loans and credits:

- Apator S.A.
 - ✓ Overdraft agreement (limit PLN 10 million) concluded with CITI Bank Handlowy S.A:
 - registered pledge on fixed assets of Apator S.A. of the value of PLN 8.3 million,
- Metrix Group
 - ✓ investment credit agreement of Apator Metrix S.A. concluded with Millenium S.A:
 - mortgage in the amount of PLN 23.3 million (with assignment of rights from insurance contract), established on properties of Apator Metrix S.A,
 - transfer of fixed assets with a value of PLN 2.4 million,
 - statement on submission to enforcement pursuant to Art. 777 of the Civil Code for the value of PLN 31.7 million.
 - ✓ Agreement on credit on current account of Apator Metra concluded with Raiffeisenbank a.s. (GWi) with Citibank N.A.:
 - Pledge on inventories with the value of PLN 18.2 million being the property of Apator Metrix S.A,
 - guarantee granted by Apator Metrix S.A. in the amount of GBP 4 million, i.e. PLN 21.8 million. from 31st October 2021.

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- Powogaz S.A. Group
 - ✓ Contract on investment credit of Apator Powogaz S.A. for construction of manufacturing plant concluded with PKO BP:
 - registered pledge on 3.6 million bearer shares of Apator S.A. being in possession of Apator Mining Sp. z o.o. up to the highest security amount of 61.5 million PLN with blocking of shares of total value not less than 120% of the value of the future property (pledge will be kept till the day of establishing the contractual mortgage on acquired land and constructed property),
 - blank promissory note together with a promissory note declaration.
 - ✓ Agreement on credit on current account of Apator Powogaz S.A. concluded with mBank S.A.
 - PLG-FGP guarantee provided by BGK in the amount of PLN 8 million, until March 31, 2022,
 - blank promissory note together with a promissory note declaration.
 - ✓ Agreement on credit on current account of Apator Metra concluded with Raiffeisenbank a.s.
 - Mortgage in the amount of CZK 50 million (with assignment of rights from the insurance contract), established on the real estate Apator Metra.

credit agreements.

7.13. Hedging instruments

In Apator Group the contracts concerning currency derivatives are concluded within the framework of hedging policy against foreign exchange risk. The Group hedges its export receipts in excess of its import expenditure (EUR) and its import receipts in excess of its export receipts (USD). The nominal value of FX forward instruments as at the reporting date was EUR 40,572 thousand and USD 2.500 thousand

Hedging instruments are measured at fair value. The fair value of loans, receivables and liabilities measured at amortised cost was adopted as the book value due to short deadlines for their realisation. The book value of these assets is close to fair value.

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

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The following table shows the fair value of the hedging instruments at the reporting date.

SPECIFICATION	as of	
	30.06.2021	31.12.2020
Long-term assets	119	-
Hedging instruments	119	-
Short-term assets	1 137	68
Hedging instruments	1 137	68
Total assets	1 256	68
Long-term liabilities	9	752
Hedging instruments	9	752
Short-term liabilities	439	3 755
Hedging instruments	439	3 755
Total liabilities	448	4 507

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

- Level 1 - fair value is based on stock exchange prices (unadjusted);
- Level 2 - Fair value is determined based on values that are observable in the marketplace but 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.

SPECIFICATION	as at 30.06.2021		as at 31.12.2020	
	Level 1	Level 2	Level 1	Level 2
Derivative instruments (assets)	-	1 256	-	68
Derivative instruments (assets)	-	(448)	-	(4 507)
Total	-	808	-	(4 439)

There were no transfers between levels.

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

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7.14. Provisions for liabilities

Information on provisions for liabilities is presented in the table below.

