



# Report of the Executive Board on Activity of Apator SA and the Apator Group in the 1st half of 2021.

Toruń, 30th August 2021

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

SPECIFICATION	in PLN thousand		in EUR thousand	
	current period	previous period	current period	previous period
Consolidated statement	First half of 2021	First half of 2020	First half of 2021	First half of 2020
<b>Revenue from sales and services</b>	<b>461 916</b>	<b>461 944</b>	<b>101 583</b>	<b>104 011</b>
Operating income	72 619	40 410	15 970	9 099
<i>Operating income excluding real estate*</i>	<i>38 540</i>	<i>40 410</i>	<i>8 476</i>	<i>9 099</i>
<b>EBITDA</b>	<b>99 923</b>	<b>66 180</b>	<b>21 975</b>	<b>14 901</b>
<b><i>EBITDA excluding real estate*</i></b>	<b><i>65 844</i></b>	<b><i>66 180</i></b>	<b><i>14 481</i></b>	<b><i>14 901</i></b>
Gross profit	67 167	43 848	14 771	9 873
<i>Gross profit excluding real estate*</i>	<i>33 088</i>	<i>43 848</i>	<i>7 277</i>	<i>9 873</i>
<b>Net profit</b>	<b>51 212</b>	<b>32 419</b>	<b>11 262</b>	<b>7 299</b>
<b><i>Net profit without real estate*</i></b>	<b><i>23 608</i></b>	<b><i>32 419</i></b>	<b><i>5 192</i></b>	<b><i>7 299</i></b>
<b>Net profit attributable to shareholders of the Group's parent company</b>	<b>49 512</b>	<b>31 232</b>	<b>10 888</b>	<b>7 032</b>
Net profit for non-controlling interest	1 700	1 187	374	267
Weighted average number of shares	29 182 783	29 208 651	29 182 783	29 208 651
Net profit per one ordinary share [PLN/ share]	1.70	1.07	0.37	0.24
Cash flows from operating activities	5 032	43 787	1 113	9 805
Net cash flow from investment activities	(10 641)	(19 992)	(2 354)	(4 476)
Cash flows from financial activities	11 325	(18 339)	2 505	(4 106)
<b>Total cash flows</b>	<b>5 716</b>	<b>5 456</b>	<b>1 264</b>	<b>1 222</b>
<b>Consolidated statement</b>	<b>30.06.2021</b>	<b>year 2020</b>	<b>30.06.2021</b>	<b>year 2020</b>
<b>Assets in total</b>	<b>964 698</b>	<b>874 949</b>	<b>213 391</b>	<b>189 596</b>
Fixed assets	504 349	496 611	111 562	107 613
Current assets	460 349	378 338	101 829	81 984
Equity capital with non-controlling interests	551 328	517 241	121 954	112 083
Share capital	3 281	3 281	726	711
Long-term liabilities and provisions	49 808	46 553	11 018	10 088
Short-term liabilities and provisions	363 562	311 155	80 420	67 425
Weighted average number of shares	29 182 783	29 204 907	29 182 783	29 204 907
Net book value per ordinary share [PLN/ share].	18.89	17.71	4.18	3.84

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

The above financial figures for the 6 months of 2021 and 2020 have been translated into EUR as follows:

- individual items of the statement of comprehensive income - according to the exchange rate being the arithmetic average of average EUR exchange rates determined by the National Bank of Poland on the last day of each month of the reporting period: from 1 January to 30 June 2021 - 4.5472 EUR/PLN and from 1 January to 30 June 2020 - 4.4413 EUR/PLN;
- particular items of cash flow statement - according to average EUR rate set by the National Bank of Poland as at June 30, 2021 - 4.5208, as at June 30, 2020 - 4.4660;
- individual items of the statement of financial position - at the average EUR exchange rate set by the National Bank of Poland as at June 30, 2021 - 4.5208, as at December 31, 2020 - 4.6148;

Entity name:	Apator Group		
Period covered by the financial statements:	01.01.2021 – 30.06.2021	Reporting currency:	Polish zloty (PLN)
Level of rounding:	all amounts are expressed in thousands of Polish zlotys (unless indicated otherwise)		



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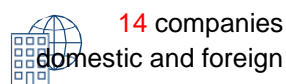
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## 1. General information

This report of the Executive Board for the first half of 2021 should be read together with the annual report on activity of Apator Group in 2020, available at the link: <http://www.apator.com/uploads/files/Raporty/Raporty%20okresowe/2020/roczny-skonsolidowany/sprawozdanie-zarzadu-asa-i-gk>

### 1.1. Organisation of the Apator Group

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



14 companies  
domestic and foreign



9 production plants



2.3 thousand  
employees



12  
R&D offices

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

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



listed on  
GPW in Warsaw  
for over 20 years



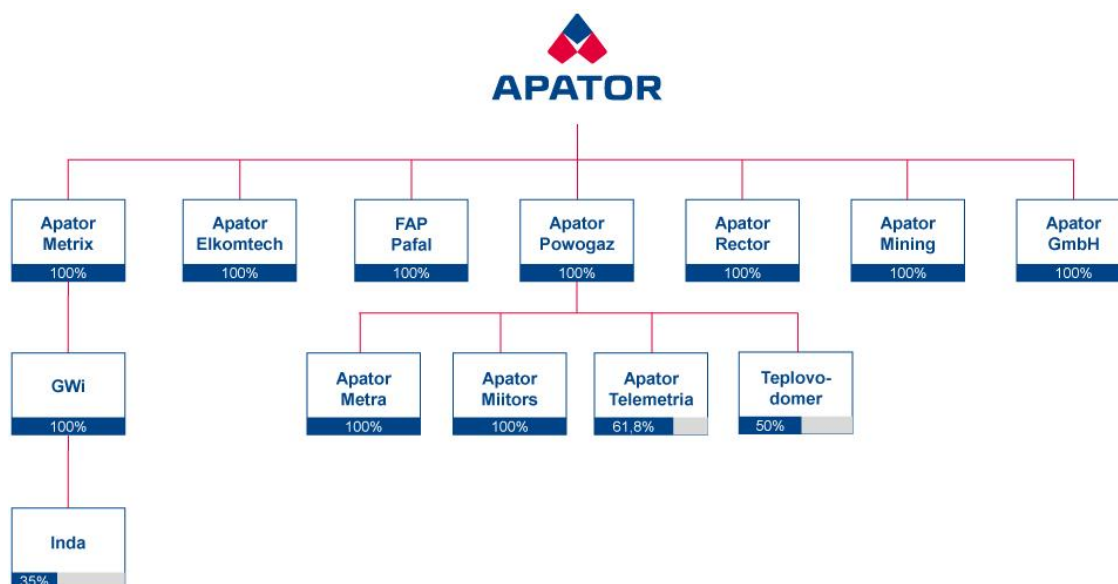
taken into account  
in index sWIG80  
and WIGdiv



company  
dividend

### 1.2. Composition of the Apator Group and its business Units









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



On the day of the submission of the report no changes in the structure of the Apator Group took place, but the Apator Group announced the intention to merge Apator SA and Apator Elkomtech SA on the 1st January 2022. The final decision in this case will be made by Extraordinary General Shareholders Meeting to be held in 4th quarter this year. Moreover, Apator SA on 26.08.2021 acquired 20,8% shares from minority shareholders in indirect subsidiary: Apator Telemetria Sp. z o. o. (more in section 5.5).

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Activity of the Apator Group is organized in three units:

Business Units			
	electricity	gas	water&heat
<b>Lines business</b>	<ul style="list-style-type: none"> <li>electricity metering</li> <li>switchgear</li> <li>control and monitoring systems</li> <li>ICT</li> </ul>		
<b>Companies included in the Unit</b>	<ul style="list-style-type: none"> <li>Apator SA (Toruń)</li> <li>Apator Elkomtech (Łódź)</li> <li>Apator Rector (Zielona Góra)</li> <li>FAP Pafal (Świdnica)</li> <li>Apator GmbH (Niemcy)</li> </ul>	<ul style="list-style-type: none"> <li>Apator Metrix (Tczew)</li> <li>GWi (United Kingdom)</li> <li>Inda (Slovenia)</li> <li>Apator GmbH (Niemcy)</li> <li>Apator Elkomtech (Łódź)</li> </ul>	<ul style="list-style-type: none"> <li>Apator Powogaz (Poznań)</li> <li>Apator Telemetry (Słupsk)</li> <li>Apator Metra (Czech Republic)</li> <li>Apator Miitors (Denmark)</li> <li>Teplodomer (Russia)</li> </ul>
<b>Solutions</b>	<ul style="list-style-type: none"> <li>Smart and communal ee meters</li> <li>Power distribution systems</li> <li>Control and monitoring systems</li> <li>Measurement data management systems</li> <li>Solutions for OZE</li> </ul>    <p>Meter OTUS 3      Control systems and monitoring      SmartARS disconnector</p>	<ul style="list-style-type: none"> <li>Smart gas meters, bellows meters, domestic, industrial</li> <li>Remote reading services, system that allows interrupting and resuming gas supply via GSM network</li> </ul>   <p>Gasmeter iSMART 2 pro      hybridSMART</p>	<ul style="list-style-type: none"> <li>Ultrasonic water meters, residential, domestic, industrial</li> <li>Heat meters, heat cost allocators</li> <li>Remote reading and billing of utility consumption, system management</li> </ul>    <p>Watermeter ULTRIMIS W      JS Smart+      E-ITN divider</p>
<b>Main customers</b>	<ul style="list-style-type: none"> <li>electricity utilities (DSOs)</li> <li>electricity wholesalers, electrical assembly and installations companies</li> <li>construction, industry, railroad</li> <li>photovoltaic and wind farms, energy clusters and cooperatives and other RES sector participants</li> </ul>	<ul style="list-style-type: none"> <li>gas companies/gas distributors and suppliers</li> </ul>	<ul style="list-style-type: none"> <li>water and sewerage companies and thermal energy</li> <li>cooperatives and housing communities</li> <li>construction</li> <li>industry</li> </ul>
<b>The main markets</b>	Poland, Germany, Austria, Russia, Brazil	Poland, United Kingdom, Belgium, Germany, Netherlands, Hungary, Turkey	Poland, Czech Republic, France, Russia, Ukraine, Spain
<b>Sales scale in H1 2021</b>	PLN 184.7 million	PLN 136.0 million	PLN 141.2 million
<b>Export share in the Unit's revenues in H1 2021</b>	24.0%	70.1%	56.7%

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## 2. Summary of financial results

In this section, significant achievements or failures have been indicated, together with a list of the most important events concerning the issuer and its capital group, and factors and events, including those of an untypical nature, having a significant impact on the financial statements. This half-yearly report should be read together with the annual report on activity of Apator Group for 2020, available at the link: <http://www.apator.com/uploads/files/Raporty/Raporty%20okresowe/2020/roczny-skonsolidowany/sprawozdanie-zarzadu-asa-i-gk-apator-rs-2020-r.pdf>

The Apator Group in the first half of 2021 achieved the following financial results:

