

P-2021



Condensed semi-annual
separate financial
statements

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1. General information

1.1. Information about the entity

The Company Apator Spółka Akcyjna with the office in Toruń (ul. Gdańska 4a lok C4) was established by the employees of liquidated state enterprise acting 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.

1.2. The Entity's core business

In accordance with the Company's Articles of Association, the Company's core business is production and services in the field of switchgear and controlgear of electricity and sale of measuring instruments and systems. Shares of APATOR S.A. are listed on the main market of the Warsaw Stock Exchange, sector according to classification of the Warsaw Stock Exchange - electrical machinery industry.

1.3. Composition of the Executive Board and 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

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

2.1. Basis for preparation of the condensed semi-annual separate financial statements

The presented condensed semi-annual separate financial statement of Apator SA as at and for the period ending on 30 June 2021 was prepared in accordance with International Accounting Standard 34.

The condensed semi-annual separate financial statement of Apator SA covers the first half of 2021 and contains comparative data:

- Unconsolidated financial statements - situation as of 31st December 2020;

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- Separate statement of profit or loss and other comprehensive income - for the period of 3 months from 1 April to 30 June 2020 and for the period of 6 months ended 30 June 2020;
- Separate statement of cash flows - for the period of 6 months ended 30 June 2020;
- Separate statement of changes in equity - for the period from 1 January to 30 June 2020.

2.2. Accounting principles

The condensed 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 separate financial statements are consistent, in substance, 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 7.19).

2.3. Applied International Financial Accounting Standards

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

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

Standards that became effective January 1, 2021, but do not have a material impact in preparing the Company's condensed semi-annual consolidated financial statements are:

- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 related to the IBOR reform,
- Amendment to IFRS 4: Application of IFRS 9 "Financial Instruments"

STANDARDS PUBLISHED BY THE INTERNATIONAL ACCOUNTING STANDARDS COUNCIL, WHICH ARE NOT ENFORCED AND WHICH HAVE NOT BEEN APPLIED BY THE COMPANY

The Company did not decide to apply in this 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",

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- 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.

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

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

The functional currency of the Company is also the Polish zloty.

2.5. Duration of the entity's activity

The duration of activity of Apator SA is indefinite.

Condensed semi-annual separate financial statements have been prepared on the assumption that the Company will continue as a going 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

These condensed semi-annual separate financial statements were approved for publication by the Company's Executive Board on 30 August 2021.

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

3. Condensed semi-annual separate financial statements Apator S.A.

3.1. Unconsolidated financial statements

SPECIFICATION	NOTE	as of	
		30.06.2021	31.12.2020
Fixed assets		391 854	396 309
Intangible assets		10 712	10 418
Tangible fixed assets	7.1	98 007	101 215
Right to use assets	7.2	8 820	9 382
Investment property		976	976
Other long-term financial assets		258 379	258 259
- <i>in related entities</i>	7.3	258 259	258 259
- <i>in other entities</i>	7.14	120	-
Assets by virtue of deferred income tax	7.10	14 960	16 059
Current assets		157 897	104 912
Stocks	7.4	88 785	49 314
Commercial receivables	7.5	54 498	47 078
- <i>from related entities</i>		6 599	4 126
- <i>from other entities</i>		47 899	42 952
Receivables from other taxes, customs duties and social security	7.5	1 424	1 662
Other short-term liabilities	7.5	8 240	359
- <i>from related entities</i>		8 001	-
- <i>from other entities</i>		239	359
Other short-term financial assets	7.14	376	41
- <i>in other entities</i>		376	41
Cash and cash equivalents		2 167	4 488
Short-term interim settlements		2 407	1 970
TOTAL ASSETS		549 751	501 221

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SPECIFICATION	NOTE	as of	
		30.06.2021	31.12.2020
Equity capital		373 531	369 404
Share capital	7.6	3 281	3 281
Unregistered reduction of share capital		(3)	-
Own shares		(658)	(300)
Other capitals	7.7	343 416	331 200
Capital from the revaluation of a defined benefit plan		(1 026)	(1 026)
Capital from valuation of hedging transactions and foreign exchange differences from consolidation		291	(550)
Undistributed financial result		28 230	36 799
- result of the current period		28 230	51 555
- write-offs from the current year's result		-	(14 756)
Liabilities		176 220	131 817
Long-term liabilities and provisions		12 023	12 381
Long-term liabilities		9	-
- towards other entities		9	-
Long-term liabilities due to the right to use assets		6 948	7 315
Long-term liabilities arising from employee benefits	7.9	5 066	5 066
Short-term liabilities and provisions		164 197	119 436
Short-term loans and borrowings	7.8	69 457	50 742
- from related entities		-	-
- from other entities		69 457	50 742
Commercial liabilities		45 248	32 125
- towards affiliated entities		1 334	2 553
- towards other entities		43 914	29 572
Corporate income tax liabilities		501	1 392
Liabilities due to other taxes, customs duties and social security		4 629	3 935
Other short-term liabilities		28 525	9 946
- towards affiliated entities		2 700	-
- towards other entities		25 825	9 946
Short-term liabilities due to the right to use assets		1 274	1 383
Short-term liabilities arising from employee benefits	7.9	4 632	7 151
Other short-term provisions	7.9	9 931	12 762
LIABILITIES TOTAL		549 751	501 221