SPECIFICATION	RESERVES / LIABILITIES			OTHER PROVISIONS		TOTAL
	RETIREMENT SEVERANCE PAY, JUBILEE AWARDS	BONUSES	ANNUAL LEAVES	GUARANTEES	OTHER	
Provisions as at 01.01.2021	9 580	11 290	4 679	15 852	1 110	42 511
Increase - creation of a provision charged to the current result	-	9 473	3 730	2 980	113	16 296
Use of the provision - settlement of costs	-	(9 828)	(181)	(4 616)	(296)	(14 921)
Net exchange differences translated from financial statement to currency presented	-	2	6	4	-	12
Value of provisions as at 30.06.2021, including:	9 580	10 937	8 234	14 220	927	43 898
- long term provisions	8 354	-	-	997	-	9 351
- short-term provisions	1 226	10 937	8 234	13 223	927	34 547

Utilization of the provision for warranty repairs in the amount of PLN 4.6 million results from warranty repairs performed for Tauron S.A. in accordance with the schedule.

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7.15. Income tax

The specificity of income tax for the reporting period is presented in the table below.

SPECIFICATION	in the period	
	from 01.01.2021	from 01.01.2020
	till 30.06.2021	till 30.06.2020
Profit and loss statement		
Current income tax	19 705	9 979
Current income tax expense	19705	9 785
Adjustments concerning current tax from previous years	-	194
Deferred income tax	(3 750)	1 450
Related to the creation and reversal of temporary differences	(3 750)	(566)
Utilization of tax relief for activities in SEZ	-	2 016
Tax burden shown in the condensed consolidated statement of comprehensive income	15 955	11 429
Other comprehensive income		
Deferred income tax	778	(676)
Deferred net income tax on cash flow hedges settled during the financial year	778	(676)
Tax advantage (burden) disclosed in the equity capital	778	(676)

SPECIFICATION	Assets		Provisions	
	30.06.2021	31.12.2020	30.06.2021	31.12.2020
Tangible fixed assets	2 387	2 313	12 083	15 110
Financial assets	-	-	1 446	1 435
Derivative instruments	163	1 347	379	948
Stocks	3 028	3 439	-	-
Liabilities arising from employee benefits	5 249	4 888	-	-
Provisions	4 022	3 626	-	-
Write-downs on receivables	693	715	-	-
Tax loss	11 181	11 199	-	-
Tax relief to be accounted for in future periods	10 517	10 517	-	-
Other	3 548	3 117	523	576
Total	40 788	41 161	14 431	18 069
Netting of assets and reserves	(9 294)	(10 585)	(9 294)	(10 585)
Deferred tax assets/provisions disclosed in the condensed statement of financial position	31 494	30 576	5 137	7 484

On 28th December 2010 Apator S.A. received the Permission No. 69/PSSE to run business activity on the area of Pomeranian Special Economic Zone. As at the date of commencement of operations in the PSSE, deferred tax assets in the amount of PLN 20.357 thousand were recognized on account of usable tax relief (the value of such assets as at 30 June 2021 amounts to PLN 10.517 thousand).

On 3rd June 2020 Apator S.A. received the decision on support No. PSSE.DW.11.2020 for the performance of new investment to increase the manufacturing capacity (extension of existing establishment). This will enable you to take advantage of the tax exemption for doing business in the Special Economic Zone.

The conditions of the decision are: realization of a new investment, consisting in an expansion of the plant and incurring eligible costs of at least PLN 30 million (no more than PLN 39 million) by the end of 2025, increasing the current employment by at least 2 employees by December 31, 2025 and maintaining the increased

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employment until December 31, 2030. The decision was made for fixed period of 15 years. By June 30, 2021, expenditures of PLN 2.6 million were incurred for this purpose.

The effective tax rate is presented in the table below.

