



**Consolidated financial statements for**

**Boryszew Capital Group**

**for the period between 1 January and 31**

**December 2021**

Report publication date  
27 April 2022





**Boryszew Capital Group**  
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(amounts expressed in PLN '000 unless specified otherwise)

Table of contents	Party
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME .....	3
CONSOLIDATED BALANCE SHEET .....	5
CONSOLIDATED CASH FLOW STATEMENT .....	7
CONSOLIDATED STATEMENT ON CHANGES IN EQUITY .....	9
ADDITIONAL INFORMATION .....	10
1. BASIC DATA .....	10
2. PLATFORM OF APPLIED IFRS .....	21
3. ACCOUNTING PRINCIPLES APPLIED .....	27
4. DECLARATIONS OF THE MANAGEMENT BOARD .....	39
5. OPERATING SEGMENTS (continuing operations) .....	40
6. REVENUES .....	41
7. OPERATING EXPENSES .....	42
8. OTHER OPERATING REVENUES .....	43
9. OTHER OPERATING EXPENSES .....	43
10. FINANCIAL REVENUES .....	44
11. PROFIT/LOSS ON DISPOSAL OF A SUBSIDIARY .....	44
12. FINANCIAL EXPENSES .....	44
13. INCOME TAX .....	45
14. NON-CURRENT ASSETS .....	48
15. INVESTMENT PROPERTY .....	51
16. GOODWILL .....	52
17. INTANGIBLE ASSETS .....	53
18. RIGHT-OF-USE ASSETS .....	55
19. SHARES IN AFFILIATES .....	57
20. FINANCIAL ASSETS .....	57
21. DERIVATIVE FINANCIAL INSTRUMENTS .....	59
22. TRADE AND OTHER RECEIVABLES .....	61
23. INVENTORIES .....	63
24. CASH .....	64
25. DISCONTINUED OPERATIONS AS WELL AS ASSETS AND LIABILITIES AVAILABLE FOR SALE .....	64
26. RESERVES .....	65
27. BANK LOANS, BORROWINGS AND BONDS .....	67
28. LEASE LIABILITIES .....	71
29. PENSION AND SIMILAR EMPLOYEE BENEFITS LIABILITIES .....	73
30. OTHER PROVISIONS .....	76
31. TRADE PAYABLES AND OTHER LIABILITIES .....	77
32. OTHER LIABILITIES AND EQUITY .....	77
33. FINANCIAL INSTRUMENTS .....	78
34. BUSINESS RISKS .....	79
35. OFF-BALANCE SHEET RECEIVABLES AND LIABILITIES .....	86
36. TRANSACTIONS WITH AFFILIATED ENTITIES AND BENEFITS FOR KEY PERSONNEL .....	88
37. EMPLOYMENT .....	89
38. SIGNIFICANT EVENTS .....	89
39. SIGNIFICANT EVENTS OCCURRING AFTER THE BALANCE SHEET DATE .....	91
40. STATEMENT BY THE MANAGEMENT BOARD .....	93
41. APPROVAL OF THE FINANCIAL STATEMENTS .....	93



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**for the period between 1 January and 31 December 2021**

(amounts expressed in PLN '000 unless specified otherwise)

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	01.01.2021 - 31.12.2021	01.01.2020 - 31.12.2020
<b>Continuing operations</b>			<i>Restated data</i>
Revenues from sales	6	6 264 000	5 554 579
Prime cost of sale	7	5 698 222	5 042 282
<b>Gross profit on sales</b>		<b>565 778</b>	<b>512 297</b>
Selling costs		147 276	145 605
Administrative expenses		280 254	298 050
Other operating revenue	8	153 743	176 809
Other operating expenses	9	121 786	241 380
<b>Operating income</b>		<b>170 205</b>	<b>4 071</b>
Financial revenues	10	19 059	42 504
Financial expenses	12	57 938	86 403
Profit on sales of subsidiary	11	20 890	376 012
Share in profit of affiliates		4	(101)
<b>Profit before taxation</b>		<b>152 220</b>	<b>336 083</b>
Income tax	13	73 304	53 385
<b>Net profit on continuing operations</b>		<b>78 916</b>	<b>282 698</b>
<b>Net profit/loss on discontinued operations</b>		<b>3 239</b>	<b>(1 208)</b>
<b>Net profit on continuing and discontinued operations</b>		<b>82 155</b>	<b>281 490</b>
<b>including attributable to:</b>			
shareholders of the parent		72 795	279 106
non-controlling interests		9 360	2 384
<b>Earnings / Diluted earnings per share</b>			
<b>Earnings / Diluted earnings per share</b>		<b>72 795</b>	<b>279 106</b>
Weighted average number of shares		202 000 000	202 000 000
Earnings / Diluted earnings per share (PLN)		0.36	1.38
Net profit (loss) per share (in PLN, 100/PLN per share)		0.36	1.38
Earnings per share on continuing operations		0.36	1.38
Earnings per share on discontinued operations		-	-
Diluted net profit (loss) per share (PLN/share)		0.36	1.38
Diluted on continuing operations		0.36	1.38
Diluted on discontinued operations		-	-



**Boryszew Capital Group**  
**Consolidated financial statements**  
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(amounts expressed in PLN '000 unless specified otherwise)

	01.01.2021 - 31.12.2021	01.01.2020 - 31.12.2020
		<i>Restated data</i>
<b>Net profit</b>	<b>82 155</b>	<b>281 490</b>
<b>Earnings recognised in equity</b>		
<i>Earnings recognised in equity, to be transferred to income statement (before tax)</i>	<b>32 070</b>	<b>(77 782)</b>
Hedge accounting	16 756	(39 975)
Exchange differences on translating foreign operations	15 314	(37 807)
<i>Income tax expense (-provision/+asset)</i>	<b>(3 184)</b>	<b>7 595</b>
<i>Earnings recognised in equity, not to be transferred to income statement (before tax)</i>	<b>16 029</b>	<b>39 455</b>
Gains/losses on valuation and disposal of equity instruments	14 700	39 249
Employee benefit capital reserve	1 329	206
<i>Income tax expense (-provision/+asset)</i>	<b>(2 793)</b>	<b>(7 496)</b>
<b>Total earnings recognised in equity</b>	<b>42 122</b>	<b>(38 228)</b>
<i>shareholders of the parent</i>	<b>42 122</b>	<b>(38 228)</b>
<i>non-controlling interests</i>	<b>-</b>	<b>-</b>
<b>Total comprehensive income, including attributable:</b>	<b>124 277</b>	<b>243 262</b>
<i>shareholders of the parent</i>	<b>114 917</b>	<b>240 878</b>
<i>non-controlling interests</i>	<b>9 360</b>	<b>2 384</b>

**Consolidated profit and loss account – discontinued operations**

	01.01.2021 - 31.12.2021	01.01.2020 - 31.12.2020
Revenues from sales	13	30
Prime cost of sale	13	30
<b>Gross profit (loss) from sales</b>	<b>-</b>	<b>-</b>
Selling costs	-	-
Administrative expenses	-	-
Other operating revenue	4 926	186
Other operating expenses	1 466	1 361
<b>Profit (loss) from operating activity</b>	<b>3 460</b>	<b>(1 175)</b>
Financial revenues	61	13
Financial expenses	104	46
<b>Financial profit/loss</b>	<b>(43)</b>	<b>(33)</b>
<b>Profit (loss) before income tax</b>	<b>3 417</b>	<b>(1 208)</b>
Income tax	178	-
<b>Net profit (loss) on discontinued operations</b>	<b>3 239</b>	<b>(1 208)</b>
<i>in the parent company</i>	<b>3 022</b>	<b>338</b>
<i>non-controlling interests</i>	<b>217</b>	<b>(1 546)</b>



## CONSOLIDATED BALANCE SHEET

ASSETS	Note	As at 31.12.2021	As at 31.12.2020
<b>Non-current assets</b>			<i>Restated data</i>
Property, plant and equipment	14	1 276 594	1 303 109
Investment property	15	141 760	152 079
Goodwill	16	6 418	6 418
Intangible assets	17	46 246	48 102
Right-of-use assets	18	292 713	317 929
Shares in affiliates	19	214	210
Financial assets	20	1 685	1 036
Assets under contracts with customers	21	-	-
Long-term receivables	22	30 875	31 012
Deferred tax assets	13.2.	24 173	26 580
<b>Total fixed assets</b>		<b>1 820 678</b>	<b>1 886 475</b>
<b>Current assets</b>		<b>2 399 958</b>	<b>2 212 303</b>
<b>Current assets other than assets held for sale</b>		<b>2 340 441</b>	<b>2 211 299</b>
Inventory	23	991 826	980 958
Trade receivables and other receivables	21	977 247	783 116
Assets under contracts with customers		-	-
Short-term financial assets	20	165 855	249 458
Derivative financial instruments	21	12 434	4 250
Current tax assets	13.1.	5 355	8 306
Cash and cash equivalents	24	187 724	185 211
<b>Assets classified as held for sale</b>	25	<b>59 517</b>	<b>1 004</b>
<b>Total assets</b>		<b>4 220 636</b>	<b>4 098 778</b>



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**Consolidated financial statements**  
**for the period between 1 January and 31 December 2021**

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<b>LIABILITIES AND EQUITY</b>	<b>Note</b>	<b>As at 31.12.2021</b>	<b>As at 31.12.2020</b>
			<i>Restated data</i>
<b>Equity</b>			
Share capital		248 906	248 906
Share premium		114 435	114 435
Own shares		(236 753)	(236 753)
Hedge accounting capital		7 322	(6 250)
Capital reserve on translating employee payables		(312)	(1 851)
Revaluation reserve		43 699	31 792
Exchange differences on translating foreign entities		(48 690)	(56 542)
Retained earnings		1 591 598	1 518 803
<b>Total equity</b>		<b>1 720 205</b>	<b>1 612 540</b>
<b>Equity of non-controlling shareholders</b>		<b>26 499</b>	<b>21 054</b>
<b>Total equity</b>	26	<b>1 746 704</b>	<b>1 633 594</b>
<b>Liabilities and long-term provisions</b>			
Bank loans, borrowings	27	107 964	168 209
Bonds		-	-
Lease liabilities	28	210 562	254 045
Deferred tax provision	13.2.	82 397	83 842
Derivative financial instruments		-	-
Employee benefit provisions	29	23 788	27 112
Other provisions	30	42 852	47 859
Other long term equity and liabilities	32	59 651	53 710
<b>Liabilities and long-term provisions - total</b>		<b>527 214</b>	<b>634 777</b>
<b>Short-term liabilities</b>		<b>1 946 718</b>	<b>1 830 407</b>
Bank loans, borrowings	27	651 095	755 622
Bonds		-	-
Lease liabilities	28	53 061	55 788
Trade payables and other liabilities	31	898 623	698 454
Derivative financial instruments		2 915	12 811
Current tax liabilities	13.1	55 748	64 202
Employee benefit provisions	29	37 672	33 189
Other provisions	30	171 483	154 550
Other liabilities and equity	32	35 218	38 264
<b>Short-term liabilities other than liabilities included in groups held for sale, classified as held for sale</b>		<b>1 905 815</b>	<b>1 812 880</b>
<b>Liabilities directly associated with assets classified as discontinued operations</b>	25	<b>40 903</b>	<b>17 527</b>
<b>Total liabilities and provisions</b>		<b>2 473 932</b>	<b>2 465 184</b>
<b>Total equity and liabilities</b>		<b>4 220 636</b>	<b>4 098 778</b>



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## CONSOLIDATED CASH FLOW STATEMENT

	01.01.2021 - 31.12.2021	01.01.2020 - 31.12.2020
<b>Cash flows from operating activities</b>		
<b>Profit before taxation</b>	<b>152 220</b>	<b>336 083</b>
<b>Adjustments for (+/-)</b>	<b>593</b>	<b>(346 965)</b>
Amortisation and depreciation	174 202	195 292
Profit/loss on financial activity (including interest on financial liabilities)	42 107	56 362
Profit / loss on investment activities	(136 518)	(464 130)
Change in receivables	(282 083)	(159 552)
Change in inventories	(57 049)	63 957
Change in liabilities	300 125	(124 053)
Change in employee benefits	1 159	(118)
Movement in provisions	22 974	132 257
Change in assets and liabilities under contracts with customers	-	-
Other items	3 766	4 357
Income tax paid	(68 090)	(51 337)
<b>Net cash from operating activities</b>	<b>152 813</b>	<b>(10 882)</b>
<b>Cash flows from investment activities</b>		
Proceeds from disposal of fixed assets	42 923	42 833
Revenue on sales of subsidiary	239 588	470 400
Proceeds from redemption of bonds by issuers	1 584	25 206
Proceeds from repayment of loans granted	1 152	2 300
Expenses on acquisition of fixed assets	(161 828)	(175 101)
Acquisition of shares and stocks in capital group entities	-	(214 144)
Loans granted	(23 700)	(23 486)
Expenditure on bonds	-	-
Other investment inflows and expenditure	4 904	(14 409)
<b>Net cash from investing activities</b>	<b>104 623</b>	<b>113 599</b>
<b>Cash flows from financial activities</b>		
Incomes on credit and loan facilities	213 646	420 584
Share buy-back expense	-	-
Dividends paid	(3 915)	(27)
Repayment of loans and borrowings	(371 089)	(465 710)
Interest paid on loans, borrowings and leasing	(32 772)	(48 048)
Payment of liabilities under finance lease agreements	(50 235)	(53 404)
Other financial inflows/expenses	21 819	31 270
<b>Net cash from financing activities</b>	<b>(222 546)</b>	<b>(115 335)</b>
<b>Net change in cash and cash equivalents (before impact of foreign exchange rates)</b>	<b>34 890</b>	<b>(12 618)</b>
Translation reserve	(1 760)	2 379
Cash opening balance	185 211	219 641
Cash of units sold/acquired	(30 617)	(24 191)
<b>Net increase/(decrease) in cash and cash equivalents (after impact of foreign exchange rates)</b>	<b>2 513</b>	<b>(34 430)</b>
<b>Cash closing balance</b>	<b>187 724</b>	<b>185 211</b>
<i>Restricted cash</i>	<i>23 593</i>	<i>24 200</i>



**Boryszew Capital Group**  
**Consolidated financial statements**  
**for the period between 1 January and 31 December 2021**

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**Discontinued operations**

<b>Cash flows from discontinued operations</b>	<b>01.01.2021 - 31.12.2021</b>	<b>01.01.2020 - 31.12.2020</b>
<b>Profit (loss) before income tax</b>	<b>3 417</b>	<b>(1 208)</b>
Adjustments	(6 344)	1 028
<b>Net cash flow from operating activity</b>	<b>(2 927)</b>	<b>(180)</b>
<b>Cash flows from investment activities</b>	<b>-</b>	<b>-</b>
Inflows	4 896	183
Outflows	-	-0
<b>Net cash flow from investment activity</b>	<b>4 896</b>	<b>183</b>
<b>Cash flows from financial activities</b>	<b>-</b>	<b>-</b>
Inflows	-	-
Outflows	-	-
<b>Net cash flow from financial activity</b>	<b>-</b>	<b>-</b>
Movement in cash and cash equivalents	1 969	3
<b>Opening balance of cash and cash equivalents</b>	<b>250</b>	<b>247</b>
<b>Closing balance of cash and cash equivalents</b>	<b>2 219</b>	<b>250</b>





**Boryszew Capital Group**  
**Consolidated financial statements for**  
**for the period between 1 January and 31 December 2021**