Specification	H1 2021	H1 2020	Change	Dynamics
<b>Sales revenues, including:</b>	<b>461 916</b>	<b>461 944</b>	<b>- 28</b>	<b>100.0%</b>
country	242 305	254 118	- 11 813	95.4%
export	219 611	207 826	11 785	105.7%
Cost of goods sold	346 783	340 456**	6 327	101.9%
<b>Gross sales profit</b>	<b>115 133</b>	<b>121 488</b>	<b>- 6 355</b>	<b>94.8%</b>
Sales costs	16 901	16 923	- 22	99.9%
General administrative costs	65 332	63 227	2 105	103.3%
<b>Sales profit</b>	<b>32 900</b>	<b>41 338</b>	<b>- 8 438</b>	<b>79.6%</b>
Result on other operating activities	39 137	-1 328	40 465	-
Share in profits of companies consolidated using the equity method	582	400	182	145.5%
<b>Operating income</b>	<b>72 619</b>	<b>40 410</b>	<b>32 209</b>	<b>179.7%</b>
<b>EBITDA</b>	<b>99 923</b>	<b>66 180</b>	<b>33 743</b>	<b>151.0%</b>
<i>EBITDA excluding real estate*</i>	<i>65 844</i>	<i>66 180</i>	<i>- 336</i>	<i>99.5%</i>
Result on financial activity	- 5 452	3 438	- 8 890	-
<b>Profit before tax</b>	<b>67 167</b>	<b>43 848</b>	<b>23 319</b>	<b>153.2%</b>
Current income tax	- 19 705	- 9 979	- 9 726	197.5%
Deferred income tax	3 750	- 1 450	5 200	-
<b>Net profit</b>	<b>51 212</b>	<b>32 419</b>	<b>18 793</b>	<b>158.0%</b>
<i>Net profit without real estate*</i>	<i>23 608</i>	<i>32 419</i>	<i>- 8 811</i>	<i>72.8%</i>
<b>Profitability ratio:</b>				
Gross profit margin on sales	24.9%	26.3%		
Profit margin on sales	7.1%	8.9%		
Profit margin EBITDA*	14.3%	14.3%		
Net profit margin*	5.1%	7.0%		

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

\*\* ) Due to a change in accounting policy regarding the recognition of, among other things, inventory write-down costs and inventory scrapping costs, these costs were reclassified from other operating activities to cost of core operations in the comparative periods (the reclassification is included in note 7.25 of the semi-annual consolidated financial statements for H1 2021).

Key performance drivers:

- maintaining the Group's sales thanks to a clear recovery in demand in the Water and Heat unit;
- macroeconomic situation - global difficulties in access to electronic components and shortages of raw materials for electronic devices, resulting in pressure on margins as a result:
  - increases in the prices of raw materials and materials and longer delivery times;
  - increase in transport prices;
 while limiting the potential for rapid changes in selling prices in response to increases in the cost of TKW, particularly in the Electricity Unit<sup>1</sup>;
- one-off factor - the influence of sale of real property of Apator Powogaz SA in Poznań on consolidated results:
  - at EBITDA level: PLN 34.1 million;
  - at the net result level: PLN 27.6 million;

<sup>1</sup> More in section 3.1

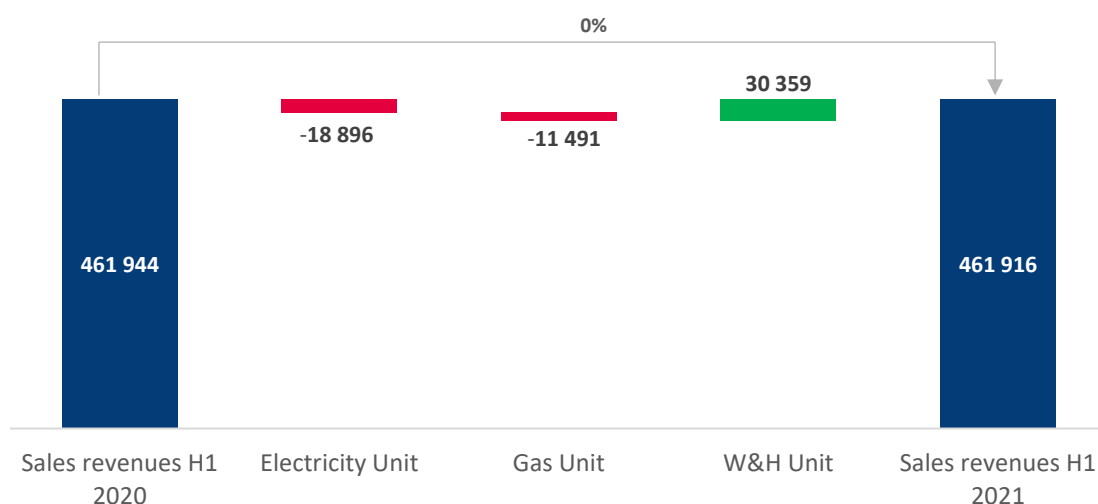
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- situation in the foreign exchange markets - an increase in the EUR exchange rate having on the one hand a positive effect on the level of revenues denominated in PLN, but on the other hand a negative effect on the result on foreign exchange differences and currency transactions.

### Sales revenue

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

Specification	H1 2021 (PLN thousand)	H1 2020 (PLN thousand)	Change y/y (PLN thousand)	Dynamics (%)
<b>Electricity (EE) Unit</b>	<b>184 686</b>	<b>203 582</b>	<b>-18 896</b>	<b>90.7%</b>
<i>country</i>	140 419	166 190	-25 771	84.5%
<i>export</i>	44 267	37 392	6 875	118.4%
<i>ratio of exports in the EE Unit in total sales revenue</i>	9.6%	8.1%		
<b>Gas Unit</b>	<b>136 042</b>	<b>147 533</b>	<b>-11 491</b>	<b>92.2%</b>
<i>country</i>	40 742	35 822	4 920	113.7%
<i>export</i>	95 300	111 711	-16 411	85.3%
<i>ratio of exports in the Gas Unit in total sales revenue</i>	20.6%	24.2%		
<b>Water and Heating Unit (W&amp;H)</b>	<b>141 188</b>	<b>110 829</b>	<b>30 359</b>	<b>127.4%</b>
<i>country</i>	61 143	52 105	9 038	117.3%
<i>export</i>	80 045	58 724	21 321	136.3%
<i>ratio of exports in the W&amp;H Unit in total sales revenue</i>	17.3%	12.7%		
<b>Total sales revenues</b>	<b>461 916</b>	<b>461 944</b>	<b>-28</b>	<b>100.0%</b>
<i>country</i>	242 304	254 117	-11 813	95.4%
<i>export</i>	219 612	207 827	11 785	105.7%
<i>share of total exports in total revenues</i>	47.5%	45%		



Changes in sales of particular Units were as follows:

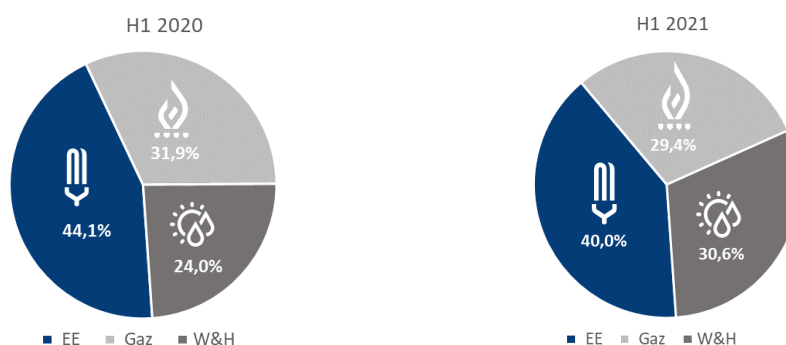
- Electrical Energy (EE) Unit - decline in domestic sales partially offset by an increase in exports by PLN 7 million (+18% y/y). Lower domestic sales were largely related to a lower backlog (high base resulting from

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deliveries made last year under the "Power Market") and to the global reduction in component availability, which is felt most strongly in the EE Unit;

- Gas Unit - high sales in the country (+14% y/y) as a result of the execution of the tender for PSG sp. z o.o., while exports were lower (-15% y/y). The decrease in exports recorded in H1 2021 is primarily due to a high base in H1 2020 and the achievement of record sales in that period at PLN 148 million. This was a result of high customer crowding in H1 2020 as a result of uncertainty arising from the spread of the pandemic. The Unit is currently still experiencing a temporary reduction in orders from key partners, mainly in the UK market. Additionally, the lower backlog is impacted by the ending rollout for smart gas meters in the Netherlands. However, the unit's other markets (such as Hungary, Turkey, Ukraine) experienced sales growth, with one of the largest increases recorded in the Belgian market, where the replacement of gas meters with smart meters is currently underway;
- Water and Heat Unit - higher turnover at home (+17% y/y) and at the same time dynamic growth in exports (+36% y/y). The significantly improved sales performance confirms the trend of recovering demand and rebuilding orders after 2020, when the impact of the pandemic was strongly felt. The market is seeing an increase in the number of new tenders and completions frozen in 2020, as well as growth due to the construction boom. In addition, larger orders for ultrasonic water meters were completed both domestically and internationally during the period under review. The Unit's major export markets in H1 2021 are the Czech Republic, France, Russia, Ukraine, and Spain.

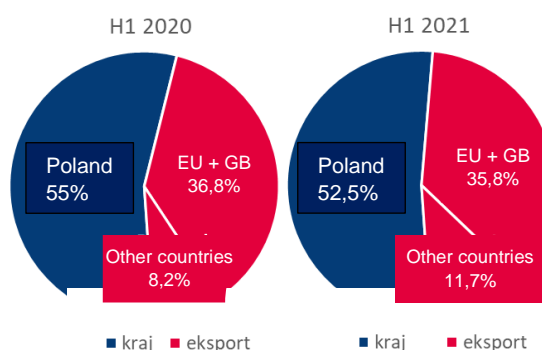
In view of the above, the Water and Heat Unit increased its share in the sales structure.