SPECIFICATION	in the period	
	from 01.01.2021	from 01.01.2020
	till 30.06.2021	till 30.06.2020
Tax base	67 167	43 848
Income tax calculated at the applicable rate	12 407	8 272
Adjustments:	3 548	3 157
Tax on income exempt from taxation (fixed differences)	(435)	(498)
Unrecognized asset for losses on zone operations	2 142	-
Tax on non-deductible costs (fixed differences)	1 076	2 101
Tax on internal transactions in the group (fixed differences)	967	868
Tax on items not included in financial result of the period	(26)	(138)
Adjustment of tax losses from previous years	-	495
Other tax additions	46	333
Other tax deductions	(222)	(4)
Income tax	15 955	11 429
Effective tax rate	23.75%	26.07%

7.16. Revenue

The valuation of the Group's contracts as at 30 June 2021 and in the comparative period is presented below.

Settlement of contracts

SPECIFICATION	from 01.01.2021	from 01.01.2020
	till 30.06.2021	till 30.06.2020
Contract revenue recognized of which:	461 916	461 944
- revenue recognized at a point in time	461 427	460 998
- revenue recognized over time	489	946

Contract assets and liabilities

Contract assets with a total value of PLN 2,438 thousand (PLN 813 thousand presented in non-current assets and PLN 1,625 thousand in current assets), relates to the settlement of license execution costs arising from the adjustment of revenue recognition (and commensurate costs) under IFRS 15. They refer to the contract concluded between Tauron Dystrybucja S.A. and Consortium where Apator Rector Sp. z o.o. was included. The contractual assets due to licenses are settled evenly in time for the period of the contract, that is till the end of December 2022.

Contractual liabilities at 30th June 2021 are liabilities of Apator Rector Sp. z o.o. They regard outstanding licenses, warranties and optional service on the balance sheet date and they are settled equally in time for the period of duration of these services based on contractual provisions. These settlements result in a change in the contract liability balance.

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Geographical information

Apator Group distinguished the following three areas of activity:

- Country - including domestic sales
- European Union + UK - sales made in the European Union and the United Kingdom
- Export - sales realized in other countries (except for Great Britain)

SPECIFICATION	CONTINUED OPERATION			
	Country	Export	Union + UK	Total
Sales revenue in geographical segments since 01.01.2021 till 30.06.2021				
Total revenue	242 304	54 325	165 287	461 916
Sales outside	242 304	47 159	165 287	454 750
Sales to subsidiaries	-	7 166	-	7 166
Sales revenue in geographical segments since 01.01.2020 till 30.06.2020				
Total revenue	254 117	37 880	169 947	461 944
Sales outside	254 114	31 407	169 947	455 468
Sales to subsidiaries	3	6 473	-	6 476

7.17. Other operating income and costs

SPECIFICATION	in the period	
	from 01.01.2021	from 01.01.2020
	till 30.06.2021	till 30.06.2020
Other operating income	40 040	3 084
Result on sale of property, plant and equipment	116	1 035
Income from sale of land, buildings and structures	36 572	-
Reversal of revaluation write-downs on property, plant and equipment	-	112
Reversal of provisions for future liabilities	246	-
Inventory surpluses	5	-
Compensations received for property, plant and equipment	74	301
Compensations and contractual penalties received	1 717	94
Donations received	16	45
Reimbursement of costs of court proceedings, representation in proceedings	22	26
Other revenues	1 272	1 471
Other operating costs	(903)	(4 412)
Cost of liquidated property, plant and equipment	(57)	(121)
Creation of revaluation write-offs on receivables	(95)	(1 340)
Creation of a reserve for liabilities	-	(836)
Inventory shortages	-	(243)
Random losses and other damage to assets	(123)	(123)
Discontinued investments	(9)	(1 014)
Donations made	(37)	(181)
Penalties, fines, damages paid	(472)	(317)
Court fees, bailiff's fees, representation in court	(45)	(48)
Optional contributions	(7)	(7)
Other costs	(58)	(182)
Other net operating income (costs)	39 137	(1 328)

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7.18. Financial revenue and costs

Financial income and expenses are presented in the table below.