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## CONSOLIDATED STATEMENT ON CHANGES IN EQUITY

	Share capital	Share premium	Treasury shares	Hedge accounting	Profit/Loss on restatement of employee benefits	Revaluation reserve	Exchange differences on recalculation of overseas controlled entities	Retained earnings	Capital of the controlling entity	Equity of non-controlling interest	Total equity
<b>Balance on 01.01.2021</b>	<b>248 906</b>	<b>114 435</b>	<b>(236 753)</b>	<b>(6 250)</b>	<b>(1 851)</b>	<b>31 792</b>	<b>(56 542)</b>	<b>1 518 803</b>	<b>1 612 540</b>	<b>21 054</b>	<b>1 633 594</b>
Other comprehensive income				13 572	1 329	11 907	15 314		42 122		42 122
Profit/loss for 2021								72 795	72 795	9 360	82 155
<b>Total comprehensive income for 2021</b>				<b>13 572</b>	<b>1 329</b>	<b>11 907</b>	<b>15 314</b>	<b>72 795</b>	<b>114 917</b>	<b>9 360</b>	<b>124 277</b>
Dividend distribution										(3 915)	(3 915)
Change of capital group structure											
Disposal of subsidiary					210		(7 462)		(7 252)		(7 252)
Changes in equity.				13 572	1 539	11 907	7 852	72 795	107 665	5 445	113 110
<b>As at 31.12.2021</b>	<b>248 906</b>	<b>114 435</b>	<b>(236 753)</b>	<b>7 322</b>	<b>(312)</b>	<b>43 699</b>	<b>(48 690)</b>	<b>1 591 598</b>	<b>1 720 205</b>	<b>26 499</b>	<b>1 746 704</b>

	Share capital	Share premium	Treasury shares	Hedge accounting	Profit/Loss on restatement of employee benefits	Revaluation reserve	Exchange differences on recalculation of overseas controlled entities	Retained earnings	Capital of the controlling entity	Equity of non-controlling interest	Total equity
<b>Balance on 01.01.2020</b>	<b>248 906</b>	<b>114 435</b>	<b>(236 753)</b>	<b>14 326</b>	<b>(2 637)</b>	<b>(21 817)</b>	<b>(18 735)</b>	<b>1 248 784</b>	<b>1 346 509</b>	<b>188 548</b>	<b>1 535 057</b>
Other comprehensive income				(32 380)	167	31 792	(37 807)		(38 228)		(38 228)
Profit/loss for 2020								279 106	279 106	2 384	281 490
<b>Total comprehensive income for 2020</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(32 380)</b>	<b>167</b>	<b>31 792</b>	<b>(37 807)</b>	<b>279 106</b>	<b>240 878</b>	<b>2 384</b>	<b>243 262</b>
Dividend distribution									-	(27)	(27)
Change of capital group structure					35			18 075	18 110	(169 024)	(150 914)
Disposal of subsidiary				11 804	584	21 817	-	(27 162)	7 043	(827)	6 216
Changes in equity.	-	-	-	(20 576)	786	53 609	(37 807)	270 019	266 031	(167 494)	98 537
<b>As at 31.12.2020</b>	<b>248 906</b>	<b>114 435</b>	<b>(236 753)</b>	<b>(6 250)</b>	<b>(1 851)</b>	<b>31 792</b>	<b>(56 542)</b>	<b>1 518 803</b>	<b>1 612 540</b>	<b>21 054</b>	<b>1 633 594</b>



## **ADDITIONAL INFORMATION**

**to the consolidated financial statements**  
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### **1. BASIC DATA**

#### **Parent Company - Boryszew Spółka Akcyjna (joint stock company)**

##### **Boryszew Spółka Akcyjna (joint stock company)**

Registered with the National Court Register of the District Court for the capital city of Warsaw in Warsaw, 14th Commercial Division,  
KRS number 0000063824

Statistical registration number (REGON) 750010992

NIP (Tax ID) 837-000-06-34

The company is established for an indefinite period of time.

Address: 00-807 Warszawa; ul. Al. Jerozolimskie 92

State of registration: Poland

Description of the nature and core business: Company's business includes manufacturing, services and trade.

Registered office: Warsaw

Explanation of changes in the entity name or other identifying information: no change

Legal form of the entity: joint stock company

Name of the parent: Boryszew S.A.

Entity name: Boryszew S.A.

Name of the ultimate parent company: Boryszew S.A.

Primary place of business: Warsaw

#### **Classification of the Parent Company on the listing market**

Company's shares are listed on the main market of Warsaw Stock Exchange in the continuous trading system, chemical sector.

Company's business includes manufacturing, services and trade.

#### **SUPERVISORY BOARD OF BORYSZEW S.A.**

On 1 January 2021, the Supervisory Board had the following members:

Mr Wojciech Kowalczyk	– Chairman of the Supervisory Board,
Mr Mirosław Kutnik	– Secretary of the Supervisory Board
Mr Jarosław Antosik	– Member of the Supervisory Board,
Mr Damian Pakulski	– Member of the Supervisory Board,
Ms Małgorzata Waldowska	– Member of the Supervisory Board.

On 10 August 2021, Mr Wojciech Kowalczyk, Chairman of the Supervisory Board of the Company, submitted his resignation from the position on that day.

On the same date the Supervisory Board of the Company appointed Mr Janusz Siemienieć to the Supervisory Board, replacing Mr Wojciech Kowalczyk.

On 7 September 2021, the Supervisory Board elected Ms Małgorzata Waldowska as the Chairperson of the Supervisory Board, Mr Mirosław Kutnik as Vice Chairman and Mr Damian Pakulski as Secretary.

As at the date of publication of the report, the following persons are members of the Supervisory Board:

Ms Małgorzata Waldowska	– Chairperson of the Supervisory Board,
Mr Mirosław Kutnik	– Vice Chairman from the Supervisory Board,
Mr Damian Pakulski	– Secretary of the Supervisory Board,
Mr Jarosław Antosik	– Member of the Supervisory Board,
Mr Janusz Siemienieć	– Member of the Supervisory Board.



**Boryszew Capital Group**  
**Notes**  
**to 2021 consolidated financial statements**

(amounts expressed in PLN '000 unless specified otherwise)

**MANAGEMENT BOARD OF BORYSZEW S.A.**

As at 1 January 2021, the following persons were members of the Management Board of Boryszew S.A.:

Mr Piotr Lisiecki – President of the Management Board, CEO,  
 Mr Andrzej Juszczyński – Vice-President of the Management Board, CFO,  
 Mr Mikołaj Budzanowski – Member of the Management Board

On 3 May 2021 the President of the Management Board of the Company, Mr Piotr Lisiecki, died. Given these circumstances, on 18 May 2021 the Supervisory Board decided to delegate on the same day Mr Wojciech Kowalczyk - Chairman of the Supervisory Board - to temporarily perform the duties of the President of the Company's Management Board for a period of three months.

On 10 August 2021, the Supervisory Board decided to appoint Mr Wojciech Kowalczyk to the Management Board and entrusted him with the function of the President of the Management Board, CEO of the Company.

On 30 September 2021 Mr Andrzej Juszczyński, Vice-President of the Management Board, Chief Financial Officer resigned on the same day.

As at 31 January 2021, the composition of Boryszew S.A. Management Board was as follows:

Mr Wojciech Kowalczyk – President of the Management Board, General Director  
 Mr Mikołaj Budzanowski – Member of the Management Board

From 31 December 2021 to the date of submitting the report for publication, no changes took place in the composition of the Company's Management Board.

**COMPOSITION OF THE CAPITAL GROUP**

**Companies included in the consolidated financial statements**

Company name	Seat	share of the parent in share capital (%)	subsidiary of:	Business segment
<i>Head Offices</i>	Warsaw			Other
<i>Elana Branch</i>	Toruń			Chemical products
<i>Boryszew Energy Branch</i>	Toruń			Other
<i>Maflow Branch</i>	Tychy			Automotive
<i>Boryszew ERG Branch</i>	Sochaczew			Chemical products
<i>Nylonbor Branch</i>	Sochaczew			Chemical products
<i>NPA Skawina Branch</i>	Skawina			Metals
Elimer Sp. z o.o.	Sochaczew	52.44	Boryszew S.A.	Chemical products
Nylonbor Sp. z o.o.	Sochaczew	100.00	Boryszew S.A.	Other
Elana Energetyka Sp. z o.o.	Toruń	100.00	Boryszew S.A.	Other
SPV Boryszew 5 Sp. z o.o.	Warsaw	100.00	Boryszew S.A.	Other
SPV Boryszew 6 Sp. z o.o.	Warsaw	100.00	Boryszew S.A.	Other
SPV Boryszew 8 Sp. z o.o.	Warsaw	100.00	Boryszew S.A.	Other
SPV Boryszew 9 Sp. z o.o.	Warsaw	100.00	Boryszew S.A.	Other
SPV Boryszew 10 Sp. z o.o.	Warsaw	100.00	Boryszew S.A.	Other



**Boryszew Capital Group**  
**Notes**  
**to 2021 consolidated financial statements**

(amounts expressed in PLN '000 unless specified otherwise)

Company name	Seat	share of the parent in share capital (%)	subsidiary of:	Business segment
Maflow Polska Sp. z o.o.	Warsaw	100.00	Boryszew S.A.	Automotive
Maflow BRS s.r.l	Italy	100.00	Boryszew S.A.	Automotive
Maflow Spain Automotive S.L.U	Spain	100.00	Boryszew S.A.	Automotive
Maflow France Automotive S.A.	France	100.00	Boryszew S.A.	Automotive
Maflow do Brasil Ltda	Brazil	100.00	Maflow Polska Sp. z o.o. (21%), Boryszew S.A. (79%)	Automotive
Maflow Components Co. Ltd.	China	100.00	Maflow Polska Sp. z o.o.	Automotive
Maflow India Private Limited	India	100.00	Boryszew S.A.	Automotive
MAFMEX S.DE R.L.DE C. V	Mexico	100.00	Maflow Spain Automotive S.L.U (3.34%), Maflow Polska Sp. z o.o. (96.66%)	Automotive
Boryszew Automotive Mexico S.DE R.L.DE C.V	Mexico	100.00	Maflow Spain Automotive S.L.U (90.00%), Maflow Polska Sp. z o.o. (10.00%)	Automotive
Boryszew Automotive Plastics Sp. z o.o.	Tychy	100.00	Maflow Polska Spółka z o.o.	Automotive
Boryszew Components Poland Sp. z o.o.	Warsaw	100.00	Boryszew Automotive Plastics Sp. z o.o.	Automotive
Boryszew HR Service Sp. z o.o.	Toruń	100.00	Boryszew S.A.	Automotive
Boryszew Commodities Sp. z o.o.	Warsaw	100.00	Boryszew Automotive Plastics Sp. z o.o.	Automotive
ICOS GmbH in liquidation	Germany	100.00	Boryszew Automotive Plastics Sp. z o.o.	Automotive
Theysohn Kunststoff GmbH in liquidation	Germany	100.00	ICOS GmbH in liquidation	Automotive
Theysohn Formenbau GmbH in liquidation	Germany	100.00	ICOS GmbH in liquidation	Automotive
Boryszew Formenbau Deutschland GmbH	Germany	100.00	Boryszew Kunststofftechnik Deutschland GmbH	Automotive
Boryszew Kunststofftechnik Deutschland GmbH	Germany	100.00	Boryszew Automotive Plastics Sp. z o.o.	Automotive
Boryszew Oberflächentechnik GmbH	Germany	100.00	Boryszew Kunststofftechnik Deutschland GmbH	Automotive
Boryszew Deutschland GmbH	Germany	100.00	Boryszew Automotive Plastics Sp. z o.o.	Automotive
AKT Plastikarska Technologie	The Czech Republic	100.00	Boryszew Automotive Plastics Sp. z o.o.	Automotive
Boryszew Plastic RUS Sp. z o.o.	Russia	100.00	Boryszew S.A., Boryszew Kunststofftechnik Deutschland GmbH, Boryszew S.A.	Automotive
Boryszew Tensho Poland Sp. z o.o.	Ostaszewo	93.68	Boryszew S.A. (recognised option to acquire shares up to 100%)	Automotive
Impexmetal Holding Sp. z o.o.	Warsaw	100.00	Boryszew S.A.	Other
SPV Lakme Investment Sp. z o.o.	Warsaw	100.00	Boryszew	Other
Hutmen Sp. z o.o. in liquidation	Wrocław	100.00	Boryszew S.A.	Metals
Walcownia Metali Dziedzice S.A.	Czechowice-Dziedzice	100.00	Hutmen Sp. o.o. in liquidation Boryszew S.A.	Metals
Huta Metali Nieżelaznych Szopienice S.A. – in liquidation	Katowice	61.77	Polski Cynk Sp. z o.o.	discontinued operations
ZM SILESIA S.A.	Katowice	100.00	Boryszew S.A.	Metals
Baterpol S.A.	Katowice	100.00	Polski Cynk Sp. z o.o.	Metals
Alchemia S.A.	Warsaw	100.00	Boryszew S.A. Alchemia S.A. (own shares)	Metals
Huta Bankowa Sp. z o.o.	Dąbrowa Górnicza	100.00	Alchemia S.A.	Metals
Laboratoria Badań Batory	Chorzów	100.00	Alchemia S.A.	Metals



**Boryszew Capital Group**  
**Notes**  
**to 2021 consolidated financial statements**

(amounts expressed in PLN '000 unless specified otherwise)

Company name	Seat	share of the parent in share capital (%)	subsidiary of:	Business segment
Polski Cynk Sp. z o.o.	Katowice	100.00	Boryszew S.A.	Metals
Metalix Ltd w likwidacji	Great Britain	100.00	Boryszew S.A.	Metals
Eastside Capital Investments Sp. z o.o.	Warsaw	100.00	Boryszew S.A.	Other
Symonvit Ltd w likwidacji	Cyprus	100.00	Boryszew S.A.	Metals
Baterpol Recycler Sp. z o.o.	Wrocław	100.00	Polski Cynk Sp. z o.o.	Metals
Metal Zinc Sp. z o.o.	Katowice	100.00	ZM Silesia S.A.	Metals
Eastside BIS Sp. z o.o.	Warsaw	100.00	Eastside Capital Investments Sp. z o.o.	Other
Zakład Utylizacji Odpadów Sp. z o.o.,	Konin	59.97	Boryszew S.A.	Metals

RAPZ Sp. z o.o., in which the parent company holds 42.67% of shares, is valued in these consolidated financial statements using the equity method.

**Companies not included in the consolidated financial statements**

Company name	Seat	share of the parent company in capital (%)	share in votes (%)	Core activity
Elana Ukraina Sp. z o.o.	Ukraine	90	90	dormant company
Brasco Inc	the US	100	100	dormant company
Hutnik Sp. z o.o. – in liquidation,	Konin	94	94	dormant company

For practical reasons they were excluded from the consolidation and the applied simplification is not material to the total consolidated financial statements and the assessment of the financial standing of the Group (pursuant to articles 29 and 30 of Framework for the Preparation and Presentation of Financial Statements).

Apart from the subsidiaries mentioned above, the Issuer held a block of shares in Gränges AB accounting for 1.7% of the company's share capital; the value of the shares at the market price as at 31 December 2021 is PLN 86 433 thousand.

Apart from the above-mentioned subsidiaries, the Issuer holds no other significant capital investments.



**Boryszew Capital Group**  
**Notes**  
**to 2021 consolidated financial statements**

(amounts expressed in PLN '000 unless specified otherwise)

**Details regarding subsidiaries which have a significant impact on minority shares**

Subsidiaries of Boryszew CG, which hold non-controlling interest in 2021 are Zakład Utylizacji Odpadów Sp. z o.o. and Elimer Sp. z o.o.