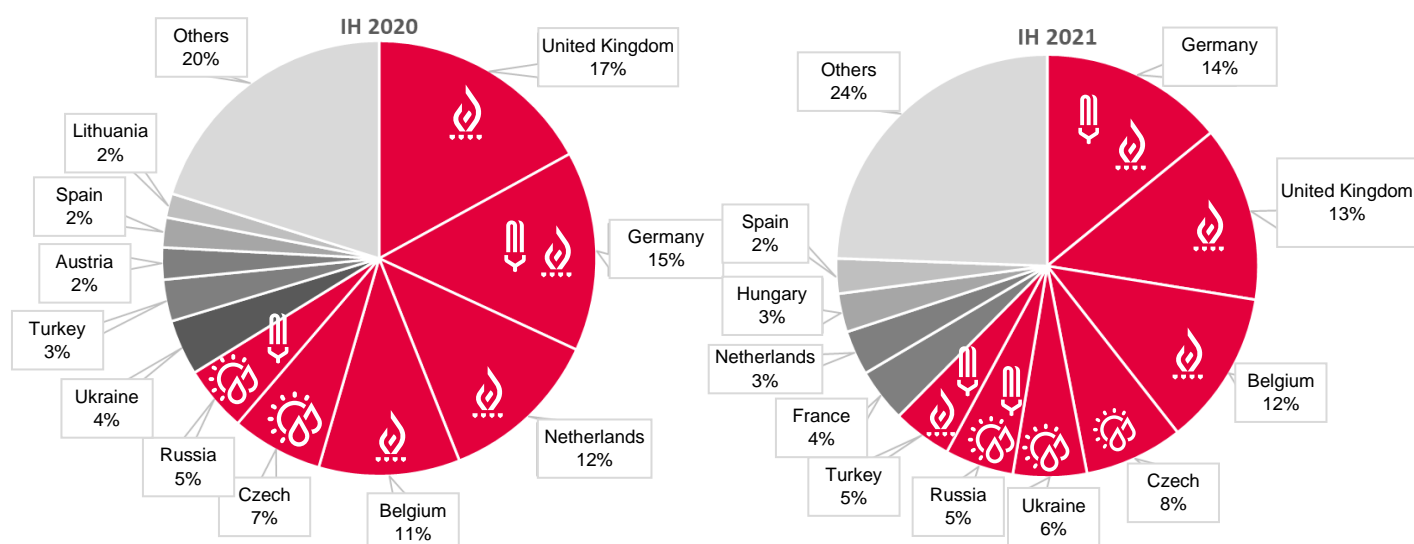
### Geographical structure of sales

Due to high dynamics of export (mainly in Water and Heat Unit) in the scale of the whole Apator CG the results of export after H1 2021 were much better in comparison to domestic sales. In result the geographical structure of sales has changed in favour of foreign countries and the share of export in total turnover of Apator Group increased in comparison to H1 2020 by 2.5 p.p. to the level of 47.5% of total revenues.

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



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**Foreign sales - countries with a share of more than 5% Share of exports in H1 2021. Sold range**

Country	Share of exports in H1 2021 (%)	Sold range
Germany	14%	mainly electricity and gas meters
United Kingdom	13%	gas meters
Belgium	12%	gas and inductive electricity meters
Czech Republic	8%	mainly water meters and cost allocators
Ukraine	6%	primarily water and gas meters
Russia	5%	mainly water meters, heat meters, switchgear
Turkey	5%	mainly gas meters and switchgear

**Operating expenses by function and type**

Specification	H1 2021 (PLN thousand)	H1 2020 (PLN thousand)	Change y/y (PLN thousand)	Dynamics (%)
<b>Costs by function</b>				
Cost of goods sold (COGS)	346 783	340 456	6 327	101.9%
Selling and general administrative expenses (SG&A)	82 233	80 150	2 083	102.6%
<b>Total</b>	<b>429 016</b>	<b>420 606</b>	<b>8 410</b>	<b>102.0%</b>
<b>Costs by type</b>				
Depreciation	27 304	25 770	1 534	106.0%
Materials and energy consumption	198 651	184 332	14 319	107.8%
External services	57 038	40 314	16 724	141.5%
Employee benefits	118 550	112 095	6 455	105.8%
Other	31 140	29 938	1 202	104.0%
Change in stocks of finished goods and work in progress	-3 667	28 157	-31 824	-13.0%
<b>Total</b>	<b>429 016</b>	<b>420 606</b>	<b>8 410</b>	<b>102.0%</b>

The noticeable increases in costs (especially material and energy consumption costs) are mainly due to macroeconomic reasons. The post-pandemic economic recovery has resulted in a rapid increase in demand, followed by an increase in global trade costs as a result of persistent bottlenecks in supply chains and a greater

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tendency for companies to accumulate higher inventories, which in turn encourages higher prices for raw materials, materials and components (especially electronics) and transportation costs.

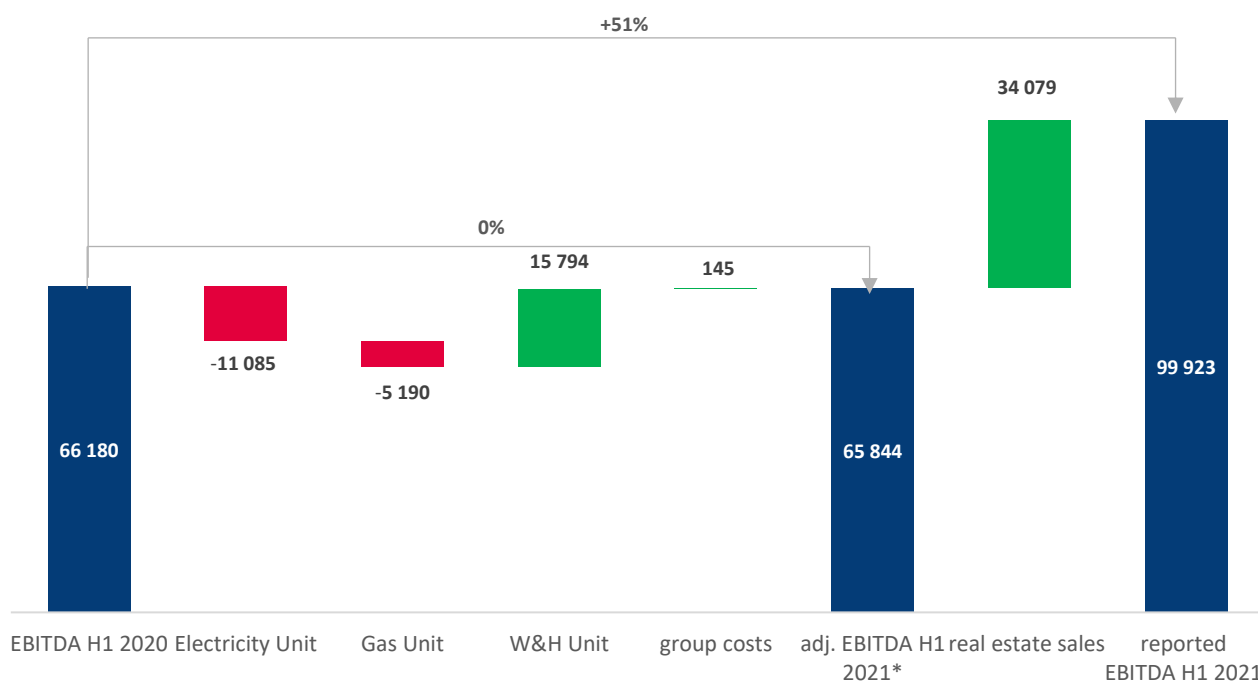
The Group is experiencing strong pricing pressure and increased competition to the greatest extent in the Electricity Unit. Price erosion results in a percentage decline in margins, especially in the face of material cost inflation while wage costs rise due to, among other things, upward pressure on wages.

## EBITDA

The level of consolidated EBITDA was influenced by:

- decrease in EBITDA in the Electricity Unit mainly as a result of a decrease in sales and an increase in the cost of materials, components and raw materials (primarily semiconductors, copper and plastics) as a result of disruptions in the global supply chain with simultaneous strong competitive pressure limiting the ability to more flexibly shape selling prices; positive impact of the compensation received from the insurer (+1.5 million PLN) to cover part of the cost of replacing electricity meters (delivered in 2014-2017) as part of a reported claim;
- decline in EBITDA in the Gas Unit mainly due to lower sales y/y and slightly higher material costs (mainly plastics and sheet metal); positive impact of subsidies from the anti-crisis shield (PLN +1 million);
- significant increase in EBITDA of the Water and Heat Unit as a result of sales growth, favorable product mix and significant improvement in operating efficiency. At the same time, control of fixed costs is maintained resulting in further improvement of profitability (return on sales after H1 2021 at over 15%, up 5.9 p.p. y/y);
- result on sale of real estate of Apator Powogaz SA in Poznań (PLN +34.1 million)\*.

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



\*EBITDA H1 2021 adjusted for the impact of the sale of the Poznań property

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## Net result

The consolidated net result amounted to PLN 51.2 million and was influenced, apart from the aforementioned factors, by:

- negatively - result on financing activities (PLN -5.5 million), which resulted mainly from negative exchange rate differences (PLN -3.3 million) due to the situation on the foreign currency markets;
- positively - one-off event that is sale of real property of Apator Powogaz (+PLN 27.6 PLN).

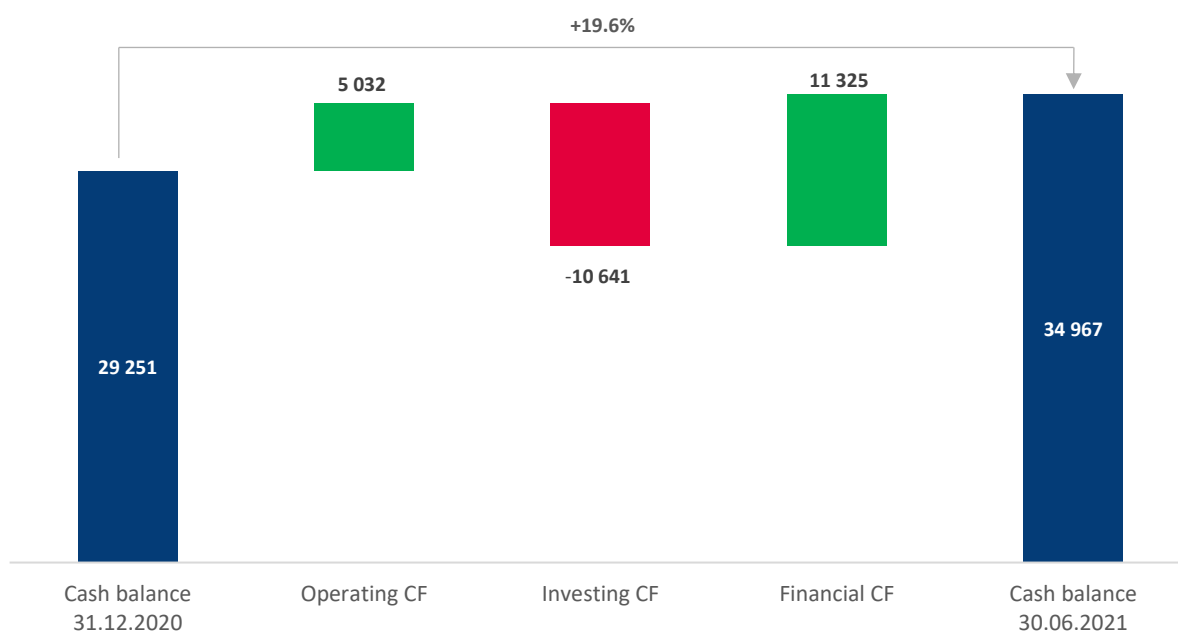
After the clearing of the result from one-off event, the net profit of Apator Group in H1 2021 amounted to PLN 23.6 million.

## Analysis of financial situation

The cash balance at June 30, 2021 was 5.7 million higher compared to the end of 2020 at 35.0 million.

Cash and cash equivalents were influenced by the following factors:

- positive cash flows from operating activities, with the level of cash flows generated being impacted by a much higher working capital commitment than in previous years - sourcing and securing materials and raw materials to manage risks associated with disruptions in global supply chains;
- negative flows from investment activity mainly due to investment expenditures incurred for fixed assets and intangible assets (in total PLN 41.7 million) compensated to the significant extent by the revenues obtained from the sale of real property of Apator Powogaz SA in Poznań in the amount PLN 33.9 million (payment for the real property in accordance with the schedule);
- positive cash flow balance primarily related to an increase in credit debt.



