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APATOR

Results of the Apator Group for 2021

Presentation to
Shareholders
Torun. June 28. 2022.



The presentation includes selected issues from the following documents:

- consolidated annual financial statements for 2021.
- report of the Management Board on activity of Apator SA and the Apator Group in 2021.
- financial statements of Apator Elkomtech SA for 2021.

The full contents of the financial statements and management reports are available as of **April 28 2022**:

- on the website of Apator SA: www.apator.com.
- in original in Apator SA at the address: Ostaszewo 57C. 87-148 Łysomice.



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The Apator Group in 2021

External factors:

- Supply chains - constant shortage of components and raw materials affecting their availability. extended lead times and consequent price increases
- widespread inflation (price increases in energy. gas. labor costs. transportation services. fuel)
- sales model - limited ability to transfer higher costs into prices for customers due to long-term contracts. concluded through public procurement procedures
- unstable situation on foreign exchange markets
- continued aggressive pricing strategy from competitors (mainly from Asia)

Actions to minimize the impact of the environment on performance:

- reorganization of the Group's assets to increase their efficiency - relocation of factories. work on improving operational efficiency
- renegotiation of contracts. changes in price lists for partners and distributors
- focusing business development on the Water and Heat segment and on smart solutions
- development of the most promising export markets
- increase in debt for optimum stocking - work on warehouse management and logistics processes
- control of other expenses
- positive impact of sale of Apator Powogaz property in Poznań on consolidated results (at the level of EBITDA: PLN 34.1 million; at the level of net result: PLN 27.6 million) - one-time factor *

PLN 940.1 M

Sales revenue

PLN150.6 M

(PLN116.5 M)

EBITDA profit

PLN 63.3 M

(PLN 35.7 M*)

Net profit

Business segments in 2021



- PLN 375 M revenue
- PLN 29 M EBITDA
- 78% domestic revenue

- PLN 270 M revenue
- PLN 38 M EBITDA
- 69% export revenue

- PLN 295 M revenue
- PLN 88 M EBITDA
(PLN 53.6 without real estate)
- 58% export revenue

- Increased sales in the key German market (+18% y/y)
- the greatest impact of the macroeconomic situation on the segment's performance

- Strong export position in the European market
- main foreign markets: UK, Belgium, Hungary, Turkey

- record sales
- operating leverage and efficiency improvements
- main foreign markets: the Czech Republic, France, Spain

Financial results of Apator Elkomtech SA

PLN M	2021	2020	Δ y/y
Sales	62.1	50.1	+24.0%
Gross result from sales	20.5 33.0%	17.4 34.7%	+17.8%
Selling and general expenses (SG&A)	14.3	12.2	+17.2%
Sales profit	6.2 10.0%	4.7 9.4%	+31.9%
EBITDA	10.4 16.7%	8.9 17.8%	+16.9%
Net profit	4.6 7.4%	3.5 7.0%	+31.4%

Key performance drivers:

- Sales growth - rebuilding demand after pandemic. Sales of solutions for the gas sector after the acquisition of part of the Atrem company
- Increase in gross profit on sales despite inflation (material price increases and disrupted supply chains)
- Sales profit up 32% despite continued cost pressures:
 - ▣ Higher SG&A costs as a consequence of turnover and wage growth (main factors are low base 2021. takeover of Atrem resources. no shield)
- Satisfactory level of net result with stable margin.