The data disclosed are amounts before elimination of transactions between the Group's entities and do not include data on discontinued operations in which non-controlling interests amount to PLN 2 344 thousand

As at 31.12.2021	Zakład Utylizacji Odpadów Sp. z o.o., in Konin	Elimer Sp. z o.o.
non-controlling interest in %	40.03%	47.56%
Fixed assets	13 497	99
Current assets	59 630	1 311
Long-term liabilities	8 875	63
Short-term liabilities	5 365	478
Net assets	<b>58 887</b>	<b>869</b>
<b>Net assets attributable to non-controlling interests</b>	<b>23 573</b>	<b>582</b>
Revenues from sales	51 402	3 256
<b>Net profit</b>	<b>23 085</b>	<b>(208)</b>
<b>Comprehensive income attributable to non-controlling interests</b>	<b>9 241</b>	<b>(99)</b>

**a. Changes in the Group structure**

**Hutmen Spółka z o.o.**

**Transformation of Hutmen S.A.**

On 22 March 2021 District Court for Wrocław-Fabryczna in Wrocław, 6th Commercial Division of the National Court Register registered the transformation of Hutmen S.A. into a limited liability company.

On the report publication date the shareholder of the company is Boryszew S.A. with its registered office in Warsaw.

**Opening of liquidation of Hutmen Sp. z o.o.**

On 30 June 2021 the General Meeting of Shareholders of Hutmen Sp. z o.o. passed a resolution to liquidate the company. The liquidation of the company will be a two-stage process. Production and sales of products will be phased out first, with a planned completion date of 31 December 2021. Liquidation through the sale of assets and the completion of the company's affairs leading to its deletion from the National Court Register is planned to take place in 2022.

On 31 January 2022 the Management Board of Boryszew S.A. made a decision on the intention to cancel liquidation of Hutmen Sp. z o.o. in liquidation ("Hutmen") and applied on the same day to the Shareholders Meeting for decision on cancellation of liquidation and further existence of Hutmen.

The above decision was taken in particular because of the ongoing tax proceedings on the correctness of Hutmen's VAT settlements, which make it difficult to complete the liquidation process in a foreseeable time. Boryszew S.A. does not intend to continue the operating activity of Hutmen in production of copper products.

**Sale of shares in Elana - PET Sp. z o.o.**

On 30 August 2021 Boryszew S.A. concluded an agreement with LERG S.A. based in Pustków - Osiedle on sale of 19,364 shares of the nominal value of PLN 500 each, accounting for 100% of the share capital in Elana PET Sp. z o.o. based in Toruń ("Elana PET") for the price of PLN 30.8 million.



**Boryszew Capital Group**  
**Notes**  
**to 2021 consolidated financial statements**

(amounts expressed in PLN '000 unless specified otherwise)

**Settlement of sales of ELANA PET Sp. z o.o. - profit/loss on sales**

<b>Elana Pet Sp. z o.o.</b>	<b>in BCG</b>
Selling price	30 773
Costs associated with the sale of shares	-
<b>Gain on disposal of Elana PET</b>	<b>30 773</b>
Net assets of the divested company	(18 300)
<b>Total net assets</b>	<b>(18 300)</b>
<b>Gain on disposal of Elana PET</b>	<b>12 473</b>
Reclassification of other comprehensive income relating to employee benefit revaluation reserve to profit or loss on disposal of subsidiary	(4)
<b>Adjusted gain on disposal of Elana PET</b>	<b>12 469</b>

**Net assets of Elana PET Sp. z o.o. excluded as at the date of loss of control 30 August 2021**

Total excluded assets	28 324
<i>Total excluded fixed assets</i>	<i>10 525</i>
<i>Total excluded current assets</i>	<i>17 799</i>
Total excluded liabilities	10 024
<i>Total non-current liabilities and provisions excluded</i>	<i>2 892</i>
<i>Total liabilities and short-term provisions excluded</i>	<i>7 132</i>
<b>Net assets of the divested Company</b>	<b>18 300</b>

**Sale of shares in FŁT Polska Sp. z o.o.**

On 29 October 2021 Boryszew S.A. concluded a final sale agreement with XCC (Poland) Investment spółka z ograniczoną odpowiedzialnością based in Warsaw (XCC Poland) (entity controlled by XCC Group and selected for implementation of the transaction concerned as per the authorisation by XCC Group in the preliminary agreement) on the transfer to XCC Poland 1 030 shares of FŁT Polska Sp. z o.o. based in Warsaw ("FŁT") accounting for 100.00% of the share capital of FŁT, carrying 100.00% of votes at the shareholders' meeting together with shares of FŁT in subsidiaries, i.e.: FLT-Wälzlager GmbH, FLT & Metals s.r.l., FLT Bearings Ltd, FLT France SAS, FLT (Wuxi) Trading Co., FLT USA LLC ("FŁT Group") for the price of PLN 80.6 million.

**Settlement of sales FŁT CG - profit/loss on sales**

<b>FŁT Polska Sp. z o.o.</b>	<b>in BCG</b>
Selling price	80 641
Costs associated with the sale of shares	(123)
<b>Gain on disposal of FŁT Polska Sp. z o.o.</b>	<b>80 518</b>
Net assets of divested companies	(87 786)
<b>Total net assets</b>	<b>(87 786)</b>
<b>Gain on disposal of FŁT Polska Sp. z o.o.</b>	<b>(7 268)</b>
Reclassification of other comprehensive income relating to exchange rate differences and employee benefit revaluation reserve to profit or loss on disposal of subsidiary	7 256
<b>Adjusted gain on disposal of FŁT Polska Sp. z o.o.</b>	<b>(12)</b>





**Net assets of FLT Group Companies excluded as at the date of loss of control on 29 October 2021**

Assets before excluding share in subsidiaries of FLT CG	242 966
Share in subsidiaries of FLT Group	8 635
Total excluded assets	234 331
<i>Total excluded fixed assets</i>	<i>23 309</i>
<i>Total excluded current assets</i>	<i>211 022</i>
Total excluded liabilities	146 545
<i>Total non-current liabilities and provisions excluded</i>	<i>7 991</i>
<i>Total liabilities and short-term provisions excluded</i>	<i>138 554</i>
<b>Net assets of disposed FLT Group companies</b>	<b>87 786</b>

**Sale of shares in EW Rywałd Sp. z o.o.**

On 27 April 2021, SPV Impexmetal Sp. z o.o., based in Warsaw and KGAL ESPF 4 Holding S.à r.l. ("Buyer") signed an agreement on the sale of 1 000 shares of a nominal value of PLN 50 each, accounting for 100% of the share capital of EW Rywałd Sp. z o.o. based in Toruń (EW Rywałd) for the price of EUR 11 million (including acquired debt of Euro 1.3 million), of which EUR 9.6 million will be paid on the day of concluding the agreement and the balance will be paid in four instalments payable in line with the progress of construction of the wind farm, which should be completed by the end of 2022. On the date of publication of the report, EUR 1.1 million remained to be paid.

**SPV Impexmetal Spółka z o.o. , Impex-invest Spółka z o.o.**

**Business combination of Boryszew S.A. based in Warsaw and SPV Impexmetal Sp. z o.o. based in Warsaw and Impex - invest Sp. z o.o. based in Warsaw**

On 10 September 2021 the Management Board of Boryszew S.A. resolved to merge Boryszew S.A. based in Warsaw with its subsidiaries SPV Impexmetal Sp. z o.o. based in Warsaw and Impex-invest Sp. z o.o. based in Warsaw (the Acquired Companies).

On 15 December 2021, the District Court for the capital city of Warsaw in Warsaw, 12th Commercial Department of the National Court Register, made an entry in the National Court Register – Register of Enterprises on the merger of Boryszew S.A. based in Warsaw with SPV Impexmetal Sp. z o.o. based in Warsaw and Impex – invest Sp. z o.o. based in Warsaw.

The merger was affected under art. 492 § 1 point 1 of the Commercial Companies Code by transferring all the assets of the above mentioned subsidiaries to Boryszew S.A.

The Acquiring Company is the holding entity operating as Boryszew S.A. based in Warsaw.

The merger was carried in under the provisions of article Art. 492 § 1 item 1) of the Commercial Companies Code, i.e. by transferring to Boryszew S.A. (Acquiring Company) all assets of SPV Impexmetal Sp. z o.o.. (Acquired Company) and Impex-invest Sp. z o.o. by universal succession (merger by acquisition). As a result of the merger Boryszew S.A. - according to CCP Art. 494 § 1 - entered into all rights and obligations of SPV Impexmetal Sp. z o. o. and Impex-invest Sp. z o.o. Given that all shares in the share capital of the Acquired Companies are held by the Acquiring Company, under CCC Article 515 § 1, the merger was carried out without increasing the share capital of the Issuer.

The objective of the merger is to simplify the organisational structure of Boryszew Capital Group. In the Management Board's assessment, further simplification of the structure would improve efficiency of management of Boryszew Group's policy and activities and of the management of resources at the Group's possession. Carrying out internal consolidation of Boryszew Capital Group will result in improved profitability, reduced costs of general management as well as financial costs.

The merger was accounted for according to the share pooling method; the share pooling method could be applied because the merger of companies resulted in no loss of control by their existing shareholders. This method involves summing the corresponding items of assets, liabilities, income and expenses of the merged companies as at the merger date subject to prior unification of measurement methods and appropriate exclusions The value of the share capital of the acquired companies, whose assets were transferred to the acquiring company and which were deleted from the





**Boryszew Capital Group**  
**Notes**  
**to 2021 consolidated financial statements**

(amounts expressed in PLN '000 unless specified otherwise)

register as a result of the merger, is excluded. Following that exclusion, the relevant equity items of the acquiring company are adjusted for the difference between the sum of assets and liabilities of the acquired companies.

The merger had no impact on the consolidated statements.

#### **Acquisition of Alchemia S.A. shares**

In Q2 '2021 Boryszew S.A. acquired from Eastside Bis Sp. z o.o., its subsidiary based in Warsaw, 60 225 000 shares of Alchemia S.A. carrying 60 225 000 votes at the GM, which accounts for 34.72% of share in the share capital and the total number of votes at the GM of Alchemia S.A., for a total of PLN 184.9 million.

Date of transaction	Number of shares
09.11.2021	19 543 974
30.11.2021	13 029 316
01.12.2021	6 970 684
14.12.2021	18 000 000
15.12.2021	2 681 026
<b>Total:</b>	<b>60 225 000</b>

On the date of report preparation, Boryszew S.A. holds 159 450 000 shares of Alchemia S.A. carrying 159 450 000 votes at the GM, which accounts for approximately 91.93% share at the GM of Alchemia S.A.

Boryszew Capital Group holds 173 450 000 shares of Alchemia S.A. carrying 173 450 000 votes at the GM, which accounts for 100% share in the share capital and the total number of votes at the GM of Alchemia S.A.

#### **ICOS Group**

##### **Filing bankruptcy petitions with the courts**

On 12 October 2021 Boryszew S.A. was notified that on the same day the Management Boards of indirect subsidiaries of Boryszew S.A. - ICOS GmbH, THEYSOHN Kunststoff GmbH and THEYSOHN Formenbau GmbH (the "ICOS Group") - had decided to file for declaration of bankruptcy of these companies with relevant competent courts. According to the proposal, the application will seek insolvency under administration in accordance with German insolvency law.

Self-managed insolvency enables targeted and controlled restructuring, reduction of costs of winding down operations of unprofitable areas and satisfying creditors of the ICOS Group at an optimum level, as well as an efficient and transparent conduct of the process towards all stakeholders, which will shorten the time of the process and will have a major impact on maintaining the reputation and image of the Group.

On 13 October 2021 the Management Boards of subsidiaries of Boryszew S.A - ICOS GmbH, THEYSOHN Kunststoff GmbH and THEYSOHN Formenbau GmbH - filed for declaration of bankruptcy of these companies with relevant competent courts.

##### **Ongoing tax proceedings in the Capital Group companies**

Boryszew S.A. and Boryszew Capital Group Companies, as at the date of this report, were not a party to any significant proceedings concerning liabilities or receivables, pending before a court, a competent arbitration authority or a public administration authority.

##### **Tax proceedings in the Capital Group companies**

The Group operates in a sector which, due to its specific nature, is particularly exposed to VAT fraud by dishonest contractors. Group companies are subject to various stages of inspection and audit proceedings on the correctness of VAT settlements. Given the above, the Parent Company has taken steps to recognise the risks that could be estimated and are related to the ongoing proceedings.

##### **Proceedings completed at first instance**

1. On 12 March 2018, ZM SILESIA S.A. received a decision of the Head of the Customs and Tax Office (Office) in Opole dated 28 February 2018, determining the outstanding VAT liability for 2012 in the amount of PLN 28.6 million



plus interest on tax arrears in the amount of PLN 15.5 million. According to the position of the Office, ZM SILESIA S.A. failed to exercise due diligence in verifying the tax reliability of some of its suppliers, who, as it turned out, failed pay the due VAT to the state budget. As a result, ZM SILESIA S.A. should not have reduced its output tax by the input tax shown on invoices issued by dishonest contractors. Due to its different assessment of the facts from that of the inspection bodies, the company appealed against the decision of the Office. On 26 April 2021 the company received the decision of the Head of the Fiscal Administration Chamber in Katowice of 19 April 2021 determining overdue VAT liability of ZM SILESIA S.A. for 2012 in the amount of PLN 28.6 million, plus interest on outstanding tax liability. To secure tax liabilities for 2012, compulsory mortgages were established on part of the Company's land properties.

On 29 April 2021 ZM SILESIA received a notice from the Head of the 2nd Fiscal Office in Katowice on the freezing of ZM SILESIA's bank accounts as a security of claims associated with the execution of the Decision On 7 May 2021, the Company's attorney filed a complaint against the decision of the Head of the Fiscal Administration Chamber in Katowice of 19 April 2021 requesting that the decision be revoked in its entirety, claiming that the tax liabilities for the period between January and November 2012 had become time-barred and requesting that the Court suspend the execution of the decision appealed against. On 6 August 2021 the Company received a decision of the Provincial Administrative Court in Gliwice of 26 July 2021 on suspending the execution of the decision of the Head of the Fiscal Administration Chamber on determining VAT liability for 2012. On 8 September 2021, the Provincial Administrative Court in Gliwice notified on the scheduled hearing in the case on the complaint of ZM SILESIA SA against the decision of the Head of the Fiscal Administration Chamber in Katowice of 19 April 2021. On 27 October 2021 the Provincial Administrative Court in Gliwice (Provincial Administrative Court) issued a judgment revoking in its entirety the decision of the Head of the Fiscal Administration Chamber in Katowice of 19 April 2021 on the tax on goods and services for the period between January and December 2012. The reason why the Provincial Administrative Court revoked the decision challenged by ZM SILESIA was, primarily, the deficiencies of the tax authority involving the lack of a proper justification of the circumstances and legal grounds for a possible suspension of the statute of limitations for tax liabilities for 2012. Given the crucial importance of the issue of the statute of limitations for the possibility and admissibility of proceedings concerning the assessment of tax liabilities, the Provincial Administrative Court found that the examination and resolution of the remaining disputed issues was premature.

The judgment is not final. The parties have the right to file a cassation complaint with the Supreme Administrative Court. Until the judgment of the Provincial Administrative Court becomes final, the repealed tax decision will not be enforceable.

On 28 March 2022 ZM SILESIA S.A. received a decision of 25 March 2022 from the Director of the Fiscal Administration Chamber in Katowice, which revoked in its entirety the decision of the Head of the Customs and Tax Office in Opole of 28 February 2018 determining the outstanding VAT liability for relevant months of 2012 and referred the case for reconsideration by this body.

The Head of the Fiscal Administration Chamber in Katowice, being bound by the assessments and recommendations of the Provincial Administrative Court in Gliwice in the final judgment of 27 October 2021 (case file I SA/GI 791/21), pointed out that it was necessary to re-examine and justify the position of the first instance authority with respect to the tax liability statute of limitations and the circumstances which could possibly extend the statute of limitations, as the previous position of the first instance authority in this respect turned out to be incorrect or incomplete.