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

3.2. Unconsolidated statement of profit or loss and other total 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		75 557	97 471	145 152	164 946
- to related entities		9 417	10 433	30 346	27 093
- other entities		66 140	87 038	114 806	137 853
Cost of goods sold		(68 830)	(78 331)	(123 109)	(124 376)
- to related entities		(9 254)	(8 234)	(21 903)	(16 448)
- other entities		(59 576)	(70 097)	(101 206)	(107 928)
Gross sales profit		6 727	19 140	22 043	40 570
Sales costs		(1 675)	(2 070)	(3 295)	(4 299)
General administrative costs		(9 583)	(10 383)	(19 816)	(20 471)
Profit / (loss) on sales		(4 531)	6 687	(1 068)	15 800
Other operating revenues (costs), including:		133	(871)	1 534	(937)
Revenues		480	135	2 059	324
Costs		(347)	(1 006)	(525)	(1 261)
- including result on (impairment) / reversal of receivables		8	(483)	5	(492)
Profit / (loss) from operating activities	7.12	(4 398)	5 816	466	14 863
Financial revenues (costs), including:		31 308	29 596	30 057	29 979
Revenues		31 431	29 610	31 722	30 668
Costs		(123)	(14)	(1 665)	(689)
Profit before tax		26 910	35 412	30 523	44 842
Current income tax	7.10	(28)	(483)	(1 392)	(1 947)
Deferred income tax	7.10	(211)	(654)	(901)	(1 187)
Net profit		26 671	34 275	28 230	41 708

* - Transformed data (note 7.20).

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
Other comprehensive income / (expenses)				
Other comprehensive income / (expenses) net	427	(558)	841	(61)
Items that may be reclassified to profit or loss in the future:				
Result on hedge accounting with tax effect	427	(558)	841	(61)
Total comprehensive income	27 098	33 717	29 071	41 647
Net profit, of which attributable:	26 671	34 275	28 230	41 708
company's shareholders	26 671	34 275	28 230	41 708
Total comprehensive income, including accrued income:	27 098	33 717	29 071	41 647
company's shareholders	27 098	33 717	29 071	41 647
Net income per ordinary share:				
from continued operations				
- basic	0.81	1.04	0.86	1.27
- diluted	0.81	1.04	0.86	1.27
Weighted average number of shares	32 782 783	32 808 651	32 782 783	32 808 651

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3.3. Unconsolidated 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	Undistributed financial result	TOTAL EQUITY CAPITAL
Balance as at 01.01.2020	3 286	-	(1 053)	314 447	(922)	126	39 304	355 188
Changes in equity during the period from 01.01.2020 to 30.06.2020								
Comprehensive income:								
Net profit for the period from 01.01.2020 to 30.06.2020	-	-	-	-	-	-	41 708	41 708
Other comprehensive income:								
Items that can be reclassified in the future:								
Result on hedge accounting with tax effect	-	-	-	-	-	(61)	-	(61)
Total other comprehensive income	-	-	-	-	-	(61)	-	(61)
Total comprehensive income recognised in the period from 01.01.2020 to 30.06.2020	-	-	-	-	-	(61)	41 708	41 647
Transactions with owners recognised directly in equity:								
Purchase of treasury shares	-	-	(180)	-	-	-	-	(180)
Balance as at 30.06.2020	3 286	-	(1 233)	314 447	(922)	65	81 012	396 655

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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	Undistributed financial result	TOTAL EQUITY CAPITAL
Balance as at 01.01.2021	3 281	-	(300)	331 200	(1 026)	(550)	36 799	369 404
Changes in equity during the period from 01.01.2021 to 30.06.2021								
Comprehensive income:								
Net profit for the period from 01.01.2021 to 30.06.2021	-	-	-	-	-	-	28 230	28 230
Distribution of result to supplementary capital	-	-	-	12 216	-	-	(12 216)	-
Other comprehensive income:								
Items that can be reclassified in the future:								
Result on hedge accounting with tax effect	-	-	-	-	-	841	-	841
Total other comprehensive income	-	-	-	-	-	841	-	841
Total comprehensive income recognised in the period from 01.01.2021 to 30.06.2021	-	-	-	12 216	-	841	16 014	29 071
Transactions with owners recognised directly in equity:								
Dividends	-	-	-	-	-	-	(39 339)	(39 339)
Settlement of the advance dividend from the previous year	-	-	-	-	-	-	14 756	14 756
Purchase of treasury shares	-	-	(361)	-	-	-	-	(361)
Redemption of own shares	-	(3)	3	-	-	-	-	-
Balance as at 30.06.2021	3 281	(3)	(658)	343 416	(1 026)	291	28 230	373 531