APATOR
ELKOMTECH

03.01.2022

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Short-term actions taken

Rebuilding sales margins:

- continue to work on contracts and pricing policies
- focus on contracts with higher margins
- optimization of product manufacturing costs
- scaling and automation of manufacturing processes

More effective working capital management:

- continuous monitoring of the NSB
- gradual reduction of the stocking in subsequent quarters



Short-term actions taken

Improve current liquidity and reduce debt :

- working on receivables and payables
- tight control over capex spending in 2022
- diversification of foreign capital costs - currency conversion of loans

Provided financing for the Apator Group

Covenant - net debt to EBITDA is under control:

- 31.12.2021 1.16x (without real estate 1.50x)
- 31.03.2022 2.26x



Success in the difficult years 2020-2022

Timely reorganization of production assets

Apator Powogaz



Poznań → Jaryszki
April 2022

Apator Telemetry



Słupsk. June 2022

Apator Metrix



Tczew

GWi



Coventry. July 2022

Relocation of 3 production centers

Dozens of implemented new automation lines and future automation projects

Automation of warehouse management

Success in the difficult years 2020-2022

Timely implementation of the product pipeline



Product development

- Rail meter TH – REMIZ
- ARS evo disconnecter
- BELplus RES security
- Digital RES surveillance system
- System to manage teams in the field mobiPLANER

- Ultrasonic gas meters
- New line of proprietary iSMART 2 smart gas meters
- Communication overlays for uniSMART 2 traditional gas meters

- Ultrasonic water meters
- New billing systems
- Communication overlays for water meters

30 initiatives in the pipeline for 2020-2027 including 12 related to RES

Streamlining operational processes in Ostaszewo

Automation and robotization



Merger of Apator SA and Apator Elkomtech



Toruń
 Poznań
 Łódź

Business benefits of the merger:

- Development of product offerings (RES and energy efficiency)
- Cost optimization - common support functions. Purchasing and logistics synergies. Standardization of processes
- Organizational flexibility - adapting to business needs. Easier to make changes and improvements

New products



REMIZ



ARS evo



BELplus OZE Power Plant Controller



mobiPLANER
GISMO
EKTIN



Automation and robotization



Relocation of GWi production to Tczew



New products

Ultrasonic gas meter



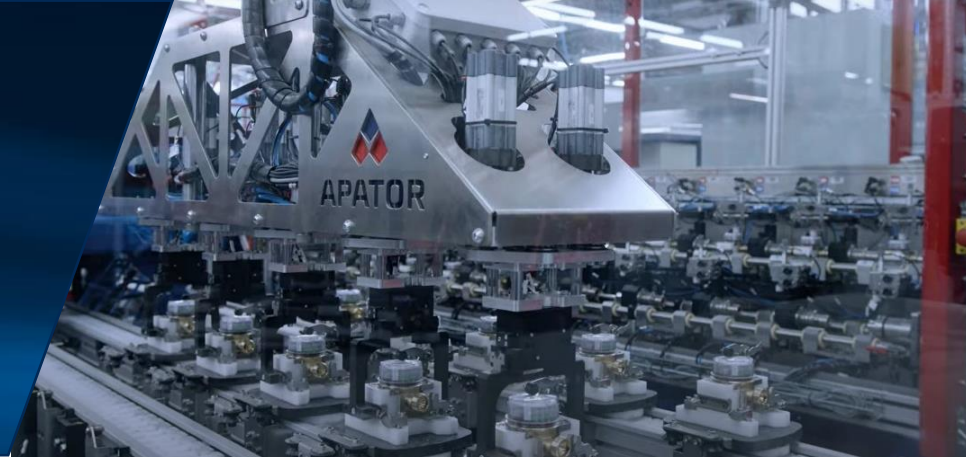
iSMART 2



uniSMART 2



Automation and robotization



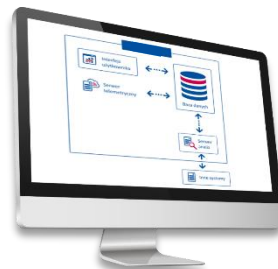
Relocation of Apator Powogaz Apator Telemetry