2. On 24 September 2020 ZM SILESIA S.A. received the decision of the Head of the Małopolska Customs and Tax Office determining the overdue VAT tax liability for 2013 and 2014 in the amount of PLN 97.3 million plus interest on outstanding tax liability. According to the position of the Office, ZM SILESIA S.A. failed to exercise due diligence in verifying the tax reliability of some of its suppliers, who, as it turned out, failed pay the due VAT to the state budget. As a result, ZM SILESIA S.A. should not have reduced its output tax by the input tax shown on invoices issued by dishonest contractors. Due to its different assessment of the facts from that of the inspection bodies, the company appealed against the decision of the Office.

On 8 October 2020, the Company filed an appeal against this decision with the Head of the Fiscal Administration Chamber in Katowice. On 25 November 2021 the Company received a decision of the Head of the Fiscal Administration Chamber in Katowice upholding the decision of the authority of first instance. This decision is final. Given the different assessment of the facts, ZM SILESIA lodged a complaint with the Provincial Administrative Court against the above decision.

On 13 December 2021 ZM SILESIA received executive titles from the Head of the Tax Office in Katowice concerning the enforcement of outstanding tax liabilities resulting from the above decision. At the same time ZM SILESIA was notified of the freeze bank accounts as a collateral for claims in the execution of the decision.



On 23 December 2021, ZM SILESIA filed objections to the enforcement proceedings concerning all enforcement titles. The filing of the charges suspended the enforcement proceedings ex officio. At the same time ZM SILESIA received information that the freeze of bank accounts has been released.

On 10 February 2022, ZM SILESIA received the decision of the Provincial Administrative Court in Gliwice (Provincial Administrative Court) of 31 January 2022, according to which the Provincial Administrative Court decided to suspend the execution of the decision of the Director of the Fiscal Administration Chamber in Katowice of 17 November 2021 on VAT for the period from January 2013 to December 2014. The Provincial Administrative Court held that ZM SILESIA had convincingly substantiated that, in the case of tax liabilities for 2013 - 2014, no prerequisites existed justifying the suspension of the execution of the appealed decision of the tax authority based on Art. 61 § 3 and 5 of the Act of 30 August 2002 - Law on proceedings before administrative courts. The decision of the Provincial Administrative Court may be appealed.

On 1 April 2022 ZM SILESIA S.A. received information from the Provincial Administrative Court on the hearing planned on 27 April 2022 to consider the complaint against the decision of the Director of the Fiscal Administration Chamber in Katowice.

3. On 14 February 2018 Hutmen Sp. z o. o. in liquidation filed a cassation complaint against the judgment of the Provincial Administrative Court in Warsaw dismissing the company's complaint against the decision of the Director of the Tax Chamber in Warsaw concerning VAT settlement for November 2012. The subject of the dispute is the amount of PLN 548 thousand, which the Company paid and recognised in the result for 2018. On 08 March 2022, a hearing was held before the Supreme Administrative Court, which returned the case to the Provincial Administrative Court for re-examination.
4. On 3 April 2019, Hutmen Sp. z o. o. in liquidation received the decision issued on 26 March 2019 by the Head of the Lower Silesian Tax and Customs Office (Office), which sets out company's VAT arrears for Q4 '2014 at PLN 3.04 million plus interest on tax arrears. As claimed by the Office, Hutmen Sp. z o. o. in liquidation failed to observe due diligence in verifying the tax reliability of some of its contractors, and consequently had no right to apply the VAT rate of 0% for the intra-Community supply of goods. Due to its different assessment of the facts from that of the inspection bodies, Hutmen Sp. z o. o. in liquidation appealed against the decision of the office. The appeal was recognised and the case was referred back to the Director of the Tax Administration Chamber in Wrocław for further consideration. On 16 November 2020, the company received a decision of the Head of the Lower Silesian Customs and Tax Office in Wrocław, determining again the outstanding VAT liability for Q4 '2014 in the amount of PLN 3.04 million plus interest on tax arrears. On 29 June 2021, the Director of the Fiscal Administration Chamber in Wrocław repealed the decision of the 1st Instance Body in its entirety and referred the case for re-examination. On 16 November 2021, the Fiscal Administration Chamber issued a decision securing the amount of the tax liability. On 2 December 2021, a security deposit was placed in the Office's account. On 20 December 2021, the company again received a decision on the validity of the tax liability. On 3 January 2022, the company filed an appeal against the aforementioned decision.
5. On 10 September 2018 Hutmen Sp. z o. o. in liquidation (Hutmen) received a decision of the Tax Administration Chamber (Office) in Wrocław of 4 September 2018 determining the outstanding VAT liability of Hutmen for October and December 2012 in the amount of PLN 1.14 million plus interest on outstanding tax liabilities. As claimed by the Office, Hutmen failed to observe due diligence in verifying the tax reliability of some of its contractors, and as a consequence did not have the right to deduct input VAT. The claim amount was paid in September 2018 and recognised in the company's 2018 results. Due to its different assessment of the facts from that of the inspection bodies, the company appealed against the decision of the Office to the Provincial Administrative Court in Wrocław. On 13 March 2019 the Provincial Court ruled in favour of Hutmen, the judgment is final. On 3 September 2019 the Director of the Fiscal Administration Chamber in Wrocław repealed fully the decision of the 1st Instance Body in its entirety and referred the case for re-examination by that Body.  
On 11 December 2019 Hutmen received a refund of the entire amount of the tax in question together with interest. On 12 April 2021, the company received the decision issued on 8 April 2021 by the Head of Mazowiecki Tax and Customs Office, which again sets out company's outstanding VAT for October and December of 2012 at PLN 1.14 million plus interest on overdue tax liability. The decision is not final and is not enforceable. Hutmen appealed against the decision of the Tax Chamber. On 7 October 2021 the company received a decision of the Director of the Fiscal Administration Chamber in Wrocław repealing the appealed decision and transferring the case for reconsideration.
6. On 16 December 2020, Hutmen Sp. z o.o. in liquidation ("Hutmen") received a decision of the Head of the Małopolska Customs and Fiscal Office in Kraków ("Office") determining the outstanding VAT liability of company in the first half of 2015 in the amount of PLN 7.8 million plus interest on outstanding tax liability. As claimed by the Office, the company failed to observe due diligence in verifying the tax reliability of some of its contractors, and



consequently had no right to apply the VAT rate of 0% for the intra-Community supply of goods. Due to its different assessment of the facts from that of the inspection body, Hutmen Sp. z o. o. in liquidation appealed with the Tax Chamber against the decision of the office. The Director of the Fiscal Administration Chamber in Wrocław repealed the decision of the 1st Instance Body in its entirety and referred the case for re-examination. On 14 October 2021, Hutmen received a decision of the Head of the Małopolska Customs and Fiscal Office in Kraków ("Decision") on the correctness of VAT settlements of Hutmen for the period January 2015 - June 2015 in the total amount of PLN 11.7. On 22 October 2021 a security deposit in the amount of PLN 11 723 thousand was established on the account of the Fiscal Office following the decision of 14 October 2021 on Hutmen's assets the state budget liabilities associated with pending customs and fiscal proceedings. On 23 December 2021, the Head of the Małopolska Customs and Fiscal Office in Kraków again issued a decision on the validity of the tax liability, which was appealed by the company.

7. On 19 April 2022, ZM SILESIA S.A. received a decision from the Head of the Małopolska Customs and Fiscal Office (Office) in Kraków of 6 April 2022 determining the outstanding VAT liability of ZM SILESIA S.A. (ZM SILESIA) for the first half of 2015 in the amount of PLN 34.9 million, plus interest due for outstanding tax liability. As argued by the Office, ZM SILESIA should not have reduced its output tax by the input tax shown on invoices issued by some contractors who were alleged to have been involved in a chain of transactions with the aim of effecting tax evasion. At the same time, the Office stated that ZM SILESIA had not acted with the so-called 'good faith', which would nevertheless help them maintain the right to deduct input tax despite the occurrence of tax irregularities at earlier stages of the disputed supplies.

The decision in question is non-final and not enforceable. Given the different assessment of the above circumstances, the Company will use the available appeal means to challenge the above decision of the Office.

#### **Other significant pending VAT proceedings in the Capital Group companies**

Apart from the inspection proceedings described above, the Capital Group companies are subject to audit proceedings which are at an initial stage (pending decisions). These proceedings may result in a negative stance of the authorities towards the Company, however this risk is difficult to estimate.

Litigations underway:

1. Baterpol S.A. received a VAT audit protocol - audited period: July 2013 - December 2015. Based on that protocol, the Company estimated the risk of questioning the deductible VAT to be PLN 3.2 million plus interest as at 31 December 2021 of PLN 1.8 million. The audit was conducted by the First Silesian Tax Office in Sosnowiec. Following the aforementioned tax inspection, on 20 March 2019, the Head of the First Tax Office in Sosnowiec initiated VAT proceedings for the period December 2013 to December 2015. By the date of this report, the Company has not received a decision of the first instance authority concerning the aforementioned tax proceedings. The case is expected to close on 30 June 2022.
2. On 12 March 2019 the Head of the Lower Silesian Tax Office in Wrocław sent Baterpol Recycler Sp. z o.o. a notice of initiation of an investigation by the Regional Prosecutor's Office in Katowice, on 1 April 2016, into a tax offence suspending the period of limitation of company's tax liabilities for the period between January 2014 and June 2015.
3. Boryszew S.A. - on 12 April 2021 the Company received a notification from the Head of Mazovian Tax and Customs Office in Warsaw on the initiation of VAT settlements audit for the period December 2015 - March 2016. By the date of publication of the financial statements, the company has not received the audit protocol.

#### **Other important proceedings in companies of Boryszew S.A. Capital Group**

1. On 22 October 2020 the President of the Office of Competition and Consumer Protection initiated proceedings against Boryszew S.A. due to the company's excessive delays in meeting its cash obligations in the period June-August 2020. By the date of publication of the financial statements, the company has not received the audit protocol. The anticipated completion date of the proceedings is 22 June 2022.
2. Maflow BRS s.l.r. (Italy) is currently audited and the audit covers the tax for 2017. The audit was initiated in 2021. Expected completion of the audit is July 2022.



Due to the fact that there is a risk of instituting new controls that might potentially result in issuing decisions determining tax liabilities of these companies, the Management Board of the Parent Company analysed documentation relevant for the ongoing procedures and estimated risks by classifying them according to the likelihood of emergence:

- a. **probable risk** (high risk) - a high probability of negative tax consequences (negative consequences are more probable to occur than not),
- b. **risk possible** (medium risk) - risk of negative tax consequences, however, their occurrence or not is not equally probable,
- c. **potential risk** (low risk) - some risk of negative tax consequences, but this risk is less probable than probable.

The Group recognised provisions for tax risks following pending proceedings, taking into consideration the probability of an unfavourable outcome of the proceedings.

As estimated by the Management Board, the amount of this provision was recognised up to the possible outflow of resources from the Group, with the maximum being the net value of assets of the subsidiary and sureties granted to it. In the case of an unfavourable scenario of the pending court proceedings in tax matters, as described above, the Subsidiary will likely go bankrupt, and then the outflow of resources from the Group will be up to the value of Subsidiary's net assets lost as a result of bankruptcy and the equivalent of the sureties granted to the Subsidiary.

The balance of provisions in the consolidated financial statement of Boryszew S.A. amounts to PLN 150 668 thousand (high risk). In addition, the Parent Company increased its contingent liabilities to PLN 78 304 thousand (medium or low risk).

The Management Board of Boryszew S.A. estimated the provisions considering the probability of cash outflow from the Group and chose leave such provisions out in cases where the probability of cash outflow is low.

The Management Board of Boryszew S.A. cannot exclude that in the event of new circumstances, the estimation of risks described above may change.

## 2. PLATFORM OF APPLIED IFRS

### CHANGES IN ACCOUNTING PRINCIPLES

#### PLATFORM OF APPLIED IFRS

##### The effect of application of new accounting standards and changes in accounting policy

Accounting principles (policy) of applied when drafting these mid-year consolidated financial statements for the fiscal year ended on 31 December 2021 are consistent with those applied when drafting annual consolidated financial statements for the financial year ended on 31 December 2020, except for changes described below.

The same principles were applied to the current period and the comparable period.

##### ▪ Changes resulting from changes in IFRS

The following new or amended standards and interpretations issued by the International Accounting Standards Board (IASB) or the International Financial Reporting Interpretations Committee have been in force since the beginning of the financial year.

##### Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 *Interest Rate Benchmark Reform - Phase 2*

The amendments to these standards were published on 27 August 2020 and are complementary to phase 1 of reporting changes resulting from the September 2019 interbank reference rate reform. The amendments are effective for annual periods beginning on or after 1 January 2021. Changes in phase 2 focus on the impact on the valuation, for instance of financial instruments, lease liabilities, of the replacement of existing reference rate by a new rate resulting from the reform.

The Group has applied the revised standards as of 1 January 2021.

In addition, as of 1 January 2021, following adoption by the European Commission in October 2020, the Group applies the Amendment to IFRS 16 Leases: COVID-19 related rent concessions. The amendment was published on 28 May 2020 and applies to annual periods beginning on or after 1 June 2020, with earlier application possible. The amendment





**Boryszew Capital Group**  
**Notes**  
**to 2021 consolidated financial statements**

(amounts expressed in PLN '000 unless specified otherwise)

introduces a simplification in IFRS 16 whereby lease modifications may not be recognised when changes occurred (through 30 June 2021) in payments, if related to the Covid-19 pandemic or other concessions were provided to lessees that change the original financial terms of leases due to the pandemic.

Amendments to IFRS 16 associated with Covid-19 relief had no material impact on the recognition of existing Leases.

1 January 2021 is also the effective date of an amendment to IFRS 4 published on 25 June 2020 - in terms of extending the period of exemption of insurers from the application of IFRS 9 *Financial Instruments* until 1 January 2023 in line with the extended effective date of IFRS 17 *Insurance Contracts*.

The Group is not involved in insurance activity, the new standard will not affect future consolidated financial statements.

The implementation of the standards had no material impact on these consolidated financial statements. The Group decided to implement the standards on a prospective basis.

▪ **Changes introduced independently by the Group**

Following Art. 4(7) of Directive 2004/109/EC, Issuers in the European Union, as of 1 January 2020, are required to prepare annual reports in a single reporting format (ESEF - European single electronic format). Under Art. 10(1)(1h) of the NCR Act, all annual reports, beginning with the 2020 reports, are to be filed in XHTML format for opening and viewing in a standard web browser. IFRS consolidated statements are to be tagged using XBRL, based on a taxonomy developed and updated by ESMA using the Inline XBRL standard. Due to the economic situation following the Covid-19 pandemic, the effective date has been delayed by one year and is as of 1 January 2021 and applies to 2021 reports, respectively.

As a result of these requirements, the Group introduced presentational changes to the statement of profit or loss and other comprehensive income, statement of financial position and statement of cash flows to aggregate and/or disaggregate items in a manner consistent with the structure shown in the ESMA taxonomy effective 2021.

The Group adjusted the presentation of comparative data as at 31 December 2020 and for the fiscal year ended 31 December 2020 due to the requirement to report in accordance with the ESEF format.