SPECIFICATION	in the period	
	from 01.01.2021	from 01.01.2020
	till 30.06.2021	till 30.06.2020
Financial revenue	642	5 620
Interest received	63	264
Positive exchange rate differences	-	1 805
Revenue from foreign exchange transactions (including derivative instruments)	-	3 027
Decrease in receivables discount	229	260
Guarantees issued	283	-
Other revenues	67	264
Financial costs	(6 094)	(2 182)
Interest on loans and borrowings	(622)	(950)
Interest on lease liabilities	(365)	(476)
Other interest	(143)	(303)
Negative exchange rate differences	(3 340)	-
Costs on account of foreign exchange transactions (including derivative instruments)	(853)	-
Creation of revaluation allowances for interest receivable	-	(69)
Commissions on loans and borrowings	(127)	(45)
Decrease in the discount on liabilities	(94)	(176)
Bank guarantees and commissions (except credit commissions)	(257)	(127)
Other costs	(293)	(36)
Net financial income (expenses)	(5 452)	3 438

7.19. Profit per one share

Earnings per share were calculated by dividing net income attributable to shareholders Apator S.A. by number of shares being in possession of entities from outside Apator Group. The calculation of earnings per share is set out in the consolidated statement of profit or loss and other comprehensive income in point 3.2.

7.20. Notes to the consolidated statement of cash flows

Apator Group prepares the consolidated statement of cash flows in the part concerning operating activity using the indirect method, by means of which the profit is adjusted by the effects of by the effects of non-cash transactions, changes in inventories, receivables and liabilities and other items where the cash effects are cash flows from financial or investment activity.

The table below presents an explanation of inconsistencies between the changes in the consolidated statement of financial position and the changes in these items disclosed in the consolidated statement of cash flows.

SPECIFICATION	in the period	
	from 01.01.2021	from 01.01.2020
	till 30.06.2021	till 30.06.2020
Change in receivables		

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SPECIFICATION	in the period	
	from 01.01.2021	from 01.01.2020
	till 30.06.2021	till 30.06.2020
Change in long-term receivables	670	816
Change in trade receivables	(11 450)	(13 587)
Change in the balance of corporate income tax receivables	4 031	2 173
Change in other taxes, customs duties and social security receivables	(3 787)	5 402
Change in other receivables	(21 517)	(5)
Adjustment for dividend receivables	878	1 424
Adjustment for income tax receivables	(4 031)	(2 173)
Adjustment for investment receivables	21 479	(2 343)
Other changes	-	(102)
Change in the balance as disclosed in the statement of cash flows	(13 727)	(8 395)
Change in liabilities		
Change in long-term liabilities	(1 064)	(607)
Change in long-term liabilities due to the right to use assets under lease	(3 266)	818
Change in trade liabilities	26 648	3 778
Change in contractual liabilities	(489)	(946)
Change in liabilities due to corporate income tax	7 920	2 476
Change in liabilities due to other taxes, customs duties and social security	(715)	3 820
Change in other liabilities	7 041	(1 397)
Change in short-term liabilities due to the right to use assets under lease	(481)	961
Adjustment for dividend liabilities	(22 347)	-
Adjustment for lease liabilities	3 747	(1 779)
Adjustment for derivative liabilities	4 058	(70)
Adjustment for income tax liabilities	(7 920)	(2 476)
Adjustment for investment liabilities	7 567	1 523
Other changes	11 936	(165)
Change in the balance as disclosed in the statement of cash flows	32 635	5 936
Changes in provisions		
Change in short-term provisions for employee benefits	3 202	1 815
Change in other short-term provisions	(1 815)	(375)
Other changes	(1 951)	(1)
Change in the balance as disclosed in the statement of cash flows	(564)	1 439
Changes in prepayments and accruals		
Change in long-term prepayments and accrued income	(27)	(4)
Change in short-term prepayments and accrued income	(1 800)	(1 036)
Change in prepayments and accrued income	(167)	133
Change in the balance as disclosed in the statement of cash flows	(1 994)	(907)