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Other basic indicators	H1 2021	Year 2020	H1 2020	Formula
Current liquidity ratio	1.27	1.22	1.29	current assets/short-term liabilities
Quick liquidity ratio	0.66	0.72	0.80	(current assets - inventories)/short-term liabilities
Return on assets ROA	8.81%	7.06%	6.31%	net profit for the last 12 months/average total assets, calculated as an average of the opening and closing balances
Return on equity ROE	15.17%	12.32%	11.23%	net profit for the last 12 months/average equity calculated as an average of the opening and closing balances
Net debt (PLN thousand)	115 462	100 150	103 958	loans and borrowings - cash and equivalents - loans granted
Net Debt/LTM EBITDA*	0.70	0.76	0.82	(loans and credit- cash and cash equivalents - loans granted) / EBITDA for the last 12 months
Capex (PLN thousand)	37 227	77 510	23 475	tangible and intangible investment expenditure
Working capital (PLN thousand)	197 646	163 150	191 771	(current assets - cash) - (short-term liabilities - short-term loans and borrowings)

The level of net working capital at the end of June 2021 was PLN 5.9 million higher than at the end of H1 2020. (and by PLN 34.5 million higher than at the end of 2020). This results from higher inventories with a simultaneous lower (by PLN 4.8 million) cash balance at the end of the period. The increase in working capital can be seen primarily in the Electricity Unit (increase in inventories, especially of electronics resulting from the stocking to secure future production) and Water and Heat (increase in receivables resulting from the settlement of real estate sales transactions).

Higher capital expenditures were incurred in the period mainly in the Water and Heat Unit and related primarily to expenditures for the construction of a new factory near Poznań (PLN 12.9 million for H1 2021 as scheduled) and R&D, including, among others, work on the development of remote communications and expansion of the product portfolio with new product families.

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

#### 3.1. Risk and hazard factors

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

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

- financial management risk,
- strategic risk related to development and construction of value of the Apator Group,

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- operational risk including day-to-day task performance, legal compliance, work safety, information security and environmental protection.

The detailed description of risk factors that can have the influence on the activity of the Apator Group was presented in the Report of the Executive Board on Activity of the Apator Group for 2020 in the chapter 8.

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

In the opinion of the Executive Board, the risks indicated in the aforementioned document remain valid. Nevertheless, the Executive Board points out that the factors that will have an impact on the results in the coming quarters are higher prices of components necessary for production, mainly plastics, copper, steel and electronics.

Pandemic has affected entire supply chains in unprecedented ways. Beginning in late 2020, there are significant difficulties in access to electronic components, especially semiconductors, and shortages of raw materials causing significant price increases. At the same time, the surge in global demand and the limited availability of containers from Asia have significantly increased the cost of logistics services and significantly increased lead times.

Persistent supply chain continuity issues may periodically affect sales momentum and decrease profitability. Pressure on margins is particularly felt in the Electricity Unit, which is highly competitive, while the sales model (mainly of electricity meters) based on concluding long-term contracts as a result of winning public tenders makes it impossible to translate cost inflation into final prices to the customer.

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

### 3.2. Prospects

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

- in the unit of Electricity the prospects for growth are determined primarily by: energy transformation in accordance with the Polish Energy Policy adopted by the government (PEP2040), including the planned rollout of meters with remote reading, development of energy management systems from RES (energy clusters, micro-sources, development of photovoltaics) and the expansion of electricity network infrastructure. At the same time, the planned rollout of smart metering is attracting more competition and putting further downward pressure on margins and prices;
- in Gas unit the performance of postponed rollouts in Europe and slow recovery on the main foreign markets are in progress; additionally the Company will perform one of the largest rollouts in Belgium (in cooperation with one of the global leaders in utility metering Landis+Gyr), as a result of winning the tender for the supply of ca. 1 million of gas meters in the period 2023-2031 - contract of the total value of ca. 300 m PLN in the part for Apator Metrix;
- in the Water and Heat unit, there is a clear recovery in demand from the pandemic both domestically and internationally, with the added prospect of sales growth provided by the amendment to the Energy Efficiency Act, signed on April 26, 2021, requiring owners or managers of multi-unit buildings to install heat and water meters with remote reading by January 1, 2027.

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

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

## 4. List of major events

### 4.1. List of events in the first half of 2021

1. On 4th January 2021 subsidiary Apator Rector Sp. z o.o. concluded the contract with Tauron Dystrybucja SA with the value of about PLN 26.3 million. The agreement concerns the provision of maintenance, support and development services for the ZMS Network Asset Management IT system implemented at Tauron Dystrybucja SA from 2021 to 2024.
2. On 5th January 2021 the offer of Apator SA was selected as the most favourable one in the tender for the supply of municipal electricity meters in the period 2021-2022, announced by PGE Dystrybucja SA (task no. 2 - three-phase meters). The value of the offer is PLN 45.4 million, including the option to increase the order by PLN 9.9 million. On 23 February this year, the company entered into agreements with branches of PGE Dystrybucja SA. Deliveries are made from May 2021.
3. On 7th January 2021 Mr Mariusz Lewicki - Deputy Chairman of Supervisory Board of Apator SA purchased 15.000 bearer shares of Apator SA.
4. On 8th January 2021. District Court Katowce-Wschód in Katowice made the entry of registered pledge on 3.600.000 bearer shares of Apator SA being in possession of Apator Mining Sp. z o.o. in favour of PKO Bank Polski SA. The registered pledge is the collateral of the investment credit granted by the Bank to the company Apator Powogaz SA for the construction of the production plant and it will be kept till the day of establishing the contractual mortgage on the real estates that are built for Apator Powogaz SA.
5. On the 12th January 2021, Apator Powogaz SA concluded with the entity from developer branch the promised Contract of Sale of the land property located at Klemensa Janickiego Street 23/25 in Poznań with total area of 3,3 hectares where the present headquarters of Apator Powogaz SA is located (more information in the Report of the Executive Board on Activity of Apator Group for 2020).
6. On 5 March 2021, Apator Metrix SA, GWi Ltd and Meter Fit 20 Ltd concluded a contract for the supply of gas regulators for the UK market in the period 2021-2025. The estimated value of the contract is approximately £8 million (i.e. PLN 42 million, according to the average NBP exchange rate of 4 March 2021, 1 GBP= PLN 5.2717). The agreement stipulates that the regulators will be supplied based on ongoing orders placed by Meter Fit 20 Ltd according to its needs.
7. On March 17, 2021 an annex to the agreement concluded with TU Euler Hermes SA was signed. Agreement for the provision of contractual guarantees within a revolving limit. Under the annex, the revolving limit for guarantees granted to the Group was increased from PLN 20 million to PLN 25 million. At the same time, additional security for the contract was established in the form of 4 blank promissory notes.
8. On 23rd March 2021 the Company received the copy of the judgement of Supreme Administrative Court dated 5th February 2021 regarding the cassation complaint of National Fiscal Information Director from the judgement of Regional Administrative Court in Gorzów Wielkopolski in case of complaint of Apator Rector Sp. z o.o. on individual interpretation of the Director of National Fiscal Information regarding the possibility to include into tax costs the contractual penalty in amount of PLN 11 140.0 thousand due to failure to meet the deadline for performance of services under the contract for execution and implementation of Network Asset Management System for Tauron Dystrybucja SA.

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Supreme Administrative Court in its ruling stated that Apator Rector Sp. z o.o. is not entitled to include the incurred expense in the form of penalty to tax costs. Consequently, it was necessary to adjust the CIT income tax settlement for 2018-2020 and to adjust the deferred tax asset created on the penalty. At the same time Apator Rector has unused tax losses on which the deferred tax asset was not recognized in full amount. Their amount is sufficient to offset the impact of the derecognition of the unjustified deferred tax asset on the penalty. As a result of the set-off applied, the qualification of the penalty to the costs not being tax deductible has no influence on the financial result of Apator Rector, and only the title of the created deferred tax asset was changed.

9. On 26th March 2021 the Supervisory Board of Apator SA elected PricewaterhouseCoopers Polska sp. z o.o. Audyt sp. k. with headquarters in Warsaw to audit the financial statement of Apator SA and to audit and review of consolidated financial statement of Apator Group for the period 2021 - 2023.
10. On 24th May 2021 Apator SA received the notice from Janusz Marzygliński - Shareholder and member of Supervisory Board on reduction of share so far held below 5% threshold of total number of votes at General Shareholders Meeting of Apator SA.
11. On 29th June 2021 the Ordinary General Shareholders Meeting of Apator SA was held, that among other things adopted the dividend level from the profit in 2020 in amount of 1,20 PLN gross per share (more in Section 6.4.5).
12. On the 30th June 2021 The Executive Board of Apator SA announces that within the optimization of the structure of capital group and consolidation of the unit of electric energy, it has taken the decision on the intention to include the company Apator Elkomtech SA (Łódź) into Apator SA (Toruń). The merger is expected to result in increased management efficiency and market synergies. The merger is planned by transferring all assets of Apator Elkomtech SA to Apator SA on 1st January 2022.

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

## 4.2. List of events after the balance sheet date

1. On 27th July 2021 the Executive Board of Apator SA announced that the subsidiary Apator Metrix SA has been selected as the supplier of smart gas meters under the mass implementation of smart meters in Belgium. A combination of Belgian distribution network operators (Fluvius, ORES, RESA and Sibelga) has selected an offer from Landis+Gyr (Belgium) as the winning bid for the delivery of an end-to-end Data-as-a-Service solution. DaaS Data-as-a-Service), consisting of a central master system and delivery of smart utility meters. Therefore, Apator Metrix SA as a partner of Landis+Gyr in the period 2023 - 2031 will deliver ca. 1 million of iSMART2 smart gas meters of the value of ca. EUR 65 M (that is ca. 300 m PLN according to average exchange rate of NBP from 27th July 2021, 1 EUR= 4.5954 PLN).
2. On 13th August 2021 Apator SA concluded the contract for the acquisition credit in the amount of 13 m PLN in relation to the intention to acquire 20,8% shares in the indirect subsidiary Apator Telemetry Sp. z o.o.
3. On 25th August 2021 the offer of Apator SA was selected as the most favourable one in the tender for the supply of electricity meters with PLC PRIME communication, announced by Energa Operator SA. The value of the offer is PLN 57 million, and the deliveries will be made within 24 months from the date of contract conclusion.
4. On 26th August 2021 the contracts of purchase of shares in Apator Telemetry Sp. z o.o. were concluded with four natural persons (minority shareholders). Under the contract Apator SA acquired total 512 shares of total value PLN 12.1 million being 20.8% of share capital of this company (more in point 5.5).