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION - restated data**

	01.01.2020 - 31.12.2020	01.01.2020 - 31.12.2020
	<i>Restated data</i>	<i>Published data</i>
<b>Continuing operations</b>		
Revenues from sales	5 554 579	5 554 579
Prime cost of sale	5 042 282	5 042 282
<b>Gross profit on sales</b>	<b>512 297</b>	<b>512 297</b>
Selling costs	145 605	145 605
Administrative expenses	298 050	298 050
Other operating revenue	176 809	176 809
Other operating expenses	241 380	186 243
Profit/loss on impairment of trade and other receivables	-	(5 119)
<b>Operating income</b>	<b>4 071</b>	<b>54 089</b>
Financial revenues	42 504	42 504
Financial expenses	86 403	82 947
Profit on sales of subsidiary	376 012	376 012
Profit/loss on impairment of financial assets	-	(3 456)
<b>Financial profit/loss</b>	<b>332 113</b>	<b>332 113</b>
Impairment write-off on assets	-	(50 018)
Share in profit of affiliates	(101)	(101)
<b>Profit before taxation</b>	<b>336 083</b>	<b>336 083</b>
Income tax	53 385	53 385



**Boryszew Capital Group**  
**Notes**  
**to 2021 consolidated financial statements**

(amounts expressed in PLN '000 unless specified otherwise)

<b>Net profit on continuing operations</b>	<b>282 698</b>	<b>282 698</b>
<b>Net profit/loss on discontinued operations</b>	<b>(1 208)</b>	<b>(1 208)</b>
<b>Net profit on continuing and discontinued operations</b>	<b>281 490</b>	<b>281 490</b>
<b>including attributable to:</b>		
<i>shareholders of the parent</i>	<i>279 106</i>	<i>279 106</i>
<i>non-controlling interests</i>	<i>2 384</i>	<i>2 384</i>

	<b>01.01.2020 - 31.12.2020</b>	<b>01.01.2020 - 31.12.2020</b>
<b>Net profit</b>	<b>281 490</b>	<b>281 490</b>
<b>Earnings recognised in equity</b>	<i>Restated data</i>	<i>Published data</i>
Earnings recognised in equity, to be transferred to income statement (before tax)	<b>(77 782)</b>	
Earnings recognised in equity, to be transferred to income statement		<b>(70 187)</b>
Hedge accounting	(39 975)	(39 975)
Measurement of financial assets recognised in income statement		-
<i>Exchange differences on translating foreign operations</i>	(37 807)	(37 807)
<i>Income tax expense (-provision/+asset)</i>		7 595
<b>Income tax expense (-provision/+asset)</b>	<b>7 595</b>	
Earnings recognised in equity, not to be transferred to income statement (before tax)	<b>39 455</b>	
Earnings recognised in equity, not to be transferred to income statement		<b>31 959</b>
Gains/losses on valuation of equity instruments	39 249	39 249
Gains/losses on disposal of equity instruments		
Employee benefit capital reserve	206	206
<i>Income tax expense (-provision/+asset)</i>	(7 496)	(7 496)
<b>Total earnings recognised in equity</b>	<b>(38 228)</b>	<b>(38 228)</b>
<i>shareholders of the parent</i>	(38 228)	(38 228)
<i>non-controlling interests</i>	-	-
<b>Total comprehensive income, including attributable:</b>	<b>243 262</b>	<b>243 262</b>
<i>shareholders of the parent</i>	240 878	240 878
<i>non-controlling interests</i>	2 384	2 384



**Boryszew Capital Group**  
**Notes**  
**to 2021 consolidated financial statements**

(amounts expressed in PLN '000 unless specified otherwise)

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION - restated data**

<b>ASSETS</b>	<b>As at 31.12.2020</b>	<b>As at 31.12.2020</b>
	<i>Restated data</i>	<i>Published data</i>
<b>Non-current assets</b>		
Non-current assets	1 303 109	1 303 109
Investment property	152 079	152 079
Goodwill	6 418	6 418
Intangible assets	48 102	48 102
Right-of-use assets	317 929	317 929
Shares in affiliates	210	210
Financial assets	1 036	1 036
Long-term receivables	31 012	3 387
Deferred tax assets	26 580	26 580
Other assets	-	27 625
<b>Total fixed assets</b>	<b>1 886 475</b>	<b>1 886 475</b>
<b>Current assets</b>		
Inventory	980 958	980 958
Trade receivables and other receivables	783 116	731 083
Short-term financial assets	249 458	249 458
Derivative financial instruments	4 250	4 250
Current tax assets	8 306	8 306
Other assets	-	52 033
Cash and cash equivalents	185 211	185 211
<b>Total current assets</b>	<b>2 211 299</b>	<b>2 211 299</b>
<b>Assets classified as held for sale</b>	<b>1 004</b>	<b>1 004</b>
<b>Total assets</b>	<b>4 098 778</b>	<b>4 098 778</b>





**Boryszew Capital Group**  
**Notes**  
**to 2021 consolidated financial statements**

(amounts expressed in PLN '000 unless specified otherwise)

<b>LIABILITIES AND EQUITY</b>	<b>As at 31.12.2020</b>	<b>As at 31.12.2020</b>
	<i>Restated data</i>	<i>Published data</i>
Share capital	248 906	248 906
Share premium	114 435	114 435
Own shares	(236 753)	(236 753)
Hedge accounting capital	(6 250)	(6 250)
Capital reserve on translating employee payables	(1 851)	(1 851)
Revaluation reserve	31 792	31 792
Exchange differences on translating foreign entities	(56 542)	(56 542)
Retained earnings	1 518 803	1 518 803
<b>Total equity</b>	<b>1 612 540</b>	<b>1 612 540</b>
<b>Equity of non-controlling shareholders</b>	<b>21 054</b>	<b>21 054</b>
<b>Total equity</b>	<b>1 633 594</b>	<b>1 633 594</b>
<b>Liabilities and long-term provisions</b>		
Bank credits, loans, bonds	168 209	168 209
Lease liabilities	254 045	83 044
Liabilities associated with right-of-use assets	-	114 175
Payables on perpetual usufruct of investment land	-	56 826
Deferred tax provision	83 842	83 842
Employee benefit provisions	27 112	27 112
Other provisions	47 859	47 859
Other long term equity and liabilities	53 710	53 710
<b>Liabilities and long-term provisions - total</b>	<b>634 777</b>	<b>634 777</b>
<b>Short-term liabilities</b>		
Bank credits, loans, bonds	755 622	755 622
Lease liabilities	55 788	50 440
Liabilities associated with right-of-use assets	-	5 107
Payables on perpetual usufruct of investment land	-	241
Trade payables and other liabilities	698 454	698 454
Derivative financial instruments	12 811	12 811
Current tax liabilities	64 202	64 202
Employee benefit provisions	33 189	33 189
Other provisions	154 550	154 550
Other liabilities and equity	38 264	38 264
<b>Liabilities and short-term provisions - total</b>	<b>1 812 880</b>	<b>1 812 880</b>
<b>Liabilities directly associated with assets classified as discontinued operations</b>	<b>17 527</b>	<b>17 527</b>
<b>Total liabilities and provisions</b>	<b>2 465 184</b>	<b>2 465 184</b>
<b>Total equity and liabilities</b>	<b>4 098 778</b>	<b>4 098 778</b>



▪ **Non-compulsory standards (New standards and interpretations)**

The Group did not chose to early implement, in these consolidated annual financial statements, published standards or interpretations before their effective date.

The following standards and interpretations have been issued by the International Accounting Standards Committee or the International Financial Reporting Interpretations Committee, but have not yet come into effect as at the balance sheet day:

• **IFRS 17 Insurance Contracts**

The new standard was published on 18 May 2017 then amended on 25 June 2020 and applies to annual periods beginning on or after 1 January 2023. Earlier application is permitted (but subject to simultaneous application of IFRS 9 and IFRS 15). The standard supersedes the existing regulations concerning insurance contracts (IFRS 4). IFRS 4 was also amended on 25 June 2020 - in terms of extending the exemption for insurers from the application of IFRS 9 *Financial Instruments* until 1 January 2023.

The Group will apply the new standards as of 1 January 2023. As of the date of drafting of these financial statements, it is not possible to reliably estimate the impact of application of the new standard.

• **Amendments to IFRS 3, IAS 16, IAS 37 and annual improvements to standards 2018-2020**

The amendments to these standards were published on 14 May 2020 and apply to annual periods beginning on or after 1 January 2022. The changes include introduction of a prohibition to reduce the cost of fixed assets by revenues from the sale of test products generated in the process of creating/commissioning a fixed asset and clarification of costs an entity considers when assessing whether a contract will result in a loss.

The Group will apply the amended standards as of 1 January 2022. On the date of drafting of these financial statements the Group is in the process of assessing the impact of the amendment on the consolidated financial statements and as at 31 December 2021 it is not possible to reliably estimate the impact of application of the amended standard.

• **Amendments to IAS 1 - *Disclosure of Accounting Policies* and IAS 8 - *Definition of Accounting Estimates***

Amendments to these standards were published on 12 February 2021 and apply to annual periods beginning on or after 1 January 2023. The purpose of these amendments is to place greater importance on the disclosure of significant accounting policies and to clarify the nature of differences between changes in accounting estimates and changes in accounting policies.

The above amendments to IAS 1 will be applied by the Group as of 1 January 2023. On the date of drafting of these financial statements, it is not possible to reliably estimate the impact of application of the amended standard.

• **Amendment to IFRS 16 *Leases - COVID-19-related rent concessions granted after 30 June 2021.***

The amendment to IFRS 16 was published on 31 March 2021 and applies to annual periods beginning on or after 1 April 2021. The purpose of the amendment to the standard is solely to extend by one year (to 30 June 2022) the period during which COVID-19-related rent concessions require no amendments to lease agreements. This amendment is closely associated with the already effective amendment to IFRS 16 published in May 2020.

This amendment, like the current amendment, is not expected to have a material impact on future consolidated financial statements.

IFRS, as approved by the EU, do not differ significantly from the regulations adopted by the International Accounting Standards Board (IASB), except for the following standards, interpretations and amendments to these standards and interpretations, that were not yet effective in EU states as at the date of publication of these financial statements:

• **Amendment to IAS 1 *Presentation of Financial Statements: Classification of liabilities as short- and long-term liabilities***

The amendment to IAS 1 was published on 23 January 2020, the effective date was subsequently modified in July 2020 and it applies to annual periods beginning on or after 1 January 2023.

The amendment redefines the criteria for current liabilities. The change may affect the presentation of liabilities and their reclassification between current and non-current liabilities.



- Amendment to IAS 12 *Income Taxes: Deferred tax related to assets and liabilities arising from a single transaction*

The amendment to IAS 12 was published on 7 May 2021 and applies to annual periods beginning on or after 1 April 2023. The amendments clarify that the exemption regarding initial recognition of deferred tax does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise at the time of initial recognition and entities are required to recognise deferred tax on such transactions, thereby clarifying the doubt as to whether the exemption applies to transactions such as leases and liabilities due to decommissioning

- Amendment to IFRS 17 *Insurance Contracts: First-time adoption of IFRS 17 and IFRS 9 - comparative information*.

The amendment to IFRS 17 was published on 9 December 2021 and applies to annual periods beginning on or after 1 April 2023. The amendment includes a transition option for comparative information on financial assets presented on initial application of IFRS 17. The change is intended to help entities avoid temporary accounting mismatches between financial assets and insurance contract liabilities.

### 3. ACCOUNTING PRINCIPLES APPLIED

Information included in this Report was prepared in accordance with the Ordinance of the Minister of Finance of 29 March 2018 on current and periodic information published by issuers of securities and conditions for recognising as equivalent the information required by the laws of a non-member state (Journal of Laws 2018.757 of 20.04.2018) and the International Accounting Standards as approved by the European Union (EU).

The adopted accounting principles conform with the International Financial Reporting Standards within the scope of regulation (EC) no. 1606/2002 of the European Parliament and of the Council of 19 July 2002 concerning application of the International Financial Reporting Standards with subsequent amendments.

The statements were prepared on a going concern basis. The Management Board confirms that no threat exists to the continuity of Group's operations, except for the spin-off planned to be discontinued. The covid19-related effects of the pandemic described in note 39 do not currently threaten the continuation of operations.

The consolidated financial statements are based on historical cost concept, except for revaluation of some fixed assets and financial instruments

The consolidated financial statements include: consolidated income statement by function, consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of changes in equity and consolidated statement of cash flows.

Cash flows from operating activities are determined using the indirect method, cash flows from financing and investing activities - using the direct method.

Most significant accounting principles applied by the Group are presented below.

The functional currency of the Capital Group and the presentation currency of these financial statements is PLN.

The adopted accounting principles conform with the International Financial Reporting Standards within the scope of regulation (EC) no. 1606/2002 of the European Parliament and of the Council of 19 July 2002 concerning application of the International Financial Reporting Standards with subsequent amendments.

The statements were prepared on a going concern basis. The Management Board confirms that no threat exists to the continuity of Group's operations, except for the spin-off planned to be discontinued.

#### Consolidation principles

The consolidated financial statements include the financial statements of the Company and the entities controlled by the Company. The control is executed, if the Group is able to direct the financial and operating policy of the entity in order to derive the economic benefits from its business activity.

Income and costs of the subsidiaries acquired or disposed during the year are recognized in the consolidated comprehensive income from the date of actual acquisition and to the date of effective disposal. The comprehensive income of the subsidiaries are attributed to the Company's owners and NCIs, event of such attribution results in the negative balance of NCIs.

If necessary, the financial statements of subsidiaries are adjusted in order to adjust their accounting policy to the Group's policy,.



All intra-group transactions, mutual balances and income and costs of the intra-group transactions are totally excluded from consolidation.

As of the day of subsidiary acquisition, the assets as well as equity and liabilities of the acquired entity are measured at their fair value. The surplus of the purchase price over the fair value of identifiable acquired net assets of the relevant unit is disclosed in balance sheet assets as goodwill. If the purchase price is lower than the fair value of identifiable acquired net assets of the relevant unit, the difference is disclosed as profit in the income statement for the period during which the purchase took place. The share of NCIs is recognized at the appropriate proportion of the fair value and equity.

Income statement by function was applied in the preparation of the consolidated financial statements.  
Cash flow statement is prepared using the indirect method

## **Principles and methods of valuating assets and liabilities**

### **Model based on purchase price or production cost plus revaluation**

The balance sheet value of an asset item is written down to the recoverable value only, if the retrievable value is lower than its balance sheet value. The above reduction is recognised as impairment write-off. This write-off is recognized immediately recognized in the income statement, unless such asset is recognized at revalued amount. Any impairment write-offs for restated asset item are considered as reduction of revaluation reserve.

### **Revaluation model**

Upon initial recognition of the asset at cost, which fair value can be reliably estimated, such asset shall be carried at a revalued amount, being its fair value at the date of the revaluation less any subsequent accumulated amortisation and any subsequent accumulated impairment losses.

### **Fair value**

Fair value is the price that would be received for the disposal of an asset or transfer of a liability in a transaction conducted under normal conditions in the primary (or most favourable) market at the date of valuation in current market conditions (that is the exit price) regardless of whether that price is directly observable or estimated using another valuation technique.

### **Purchase price or production cost of an asset item**

Purchase cost or cost of manufacturing is the amount of cash or cash equivalents paid or the fair value of other consideration given to acquire an asset at the time of its acquisition or construction. The purchase price covers the amount payable to the seller, without deductible: VAT and excise duty tax, and in case of import - increased by relevant charges and costs directly associated with the purchase and adaptation of the asset item to a condition suitable for use or introduction into trade, along with the costs of transport, loading, unloading, storage or introduction into trade, and decreased by discounts, allowances and other similar decreases or recoveries.

### **Tangible assets**

After the initial recognition at purchase price or production cost, the components of tangible fixed assets are measured by a valuation model based on purchase price or production cost and the revaluation for impairment loss. Tangible fixed assets, which value has been determined as at the day of transition to IFRS, i.e. 01.01.2004 by fair value, after this date will be measured by the valuation model based on purchase price or production cost and the revaluation for impairment loss.

Tangible fixed assets, which are owned or jointly owned by the Company, purchased or produced in-house, under a finance lease and usable on the day of commissioning, with an expected use period longer than one year, used by the company for the purposes associated with business activity or let to use based on rental, tenancy or lease agreement, are subject to amortisation. The value, which is either a purchase price or cost of production of specific assets, reduced by the final value of this asset, should be amortised. The final value of an asset item is the amount, which according to the forecast the Group could currently obtain taking into consideration the age and state at the end of its life (after deducting the estimated selling costs). Amortisation begins in the month in which the asset is available for use. Amortisation of fixed assets is made on the basis of planned, systematic spread of the depreciable value over estimated life of the specific asset item. Amortisation ends in the month, in which the asset was classified as held for sale (in accordance with IFRS 5 Fixed Assets held for sale and discontinued operation) or in the month in which the asset is no longer disclosed, taking into consideration the earlier of these dates.