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SPECIFICATION	in the period	
	from 01.01.2021	from 01.01.2020
	till 30.06.2021	till 30.06.2020
Other cash flow adjustments from operating activities		
Liquidation of property, plant and equipment and intangible assets	57	112
Discontinued investments	9	803
(Profit) loss on settlement of derivative instruments	527	(1 436)
Commissions and fees on credits and loans	122	42
Unrealised inventory margin in associated companies	(104)	(303)
Foreign exchange gains/losses on consolidation	336	(9)
Receivables paid by bills of exchange	(120)	(300)
Initial lease payment	2 802	-
Other	1 303	2 638
Total	4 932	1 547

SPECIFICATION	in the period	
	from 01.01.2021	from 01.01.2020
	till 30.06.2021	till 30.06.2020
Other inflows (outflows) from investing activities		
Advances on property, plant and equipment under construction	(1 158)	(2 689)
Advances for intangible assets	(1 526)	-
Revenue and expenditure relating to forward contracts and options	(527)	1 436
Other	(1)	(4)
Total	(3 212)	(1 257)
Other inflows (expenses) from financial activities		
Leasing interest	(186)	(459)
Commissions and fees on credits and loans	(118)	(42)
Other	(4)	(2)
Total	(308)	(503)

SPECIFICATION	in the period	
	from 01.01.2021	from 01.01.2020
	till 30.06.2021	till 30.06.2020
Proceeds from sales of fixed assets		
Revenue from disposals of fixed assets	64 336	4 265
Change in net receivables due to sales of fixed assets	(21 479)	2 343
Costs incurred in the sale of fixed assets	-	(32)
Other	(9 000)	-
Total	33 857	6 576

7.21. Information on subsidiaries

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

SPECIFICATION	for period	
	from 01.01.2021	from 01.01.2020
	till 30.06.2021	till 30.06.2020
Short-term employee benefits	9 530	7 150
Post-employment benefits	25	15
Termination benefits	-	250
Total	9 555	7 415

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

SPECIFICATION	TEPLOVODOMER	INDA d.o.o.	OTHER RELATED ENTITIES	TOTAL
<i>Transactions in the period from 01.01.2021 to 30.06.2021 and as of 30.06.2021</i>				
Sale of goods and services *	7 166	-	-	7 166
Sales transaction costs	4 183	-	-	4 183
Commercial receivables	2 146	-	-	2 146
Other receivables	877	-	-	877
Purchase of goods and services	-	115	1 453	1 568
Commercial liabilities	-	-	568	568

* including adjustment for unrealized margin on sales to jointly controlled entities

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

Guarantees

As of 30th June 2021 capital group Apator had active guarantees issued by the Company:

1. TU Euler Hermes S.A.:

- ✓ Due to performance bonds in the amount of PLN 9,188 thousand until 30 April at the latest year 2028,
- ✓ Under the guarantee for removal of defects and faults in the amount of PLN 4,143 thousand, up to June 8 2029,
- ✓ For payment of a deposit of PLN 4,546 thousand, up to October 4, 2021,

2. TU InterRisk S.A.:

- ✓ Under removal of defects and faults in the amount of PLN 86 thousand, up to November 14, 2024.
- ✓ Under the performance bond in the amount of PLN 81 thousand up to December 31 year 2021,

3. ING Bank Śląski S.A.:

- ✓ Due to performance bonds in the amount of PLN 6,200 thousand until 27 April at the latest year 2026,
- ✓ On account of removal of defects and faults in the amount of PLN 717 thousand, until 16 January 2025 at the latest,
- ✓ On account of payment of the deposit in the amount of PLN 35 thousand, until 1 September 2021 at the latest,
- ✓ Due to the execution of payments from contracts in the amount of PLN 12,154 thousand, until March 31, 2022,
- ✓ Under a letter of credit in the amount of PLN 134 thousand, until September 14, 2023.