New products



Billing systems



Ultrasonic water meters **ULTRIMIS**



Inductive communication overlays



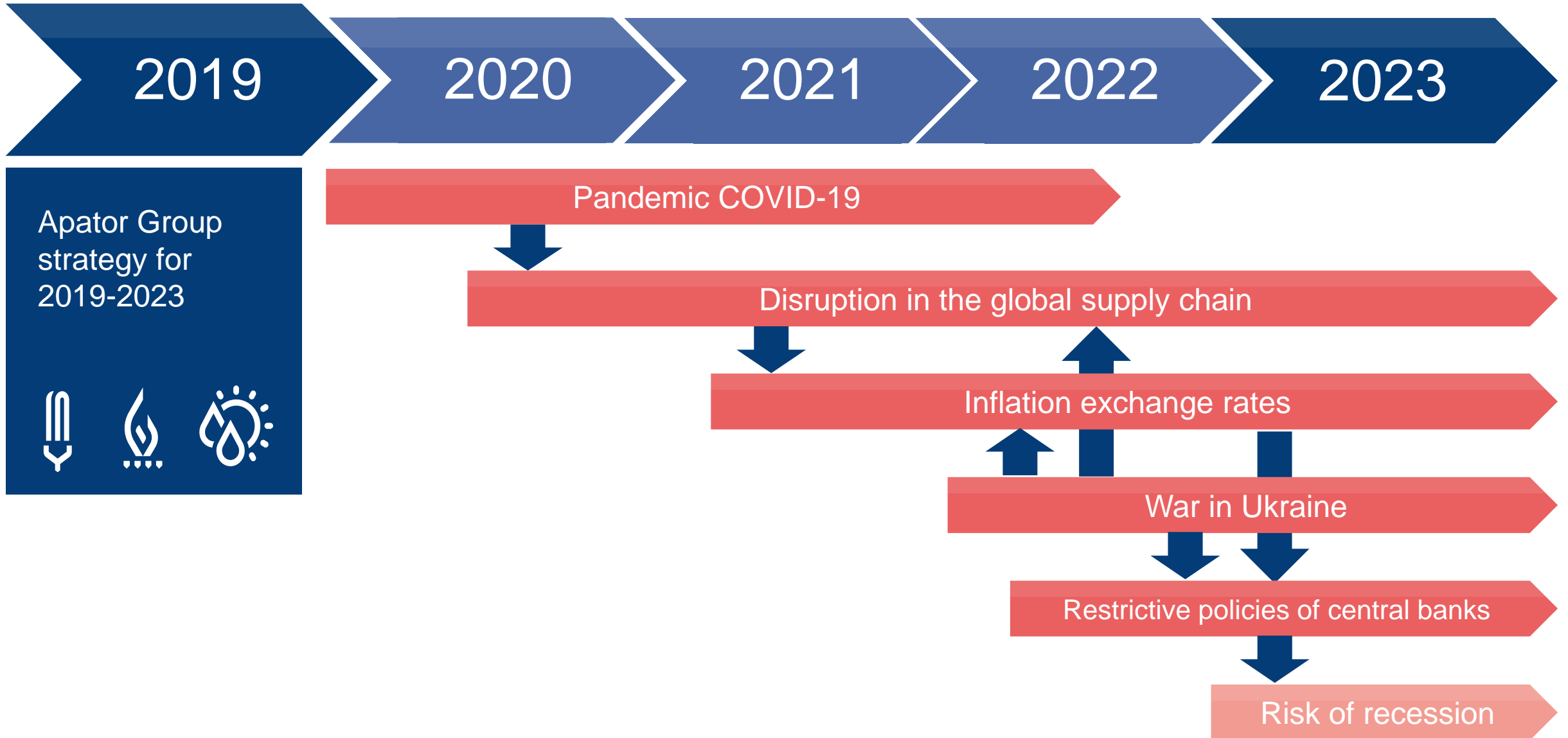