Depreciation rates applied for individual groups of tangible fixed assets:

Land	-
Buildings, premises, civil and water engineering structures	2.5% - 50%
Technical equipment and machines	5% - 50%
Means of transportation	10% - 33%
Other tangible fixed assets	6% - 50%

### **Investment outlays**

Fixed assets under construction are recognised at the price of purchase or cost of manufacturing less impairment write-offs. Until completion of construction and handing over for use they are recognised in individual groups of fixed assets and are not amortised until handed over for use.

### **The right for perpetual usufruct of land acquired on the market**

The cost of acquisition of the right for perpetual usufruct of land is depreciated on a straight-line basis over the period for which the right is granted. An average depreciation rate for the right for perpetual usufruct of land is 1.1%-1.2%.

### **Intangible assets**

An intangible asset is an identifiable non-monetary asset without physical form, which is in entity's possession to use or to put into gratuitous use. Intangible assets purchased in a separate transaction are capitalised at purchase price or production cost, reduced by accumulated depreciation and accumulated revaluation write-offs.

Life of intangible assets is estimated and found to be limited or unlimited. Intangible assets with unlimited life are not amortised, neither are they subject to annual impairment evaluation. An example of intangible assets with unlimited life are concessions, licenses and purchased trademarks, which can be renewed without any time limit for a small fee and the Group plans to renew them and it is expected that they will generate cash flow without any time restrictions. At the balance-sheet day, the Group did not reveal such intangible assets.

Limited life assets are amortised over their life.

Amortisation ends in the month, in which the asset was classified as held for sale (in accordance with IFRS 5 Fixed Assets held for sale and discontinued operation) or in the month in which the asset is no longer disclosed, taking into consideration the earlier of these dates.

Life of intangible assets should not be longer than 20 years from the date when the asset is ready to use, unless this is possible to prove longer period.

Depreciation rates applied for intangible fixed assets:

Patents, licenses, software	10% - 50%
Other intangible fixed assets	10% - 50%

### **Lease**

**Financial leasing agreements (till end of 2018)**, where the Company retains substantially all the risks and rewards of ownership of the leased item are recognised, as at the date of leasing commencement, at the lower of: fair value of leased asset or current value of minimum lease payments. Leasing fees are divided into financial costs and decrease of the liability balance against leasing (represented in the balance sheet as trade payables and other long term and short term liabilities) - so as to obtain a fixed interest rate on the outstanding liability amount.

If there is no certainty that the leaseholder will receive ownership before the end of the lease agreement, the activated tangible assets used under lease agreements are amortised throughout shorter of the two periods: estimated life of fixed asset or lease period.

If the lease agreement is so favourable that it is highly probable that after the lease agreement the asset will become leaseholder's property and will be used, then this asset is amortised over life.

### **Leasing as of 1 January 2019**

All leases are accounted for through the recognition of an asset under the right-of-use asset and a lease liability, except for:

- leases on low-value assets;
- lease agreements covering a lease term of 12 months or less.

The lease obligations are measured at the present value of lease payments to the lessor over the lease term, where the discount rate is based on the interest rate of the lease, unless (as is usually the case) it is not readily determinable,



in which case the company's/group's incremental rate of interest at the inception of the lease is used. Variable lease payments are included in the valuation of the lease liability only if they are based on an index or rate. In such cases, the initial measurement of the lease liability assumes that the variable element will remain the same throughout the lease term. Other variable lease payments are charged to costs in the period to which they relate.

On initial recognition, the carrying amount of the lease liability also includes:

- the amounts expected to be paid under the guaranteed residual value;
- the exercise price of the call option granted to the Group, as long as it is reasonably assured that the Group will exercise the option;
- any penalties for termination of the lease if the lease term is estimated on the assumption that the termination option can be exercised.

The right-of-use assets are initially measured at the amount of the lease liability, less any lease incentives received, and increased by:

- lease payments made at or before inception of the lease;
- initial direct costs incurred; and
- the amount of recognised provision in case the Group has a contractual obligation to dismantle, remove or retrofit the leased asset (deconstruct the leased asset).

After the initial measurement, lease liabilities increase due to interest charged at a fixed rate on the unpaid balance and decrease as a result of lease payments. Right-of-use assets are depreciated on a straight-line basis over the remaining lease term, or over the remaining economic life of the asset if, in rare cases, it is estimated to be shorter than the lease term.

When the Group revises its estimate of the term of any lease (because, for instance, it reassessed the probability of exercising the renewal or termination option), it adjusts the carrying amount of the lease liability to reflect the payments to be made up to the end of the revised lease term, which are discounted at the same discount rate that was applied at the inception of the lease. The carrying amount of the lease liability is changed in a similar manner when the variable component of future lease payments based on an index or interest rate is modified. In both cases, the carrying amount of the right-of-use asset is adjusted accordingly and the adjusted carrying amount is depreciated over the remaining (modified) lease term.

If the Group renegotiates the terms of the lease agreement with the lessor, the accounting treatment depends on the modification made:

- if the modification involves an additional lease of one or more asset items for an amount commensurate with the unit price of the additional use rights acquired, the modification is accounted for as a separate lease in accordance with the above policy,
- in all other cases where renegotiations broaden the scope of the lease (either by extending its term or by adding one or more assets), the lease liability is remeasured at the discount rate on the date on which the modification becomes effective and the right-of-use asset is adjusted for the same amount,
- if renegotiations involve a reduction in the scope of the lease, then both the carrying amount of the lease liability and the carrying amount of the right-of-use asset are reduced in the same proportion to reflect partial or full termination of the lease and the resulting difference is recognised in profit or loss. The lease liability is then further adjusted to ensure that its carrying amount reflects the renegotiated payments over the renegotiated lease term, where the adjusted lease payments are discounted using the discount rate as at the date the change becomes effective. The right-of-use asset is adjusted by the same amount.

For agreements that both give the company/group the right to use a specific asset and require the lessor to provide services to the company/group, the Group has chosen to recognise the entire agreement as a lease - no amount of lease (contractual) fees are not assigned to, or separately accounted for, any services provided by the supplier under the agreement.

### **Leaseback**

A leaseback takes place when the Group (seller-lessee) transfers an asset to another entity (buyer-lessor) and leases that asset back. If the transfer of an asset meets the requirements of IFRS 15 for recognition as a sale of such an asset, the seller-lessee identifies the asset under a leaseback in proportion to the former carrying amount of the right-of-use asset retained by the seller-lessee

### **Investment property**

Investment property is a property (land, building or a part of building or both), which the Group, as owner or leaseholder treats as a source of income from rent including operating lease or owns due to the increase in its value, or both, the





property should not be used neither for production activities, deliveries, services or for administrative purposes nor should it be held for sale as part of company's ordinary activity.

Investment property is initially valued according to its purchase price or construction cost.

Leased investment properties are recognised at the lower of the two values: property fair value or current value (discounted) of lease payments with simultaneous recognition of lease liability.

After the initial recognition, investment properties are recognised by the Group at fair value and differences of value, both increase and decrease, are recognised directly in the income statement. Fair value of investment property is determined by an expert once every three years or more frequently in case of a significant change in the parameters used in the valuation

#### **Impairment loss for tangible and intangible fixed assets.**

As on each balance date, the Group reviews the net values of its tangible and intangible fixed assets in order to verify if premises exist that would suggest any loss of value of these assets. Should such premises be found, the retrievable value of an asset is estimated in order to determine a potential write-off. If a given asset does not generate any cash flows which would be substantially independent from cash flows generated by other assets, the analysis is performed for the group of assets generating cash flows to which such asset belongs.

In the case of intangible assets with undefined usability period, the loss of value test is carried out every year and, additionally, if there are any premises that the loss of value could have occurred.

The retrievable value is the higher of the two following values: fair value less sales costs or usable value. The latter corresponds to the current value of the estimated future cash flows expected by the company from the assets, discounted at the discount rate which takes into account the current money value in time and the asset-specific risk.

If the retrievable value is lower than the balance sheet value of an asset (or a cash flow generating unit), the balance sheet value of the asset or unit is written-down to the retrievable value. The amount of impairment loss is immediately recognised as a cost for the period.

When the loss of value is subsequently reversed, the net value of the asset (or cash flow generating unit) is increased to the new estimated retrievable value, however not higher than the balance sheet value of the asset which would have been determined had the loss of value of the asset/cash flow generating unit not been recognized in the previous years. The amount of impairment loss reversal is recognised in the income statement.

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### **Shares in associates and subsidiaries**

Investments in subsidiaries are measured at acquisition cost.

### **Financial instruments**

Financial instrument means every agreement which results in creation of a financial asset of one of the parties and a financial obligation or a capital instrument of the other party.

### **Financial assets**

Financial investment is any asset in the form of cash, equity instrument issued by other entities as well as a contract (agreement) based right to receive financial assets or the right to exchange financial instruments with another entity under potentially favourable conditions.

Based on the timeliness criterion, they can be divided into:

- long-term,
- short-term

Where the period during which a financial asset is held is not apparent from the nature, features or the contract that gives rise to that asset, the person concluding the contract is responsible for determining the intended holding period. When the deadline for disposal of long-term financial assets becomes less than one year, these assets are reclassified to short-term investments.

As of 1 January 2018, the Group recognises financial assets in one of the three categories specified in IFRS 9:

- measured at fair value through other comprehensive income,
- measured at amortised cost,
- financial assets measured at fair value through profit or loss

The classification depends on the nature and purpose of financial assets and is determined on initial recognition.

**A financial asset is measured at amortised cost** if both of the following conditions are met:

- 1) financial asset is held to generate contractual cash flows;
- 2) the terms of the contract generate cash flows on specific dates that are repayment of the principal amount and interest

The following are recognised by the Group as financial assets at amortised:

- trade receivables
- loans granted
- bonds
- other receivables and deposits, cash and cash equivalents

Financial assets measured at amortised cost are measured at amortised cost using the effective interest rate method, adjusted for any write-downs due to expected credit losses.

**A financial asset is measured at fair value through profit or loss** if both of the following conditions are met:

- 1) the purpose is to keep it in order to obtain both contractual cash flows as well as to sell it;
- 2) the terms of the contract generate cash flows on specific dates that are repayment of the principal amount and interest

All financial instruments that were not classified as measured at amortised cost or measured at fair value through profit or loss are recognised as assets measured at fair value through total comprehensive income.

### **Financial instruments**

The Group classifies financial assets into the following categories:

- financial assets measured at fair value through other comprehensive income,
- financial assets measured at fair value through profit or loss
- measured at amortised cost,
- financial hedging instruments.





At the time of initial recognition, the Group recognises equity instruments - shares and interests in other entities - as financial instruments measured at fair value through other comprehensive income.

The Group classified trade receivables, loans granted, other financial receivables, cash and cash equivalents as assets measured at amortised cost.

The Group classified as assets measured at fair value through profit or loss those derivatives for which hedge accounting is not applied as well as those hedging instruments that are measured through profit or loss in accordance with hedge accounting principles.

The Group classifies financial liabilities into the following categories:

- measured at amortised cost,
- measurement at fair value through profit or loss,
- financial hedging instruments.

The Group classified trade liabilities, credits, loans and bonds as liabilities measured at amortised cost.

The Group classifies liabilities on account of derivatives to which hedge accounting is not applied as measured at fair value through profit or loss.

### **Financial asset impairment loss**

On 01.01.2018 the Group replaced its principles of recognition of credit losses based on incurred loss with, as per IFRS 9 Financial Instruments, the concept of expected credit loss resulting in recognition of impairment losses on assets from the moment of their initial recognition. Impairment requirements for financial assets relate in particular to financial assets

measured at amortised cost and measured at fair value through other comprehensive income.

The Group identified the following categories of financial assets where it verified the impact of calculation of expected credit losses on the financial statements in accordance with IFRS 9 Financial Instruments:

- trade receivables,
- loans granted

With respect to trade receivables, the Group estimated expected credit losses based on historical data on lost receivables and taking into consideration the insurance of trade receivables, covering 90% of their value.

In the case of loans granted, the Group estimates the expected credit losses based on historical flows as well as the degree of maturity and individual assessment of the debtor.

### **Derivative instruments**

As provided in paragraph 7.2.21 of IFRS 9, the Group chose to continue to apply the requirements of IAS 39 to hedge accounting.

Derivative instruments are recognised at fair value on the day of conclusion of a contract, and then they are remeasured to fair value for each balance sheet day. The resulting gain or loss is immediately recognised in profit or loss unless a specific derivative has a hedging function. In such case the moment of recognition of a profit or loss depends on the nature of hedging relationship. The Group defines certain

derivative instruments as:

- fair value hedge of recognised assets or liabilities or probable future liabilities (fair value hedge);
- hedge of specific risk associated with recognised liabilities or highly probable planned transactions (cash flow hedge).

Fair value of derivative instruments treated as a hedge is classified as a component of fixed assets or long-term liabilities if the period remaining to maturity of the hedging relationship exceeds 12 months, or as a component of current assets if this period is shorter than 12 months.

Derivatives not designated as an effective hedging relationship are classified as current assets or liabilities.

### **Embedded derivatives**

Derivatives embedded in other financial instruments or agreements, which are not instruments, are treated as separate derivatives if the character of the embedded instrument and the related risks are not closely associated with the nature of the primary agreement and the related risks and if the primary agreements are not measured according to the fair value, which alterations are recognised in the profit and loss account.

### **Hedge accounting**

The Group defines specific hedges of foreign exchange risk and market risk that covers derivatives, embedded derivatives and other instruments as fair value hedges, cash flows hedges. Hedges of foreign exchange risk and market risk in relation to probable future liabilities are accounted for as cash flow hedges.



At the inception of the hedging relationship, the Group documents the relationship between the hedging instrument and the hedged item as well as the risk management objectives and strategy for the execution of the various hedging transactions. In addition, the Group documents the effectiveness with which the hedging instrument compensates for changes in the fair value or cash flows of the hedged item, both at the time of the relationship and on an ongoing basis thereafter.

#### **Cash flow hedge**

The effective portion of changes in the fair value of derivatives defined and classified as cash flow hedges is deferred to equity. Profit or loss related to the ineffective part is recognised immediately in the profit and loss account as a part of costs or revenues.

Amounts recognised in equity are recovered in the income statement in the period in which the hedged item is disclosed in the income profit and loss account. However, if a forecast hedged transaction results in the recognition of a non-financial asset or non-financial liability, the gains and losses previously recognised in equity are reclassified to the initial measurement of the cost of asset or liability.

The Group discontinues the use of hedge accounting if a hedge instrument expires, is sold, terminated or executed or if it does not comply with the hedge accounting criteria. If this happens, the cumulative profits or loss on that hedge instrument recognised in equity remain as capital items until the hedged transaction is executed. If the hedged transaction is not executed, cumulative net result recognized in equity is immediately transferred to the income statement for relevant period.

#### **Fair value hedge**

Changes in the fair value of derivatives defined and classified as fair value hedges are recognised immediately in the profit and loss account, together with any changes in the fair value of the hedged item attributable to the hedged risk.

**The market price** of financial assets held by the Company and financial liabilities that the Group intends to take out, is the current purchase offer placed on market while the market price of financial assets, which the Group intends to purchase and financial liabilities is the current sales offer placed on the market.

#### **Inventories**

Inventories are valued at the lower of purchase price and net realisable value.

#### **Goods and materials**

They are valued at the purchase price not higher than their net realisable value.

The difference between higher net purchase and lower net sale price is written off to manufacturing costs. For inventories which are unnecessary or lost their commercial value, the Group creates write-downs recognised as production.