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

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- ✓ guarantee of return of advance payment by Apator Metrix S.A. in the amount of 1.2 m EUR (5.6 m PLN) towards Flonidan A/S, with the period of validity till 30th June 2022.
- ✓ surety for two lease agreements for Apator Rector Sp. z o.o. for the total amount PLN 0.5 million, with a deadline of maximum 15th March 2023.

Additionally, at the 30th June 2021 Apator S.A. was the beneficiary of payment guarantee for the amount of PLN 200 thousand issued by Bank Millenium S.A., expiring on 30 September 2021, and an advance payment refund guarantee of EUR 0.2 million (PLN 0.8 million) issued by mBank, expiring on 30 November 2021. Apator Powogaz S.A. was the beneficiary of the guarantee of due performance of the contract for the amount of PLN 3.5 million, issued by Santander Bank Polska S.A., with expiry date of February 28, 2022.

Promissory notes

In connection with the Agreement on the general limit of contract guarantees in TU Euler Hermes S.A. (Group limit PLN 25 million), the bill of exchange collateral was established:

- ✓ Apator S.A. submitted 10 blank promissory notes together with the promissory note declarations,
- ✓ Apator Rector Sp. z o.o. submitted 3 blank promissory notes with the promissory note declarations,
- ✓ Apator Elkomtech SA submitted 3 blank promissory notes together with the promissory note declarations,
- ✓ Apator Powogaz SA submitted 3 blank promissory notes together with the promissory note declarations,
- ✓ Apator Metrix SA submitted 3 blank promissory notes together with the promissory note declarations,
- ✓ Apator Rector Sp. z o.o. submitted 3 blank promissory notes with the promissory note declarations.

In addition to the notes issued in connection with the Credit Agreements and the General Limit Agreement, as of 30 June 2021, the Group companies were the issuers of 59 blank promissory notes related to the concluded lease agreements, insurance guarantee agreements and contracts with contractors (due performance of contract).

Disputes

On 5th February 2021. The Company received the copy of the suit of PySENSE Sp. z o.o. against Apator S.A. The suit was filed on 29th December 2020 in Regional Court in Toruń, 6th Economic Department and it regards payment of the amount of PLN 21.53 million where compensation for the failure of Apator S.A. to perform the contract on cooperation, remuneration for transfer of property copyright and remuneration for licensing of software is included.

In opinion of Apator S.A. the action brought by PySENSE Sp. z o.o. is unfounded. In its reply to the statement of claim, the Company requested that the claim be dismissed in its entirety, disputing not only the principle of liability but also the amount of the claim asserted.

Accordingly, the Company sees no need to establish financial reserves for this matter.

Details of the dispute and pending proceedings were discussed in detail in the Report of the Executive Board on activity of the Company and Apator Group.

Other

As the security for the performance of the concluded contracts (apart from loan contracts, note 7.13), at 30th June 2021 the companies of Apator Group made the statements on voluntary submission to enforcement to the total amount of PLN 100 million. The statements made correspond to the companies' maximum liability plus bank charges.

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7.23. Employment structure

Employment in Apator Group is presented in the table below.

SPECIFICATION	period	
	from 01.01.2021	from 01.01.2020
	till 30.06.2021	till 31.12.2020
Average employment in full-time jobs for the period	2 299	2 460
Manual workers	1 371	1 469
Intellectual workers	928	991
Employment in full-time equivalents at the end of the period	2 316	2 425
Manual workers	1 358	1 472
Intellectual workers	958	953

7.24. The amount of remuneration of the entity authorized to audit financial statements

On 24th July 2021 Apator S.A. signed with PricewaterhouseCoopers Polska Spółka z ograniczoną odpowiedzialnością Audyt sp. k. the contract on audit of abbreviated semi-annual separate financial statements, review of abbreviated semi-annual consolidated financial statements and audit of annual separate and consolidated financial statements for the period 2021-2023.