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3.4. Unconsolidated cash flow statement

SPECIFICATION	NOTE	for period	
		from 01.01.2021	from 01.01.2020
		till 30.06.2021	till 30.06.2020
Cash flow from operating activities			
Profit before tax (continued operations)		30 523	44 842
Adjustments:		(21 578)	(21 085)
Depreciation of intangible assets		1 398	1 333
Depreciation of property, plant and equipment		7 734	7 553
Profit on sale of property, plant and equipment and intangible assets		(2)	(105)
(Profits) losses due to change in fair value of derivative instruments		(109)	322
Cost of interest		364	596
Interest revenue		-	(8)
Dividend income		(31 631)	(29 369)
Other adjustments		668	(1 407)
Cash flows from operating activities before changes in working capital		8 945	23 757
Change in inventories		(39 470)	(18 752)
Change in receivables	7.13	(7 063)	(31 772)
Change in liabilities	7.13	12 904	26 680
Changes in provisions		(5 350)	2 699
Changes in prepayments and accruals		(437)	(473)
Cash generated in the course of operating activity		(30 471)	2 139
Income tax paid		(2 282)	(1 757)
Net cash flows from operating activities		(32 753)	382
Cash flows from investing activities			
Expenditure on the acquisition and production of intangible assets		(1 883)	(737)
Expenditures for the acquisition of property, plant and equipment and lease assets	7.13	(6 777)	(5 927)
Proceeds from the sale of fixed assets		2	152
Inflows on sale of financial assets available for sale		-	4 184
Investments in subsidiaries		-	(1 506)
Proceeds from repayment of loans granted		-	2 500
Interest received		-	101
Dividends received		23 630	10 367
Other expenses		(1 684)	(1 153)
Net cash provided by investing activities		13 288	7 981
Cash flows from financing activities			
Purchase of own shares		(361)	(180)
Inflows from loans and borrowings taken out		18 715	-
Repayment of loans and credits		-	(2 862)
Interest paid		(275)	(489)
Repayment of lease liabilities		(752)	(723)
Other expenses		(183)	(135)
Net cash from financial operations		17 144	(4 389)
Net increase (decrease) in cash and cash equivalents		(2 321)	3 974
Opening balance of cash and cash equivalents		4 488	4 202
Closing balance of cash and cash equivalents		2 167	8 176
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4. Basic judgments and bases for estimating uncertainty

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

5. Information on the seasonality of activities

In Apator S.A. higher quarterly sales are observed in the period between II and IV quarter in relation to I quarter. This is related to the delivery schedule and seasonality of the Distribution System Operators' stocking of metering equipment and the recovery of the construction sector starting from the second quarter in the field of switchgear.

6. The influence of Covid-19 on financial situation of Apator S.A.

COVID-19 pandemic is still being felt by most sectors of the economy in 2021. And they also have an impact on Apator S.A.

To date, the Company has successfully avoided material disruptions to its operations and has maintained liquidity to meet its obligations on an ongoing basis. The Executive Board of Apator S.A. has taken the steps to ensure the continuity of manufacturing processes and to provide the employees with proper safety and hygiene measures. We continue to monitor areas that may pose a potential risk to the Company's future financial standing 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 in Apator S.A. where so far the influence 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 Semi-Annual Separate Financial Statements

7.1. Tangible fixed assets

The most significant expenditures on property, plant and equipment during the first half of 2021 were investments in machinery and equipment and other 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	35 577	36 084
Machinery and equipment	27 938	24 726
Means of transport	294	250
Other non-current assets	30 036	25 551
Property, plant and equipment under construction	3 004	14 586
Advances on property, plant and equipment	1 158	18
Total	98 007	101 215