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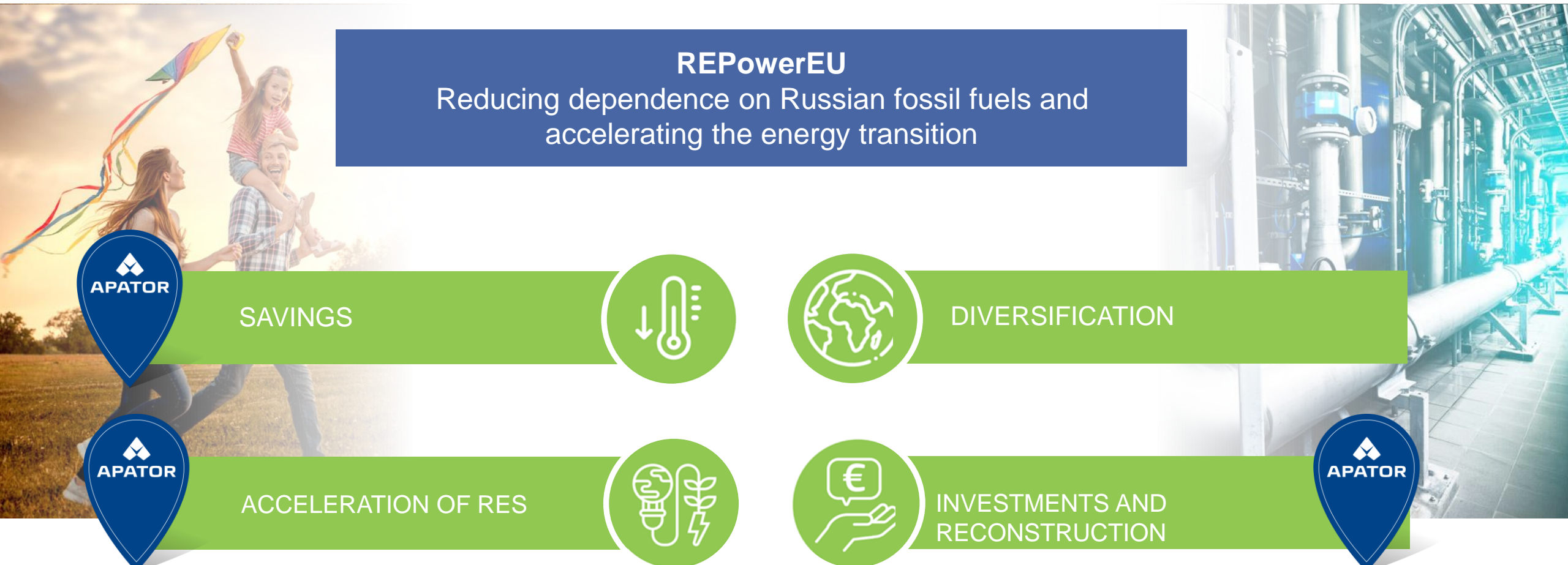
Performance of the Apator Group strategy and new opportunities for development