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## 5. Additional information

### 5.1. Credits, loans, sureties, guarantees

Balance of credits and loans of the Apator Group:

Specification	as of		Change
	30.06.2021	31.12.2020	
Long-term loans and credits	14 603	4 183	10 420
Short-term loans and credits	135 826	125 218	10 608
<b>Total loans and borrowings</b>	<b>150 429</b>	<b>129 401</b>	<b>21 028</b>

#### 5.1.1. Loans

As of June 30, 2021, the status of significant credit agreements is as follows:

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

On 30th June 2021 between ING Bank Śląski SA and companies of Apator Group: Apator SA, Apator Powogaz SA, Apator Metrix SA, FAP Pafal SA, Apator Elkomtech SA, Apator Rector Sp. z o.o., Apator Telemetria Sp. z o.o. The annex to the above agreement was concluded where the credit period was extended for the next 2 years and the revolving credit limit for current financing of the companies was increased from PLN 160 million to PLN 180 million. The loan repayment date is September 21, 2022. The credit limit may be used in the form of working capital loans, bank guarantees, letters of credit and debt repurchase by the Bank. The limit interest rate is based on WIBOR 1M plus bank margin. In connection with the conclusion of the annex, the collaterals of the Agreement, which they are now, have changed:

- registered pledges on the Companies' inventories with a total value of PLN 102.5 million,
- registered pledges on the fixed assets of companies with a total net value of PLN 22.1 million,
- registered pledges on the Company's bank accounts maintained by ING Bank Śląski SA,
- mortgage on real estate of Apator SA to the value of PLN 35.9 million,
- assignment of rights under the insurance policy of the above collaterals,
- blank promissory notes together with promissory notes issued by borrowers.

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

As of 30th June 2021 the debt of Apator Group due to concluded multi-product contract was PLN 100.5 million.

2. Apator SA has got the loan in Bank Handlowy SA for the amount of PLN 10 million designated for current financing of the business activity of the Company. On March 9, 2021, an annex to the agreement was signed, pursuant to which the term of the loan was extended until March 25, 2022. The interest rate on the loan was determined according to a variable interest rate equal to the WIBOR rate for deposits 3 months plus the bank's margin. The loan repayment is secured by a registered pledge on the company's fixed assets with a value of PLN 8.3 million and an assignment of rights under an insurance policy. As of June 30, 2021, the level of used credit was PLN 8.9 million.

3. The Company Apator Metrix SA has got long-term credit (investment credit) for purchase of shares of GWi contracted in Bank Millennium SA. The loan amounted to PLN 22.1 million. The loan is granted for the period until 31.12.2022. The loan bears interest at a variable interest rate equal to WIBOR rate for 3-month deposits increased by the bank's margin. Repayment of the loan is secured by a capped mortgage up to

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23.3 million PLN on the real estate of the company located in Tczew, transfer of ownership of fixed assets with a total value of min. PLN 2.4 million, an assignment of rights from the all-risk insurance policy, a pledge on bank accounts and a declaration of submission to enforcement pursuant to Article 777 of the Civil Code up to PLN 31.7 million. As at 30 June 2021, the credit granted amounted to PLN 6.3 million.

4. GWI Ltd has an overdraft facility entered into on 8 September 2017 with CITI London Bank for £4 million. The credit was taken for the repayment of the loan from BI Group PLC and Apator Metrix SA, which was related to the early redemption of the remaining 50% shares of GWi by Apator Metrix SA in 2017. The term of credit repayment is renewed every year. The security of credit repayment is surety of Apator Metrix SA in form of bank guarantee. The loan interest rate is set at a variable LIBOR rate plus the bank's margin. At 30 June 2021, the balance of the facility is GBP 4 million (ie. PLN 21 million. at the average NBP exchange rate of 30 June 2021 for the currency GBP = 5.2616 PLN).

5. Apator Powogaz SA:

a) on 4 December 2020, concluded with the bank PKO Bank Polski SA with its registered office in Warsaw an Investment Credit Agreement in the amount of PLN 39.1 million with the possibility of increasing to PLN 41 million. The loan is intended to finance the purchase of land and construction of a modern production plant in Jarzyski (cadastral precinct Żernik near Poznań), based on a contract concluded with the General Contractor. The interest rate is set at:

- up to PLN 39.1 million - fixed interest rate of 1.3% p.a. plus the Bank's margin,
- above the amount of PLN 39.1 million, and up to PLN 41 million - interest rate according to variable interest rate WIBOR 1M increased by the Bank's margin.

As of June 30, 2021, the loan is secured by:

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

The loan repayment period is from 31 July 2022 to 4 December 2030. As at 30 June 2021, the debt under the loan was PLN 12.5 million.

b) has a credit facility with mBank SA for the amount of PLN 10 million dedicated to the current financing of the company's business activities with the repayment period ending on 3 August 2022. The interest rate on the loan was determined according to a variable interest rate, depending on use, equal to WIBOR ON or LIBOR ON plus the bank's margin. Repayment of the loan is secured by a blank promissory note and the PLG-FGP guarantee granted by BGK. As of June 30, 2021, the loan utilization was 0.03 million.

c) has got the factoring agreement concluded with Santander Faktoring Sp. z o.o. with the limit up to the amount PLN 15 million for financing of suppliers. The agreement is concluded for the period from 19.09.2019 to 30 June 2022. The interest rate is determined according to a variable interest rate equal to WIBOR 1M plus the bank's margin. The financing is secured with a blank promissory note and a statement on submission to enforcement pursuant to Article 777 of the Civil Code up to the amount of PLN 22.5 million. As of June 30, 2021, the balance of funding used was 7.1 million.

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In the 1st half of 2021 no bank has terminated the credit agreement for the companies in the Apator Group and the companies in the Apator Group timely performed their obligations resulting from the concluded credit agreements.

Events after the balance sheet date, i.e. On the 13th August 2021 Apator SA signed the contract of the acquisition credit in the amount of PLN 13 million for the redemption of 20.8% shares of the indirect subsidiary - Apator Telemetria Sp. z o.o. The contract was concluded for the period of 3 years. The interest rate is determined according to a variable interest rate equal to WIBOR 3M plus the bank's margin. The financing is secured with a registered pledge on fixed assets, a registered pledge on the acquired shares (from the time of their acquisition) and a declaration of submission to enforcement pursuant to Article 777 of the Civil Code up to PLN 15.6 million.

### 5.1.2. Loans

In the first half of 2021 the companies of Apator Group did not grant loans to entities outside Apator Group. The balance of loans granted and received by entities of Apator Group at the 30th June 2021 is as follows:

- Apator Powogaz SA has the receivable due to consolidated loan in amount of EUR 1.5 million granted to the subsidiary Apator Miitors ApS. The nominal interest rate on the loan is 2%. On 20th November 2020. Apator Powogaz signed with Apator Miitors Aps. the annex extending the period of the loan repayment till the end of 2029. As of June 30, 2021, the outstanding loan (including interest) was EUR 1.5 million (i.e. PLN 6.8 million at the average exchange rate of the National Bank of Poland of 30 June 2021 for EUR = 4.5208 - Table no. 124/A/NBP/2021). Interest for 2020 was paid in the month of January 2021.

### 5.1.3. Sureties i guarantees

In the first half of 2021, the companies of Apator Group did not give any guarantees to the entities outside Apator Group.

The balance of warrants and guarantees outstanding as of June 30, 2021 is as follows:

#### 1. Apator SA:

- guarantee of payment of receivables by Apator Metrix SA in amount of EUR 1.2 million (PLN 5.6 million according to selling rate of EUR in ING bank on 30th June 2021 equal 1 EUR = 4.6793 PLN) in relation to Flonidan AS for the machines purchased by Apator Metrix SA in order to increase the production capacity for the needs of performance of contract in Great Britain. The term of the guarantee is from September 23, 2019 to June 30, 2022. The guarantee fee is calculated on a quarterly basis at a rate of 0.8% p.a.
- conditional surety for payment due to concluded two lease contracts for purchase of fixed asset (server) between Apator Rector Sp. z o.o. and mLeasing Sp. z o.o. in total amount of 0,5 m PLN with the validity period from 21st January 2020 to 15th March 2023. The commission for the granted guarantee is calculated quarterly based on the rate 1,2% p.a.

#### 2. Subsidiary of Apator Metrix SA:

- guarantee for the subsidiary George Wilson Industries Ltd. (GWi) up to a maximum of GBP 4 million, i.e. 21.8 m PLN ( according to selling rate of GBP in ING bank from 30th June 2021 equal 1 GBP = 5.4512 PLN) for the period to 31st October 2021. The guarantee regards the loan granted to GWi by Citi Bank for repayment of loans earlier granted by NIG and Apator Metrix SA. The guarantee was

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issued on the basis of the revolving agreement concluded between Apator Metrix SA and Citi Handlowy. The guarantee commission is 0.5% per annum

At 30th June 2021 Apator Group had also active guarantees issued by insurers and banks, described in note 7.22 of the consolidated financial statements for H1 2021.

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

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

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

In the opinion of the Executive Board of Apator SA the action brought by PySENSE Sp. z o.o. is unfounded. In its reply to the statement of claim, the Company requested that the claim be dismissed in its entirety, disputing not only the principle of liability but also the amount of the claim asserted. PySENSE Sp. z o.o. arises its claim under the contract on cooperation concluded with Apator SA on 31st October 2018. The contract was terminated based on the termination notice submitted by Apator SA on 30.03.2020, delivered to PySENSE Sp. z o.o. on 03.04.2020. The subject of the contract was design of communication modems by PySENSE Sp. z o.o. for two types of electricity meters, preparation of technical documentation concerning modems, transfer of property rights to Apator SA to this documentation, manufacturing of software embedded in modems, granting the exclusive license for this software and making the prototype of modem. None of the above contractual obligations had been performed by PySENSE Sp. z o.o. by the date of termination. However, PySENSE Sp. z o.o. justifies its claim by the fact that the object of the contract was the obligation of Apator SA to purchase from PySENSE Sp. z o.o. the communication modems to the e.e. meters, which Apator SA supplied in the tenders won in 2019, regulated in the contract on exclusive basis. Such obligation of Apator SA does not arise from the content of the contract and it was not the purpose of its conclusion. Based on available evidence - in the opinion of the Executive Board - Apator SA did not infringe the contractual provisions. The contract in any scope did not oblige Apator SA to purchase communication modems from PySENSE Sp. z o.o. to e.e. meters sold by Apator SA in 2019, and in particular it did not entitle PySENSE Sp. z o.o. to share in profits from sales of e.e. meters together with modems. The contract does not contain any provision to this effect. In the opinion of the Executive Board of Apator SA, it is PySENSE Sp. z o.o. that did not perform the contract and did not present any reliable evidence in the statement of claim. Therefore, Apator SA does not see the need to create the financial reserves for this circumstance. The Executive Board of Apator SA declares that it will defend the rights and interests of Apator SA in legal proceedings. The first hearing was held on 23 March 2021, which included an informative hearing of the parties. At the second hearing on July 13, a witness and a party were heard in part. The next hearing is set for Sept. 21st to complete the party hearing.