SPECIFICATION	Land, buildings and structures	Machinery and equipment	Means of transport	Other non-current assets	Property, plant and equipment under construction	Advances on property, plant and equipment	Total
Net value as at 01.01.2021	36 084	24 726	250	25 551	14 586	18	101 215
Increases on account of	-	5 996	-	6 148	-	-	12 144
Increase in the balance due to modernisation	14	56	-	722	-	-	792
Increase on account of own production	30	475	-	738	-	-	1 243
Increase resulting from reclassification - from the right to use assets under lease to property, plant and equipment	-	-	594	-	-	-	594
Increase due to expenditures on tangible fixed assets under construction and advances on tangible fixed assets	-	-	-	-	2 596	1 376	3 972
Decrease due to disposal	-	(155)	-	-	-	-	(155)
Decrease due to liquidation	-	(1 270)	-	(10)	-	-	(1 280)
Settlement of outlays for tangible fixed assets under construction (acceptance) and advances for tangible fixed assets	-	-	-	-	(14 178)	(236)	(14 414)
Depreciation	(551)	(3 266)	(112)	(3 123)	-	-	(7 052)
Increase in the current depreciation due to reclassification - from the right to use assets under lease to property, plant and equipment	-	-	(438)	-	-	-	(438)
Reduction of the existing disposal write-offs	-	155	-	-	-	-	155
Decrease in the current depreciation due to liquidation	-	1 221	-	10	-	-	1 231
Net value as at 30.06.2021	35 577	27 938	294	30 036	3 004	1 158	98 007

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7.2. Right to use assets

The Company's capitalised leased assets include:

- the right of perpetual usufruct of land,
- lease of office space and production building,
- computer hardware,
- 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	7 498	7 806
Machinery and equipment	185	270
Means of transport	1 137	1 306
Total	8 820	9 382

SPECIFICATION	Land, buildings and structures	Machinery and equipment	Means of transport	Property, plant and equipment under construction	Total
Net value as at 01.01.2021	7 806	270	1 306	-	9 382
Increase due to leasing acceptance	9	-	267	-	276
Increase due to expenditures on tangible fixed assets under construction and advances on tangible fixed assets	-	-	-	276	276
Decrease resulting from reclassification - from the right to use assets under lease to property, plant and equipment	-	-	(594)	-	(594)
Settlement of outlays for tangible fixed assets under construction (acceptance) and advances for tangible fixed assets	-	-	-	(276)	(276)
Depreciation	(317)	(85)	(280)		(682)
Decrease in current depreciation resulting from reclassification - from the right to use assets under lease to property, plant and equipment	-	-	438	-	438
Net value as at 30.06.2021	7 498	185	1 137	-	8 820

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

7.3. Other financial assets

Data concerning shares and stocks included by Apator S.A. in other financial assets are presented in the table below.

SPECIFICATION	as of	
	30.06.2021	31.12.2020
Shares in subsidiaries and jointly controlled undertakings	258 259	258 259
Shares in Apator Metrix S.A (Tczew)	8 935	8 935
Shares in Apator Mining Sp. z o.o. (Katowice)	4 747	4 747
Apator Powogaz S.A. shares (Poznań)	68 648	68 648
Shares in Apator Rector (Zielona Góra)	74 287	74 287
Shares in Apator Elkomtech S.A. (Łódź)	99 537	99 537
FAP PAFAL SA shares (Świdnica)	515	515
Shares in Apator GmbH (Berlin)	1 590	1 590

SPECIFICATION	Value accountant	Equity own	% share * Equity capital	Difference
Apator Metrix S.A. shares (Tczew)	8 935	85 095	85 095	76 160
Shares in Apator Mining Sp. z o.o. (Katowice)	4 747	74 266	74 266	69 519
Apator Powogaz S.A. shares (Poznań)	68 648	198 336	198 336	129 688
Shares in Apator Rector Sp. z o.o. (Zielona Góra)	74 287	(4 020)	(4 020)	(78 307)
Apator Elkomtech S.A. shares (Łódź)	99 537	47 328	47 328	(52 209)
FAP Pafal SA shares (Świdnica)	515	12 884	12 884	12 369
Shares in Apator GmbH (Berlin)	1 590	1 220	1 220	(370)
Total	258 259	415 109	415 109	156 850

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

7.4. Stocks

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

SPECIFICATION	as of	
	30.06.2021	31.12.2020
Materials	64 765	33 080
Production in progress	16 339	9 929
Finished products	3 866	4 193
Goods	550	309
Advances for deliveries	3 265	1 803
Total value of inventories	88 785	49 314

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
<i>Revaluation write-off on total inventories</i>		
Value of write-offs at the beginning of the period	8 263	3 081
Increase - creation of a write-down on the current result	474	5 367
Decrease - write-down of unused amounts in revenues	(30)	(185)
Use of write-off- write-down	(1 113)	-
Value of write-offs at the end of the period	7 594	8 263