Performance of strategy of the Apator Group



REPowerEU – new EU strategy



REPowerEU
Reducing dependence on Russian fossil fuels and accelerating the energy transition



SAVINGS



DIVERSIFICATION



ACCELERATION OF RES

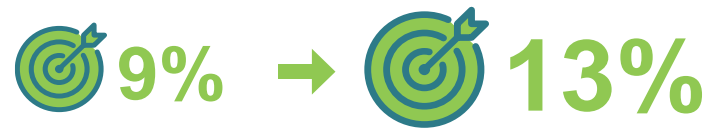
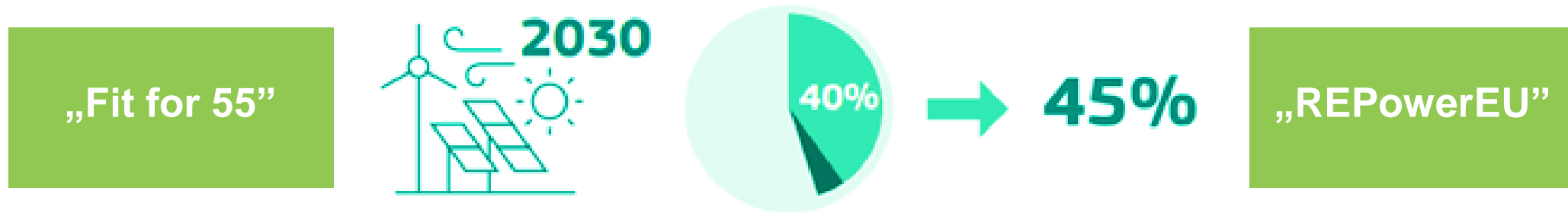


INVESTMENTS AND RECONSTRUCTION



REPowerEU – new EU strategy

Renewable energy is the cheapest, most available and can be generated locally. Even more ambitious RES and energy efficiency targets.