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

### 5.3. Related party transactions

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

### 5.4. Consolidated entities as of June 30, 2021.

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

Units	Business line	Company	Office	Share in capital	Relation to Apator SA
Electricity (EE)	Electricity metering	FAP Pafal SA	Świdnica	100%	Subsidiary company of Apator SA
	ICT	Apator Rector Sp. z o. o.	Zielona Góra	100%	Subsidiary company of Apator SA
	Control and monitoring systems	Apator Elkomtech SA*	Łódź	100%	Subsidiary company of Apator SA
	Switchgear	Apator GmbH	Berlin (Germany)	100%	Subsidiary company of Apator SA
	Mining equipment trade (small business - not a business line)	Apator Mining Sp. z o. o.	Katowice	100%	Subsidiary company of Apator SA
Electricity / Gas	Electricity and gas metering	Apator GmbH	Berlin (Germany)	100%	Subsidiary company of Apator SA
Water and Heat (W&H)	-	Apator Powogaz SA	Poznań	100%	Subsidiary company of Apator SA
		Apator Metra s. r. o.	Sumperk (Czech Republic)	100%	Indirect subsidiary of Apator SA through Apator Powogaz SA Indirect share through Apator Powogaz SA
		Apator Miitors ApS	Aarhus (Denmark)	100%	Indirect subsidiary of Apator SA through Apator Powogaz SA Indirect share through Apator Powogaz SA

Entity name:	Apator Group		
Period covered by the financial statements:	01.01.2021 – 30.06.2021	Reporting currency:	Polish zloty (PLN)
Level of rounding:	all amounts are expressed in thousands of Polish zlotys (unless indicated otherwise)		

Units	Business line	Company	Office	Share in capital	Relation to Apator SA
		Apator Telemetria Sp. z o. o.	Ślupsk	61.8%	Indirect subsidiary of Apator SA through Apator Powogaz SA Indirect share through Apator Powogaz SA
Gas	-	Apator Metrix SA	Tczew	100%	Subsidiary company of Apator SA
		GWi Ltd.	Coventry (UK)	100%	Indirect subsidiary of Apator SA through Apator Metrix SA Indirect share through Apator Metrix SA
		Apator Elkomtech SA*	Łódź	100%	Subsidiary company of Apator SA

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

and the following associated entities measured using the equity method:

Units	Business line	Company	Office	Share in capital	Relation to Apator SA
Water and heating	-	AO Teplovodomer	Mytishi (Russia)	50%	Affiliated with Apator SA through Apator Powogaz SA Indirect share through Apator Powogaz SA
Gas	-	INDA d.o.o.	Ljubljana (Slovenia)	35%	Associated with Apator SA through Apator Metrix SA Indirect share through GWi

## 5.5. Changes in the organisation of the Apator Group in 2021

In H1 2021, there were no changes in the structure of the business entity, including as a result of business combinations, acquisitions or sales of entities in the Issuer's group, long-term investments, demergers and restructurings.

Events after the balance sheet date, i.e. 26th August 2021 with four natural persons - partners of Apator Telemetria sp. z o. o. (Ślupsk) - contracts under which Company purchased 512 shares of this company for the total amount of PLN 12.1 million. The shares are 20.80% of share capital of Apator Telemetria sp. z o. o. and they entitle to make 20.80% of total number of votes.

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

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

Entity name:	Apator Group		
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jointly 82.62% share in share capital of Apator Telemetria sp. z o. o. and 82.62% share in total number of votes.

Moreover, Apator Group intends to make the merger of Apator SA and Apator Elkomtech SA by transferring the whole property of Apator Elkomtech SA to Apator SA at 1st January 2022. The final decision in this respect will be made by General Shareholders Meeting of Apator SA to be held in 4th quarter 2021.








Entity name:	Apator Group		
Period covered by the financial statements:	01.01.2021 – 30.06.2021	Reporting currency:	Polish zloty (PLN)
Level of rounding:	all amounts are expressed in thousands of Polish zlotys (unless indicated otherwise)		

## 6. Dominant entity - Apator S.A.

Based on § 62 para 6 of the Regulation of Minister of Finance regarding current and periodical information, the Company has prepared the report of the Executive Board on activity of parent entity Apator SA and Grupa Kapitałowa and their respective statements in form of one document. Other required elements of the report on activity of the Company not included in chapter 6 are the same as this report of the Executive Board on activity of Apator Group.

### 6.1. Activity of Apator SA

Within the business model, the activity of Apator SA is included to the Electricity Unit and it is divided into two business lines: metering of electric energy and switchgear.

Business Unit			
Business line			
Solutions	<p>Electricity meter:</p> <ul style="list-style-type: none"> <li>smart meters, including meters for RES</li> <li>municipal</li> <li>prepaid</li> <li>industrial</li> </ul> <p>Reading systems</p>  <p>Smart meter Otus 3</p>  <p>Metering smartESOX pro for RES</p>	<p>Power distribution systems:</p> <ul style="list-style-type: none"> <li>disconnectors, including for RES solutions</li> <li>fuse bases</li> <li>connectors</li> </ul> <p>Switchgear monitoring systems</p>  <p>Isolating switch</p>  <p>ARS strip disconnector for PV farms</p>	
Main customers	Electricity utilities (DSOs)	Electricity wholesalers, electrical assembly and installations companies	
The main markets	Poland, Germany, Lithuania	Poland, Brazil, Russia, Lithuania, Ukraine	
Scale of sales in H1 2021	PLN 89.8 million	PLN 55.3 million	
Share of Unit in total sales	62%	38%	
Share of exports in the revenue of the line	20.4%	34.8%	

### 6.2. Financial performance

In H1 2021 Apator SA achieved the following financial results:

Entity name:	Apator Group		
Period covered by the financial statements:	01.01.2021 – 30.06.2021	Reporting currency:	Polish zloty (PLN)
Level of rounding:	all amounts are expressed in thousands of Polish zlotys (unless indicated otherwise)		

Specification	H1 2021 (PLN thousand)	H1 2020 (PLN thousand)	Change y/y (PLN thousand)	Dynamics (%)
<b>Sales revenues, including:</b>	<b>145 152</b>	<b>164 946</b>	<b>- 19 794</b>	<b>88.0%</b>
Country	107 586	134 626	- 27 040	79.9%
export	37 566	30 320	7 246	123.9%
Cost of goods sold	123 109	124 376*	- 1 267	99.0%
<b>Gross sales profit</b>	<b>22 043</b>	<b>40 570</b>	<b>- 18 527</b>	<b>54.3%</b>
Sales costs	3 295	4 299	- 1 004	76.6%
General administrative costs	19 816	20 471	- 655	96.8%
<b>Sales profit</b>	<b>- 1 068</b>	<b>15 800</b>	<b>- 16 868</b>	<b>-</b>
Result on other operating activities	1 534	- 937	2 471	-
<b>Operating income</b>	<b>466</b>	<b>14 863</b>	<b>- 14 397</b>	<b>3.1%</b>
<b>EBITDA</b>	<b>9 598</b>	<b>23 749</b>	<b>- 14 151</b>	<b>40.4%</b>
Result on financial activity	30 057	29 979	78	100.3%
<b>Profit before tax</b>	<b>30 523</b>	<b>44 842</b>	<b>- 14 319</b>	<b>68.1%</b>
Current income tax	- 1 392	- 1 947	555	71.5%
Deferred income tax	- 901	- 1 187	286	75.9%
<b>Net profit</b>	<b>28 230</b>	<b>41 708</b>	<b>- 13 478</b>	<b>67.7%</b>
<b>Profitability ratio:</b>				
Gross profit margin on sales	15.2%	24.6%		
Profit margin on sales	- 0.7%	9.6%		
Margin EBITDA	6.6%	14.4%		
Net profit margin	19.4%	25.3%		

\* Due to a change in accounting policy regarding the recognition of inventory write-down costs and inventory scrapping costs, these costs were reclassified from other operating activities to core operating expenses in the comparative periods (the reclassification is included in Note 7.19 of the standalone financial statements for H1 2021).

#### Key performance drivers:

- lower EE meter sales and the effect of the high base in 2020 achieved by the "Power Market" contract;
- macroeconomic situation - global temporary difficulties in access to electronic components and shortages of raw materials, for electronic devices, causing
  - longer delivery times and increases in the price of raw materials and materials;
  - global increase in transport prices;
 resulting in an increase in TKW costs and a decrease in margins already from gross profit on sales;
- strong competitive pressures limiting opportunities for more flexible pricing of sales.

The market for electricity meters is highly competitive, particularly as a result of the emergence of representative offices of Asian companies, which has resulted in strong downward pressure on prices for several years, which in turn has put pressure on the company's margin. The lower profitability is further exacerbated in 2021 by the macroeconomic situation prevailing in the market for the supply of semiconductors, raw materials and materials required for production. The effects of the rapid recovery of the world's economies after the lockdown caused a surge in demand for consumer goods (including electronic devices, automobiles, and other products that use microprocessors, integrated circuits, transistors, and capacitors). There are also significant increases in the prices of raw materials and components, longer delivery times and significant increases in the price of transportation (especially sea freight or rail).

In addition, the model of selling electricity meters (entering into long-term contracts as a result of winning public tenders) results in an inability to translate the surge in production costs into final prices to the customer. In response to these challenges, the Company undertakes intensive sales activities, especially looking for opportunities on eastern markets (Belarus, Ukraine) and reduces costs.

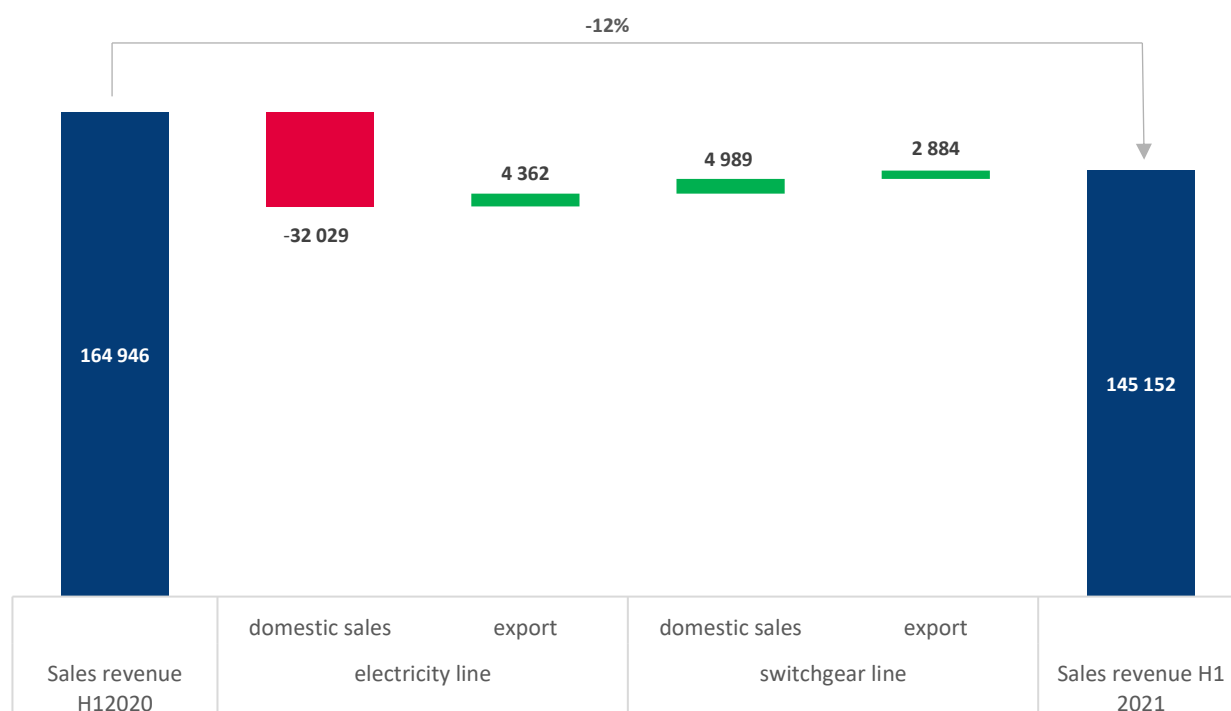
Entity name:	Apator Group		
Period covered by the financial statements:	01.01.2021 – 30.06.2021	Reporting currency:	Polish zloty (PLN)
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## Sales revenue

The sales of Apator SA after the first half of 2021 reached the level almost 145,2 m PLN, by 12% lower in comparison to H1 2020. The decline in revenue was driven by weaker performance in the domestic electricity metering line - described in the section above.