7.5. Trade receivables and other receivables

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

SPECIFICATION	as of	
	30.06.2021	31.12.2020
Short-term receivables, including:	64 162	49 099
Commercial receivables	54 498	47 078
Receivables from other taxes, customs duties and social security	1 424	1 662
Receivables from other taxes, customs duties and social security	1 424	1 662
Other short-term liabilities	8 240	359
Receivables from sales of property, plant and equipment and intangible assets	-	1
Dividend receivables	8 001	-
Deposits	52	84
Prepayments - advances for the purchase of services	176	167
Other receivables	12	108
Write-off for impairment of other short-term receivables	(1)	(1)
Total receivables, including:	64 162	49 099
- from related entities	14 600	4 126
- from other entities	49 562	44 973

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

The age structure of trade receivables at the end of the reporting periods is shown in the table 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	50 570	-	44 196	-
Past due from 0 to 30 days	3 540	-	2 051	-
Past due from 31 to 180 days	387	(2)	780	(1)
Past due from 181 days to one year	-	-	70	(18)
Past due over a year	856	(853)	841	(841)
Total	55 353	(855)	47 938	(860)

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

SPECIFICATION	as of	
	30.06.2021	31.12.2020
Opening balance	861	834
Creation of individual write-downs (level 3 of the impairment model)	-	504
Creation of write-downs according to the write-down matrix	3	11
Reversal of individual deductions	(8)	(484)
Use of individual allowances	-	(4)
Closing balance	856	861
Individual deduction	836	844
Write-off calculated on the basis of the matrix	20	17

7.6. 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 29th June 2021 the redemption of 29.100 own shares purchased by the Company under the share

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buy-back programme established on 2nd July 2020 was performed. 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].

7.7. Other capitals

Information on other capital is presented in the table below.

SPECIFICATION	as of	
	30.06.2021	31.12.2020
Supplementary capital, including:	332 759	321 200
<i>Supplementary capital from the sale of own shares above their nominal value</i>	15 142	15 142
<i>Other reserve capital</i>	317 617	306 058
Reserve capitals	10 657	10 000
Other total capitals	343 416	331 200

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	306 058	10 000	331 200
Increase in the period from 01.01.2021 to 30.06.2021	-	2 216	10 000	12 216
Breakdown of the result	-	12 216	-	12 216
Purchase of treasury shares	-	-	-	-
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	317 617	10 657	343 416

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 39 339 333.60 PLN

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.

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

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.

7.8. Credits and loans

Information on loans and borrowings is presented below.

SPECIFICATION	as of	
	30.06.2021	31.12.2020
Short-term loans and borrowings	69 457	50 742
Total loans and borrowings, including	69 457	50 742
- from other entities	69 457	50 742

The following collaterals have been established in connection with the Company's borrowings:

Multi-product agreement with ING Bank Śląski S.A. (Group's limit PLN 180 million, increased from PLN 160 million by annex of June 30, 2021):

- Contractual mortgage on the property of Apator S.A. in Ostaszewo up to the amount PLN 35.9 million
- Registered pledge on inventories worth PLN 45.8 million,
- Registered pledge on fixed assets of PLN 17.3 million,
- Assignment of rights under the property insurance policy against all risks,
- registered pledge on receivables of Apator S.A. under the contract of bank account in ING Bank Śląski S.A.,
- Blank promissory note together with a promissory note declaration.

Loan agreement with Bank Handlowy S.A. (overdraft facility, limit of PLN 10 million):

- Registered pledge on fixed assets of PLN 8.3 million,
- Assignment of rights under the property insurance policy against all risks,
- registered pledge on receivables of Apator S.A. under the contract of bank account in Bank Handlowy S.A.,

In the reporting period Apator S.A. performed the obligations resulting from the concluded credit agreements.

7.9. Other short-term liabilities

The following table presents the specification of other current liabilities.

SPECIFICATION	as of	
	30.06.2021	31.12.2020
Other short-term liabilities	28 525	9 946
Dividend liabilities	24 625	42
Payroll liabilities	2 582	2 441
Investment liabilities	637	5 972
Derivatives payables	28	730
Payments and accrued income	168	240
Other liabilities	485	521

7.10. Provisions for liabilities

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

Entity name:	Apator SA		Page 20
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	RESERVES / LIABILITIES			OTHER PROVISIONS		TOTAL
	RETIREMENT SEVERANCE PAY, JUBILEE AWARDS	BONUSES	ANNUAL LEAVES	GUARANTEES	OTHER	
Provisions as at 01.01.2021	5 844	5 103	1 270	12 002	760	24 979
Increase - creation of a provision charged to the current result	-	4 235	1 000	2 033	41	7 348
Decrease - write-down of unused amounts in revenues	-	(2 800)	-	-	-	(2 800)
Use of the provision - settlement of costs	-	(4 937)	(17)	(4 608)	(297)	(9 898)
Value of provisions as at 30.06.2021, including:	5 844	1 601	2 253	9 427	504	19 629
- long term provisions	5 066	-	-	-	-	5 066
- short-term provisions	778	1 601	2 253	9 427	504	14 563