Raising the EU's energy efficiency target for 2030.

REPowerEU – new EU strategy Action plan

SHORT-TERM

Marketing communication to EU citizens with recommendations. how to save energy



Immediate rollout of PV and wind projects
Increasing biomethane production



MEDIUM TERM - TILL 2027



Modern regulatory framework for hydrogen
New "acceleration" program to provide 10 million tons of its own renewable hydrogen



New REPowerEU national plans with modified Reconstruction and Resilience Fund (REF)

New legislation and recommendations to facilitate RES installation

Investments in integration of RES sources into the ee grid and adaptation of electric and gas grid infrastructure



REPowerEU - new strategy UEFinancing



EUR 29 billion for additional investment in the electricity grid

EUR 10 billion For investment to import enough LNG and for gas transmission until 2030

EUR 1.5-2 billion for investments to ensure security of oil supply



37 billion to boost biomethane production



EUR 56 billion on energy efficiency and heat pumps by 2030



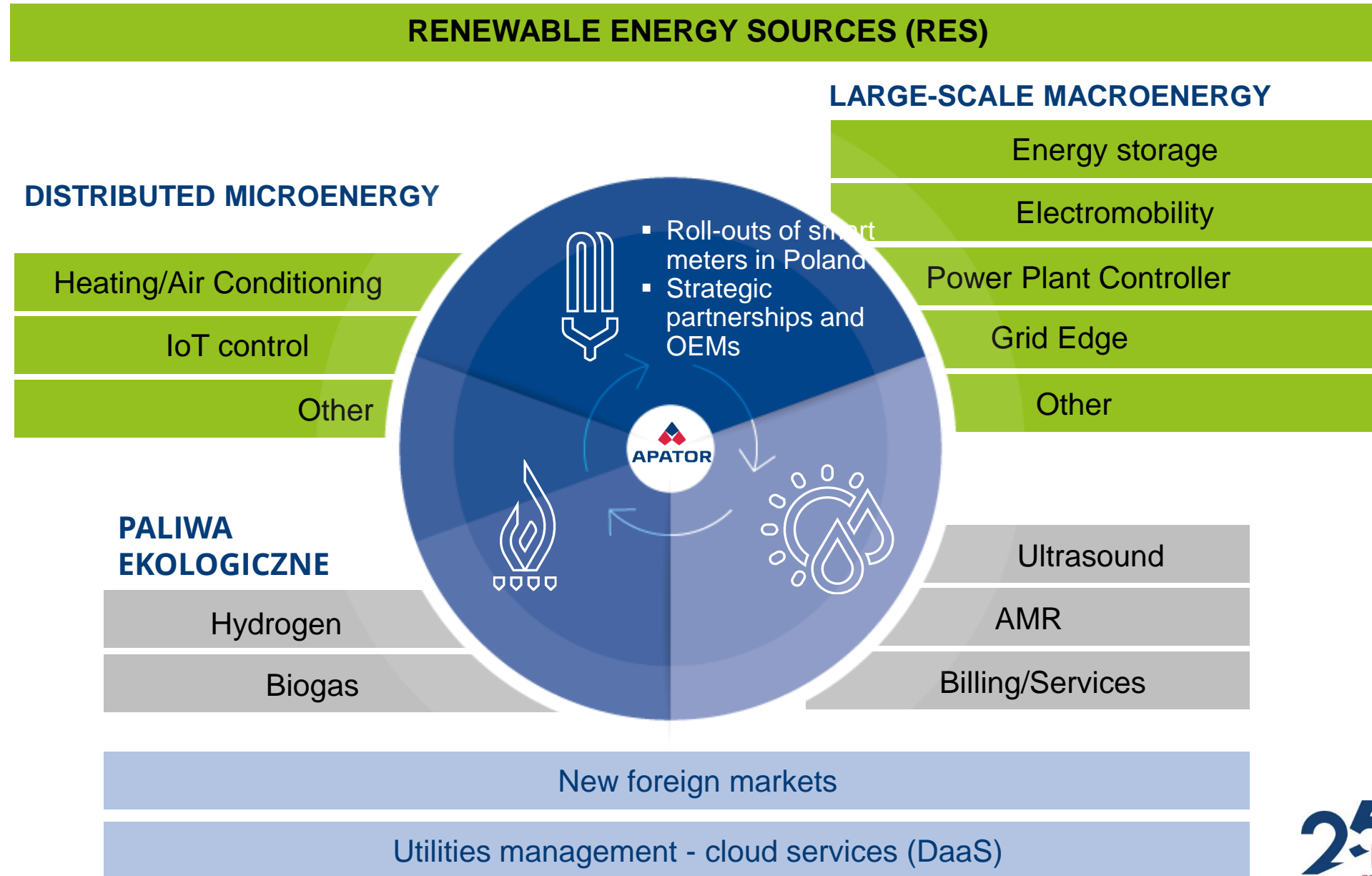
EUR 41 billion for adaptation of industry to use less fossil fuel by 2030