Dodatkowo na skalę odnotowanych rok do roku spadków sprzedaży istotny wpływ miała wysoka baza rekordowego roku 2020 i realizowanego od kwietnia ub.r. do lutego br. kontraktu „Rynek Mocy”<sup>2</sup>. The total value of the contract in the first half of 2020 reached nearly PLN 34 million, while in the first half of this year it amounted to PLN 10.5 million (all in Q1 2021).

The revenue loss was partially offset by higher switchgear sales (mainly organic growth, execution of key tenders) and export growth.



A relatively large increase in exports (by 24% year-on-year) was recorded mainly due to the delivery of electronic counters for gas meters in cooperation with an indirect subsidiary - GWi Ltd. Moreover, the company successively develops sales of new product lines of Ee meters dedicated for the German market (for German distribution system operators, the so-called stadtwerke) and of strip disconnectors, especially dedicated for RES for photovoltaic installations.

High positive sales dynamics were also achieved on the vast majority of markets most important for the company, including, among others, Brazil, Russia and Ukraine, as well as on EU markets (Lithuania, Romania, Slovenia and Bulgaria). As a result, the share of exports in revenue increased from 18% to 26% YoY.

<sup>2</sup> The "Power Market" contract concerns an agreement with three distribution companies: Tauron Dystrybucja SA, PGE Dystrybucja SA and Enea Operator Sp. z o.o. with respect to the supply of 3-phase electricity meters for metering customers of C1 tariff groups. The contract, with a total value of approximately PLN 100 million, was executed from April 2020 to February 2021.

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## Operating expenses by function and type

Specification	H1 2021 (PLN thousand)	H1 2020 (PLN thousand)	Change y/y (PLN thousand)	Dynamics (%)
<b>Costs by function</b>				
Cost of goods sold (COGS)	123 109	124 376	- 1 267	99.0%
Selling and general administrative expenses (SG&A)	23 111	24 770	- 1 659	93.3%
<b>Total</b>	<b>146 220</b>	<b>149 146</b>	<b>- 2 926</b>	<b>98.0%</b>
<b>Costs by type</b>				
Depreciation	9 132	8 886	246	102.8%
Materials and energy consumption	85 378	89 195	-3 817	95.7%
External services	25 877	18 245	7 632	141.8%
Employee benefits	32 652	29 398	3 254	111.1%
Other	3 968	5 909	-1 941	67.2%
Change in stocks of finished goods and work in progress	-10 787	-2 487	-8 300	433.7%
<b>Total</b>	<b>146 220</b>	<b>149 146</b>	<b>- 2 926</b>	<b>98.0%</b>

With respect to the structure of costs by type, the largest items are material costs, third-party services and salaries (the percentages in H1 2021 were at the levels of 55%, 17% and 21% of total costs, respectively). Material and energy consumption costs were lower after the first half of 2021 than a year ago, but the scale of the reduction is smaller compared to the decline in turnover. This was primarily determined by significant increases in the prices of production materials, mainly plastics, non-ferrous metals (copper) and electronic components.

At the same time, the perceived pressure for wage increases translated into increases in the employee benefits category and, in part, in third-party services, which include the cost of hiring temporary workers. The higher cost of external services in the first half of this year was also determined by 36% higher cost of import of raw materials and materials by rail and sea. Ocean freight and rail transit rates have seen record increases due to impediments to global supply chains. Dla przykładu poziom WCI (*World Container Index*) w ujęciu rocznym wzrósł obecnie o 346%<sup>3</sup>.

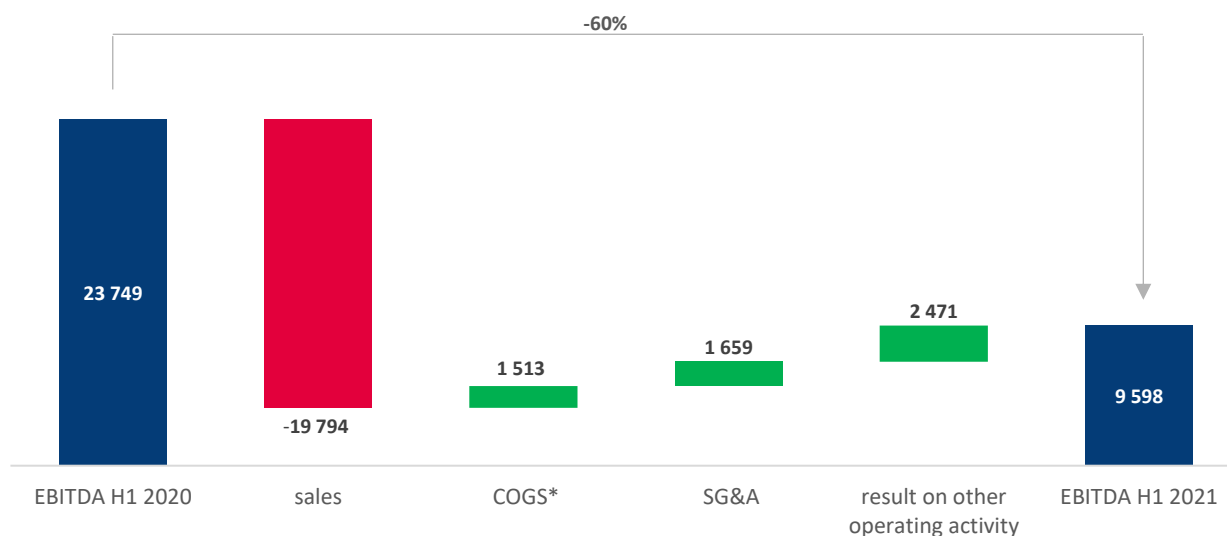
### EBITDA

The above-described factors, i.e. decrease in sales with the cost of sales at a nearly comparable level, resulted in negative operating leverage and lower profits already from the EBITDA level after H1 2021, which decreased by PLN 14.2 million y/y and amounted to PLN 9.6 million.

The positive influence on EBITDA profit had the improvement of result on other operating activity being the result of mainly the compensation received by Apator SA to cover the part of costs of replacement of the electricity meters that were subject to complaint (in amount of PLN 1.5 million).

<sup>3</sup> Source: Drewry Supply Chain Advisors as of 1st July 2021 (<https://www.drewry.co.uk/supply-chain-advisors/supply-chain-expertise/world-container-index-assessed-by-drewry>)

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\* cost of goods sold (COGS) less depreciation

### Net result

Due to lower result on sales and operating activities, while keeping the result on financing activities at a comparable y/y level, the net profit after H1 2021 amounted to PLN 28.2 million and was thus by PLN 13.5 million lower than in H1 2020.

### Basic financial ratios and liquidity:

Specification	H1 2021	Year 2020	H1 2020	Formula
Current liquidity ratio	0.96	0.88	1.16	current assets/short-term liabilities
Quick liquidity ratio	0.42	0.47	0.80	(current assets - inventories)/short-term liabilities
Return on assets ROA	7.25%	10.36%	8.53%	net profit for the last 12 months/average of total assets calculated as an average of opening and closing balances
Return on equity ROE	10.25%	14.23%	11.95%	net profit for the last 12 months/average equity calculated as an average of the opening and closing balances
Net debt (PLN thousand)	67 290	46 254	50 033	loans and borrowings - cash and equivalents - loans granted
Net Debt/LTM EBITDA*	2.45	1.11	1.70	(loans and credit- cash and cash equivalents - loans granted)/ EBITDA for the last 12 months
Capex (PLN thousand)	3 771	27 240	3 756	tangible and intangible investment expenditure
Working capital (PLN thousand)	60 990	31 730	73 684	(current assets - cash) - (short-term liabilities - short-term loans and borrowings)

The increase in the level of debt (net debt/LTM EBITDA ratio) results from the increase in net debt (due to financing of inventories - stocking for the purpose of securing future production in view of the prevailing situation on the market for supply of electronic materials and components) with a simultaneous decrease in

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EBITDA as a result of lower sales. The cash balance as of 30/06/2021 was PLN 2.2 million, influenced by the following factors:

- negative balance of operating cash flows resulting from working capital building and increased inventory (supply of materials, raw materials and semi-finished products),
- positive cash flows from investing activities as a result of dividends received from subsidiaries of PLN 23.6 million, less expenditures for property, plant and equipment and intangible assets of PLN 9 million (including capex and own projects in progress, such as R&D),
- positive balance of cash flows related mainly to proceeds from bank overdrafts (PLN 18 million) to finance the working capital.

### 6.3. Composition of the management and supervisory bodies of the parent company

#### The Supervisory Board

At the 30th June 2021 the composition of the Supervisory Board of Apator SA was as follows:

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

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

#### The Executive Board

At the 30th June 2021 the composition of the Executive Board of Apator SA was as follows:

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

The current joint term of office of the Executive Board shall end on the date of the Ordinary General Meeting in 2022.

### 6.4. Shares, Shareholders

#### 6.4.1. Share capital

On the 30th June 2021 as well as on the day of publication of this report the share capital of Apator SA is PLN 3.280.632,80 and it is divided into 7.337.001 registered shares of A series and 25.469.327 bearer shares of

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A, B and C series of nominal value of PLN 0.10 each. The total number of votes at the General Meeting resulting from all issued shares is 54,817,331.

	As of 30th June 2021			
	Number of shares	Share structure %	Number of votes	Vote structure %
Registered shares	7 337 001	22.4%	29 348 004	53.5%
Bearer shares	25 469 327	77.6%	25 469 327	46.5%
<b>Total shares</b>	<b>32 806 328</b>	<b>100.00%</b>	<b>54 817 331</b>	<b>100.00%</b>

On 29th June 2021. General Shareholders Meeting adopted the resolution on reduction of share capital as a result of redemption of 29,100 shares of Apator SA acquired under the buy back program (see par. 6.4.2). As at the date of signing this report, the capital reduction has not been registered in the National Court Register [KRS]. After the capital decrease is registered in the KRS, the Company's share capital will amount to PLN 3,277,722.80.