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

7.11. Income tax

The specificity of income tax and deferred tax for the reporting period is presented in the tables 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	1 392	1 947
Current income tax expense	1 392	1 947
Deferred income tax	901	1 187
Related to the creation and reversal of temporary differences	901	(829)
Tax relief on account of operations in SEZ	-	2 016
Tax burden disclosed in the statement of comprehensive income	2 293	3 134
Other comprehensive income		
Deferred income tax	198	(14)
Deferred net income tax on cash flow hedges settled during the financial year	198	(14)
Deferred income tax on revaluation of actuarial reserve	-	-
Tax advantage (burden) disclosed in the equity capital	198	(14)

SPECIFICATION	Assets		Provisions	
	30.06.2021	31.12.2020	30.06.2021	31.12.2020
Tangible fixed assets	-	-	1 569	1 641
Financial assets	268	268	-	-
Derivative instruments	8	140	95	8

Entity name:	Apator SA		Page 21
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)		

Stocks	1 443	1 570	-	-
Liabilities arising from employee benefits	1 842	2 346	-	-
Provisions	2 035	2 486	-	-
Write-downs on receivables	135	147	-	-
Tax relief to be accounted for in future periods	10 517	10 517	-	-
Other	410	284	34	50
Total	16 658	17 758	1 698	1 699
Netting of assets and reserves	(1 698)	(1 699)	-	-
Deferred tax assets/provisions disclosed in the statement of financial position	14 960	16 059	-	-

On 28 December 2010, the Company obtained Permit No. 69/PSSEZ for conducting business activities within the Pomeranian Special Economic Zone. As of business starting date the PSSE recognized deferred tax assets in the amount of PLN 20,357 thousand on account of a possible impairment of the Group's financial assets tax relief (the value of the asset on this account as at 30 December 2021 amounts to PLN 10,517 thousand).

On June 3rd 2020, the Company received the Decision on support No. PSSE.DW.11.2020 for the implementation of a new investment consisting in increasing production capacity (extension of the existing plant). 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 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.

Presentation of the effective tax rate:

SPECIFICATION	in the period	
	from 01.01.2021	from 01.01.2020
	till 30.06.2021	till 30.06.2020
Tax base	30 523	44 842
Applied tax rate	19.00%	19.00%
Income tax calculated at the applicable rate	5 799	8 520
Tax on exempt income (dividends from related parties)	(6 010)	(5 580)
Unrecognized asset for losses on zone operations	2 142	-
Tax on non-deductible costs (fixed differences)	365	198
Other tax deductions	(3)	(4)
Income tax	2 293	3 134
Effective tax rate	7.51%	6.99%

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

7.12. Revenues

The Company recognizes all revenues from sales at a point in time, at the moment when control over a given good is transferred to the buyer or at the moment of finalization of a service, upon confirmation of performance of an obligation under a concluded agreement/contract (upon receipt of an acceptance protocol).

Specification of revenue by business line and domestic and foreign sales is presented in the table below.

SPECIFICATION	from 01.01.2021	from 01.01.2020
	till 30.06.2021	till 31.12.2020
Switchgear including:	55 370	47 498
<i>Country</i>	36 096	31 107
<i>Export (including EU)</i>	19 274	16 390
Measurement apparatus, including:	89 782	117 449
<i>Country</i>	71 490	103 519
<i>Export (including EU)</i>	18 292	13 930
Total	145 152	164 946

7.13. Financial revenues and costs

SPECIFICATION	in the period	
	from 01.01.2021	from 01.01.2020
	till 30.06.2021	till 30.06.2020
Financial revenues	31 722	30 668
Dividends and shares in profits	31 631	29 369
Interest on receivables	24	62
Other interest	-	12
Positive exchange rate differences	-	100
Revenues from foreign exchange transactions (including derivative instruments)	-	1 103
Guarantees issued	67	22
Financial costs	(1 665)	(689)
Interest on loans and borrowings	(248)	(423)
Interest on lease liabilities	(89)	(106)
Other interest	(24)	(14)
Negative exchange rate differences	(578)	-
Costs on account of foreign exchange transactions (including derivative instruments)	(384)	-
Commissions on loans and borrowings	(94)	(29)
Decrease in the discount on liabilities	-	(1)
Bank guarantees and commissions (except credit commissions)	(248)	(116)
Net financial revenues	30 057	29 979

7.14. Explanations concerning the cash flow statement

Apator SA prepares the condensed individual statement on cash flows in the part concerning operating activity using the indirect method by which the profit is adjusted 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.