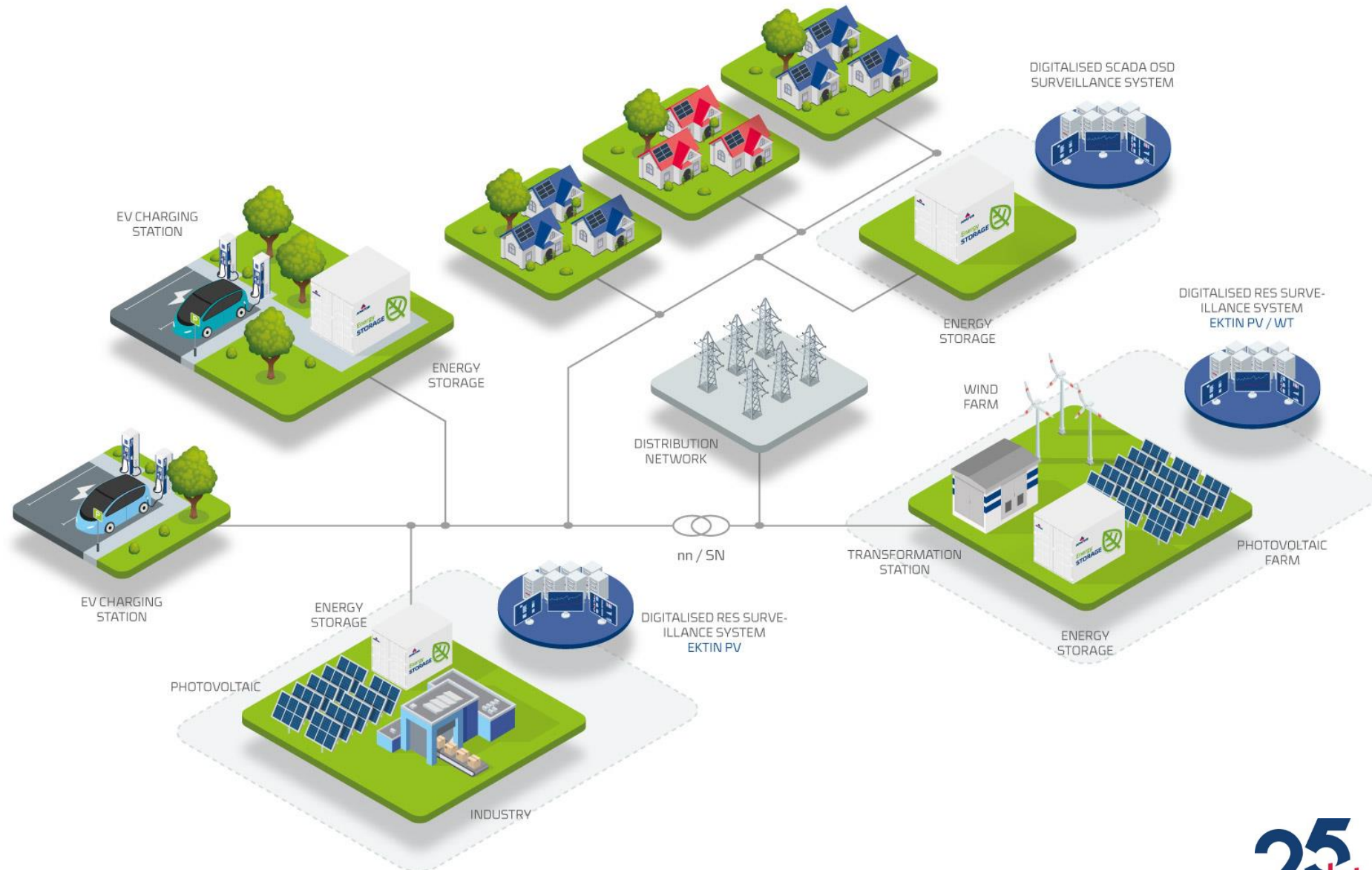
EUR 113 billion till 2030, including:

- on renewables **86 billion**
- on key hydrogen infrastructure **27 billion**

Strategic opportunities arising from REPowerEU



RES offer

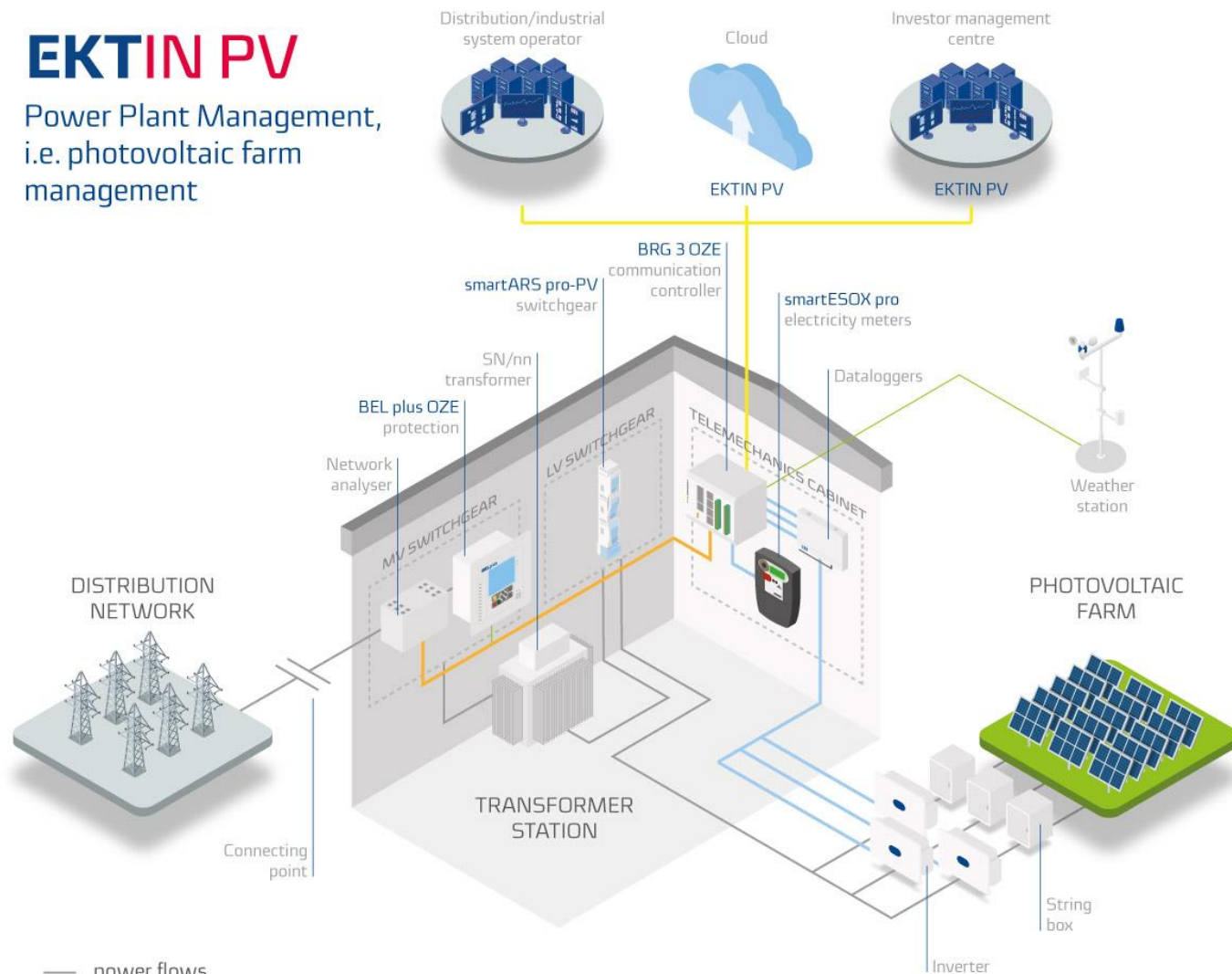




Power Plant Management system

EKTIN PV

Power Plant Management,
i.e. photovoltaic farm
management



- power flows
- communication
- communication with superior systems
- connectivity between intelligent devices
- serial communication channel

Comprehensive system for supervision and management of single or distributed photovoltaic power plants.

EKTIN provides access to detailed information on the operation of the investment and allows you to control its elements.





RES projects

New products



Energy storage 100 kW

supply of complete energy storage for network stabilization and balancing



Electric vehicle charging station

delivery together with ZE Twerd of free-standing charging stations





Management of resources and distributed assets

SYSTEMS

mobiPLANER

The system for managing teams in the field is a solution that facilitates daily work and comprehensively supports the performance of all tasks. It allows you to plan the work of teams, supervise the efficiency of their activities.



GISMO

Proper lighting management, knowledge gathering, and efficient operation means safety for residents and effective cost reduction. This is helped by the following services: passportization of the lighting network, energy efficiency audit, visual inspection of the condition and a system that guarantees better management and planning of infrastructure.





Modern energy efficiency management

OMNITORUS

A modern utility management tool for those who want to save money and analyze their utility costs in real time.



OMNITORUS is a new savings philosophy that identifies hot spots where optimization is required to reduce current costs and rationally plan future spending.

Sustainability of the Apator Group (ESG)



ENVIRONMENTAL IMPACT

- Products to meet the challenges of EU climate policy
 - We help save precious resources and energy utilities
 - We support energy transition
 - We develop „green” technologies
- Sustainable manufacturing operations



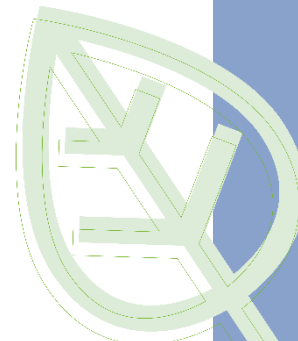
SOCIAL IMPACT

- Responsible business partner
- Industry expert
- Reliable employer



CORPORATE GOVERNANCE

- Operations in compliance with international regulations
- High standards of corporate governance



- CSR strategy since 2015
- Non-financial reporting (CSR) since 2008
- Compliance with the NFRD and the EU Taxonomy.
- Standardization of reporting according to GRI



Thank you for your attention