## 6.4.2. Implementation of the share buy-back programs

### Share repurchase programme in 2020/2021

On the 2nd July 2020 General Shareholders Meeting of Apator SA adopted the resolution No 31/VII/2020 on the performance of the Programme for buy-back of own shares for their redemption and reduction of share capital. An amount not exceeding PLN 10 million has been earmarked for the implementation of the Programme. Implementation of the Program ran from August 18, 2020 through May 31, 2021. The repurchase of shares was executed through the agency of Erste Securities Polska SA with its registered office in Warsaw. On 29th June 2021 the General Shareholders Meeting of Apator SA adopted the resolution No. 18/VI/2021 on closing the above mentioned Programme.

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

### Share repurchase programme in 2021/2022

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

## 6.4.3. Ownership and changes in the structure of significant shareholders

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

Specification	As of May 17, 2021.				As of 30 August 2021				Balance change	
	shares	votes	shares (%)	votes (%)	shares	votes	shares (%)	votes (%)	purchase	sale, donation
Apator Mining	3 224 000*	3 600 000	10.97%	6.57%	3 600 000	3 600 000	10.97%	6.57%	-	-
Aviva OFE Aviva Santander SA	3 224 000**	3 224 000	9.83%	5.88%	3 338 888***	3 338 888	10.18%	6.09%	114 888	-
Mariusz Lewicki	2 300 000	5 862 128	7.01%	10.69%	2 300 000	5 862 128	7.01%	10.69%	-	-
Tadeusz Sosgórnik and his close associate****	1 798 808	5 204 114	5.48%	9.49%	1 867 308	5 478 114	5.69%	9.99%	68 500	-
Danuta Guzowska	1 520 279	4 382 921	4.63%	8.00%	1 520 279	4 382 921	4.63%	8.00%	-	-

Entity name:	Apator Group		
Period covered by the financial statements:	01.01.2021 – 30.06.2021	Reporting currency:	Polish zloty (PLN)
Level of rounding:	all amounts are expressed in thousands of Polish zlotys (unless indicated otherwise)		

Specification	As of May 17, 2021.				As of 30 August 2021				Balance change	
	shares	votes	shares (%)	votes (%)	shares	votes	shares (%)	votes (%)	purchase	sale, donation
Zbigniew Jaworski	1 405 328	3 687 872	4.28%	6.73%	1 430 848	3 713 392	4.36%	6.77%	25 520	-
Kazimierz Piotrowski and his wife	833 955	2 858 277	2.54%	5.21%	823 955	2 818 277	2.51%	5.14%	-	-10 000
Janusz Marzygliński*****	749 960	2 748 236	2.29%	5.01%	-	-	-	-	-	-
<b>Summary</b>	<b>15 432 330</b>	<b>31 567 548</b>	<b>47.04%</b>	<b>57.59%</b>	<b>14 881 278</b>	<b>29 193 720</b>	<b>45.36%</b>	<b>53.26%</b>	<b>208 908</b>	<b>-10 000</b>

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

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

\*\*\* ownership status determined on the day of registration of participation in AGM of Apator SA on 29th June 2021 that is on 14th June 2021.

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

\*\*\*\*\* Janusz Marzygliński on 24th May 2021 informed about reduction of his share below the threshold of 5% of total number of votes at General Shareholders Meeting of Apator SA.

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

Specification	As of May 17, 2021.				As of 30 August 2021				Balance change		
	shares	votes	shares (%)	votes (%)	shares	votes	shares (%)	votes (%)	purchase	sale, donation	
SB Mariusz Lewicki	2 300 000	5 862 128	7.01%	10.69%	2 300 000	5 862 128	7.01%	10.69%	-	-	
SB Tadeusz Sosgórnik and his close associate*	1 798 808	5 204 114	5.48%	9.49%	1 867 308	5 478 114	5.69%	9.99%	68 500	-	
SB Danuta Guzowska	1 520 279	4 382 921	4.63%	8.00%	1 520 279	4 382 921	4.63%	8.00%	-	-	
SB Janusz Marzygliński	749 960	2 748 236	2.29%	5.01%	681 460	2 474 236	2.08%	4.51%	-	-68 500	
SB Kazimierz Piotrowski	597 147	2 147 853	1.82%	3.92%	587 147	2 107 853	1.79%	3.85%	-	-10 000	
SB Janusz Niedźwiecki	240 810	885 117	0.73%	1.61%	240 810	885 117	0.73%	1.61%	-	-	
The Executive Board	Mirosław Klepacki	10 007	10 007	0.03%	0.02%	10 007	10 007	0.03%	0.02%	-	-
<b>Summary</b>	<b>7 187 011</b>	<b>20 325 259</b>	<b>21.99%</b>	<b>38.74%</b>	<b>7 207 011</b>	<b>21 200 376</b>	<b>21.97%</b>	<b>38.67%</b>	<b>68 500</b>	<b>-78 500</b>	

\*as of the day of the entry into Supervisory Board of Apator SA, the status of shares owned by Tadeusz Sosgórnik is presented together with the status of shares owned by the person closely related to him.

#### 6.4.5. Dividend from the profit for 2020

On 29th June 2021 Ordinary General Shareholders Meeting of Apator SA decided to pay the dividend from the profit for 2020 in amount of 1.20 PLN gross per share. The total amount allocated to dividends, as decided by the General Meeting, is PLN 39,339,333.60 from the 2020 profit.

Entity name:	Apator Group		
Period covered by the financial statements:	01.01.2021 – 30.06.2021	Reporting currency:	Polish zloty (PLN)
Level of rounding:	all amounts are expressed in thousands of Polish zlotys (unless indicated otherwise)		

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

The remainder of the dividend in the total amount of PLN 24,582,921, i.e. PLN 0.75 gross per share, was paid on August 23rd 2021. The right to this part of dividend was obtained by the shareholders holding the shares of Apator SA on 17th August 2021.

32,777,228 series A registered shares and series A, B and C bearer shares were eligible for payment of the remaining dividend.

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

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

Declaration of the remaining part of the dividend from the profit for 2020	Number of shares	Declaration of the remaining part of dividend per share	Declaration of the remaining part of the dividend
Registered shares	7 337 001	PLN 0.75	PLN 5 502 750.75
Bearer shares	25 440 227	PLN 0.75	PLN 19 080 170.25
Repurchased shares	29 100*	PLN 0.00	PLN 0.00
Total shares	32 806 328		PLN 24 582 050.65

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

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

## 7. Rules for the preparation of condensed standalone items and consolidated half-yearly financial statements and statement of the Executive Board

### 7.1. Rules for preparing condensed separate and consolidated semi-annual financial statements

The principles of preparation of the condensed semi annual separate financial statement have been described in item 2 of the condensed semi annual separate financial statement of Apator Group for the period since 1st January till 30th June 2021.

The principles of preparation of condensed consolidated half-yearly financial statement have been described in item 2 of the condensed consolidated half-yearly financial statement of Apator Group for the period since 1st January till 30th June 2021.

Entity name:	Apator Group		
Period covered by the financial statements:	01.01.2021 – 30.06.2021	Reporting currency:	Polish zloty (PLN)
Level of rounding:	all amounts are expressed in thousands of Polish zlotys (unless indicated otherwise)		

## 7.2. Statement of the Executive Board of Apator SA on the preparation of the financial statement and the report of the Executive Board

The Executive Board of Apator SA declares that according to the best knowledge of the Executive Board the condensed separate half-yearly financial statements and condensed consolidated half-yearly financial statements for the 1st half of 2021 Apator Group have been prepared in accordance with International Accounting Standard IAS 34 "Interim Financial Reporting". Both Apator SA and Apator Group apply the provisions of the Accounting Act and executive regulations issued on its basis in the scope not regulated by IAS/IFRS.

Individual financial statements of the abridged half-yearly and consolidated financial statements reflect in real, reliable and clear manner the property and financial situation of Apator SA, Apator Group and their financial result. Detailed principles of preparation of these statements were included in notes to the condensed semi-annual separate and condensed semi-annual consolidated financial statements.

The report of the Executive Board on activity of Apator SA and Apator Group contains true image of development, achievements and situation of the Company and Apator Group including description of the essential risks and threats.

## 8. Indication of the statutory auditor and the statement of the Executive Board of Apator SA on the selection of the statutory auditor

Both the audit of the condensed separate semi-annual financial statements and the review of the condensed consolidated semi-annual financial statements were performed by an entity authorized to audit financial statements - PricewaterhouseCoopers Polska Spółka z ograniczoną odpowiedzialnością Audytyt Sp. k., seated in Warsaw.

The Executive Board of Apator SA declares that the entity authorized to audit the financial statements, PricewaterhouseCoopers Polska Spółka z ograniczoną odpowiedzialnością Audytyt Sp. k., that audited the condensed semi-annual individual financial statement and the review of condensed semi-annual consolidated financial statement was selected in accordance with legal regulations. The appointment of the entity for audit and review of statements was made by Supervisory Board of Apator SA on 26th March 2021 according to § 15 of the Statute of Apator SA that is in the manner ensuring its independence at performance of entrusted tasks. The selection of the entity authorized to audit financial statements was carried out in accordance with the applicable regulations and professional standards. The Supervisory Board of Apator SA made the choice of PricewaterhouseCoopers Polska Spółka z ograniczoną odpowiedzialnością Audytyt Sp. k. to review and audit individual and consolidated financial statements for the years 2021-2023.

In 2021, PricewaterhouseCoopers Polska Spółka z ograniczoną odpowiedzialnością Audytyt Sp. k. performed the attestation service concerning verification of completeness and compliance with applicable requirements of the information included in the remuneration report for 2019-2020 and performed the work to assess the correctness of tagging the consolidated financial statement of Apator Group for 2020 in XBRL format according to the ESMA derived uniform European reporting format ESEF. European Single Electronic Format).

PricewaterhouseCoopers Polska Spółka z ograniczoną odpowiedzialnością Audytyt Sp. k. - entered into the register of entities authorized to audit financial statements under number KIBR 144, as well as members of its Executive Board and statutory auditors performing financial audit for Apator SA and related entities, meet the conditions of impartiality and independence specified in Article 69 of the Act of 11 May 2017 on statutory auditors, audit firms and public oversight.

Entity name:	Apator Group		
Period covered by the financial statements:	01.01.2021 – 30.06.2021	Reporting currency:	Polish zloty (PLN)
Level of rounding:	all amounts are expressed in thousands of Polish zlotys (unless indicated otherwise)		

## 9. Summary

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

Entity name:	Apator Group		
Period covered by the financial statements:	01.01.2021 – 30.06.2021	Reporting currency:	Polish zloty (PLN)
Level of rounding:	all amounts are expressed in thousands of Polish zlotys (unless indicated otherwise)		

## Signatures

30 August 2021

**Mirosław Klepacki**

**President of the Executive Board, General Director**

30 August 2021

**Arkadiusz Chmielewski**

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

30 August 2021

**Tomasz Łątka**

**Member of the Executive Board, Network Operations Automation Director**

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2020.051.PL

Entity name:	Apator Group		
Period covered by the financial statements:	01.01.2021 – 30.06.2021	Reporting currency:	Polish zloty (PLN)
Level of rounding:	all amounts are expressed in thousands of Polish zlotys (unless indicated otherwise)		