Entity name:	Apator SA		Page 23
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 table below presents explanations of inconsistencies between the changes in the balance of the condensed unconsolidated statement of financial position and the changes in the balance of these items disclosed in the 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		
Change in trade receivables	(7 420)	(32 789)
Change in other taxes, customs duties and social security receivables	238	817
Change in other receivables	(7 881)	(14 600)
Adjustment for receivables from the sale of shares	-	(4 184)
Adjustment for dividend receivables	8 001	19 002
Adjustment for investment receivables	(1)	(18)
Change in the balance as disclosed in the statement of cash flows	(7 063)	(31 772)
Change in liabilities		
Change in long-term liabilities	9	-
Change in long-term liabilities due to the right to use assets under lease	(367)	(350)
Change in trade liabilities	13 123	24 878
Change in liabilities due to corporate income tax	(891)	190
Change in liabilities due to other taxes, customs duties and social security	694	2 199
Change in other liabilities	18 579	(3 408)
Change in short-term liabilities due to the right to use assets under lease	(109)	(221)
Adjustment for dividend liabilities	(24 583)	-
Adjustment for financial lease liabilities	476	571
Adjustment for derivative liabilities	693	233
Adjustment for income tax liabilities	891	(190)
Adjustment for investment liabilities	4 389	2 778
Change in the balance as disclosed in the statement of cash flows	12 904	26 680

SPECIFICATION	in the period	
	from 01.01.2021	from 01.01.2020
	till 30.06.2021	till 30.06.2020
Expenses related to acquisition of property, plant and equipment		
Purchase of property, plant and equipment	(3 153)	(3 485)
Change in inventories due to own works (internal projects)	290	(655)
Prepayments for property, plant and equipment settled from prior periods	18	955
Leasing exclusion	267	152
Change in net investment liabilities	(4 199)	(2 894)
Total	(6 777)	(5 927)

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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)		

7.15. Hedging instruments

In APATOR S.A. the agreements on currency derivatives are concluded within the hedging policy against foreign exchange risk. The Company hedges export receipts in excess of expenditure on account of imports (EUR) and import outflows exceeding export inflows (USD).

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

Type of protection	Security for volatility of cash flows due to future cash flows in EUR and USD.
Hedged item	The hedged item is part of the future highly probable cash flows from sales denominated in EUR and purchases denominated in USD.
Hedging instruments	FX forward transactions, in which the Company undertakes to sell EUR and buy USD for PLN, are a hedging instrument.
Hedged risk	The Company hedges the variability of cash flows due to currency risk.
Recognition in the financial statements	The part of the change in fair value measurement of hedging instruments corresponding to the effective hedge is recognised in the hedge accounting (statement of changes in equity). The ineffective portion of the change in fair value measurement of hedging instruments is recognised in financial income or expenses.
Period during which cash flows are expected to occur	The hedged item is expected to generate cash flows in the period until 28 April 2023.
Nominal value	EUR 3.572 thousand and USD 2.500 thousand

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	120	-
Hedging instruments	120	-
Short-term assets	376	41
Hedging instruments	376	41
Total assets	496	41
Long-term liabilities	9	-
Hedging instruments	9	-
Short-term liabilities	28	730
Hedging instruments	28	730
Total liabilities	37	730

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 on the basis of values observable on the market, but not being a direct market quotation;
- Level 3 - fair value is determined on the basis of various valuation techniques, not based on any observable market data.

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

SPECIFICATION	as at 30.06.2021			as at 31.12.2020		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Derivative instruments (assets)	-	496	-	-	41	-
Derivative instruments (liabilities)	-	(37)	-	-	(730)	-
Total	-	459	-	-	(689)	-

There were no transfers between levels.

The Company 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.

7.16. Information on subsidiaries

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

SPECIFICATION	for period
	from 01.01.2021 till 30.06.2021
Short-term employee benefits	3 595
Total	3 595

Transactions with related parties were carried out on market terms.

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

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

SPECIFICATION	Apator GmbH	Apator Metrix S.A.	George Wilson Industries Ltd.	Apator Mining Sp. z o.o.	Apator Powogaz S.A.	Apator Telemetry Sp. z o. o.	Apator Rector Sp. z o.o.	Apator Elkomtech S.A.	FAP Pafal SA	TOTAL
<i>Transactions in the period from 01.01.2021 to 30.06.2021 and as of 30.06.2021</i>										
Sell of products and services	14 523	2 274	4 457	15	6 296	102	489	1 988	137	30 281
Sales of goods and materials	39	-	-	-	-	4	-	1	21	65
Cost of transactions for the sale of products and services	12 123	392	5 292	-	2 736	23	110	1 045	127	21 848
Cost of sales of goods and materials	31	-	-	-	-	3	-	1	20	55
Commercial receivables	3 998	92	1 174	-	601	10	484	226	14	6 599
Other receivables	-	5 001	-	-	-	-	-	2 000	1 000	8 001
Financial revenue from dividends	-	13 001	-	2 630	10 000	-	-	3 000	3 000	31 631
Purchase of products, services, goods and materials	253	50	468	-	1	166	104	130	3 325	4 497
Purchase of fixed assets and intangible assets	-	442	-	-	-	-	-	-	-	442
Commercial liabilities	28	30	24	-	1	10	126	10	1 105	1 334
Other liabilities	-	-	-	2 700	-	-	-	-	-	2 700