SPECIFICATION	VALUE	
	year 2021	year 2020
Survey/review of interim reports	90	50
Total Apator S.A.	90	50

Except the remuneration specified above, Apator S.A. is obliged to cover documented costs of stay of the auditing team outside the seat of the Auditors (travelling, accommodation).

7.25. Transformation of comparative data

In these condensed half-year consolidated financial statements, the Group has changed the presentation of comparative figures. In connection with a change in accounting policy, effective as of January 1, 2021, with respect to recognition of costs of inventory write-downs, costs of scrapping inventories and costs of employee provisions, costs were shifted from other operating activities to cost of core operations / overheads (provisions for employee benefits) in the comparative periods. In Management's opinion, this presentation better reflects the sales gains achieved. This reclassification has no impact on earnings in either period.

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

ITEMS OF THE REPORT / CHANGE TITLE	from 01.04.2020 till 30.06.2020 untransformed data	Effect of change in accounting policy	from 01.04.2020 till 30.06.2020 transformed data
Cost of goods sold	(175 857)	(1 115)	(176 972)
- other entities	(174 182)	(1 115)	(175 297)
Gross sales profit	61 551	(1 115)	60 436
Sales profit	22 845	(1 115)	21 730
Other operating income (costs)	(3 225)	1 115	(2 110)

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ITEMS OF THE REPORT / CHANGE TITLE	from 01.01.2020 till 30.06.2020 untransformed data	Effect of change in accounting policy	from 01.01.2020 till 30.06.2020 transformed data
Cost of goods sold	(337 410)	(3 046)	(340 456)
- <i>other entities</i>	(333 495)	(3 046)	(336 541)
Gross sales profit	124 534	(3 046)	121 488
Sales profit	44 384	(3 046)	41 338
Other operating income (costs)	(4 374)	3 046	(1 328)

For the 2020 Annual Report, the impact of the change in accounting policy is as follows:

ITEMS OF THE REPORT / CHANGE TITLE	from 01.01.2020 till 31.12.2020 untransformed data	Effect of change in accounting policy	from 01.01.2020 till 31.12.2020 transformed data
Cost of goods sold	(695 956)	(9 284)	(705 240)
- <i>other entities</i>	(685 061)	(9 284)	(694 345)
Gross sales profit	238 894	(9 284)	229 610
<i>General administrative costs</i>	(126 097)	(37)	(126 134)
Sales profit	80 559	(9 321)	71 238
Other operating income (costs)	(3 320)	9 321	6 001

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8. Events after the balance sheet date

On 13th August 2021 Apator S.A. concluded with Bank Handlowy w Warszawie S.A. the contract of long-term investment credit, designed to finance the repurchase of shares of Apator Telemetria Sp. z o.o. from minority shareholders. The loan amount is PLN 13 million and will be repaid in equal 13 quarterly instalments starting from 1 September 2021 (the last instalment is due on 9 August 2024). The loan bears interest at the reference rate WIBOR 3M, and is secured with two pieces of equipment with the total value of PLN 2.8 million and a registered pledge on the purchased shares in the amount of PLN 12.1 million. In connection with the obligation to perform the borrower's obligation under the provisions of the Agreement, on 26 August 2021 a declaration on submission to enforcement was signed (up to PLN 15.6 million) in the form of a notarial deed.

On 26th August 2021 the contract of purchase of shares in Apator Telemetria Sp. z o.o. was concluded. A total of 512 shares with a total value of PLN 12.1 million, representing 20.8% of the company's share capital, were purchased from minority shareholders.

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9. Signatures

The Executive Board

2021-08-30

Mirosław Klepacki

The President of the Executive Board, Director-General

Arkadiusz Chmielewski

Member of the Executive Board, Director for Business Development of Apator Group

Tomasz Łątka

Member of the Executive Board, Network Operations Automation Director

Person responsible for the book-keeping

2021-08-30

Małgorzata Mazurek

FEO

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