#### **Goods and materials issue methodology**

Due to the fact that the purchase prices of materials and goods fluctuate throughout the fiscal year, issue of materials and goods is recorded according to "first in, first out" (FIFO) method as well as based on weighted average prices.

#### **Products and work in progress**

Products are recognised at their cost of manufacture which covers the costs in direct connection with the product plus justified part of costs directly associated with the manufacture of the product.

On the balance-sheet day, the value of the products accounted for in the ledgers at fixed price is adjusted to the effective cost of their manufacture, not higher than the realisable market prices.

The effects of write-downs on the finished products and their reversal, refers to the cost of sales.

#### **Product issue methodology**

If the costs of manufacturing of identical products or products considered as identical due to similarity of nature and purpose, are different then the final value of these assets, depending on the method the Company chose to determine the issue value of particular kind of products, sale or use is measured:

- according to FIFO ("first in, first out") method
- according to average manufacturing costs set by weighted average for a given product.

Various methods of determining the issue in case of inventories with a different nature and purpose are allowed.

Items in the work in progress are measured at the direct manufacturing cost.

#### **Inventory impairment write-offs**

The Group accounts for impairment write-offs recognised in the profit and loss account for all inventories being unjustifiably obsolete. The Group takes into account the requirement that the carrying value cannot exceed net sales prices.



### **Cash and cash equivalents**

Cash is considered as cash in hand, on bank accounts and deposits payable on demand.

Cash disbursement in foreign currency is determined by using average weighted cost method.

Bank deposits, bonds, treasury and commercial bills with payment date of up to 3 months from the purchase date are considered by the Group as cash.

### **Accruals**

The Group recognises accruals and prepayments as well as their financial impact as follows:

- prepayments (included in trade and other receivables) are recognised if expenses incurred relate to future reporting periods;
- accruals (included in trade and other payables) are recognised at the amount of probable liabilities in the current reporting period, arising in particular:
  - from services provided to the Company by its suppliers (contractors), where the amount of liabilities can be reliably estimated,
  - from the obligation to provide future services to unknown persons, where such services related to current activity and where the amount can be estimated even though the date of the liability is not yet known, in particular for warranty and guarantee repairs of sold durable products.

### **Provisions, contingent liabilities and contingent assets**

**Provisions** are liabilities with uncertain maturity date or of uncertain amount, which can be estimated.

**Contingent liabilities** - possible liability that arises from past events and whose existence will be confirmed only by occurrence or not of one or more uncertain future events beyond the Company's control or an existing liability, which is not recognised in the balance sheet, because disbursement of beneficial funds is unlikely or the amount of the liability cannot be reasonably estimated.

**The Group recognises provisions, if:**

- legal or customary obligation resulting from past events exists
- outflow of resources is probable
- reliable estimate is possible

**Provisions are measured** at least at the balance sheet date in a reasonable, estimated value. The Group discounts a provision when the time value of money significantly affects the amount of such provision.

### **Shareholders' equity**

Shareholders' equity is measured at least at the balance sheet date in the nominal value and is recognised in the ledgers according to their nature and rules set by law or the Company's statute or agreement. In accordance with IFRS 29, art. 24 items of equity (except retained earnings and capital from revaluation of assets) were calculated at the date of transition to IFRS i.e. 01.01.2004 using general price indices since their contribution or otherwise. The amount arising from the hyperinflation revaluation increased share capital and the issue premium.

### **State subsidies**

Subsidies are divided into:

capital subsidies - for acquisition, financing of fixed tangible and intangible assets

revenue/cost subsidies - for financing of expenses in a given area.

State subsidies including non-cash subsidies accounted for in their fair value are not recognized unless a reasonable certainty exists that the Group will comply with the subsidy-related conditions and will receive such subsidies.

Revenue from cash subsidies are accounted for in the profit and loss account parallel to the associated subsidy expenses. Costs and subsidies amounts are recognised separately in the income statement.

Revenue from capital grants is accounted for as deferred income in the "State subsidies" section and is settled parallel to the associated amortisation of fixed or intangible assets.

### **Revenues**

The Group recognises revenue on a one-off basis when the promised good or service is delivered to the customer. The Group concludes no contracts on services provided over time. As per IFRS 15, revenue is recognised at the amount of remuneration that, as expected by the Company, is payable in exchange for the promised goods or services delivered to the customer, less any expected discounts, customer returns and similar deductions, and any applicable value added tax. The Group estimates the probability of bonuses or customers and provides for their value at the end of each reporting month as an adjustment of sales revenue. The agreed transaction prices do not include variable elements. The Group does not recognise assets or liabilities under agreements. The Group bears no significant costs of concluding contracts.



### **Interest and dividends**

The Group recognises revenues occurring as the result of interest and dividend generating Company's assets being used by other entities as long as it is likely that the Group will generate economic benefits and the amount of revenues can be reliably estimated.

**Interest** are disclosed gradually to the time passage taking into account the effective yield.

**Dividends** are accounted for when shareholders receive the right to obtain them in the Other revenue section.

### **Principle of substance over form**

For each transaction, the Group analyses whether the transaction raises the economic effects, which would be expected for this kind of transaction. This rule is applied in case of sales, leasing, consignment or sales with recourse to the seller.

To demonstrate the sales, transfer of significant risks and profits for the buyer, the lack of ability to control by the seller and high probability of benefits impact should be taken into account.

### **Costs of external financing**

Costs of external financing include interest and other costs incurred by the entity in connection with borrowing of funds. Costs of external financing include:

- interest on loans and borrowings
- amortisation of discount or bonus related to loans and borrowings
- amortisation of costs associated with obtaining borrowings and loans
- financial leasing costs
- exchange rate differences associated with borrowings and loans in foreign currency, in the interest valuation part

Costs of external financing are recognised as costs of the period, in which they were incurred, excluding the costs of external financing, which can be directly assigned to the adjusted assets. Costs of external financing for the period of adjusting the asset increase the cost of production of fixed assets or real estate investments.

### **Employee benefits**

Employee benefits are all the benefits offered in exchange for employees' work. The working period should absorb the full cost of work.

**Holiday provision** – employees of the Company are entitled to holiday according to the Labour Code regulations. The costs of employees' holiday are recognised on accrual basis. Employee holiday liability is determined based on the difference between the actual status of employees' holiday usage and the status, which would result from use proportional to the passage of time.

**Retirement provision** – they result from the Labour Code regulations, collective labour agreement or in-company regulations. The estimation of the provision amount requires several premises:

- salary – indication of salary increase, bonuses and grading
- staff turnover
- risk of survival
- interest rates associated with discounting
- the necessity for estimation for a large number of people

Retirement provisions are determined each year by an independent pensions actuary and the actuarial differences are included in the income statement in the Administration costs or Cost of Goods Sold. All the actuarial profits and losses relating to demographic changes and discount rate changes are recognised directly in other comprehensive income.

### **Restructuring provision**

Restructuring provision is recognised when the Group is certain that the cash outflow will be needed and that its amount was reliably estimated. Provisions include, in particular, gratuities for dismissed employees. Restructuring provision is recognised only when the Group announced a detailed and formal restructuring plan to all interested parties.

### **Accrued income**

Accrued income is recognised prudently and includes the equivalent of amounts received or receivable from customers for services that will be performed in future reporting periods.

### **Impact of foreign exchange rate changes**

Functional and presentation currency of the Company is the Polish currency.



#### **Valuation as at transaction date**

Transactions in currency different than PLN are posted at the average exchange rate announced by the National Bank of Poland for the day preceding the transaction. For purchase or sale of the foreign currency in a bank, Group Companies use the exchange rates negotiated with the bank.

Non-monetary assets and liabilities are measured at fair value and denominated in foreign currency, are valued according to the average exchange rate set by the National Bank of Poland on the date of setting the fair value.

#### **Valuation as at balance sheet date**

As at the balance sheet date, foreign-currency assets and liabilities are converted at the average exchange rate of the National Bank of Poland (NBP) applicable on the balance sheet date.

Cash items - NBP average exchange rate as at the balance sheet date

Non-cash items at historical cost - at exchange rate as at the transaction date

Non-cash items in foreign currency at fair value - translated at the exchange rate effective as at the date of fair value determination.

#### **Disclosure of exchange rate differences**

Exchange rate differences arising from implementation or conversion of monetary items are accounted for in the profit and loss account and are presented in net amount (exchange rate profit or loss).

If the non-monetary profits or losses are recognised in the profit and loss account then the associated exchange rates are also recognised in the same account.

If the profits and losses from non-monetary items are recognised directly in the equity, then the exchange rates associated with them are also recognised directly in the equity.

The selected financial data in the initial part of the report were presented in EUR according to § 91 para. 1 of the Minister of Finance Regulation of 19 February 2009 (Journal of Laws No. 33, item 259 of 2009).

The exchange rate on the last day for balance sheet items and average exchange rate for the profit and loss account and cash flow statement were used for conversion.

	<b>average EUR exchange rate in the period</b>	<b>EURO exchange rate as at the last day of period</b>
01.01 - 31.12.2020	4.4742	4.6148
01.01 - 31.12.2021	4.5622	4.5994

#### **Estimates of the Management Board**

Preparation of financial statements in compliance with IFRS requires the Management Board to make professional judgements, estimates and assumptions that impact the adopted accounting principles and the presented value of assets, liabilities, revenues and costs. The estimates and the underlying assumptions are based on historical experience and other factors considered reasonable under given circumstances and the results of such estimates are the basis for professional judgement of the carrying value of assets and liabilities, which cannot be determined using other sources. Actual results may differ from the assumed estimated values. The estimates and the underlying assumptions are reviewed on an on-going basis. A change in estimated values is recognized in the period in which the verification occurred if it concerns that period only, or in the current period and future periods, if the change concerns both the current period and future periods.

The main accounting estimates and the assumptions adopted refer to:

- estimated useful life of the asset - the subject matter of the estimation is to determine the estimated useful life, which may be shortened or extended in use. The end value and amortisation/depreciation methods are verified by the Group once per fiscal year. The verification includes among others: economic useful life, end value of asset, expected method of consuming the economic benefits from an intangible asset, expected physical wear and tear estimated on the basis of the present average useful life, reflecting the speed of physical wear and tear and intensity of use etc., technical or market obsolescence, legal and other limitations to the use of the asset, expected use of the asset estimated under the expected production capacity or production size and other circumstances effecting the useful life of assets.
- Impairment losses- are made if there are any external or internal indications of no possible recovery of the carrying amount of the non-current assets. If the carrying amount assets exceeds the recoverable amount of the asset ,



the value of asset is lowered to the recoverable amount by the appropriate impairment and recognition of the costs in the income statement.

- allowances of current assets (inventories and receivables), for inventories the allowance is estimated on the basis of the difference between net realizable amount and expected amount of future cash-flows. On the other hand estimate of accounts receivable write-off is the difference between the carrying value of given asset item and the current value of future cash flows discounted at the effective interest rate.
- employee benefits and provisions for retirement benefits and similar- the current amount of benefits and provisions depend on many factors determined by actuarial methods. The assumptions adopted to establish the net amount (income) for the retirement benefit include the discount rate. Any and all changes of such assumptions shall affect the amount of the retirement liabilities. The Group determines relevant discount rate at the end of each year. It is the interest rate applied to determine the present value of the estimated future outflows of cash assessed as necessary to meet the liabilities.
- provisions for expected liabilities due to the business activities- they are established in the amount representing the best estimate of the expenditure required to settle the present obligation or substantiation of the future obligation at the end of the reporting period.
- impairment tests of fixed assets and goodwill - impairment tests are carried out on the basis of five-year discounted forecast cash flows consistent with the approved plans of the Management Board. The discount rate is calculated based on WACC. The model uses the CAPM valuation model and the industry average beta value to calculate the cost of equity.

Balance sheet values and parameters used in estimates are presented in the numerical part of the report.

### **Income tax**

#### **Net book and tax value of assets and liabilities**

The Group accounts for provisions and recognises deferred income tax assets as a result of temporary differences between the book value of assets and liabilities and their tax value and tax loss or tax exemption deductible from taxable income in the future.

**Deferred tax assets** are determined by the Group as the future foreseeable amount, deductible from income tax in respect of deductible temporary differences, tax loss or tax exemption which will result in future reduction of the tax base, calculated in accordance with the prudence principle.

**Deferred income tax provision** is recognised by the Group in the amount of the income tax payable in future due to occurrence of taxable temporary differences which will increase the income tax base in the future.

The amount of deferred tax provision and deferred tax assets is determined by the Group according to income tax rates applied during the year, in which the tax obligation arose.

#### **Special funds**

The contributions to the Company Social Benefits Fund are calculated in accordance with the Act of 04.03.1994 on Company Social Benefits Fund. Assets and liabilities related to this fund are not recognized in the financial statements, because they are not controlled by the Company.

#### **Events after the balance sheet date**

Adjusting events after the balance sheet date- those that provide evidence of conditions that existed at the balance sheet date.

Non-adjusting events after the balance sheet date- those that are indicative of conditions that arose after the balance sheet date. If they are significant, they are recognized in the additional information by the Group, giving the nature and financial effect of such event or by the statement that determination of such effect is impossible or not reliable.

Each event causing the going concern principle cannot be continued is the event causing adjustments in the accounting books and financial statements. An Group does prepare its financial statements on a going concern basis, if management of a Group company determines after the balance sheet date either that it intends to liquidate the Company or to cease trading, or that it has no realistic alternative but to do so.

#### **Assets held for sale and discontinuation of operations**

The Group recognised a non-current asset item (or group of items) as held for sale in the lower amount of its carrying value or fair value less selling costs. Asset item is considered as held for sale if decisions were made by the management and a potential customer is actively sought





### 3.1. Conversion of financial data

The Group did not restate comparable data in 2021.

The Group adjusted the presentation of comparative data as at 31 December 2020 and for the fiscal year ended 31 December 2020 due to the requirement to report in accordance with the ESEF format.

## 4. DECLARATIONS OF THE MANAGEMENT BOARD

### Statement by the Management Board on compliance of accounting principles

Management Board of the Parent Company: Wojciech Kowalczyk, Mikołaj Budzanowski represent that to the best of their knowledge the financial statement and comparative data have been compiled in accordance with the binding accounting principles and that Boryszew CG financial statements truly, reliably and clearly reflect the actual and financial condition as well as the financial result Boryszew S.A. The Management Board confirms that the report on the activities of Boryszew CG presents a true picture of the development and accomplishments of the Group as well as its situation, including a description of fundamental risks and threats.

### REPRESENTATION OF THE MANAGEMENT BOARD ON THE SELECTION OF FINANCIAL STATEMENTS

The Management Board for Boryszew S.A. represents that BDO Spółka z ograniczoną odpowiedzialnością sp. k. based in Warsaw, which audited the financial statements for 2021, was selected in accordance with the provisions of law and that BDO Spółka z ograniczoną odpowiedzialnością sp. k. and its statutory auditors performing this audit met the conditions to issue an impartial and independent opinion on the audit of the financial statements in accordance with applicable regulations and professional standards.

The Supervisory Board of Boryszew S.A., acting under § 15 point 1 of the Articles of Association of Boryszew S.A. appointed, by the resolution No. 18, BDO Spółka z ograniczoną odpowiedzialnością sp. k. with its seat in Warsaw to:

- a) conduct review of separate interim financial statements of Boryszew S.A. and the interim consolidated financial statements of Boryszew Capital Group drafted in accordance with the International Financial Reporting Standards and regulations on public trading in securities for the periods of 6 months ended 30 June 2022, 30 June 2023 and 30 June 2024,
- b) conduct audit of separate annual financial statements of Boryszew S.A. and the annual consolidated financial statements of Boryszew Capital Group drafted in accordance with the International Financial Reporting Standards and regulations on public trading in securities for the periods ending on 31 December 2022 - 2024.