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7.17. Contingent items and other items not included in the condensed stand-alone statement of financial position

Guarantees

As at 30 June 2021. Apator SA had active guarantees issued by TU Hermes SA:

- Under performance bond in the amount of PLN 9,188 thousand, up to May 12 year 2023,
- Under the guarantee for removal of defects and faults in the amount of PLN 3,888 thousand, up to June 8, 2029;
- On account of the deposit in the amount of PLN 4,546 thousand, up to October 4, 2021.

and ING Bank Śląski S.A.:

- Under performance bond in the amount of PLN 3,344 thousand, up to 31 August year 2021;
- Under the guarantee for removal of defects and faults in the amount of PLN 425 thousand, up to January 16, 2025;
- On account of execution of payments under the lease agreement in the amount of PLN 48 thousand, by January 8th 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 within the Group:

- guarantee of return of advance payment by Apator Metrix S.A. in the amount of EUR 1.2 million (PLN 5.6 million) towards Flonidan A/S with the period of validity till 30th June 2022,
- surety of two lease contracts for Apator Rector Sp. z o.o. for total amount of PLN 0.5 million with the term to the 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., maturing on 30 September 2021, and an advance payment refund guarantee issued by mBank S.A. for PLN 751 thousand, maturing on 30 November 2021.

Promissory notes

Apator S.A. submitted also 10 pieces of blank promissory notes as the security under the contract of TU Euler Hermes S.A. for granting contractual guarantees within a revolving limit (limit for the Group: PLN 25 million), 1 bill of exchange as collateral for a "confirming" factoring agreement to finance deliveries, concluded with Santander Faktoring Sp. z o.o. in Warsaw and 1 bill of exchange as collateral for a multi-product agreement with ING Bank Śląski S.A.

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.

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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.

7.18. Employment structure

Employment in Apator S.A. 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	644	680
Manual workers	426	430
Intellectual workers	218	250
Employment in full-time equivalents at the end of the period	650	647
Manual workers	432	407
Intellectual workers	218	240

Apart from the employees employed in Apator S.A. on the basis of the contract of employment, the Company also uses from services of temporary work agencies. On average, in the first half of 2021, 165 people were employed on a temporary basis.

7.19. Remuneration of the entity authorized to conduct the audit

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.

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

SPECIFICATION	VALUE	
	year 2021	year 2020
Audit/review of abbreviated semi-annual financial statements	90	50

Apart from the above mentioned remuneration, Apator S.A. covers also documented costs of the audit team's stay outside the Auditor's seat (travels, accommodation).

7.20. Transformation of comparative data

In this abbreviated semi-annual separate financial statement Apator S.A. changed the presentation of comparative data. 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	(78 253)	(78)	(78 331)
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- other entities	(70 019)	(78)	(70 097)
Gross sales profit	19 218	(78)	19 140
Sales profit	6 765	(78)	6 687
Other operating income (costs)	(949)	78	(871)

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	(123 959)	(417)	(124 376)
- other entities	(107 511)	(417)	(107 928)
Gross sales profit	40 987	(417)	40 570
Sales profit	16 217	(417)	15 800
Other operating income (costs)	(1 354)	417	(937)

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	(276 184)	(5 785)	(281 969)
- other entities	(246 633)	(5 785)	(252 418)
Gross sales profit	77 240	(5 785)	71 455
General administrative costs	(39 885)	81	(39 804)
Sales profit	28 942	(5 704)	23 238
Other operating income (costs)	(4 974)	5 704	730

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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 amount of the loan is PLN 13 million and it will be repaid in equal 13 quarterly instalments starting from 1 September 2021 (the last instalment payable 9 August 2024). The loan interest rate is based on the WIBOR 3M reference index, The security consists of two pieces of equipment with the total value of PLN 2.8 million and a registered pledge on the acquired shares in the amount of 12.1 million. In connection with the obligation to perform the borrower's obligation under the Agreement, on 26 August 2021 a statement of submission to enforcement (up to PLN 15.6 million) was signed 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 the 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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