BDO Spółka z ograniczoną odpowiedzialnością sp. k. based in Warsaw is entered in the list of entities authorised to audit financial statements under the number 3355, maintained by the National Council of Statutory Auditors.

The Supervisory Board chose the auditor in accordance with its powers stipulated in the Company's Articles of Association and in accordance with applicable legal provisions in force (as per Article 66 item 4 of the Accounting Act) and based on internal policies and procedures.

### Statement regarding the report on non-financial data

Management Board of the Parent Company: Wojciech Kowalczyk, Mikołaj Budzanowski represent that the Group has drafted a statement on non-financial information referred to in Article 49b section 1 of the Accounting Act as a separate part of the report on operations. The statement has been drafted both at the stand alone basis for Boryszew S.A. as well as consolidated basis for Boryszew Capital Group. The report is available on the Company's website - Boryszew.com.



(amounts expressed in PLN '000 unless specified otherwise)

## 5. OPERATING SEGMENTS (continuing operations)

Continuing operations 01.01.2021 - 31.12.2021	Chemical products	Automotive	Metals	Other	Total	exclusions between segments	Total
Revenues from sales	287 533	1 579 096	4 196 882	502 205	6 565 716	(301 716)	6 264 000
Segment costs of sales	257 604	1 459 050	3 773 225	485 381	5 975 260	(277 038)	5 698 222
<b>Result on sales within segment</b>	<b>29 929</b>	<b>120 046</b>	<b>423 657</b>	<b>16 824</b>	<b>590 456</b>	<b>(24 678)</b>	<b>565 778</b>
General, administrative and sales expenses	37 928	172 806	207 768	28 167	446 669	(19 139)	427 530
Other operating profit/loss	3 430	8 633	13 300	(3 593)	21 770	10 187	31 957
<b>Segment profit/loss</b>	<b>(4 569)</b>	<b>(44 127)</b>	<b>229 189</b>	<b>(14 936)</b>	<b>165 557</b>	<b>4 648</b>	<b>170 205</b>
Amortisation and depreciation	6 245	99 321	43 467	26 073	175 106	(904)	174 202
EBITDA *)	1 676	55 194	272 656	11 137	340 663	3 744	344 407
Segment assets	299 912	1 368 459	2 563 125	2 274 233	6 505 729	(2 344 610)	4 161 119
Segment liabilities	132 835	1 823 191	1 155 114	707 621	3 818 761	(1 385 732)	2 433 029

Continuing operations 01.01.2020 - 31.12.2020	Chemical products	Automotive	Metals	Other	Total	exclusions between segments	Total
Revenues from sales	208 115	1 615 575	3 670 186	189 186	5 683 062	(128 483)	5 554 579
Segment costs of sales	163 643	1 474 392	3 356 193	159 920	5 154 148	(111 866)	5 042 282
<b>Result on sales within segment</b>	<b>44 472</b>	<b>141 183</b>	<b>313 993</b>	<b>29 266</b>	<b>528 914</b>	<b>(16 617)</b>	<b>512 297</b>
General, administrative and sales expenses	32 866	191 698	212 699	18 669	455 932	(12 277)	443 655
Other operating profit/loss	3 769	(8 554)	(56 477)	924 096	862 834	(877 387)	(14 553)
<b>Segment profit/loss</b>	<b>15 375</b>	<b>(59 069)</b>	<b>44 817</b>	<b>934 693</b>	<b>935 816</b>	<b>(881 727)</b>	<b>54 089</b>
Amortisation and depreciation	6 967	91 720	111 335	5 646	215 668	(20 376)	195 292
EBITDA *)	22 342	32 651	156 152	940 339	1 151 484	(902 103)	249 381
Segment assets	261 559	1 398 644	2 800 713	2 426 522	6 887 438	(2 789 664)	4 097 774
Segment liabilities	117 942	1 806 577	1 159 416	473 582	3 557 517	(1 109 860)	2 447 657

\*) EBITDA = operating profit/loss plus depreciation and amortisation





**Boryszew Capital Group**  
**Notes**  
**to 2021 consolidated financial statements**

(amounts expressed in PLN '000 unless specified otherwise)

Boryszew Capital Group is one of Poland's largest capital groups. It includes several dozen entities with their registered offices located on three continents, which operate primarily in the following sectors: automotive, metal-forming and chemicals. As per IFRS 8, the following four operating segments have been identified

- Metals
- Automotive,
- Chemical products
- Other.

The applied principle is that each entity belongs to only one operating segment.

Automotive	Boryszew S.A. Oddział Maflow, Maflow Spain Automotive S.L.U., Maflow France Automotive S.A.S., Maflow BRS s.r.l., Maflow Components Dalian Co. Ltd., Maflow do Brasil Ltda., Maflow Automotive Mexico S.de. RI. De.C.V., MAFMEX S.DE R.L.DE C.V., Maflow Polska Sp. z o.o., Maflow India Private Limited, Boryszew Automotive Plastics Sp. z o.o., Theysohn Kunststoff GmbH, Theysohn Formenbau GmbH, Boryszew Kunststofftechnik Deutschland GmbH, AKT Plastikarska Technologie Cechy spol. s.r.o., Boryszew Formenbau Deutschland GmbH, BRS YMOS GmbH, Boryszew Oberflächentechnik Deutschland GmbH, Boryszew Plastik Rus, Boryszew Tensho Poland Sp. z o.o., ICOS GmbH, Boryszew Deutschland GmbH, Boryszew Commodities Sp. z o.o., Boryszew HR Service Sp. z o.o., Boryszew Components Poland Sp. z o.o.
Metals	Hutmen Sp. z o.o. in liquidation, WM Dziedzice S.A., ZM SILESIA S.A., Baterpol S.A., Polski Cynk Sp. z o.o., Boryszew S.A NPA Skawina branch, Baterpol Recycler Sp. z o.o., Metal Zinc Sp. z o.o., Zakład Utylizacji Odpadów Sp. z o.o., Alchemia S.A., Bankowa Steelworks Sp. z o.o., Batory Research Laboratories Sp. z o.o.
Chemical products	Boryszew S.A. Elana branch, Boryszew S.A. Boryszew ERG branch, Boryszew S.A. Nylonbor branch, Elimer Sp. z o.o.
Other	Boryszew S.A. - Headquarters, Boryszew S.A. Energy Branch, Eastside - Bis Sp. z o.o., SPV Lakme Investment Sp. z o.o., Eastside Capital Investments Sp. z o.o., Elana Energetyka Sp. z o.o., SPV Boryszew 10 Sp. z o.o.,

## 6. REVENUES

	01.01.2021 - 31.12.2021	01.01.2020 - 31.12.2020
Revenues from sales of products	5 228 021	4 811 999
Revenues from sales of services	130 332	107 991
Revenues from the sale of goods and materials	827 420	384 295
Revenue from long-term construction contracts	78 227	250 294
<b>Total (revenues from continuing operations)</b>	<b>6 264 000</b>	<b>5 554 579</b>

### REVENUES FROM SALE BY DESTINATION MARKET

	01.01.2021 - 31.12.2021	01.01.2020 - 31.12.2020
<b>Sales revenues by geographical areas</b>		
<b>Continuing operations</b>		
Domestic sales	2 217 343	1 898 566
Sales to EU countries	3 435 994	3 074 309
Sales to other European countries	262 280	276 959
Export outside Europe	348 383	304 745
<b>Total (revenues from continuing operations)</b>	<b>6 264 000</b>	<b>5 554 579</b>



#### SHARE OF EU MEMBER STATES IN INTRA-COMMUNITY SALES:

Share of EU member states in intra-Community sales:	01.01.2021 - 31.12.2021	01.01.2020 - 31.12.2020
Germany	38%	40%
The Czech Republic	16%	16%
Italy	9%	8%
France	5%	5%
Spain	5%	5%

#### 7. OPERATING EXPENSES

Costs of operating activities by type	01.01.2021 - 31.12.2021	01.01.2020 - 31.12.2020
Amortisation and depreciation	174 202	195 292
Consumption of materials and energy	3 872 281	3 494 461
Third party services	311 374	215 271
Taxes and charges	46 616	46 588
<b>Costs of employee benefits, including:</b>	<b>895 281</b>	<b>889 201</b>
<i>costs of remuneration</i>	735 304	720 708
<i>costs of social insurance</i>	133 060	137 035
<i>other employee benefits</i>	26 917	31 458
Other expenses	50 063	38 853
Value of sold goods and materials	792 992	591 306
<b>Total expenses by type</b>	<b>6 142 809</b>	<b>5 470 972</b>
Movements in products	(11 151)	53 595
Capitalised costs by type, consumption for own needs	(27 678)	(46 117)
Impairment write-offs on inventories in COGS	21 772	7 487
	<b>6 125 752</b>	<b>5 485 937</b>
Selling costs	(147 276)	(145 605)
General and administrative expenses	(280 254)	(298 050)
<b>Cost of sales</b>	<b>5 698 222</b>	<b>5 042 282</b>



## 8. OTHER OPERATING REVENUES

Other operating revenues	01.01.2021 - 31.12.2021	01.01.2020 - 31.12.2020
Profit on sale of fixed assets and investment property	43 413	43 245
<b>Valuation of assets, including</b>	<b>18 394</b>	<b>31 039</b>
<i>fair value revaluation of investment real properties</i>	11 262	19 314
<i>value impairment write-offs for inventories</i>	6 567	10 808
reversal of revaluation write-downs on fixed assets	565	917
Reversal of provisions ( - )	12 583	11 249
Dividends and other revenue from capital investments	1 636	-
Other income, of which:	67 359	42 470
<i>revenues from compensations</i>	15 920	3 093
<i>write-off of liabilities</i>	420	725
<i>white certificates received</i>	2 844	128
<i>other</i>	48 175	38 524
Subsidies	10 358	48 806
<b>Total</b>	<b>153 743</b>	<b>176 809</b>

In 2021 the Group's companies received support from public funds for development investment projects (NCRD), of those WM Dziedzice, Huta Bankowa SA, Boryszew S.A. ERG branch, Boryszew S.A. NPA branch.

## 9. OTHER OPERATING EXPENSES

Other operating expenses	01.01.2021 - 31.12.2021	01.01.2020 - 31.12.2020
<b>Loss on sale of fixed assets</b>	<b>10 839</b>	<b>15 066</b>
<b>Revaluation write-downs on non-financial assets, including:</b>	<b>49 366</b>	<b>71 086</b>
inventory impairment write-offs	11 551	7 441
revaluation write-offs of property, plant and equipment as well as intangible assets	23 905	56 663
fair value revaluation of investment real properties	13 910	6 982
<b>Revaluation of trade and other receivables</b>	<b>5 468</b>	<b>5 119</b>
<b>Provisions, including</b>	<b>26 533</b>	<b>118 520</b>
provisions for restructuring costs	15 241	1 454
provisions for liquidation of fixed assets	489	283
provisions for disputed claims	2 046	1 479
provisions for complaints and guarantees	3 978	1 459
provisions for loss-making contracts	4 779	16 806
provision for tax claims	-	97 039
<b>Other expenses, including:</b>	<b>29 580</b>	<b>31 589</b>
cancellation and write-off of receivables	362	2 150
compensations and penalties paid	3 239	4 211
development works	1 904	4 450
other expenses	24 075	20 778
<b>Total</b>	<b>121 786</b>	<b>241 380</b>



## 10. FINANCIAL REVENUES

Financial revenues	01.01.2021 - 31.12.2021	01.01.2020 - 31.12.2020
Interest income	3 452	3 666
FX gains	12 782	29 327
Other financial revenues	2 825	9 511
<b>Total</b>	<b>19 059</b>	<b>42 504</b>

## 11. PROFIT/LOSS ON DISPOSAL OF A SUBSIDIARY

	01.01.2021 - 31.12.2021	01.01.2020 - 31.12.2020
Disposal of Impexmetal S.A.	1 326	376 012
Disposal of Elana PET Sp. Z o.o.	12 469	-
Disposal of F&T Polska CG Companies	(12)	-
Disposal of EW Rywałd Sp. Z o.o.	7 094	-
Disposal of shares in other entities	13	-
<b>Total gain/loss on disposal of subsidiaries</b>	<b>20 890</b>	<b>376 012</b>

## 12. FINANCIAL EXPENSES

Financial expenses	01.01.2021 - 31.12.2021	01.01.2020 - 31.12.2020
Interest expense	34 849	53 195
Loss on derivative financial instruments	1 855	8 665
FX losses	14 313	15 385
Other financial costs	7 661	3 944
Discount	-	1 758
Revaluation of loans and bonds	(740)	3 456
<b>Total</b>	<b>57 938</b>	<b>86 403</b>
<b>Interest expense</b>		
Interest on loans	22 469	37 278
Interests on loans	2 351	260
Interest on lease	7 952	10 510
Interest on treasury liabilities	1 339	1 795
Interest on trade liabilities and other interest	738	3 352
<b>Total</b>	<b>34 849</b>	<b>53 195</b>



## 13. INCOME TAX

Income tax	01.01.2021 - 31.12.2021	01.01.2020 - 31.12.2020
Current tax	72 452	87 457
Deferred tax	852	(34 072)
<b>Total tax</b>	<b>73 304</b>	<b>53 385</b>
Effective tax rate	48%	16%

### 13.1. Current corporate income tax

	01.01.2021 - 31.12.2021	01.01.2020 - 31.12.2020
Gross profit (loss)	<b>152 220</b>	<b>336 083</b>
Permanent differences increasing the tax base	315 478	188 455
Temporary differences in the tax base	(72 186)	122 712
Tax credits	(4 385)	(21 914)
Other increases/decreases in the tax base	25 306	25 453
Deductions from income due to tax losses	(35 106)	(13 790)
<b>Income tax base</b>	<b>381 327</b>	<b>636 999</b>
<b>Current tax</b>	<b>72 452</b>	<b>87 457</b>

### 13.2. Deferred tax

	As at 31.12.2021	As at 31.12.2020
Deferred tax provision	193 939	179 156
Deferred tax asset	135 715	121 894
<b>Deferred tax balance</b>	<b>58 224</b>	<b>57 262</b>
<b>Deferred tax surplus</b>		
Provision for deferred tax in liabilities	82 397	83 842
Deferred tax asset in assets	24 173	26 580
<b>Deferred tax balance</b>	<b>58 224</b>	<b>57 262</b>

The change in balance recognised in the P&L is consistent with the change in balance in the tables above.  
The change in balance reported in other comprehensive income differs by 4 810 thousand - current tax on Granges shares disposed of through comprehensive income.  
Proposed entry to the FS. In other comprehensive income, deferred taxes of 1 167 thousand and current taxes of 4 810 thousand on the sale of assets are reported, the result of which is recognised in equity.



**Boryszew Capital Group**  
**Notes**  
**to 2021 consolidated financial statements**

(amounts expressed in PLN '000 unless specified otherwise)

**Change in deferred income tax asset**

	Balance on 01.01.2021	Effect of a change in the tax rate recognised in the current period result	provisions of units disposed of	Impact of exchange rate differences (+/-)	tax recognised in other comprehensive income	tax recognised in the financial result	As at 31.12.2021
Tax on recognised provisions for employee benefits	16 306	-	-	-	(259)	(1 124)	14 923
Deferred tax on other provisions	4 562	-	-	-	-	2 996	7 558
Impairment write-offs on assets	35 804	-	(2 204)	-	(849)	(1 312)	31 439
Valuation of derivative instruments	2 685	-	-	160	(80)	(739)	2 026
Unrealised negative currency exchange differences	7 128	-	-	-	-	(632)	6 496
Amortisation and depreciation	35 322	-	-	-	-	6 402	41 724
Deferred income tax asset on loss at the beginning of the year	13 206	-	-	-	-	(2 596)	10 610
Other deferred income tax assets	6 881	(1)	3 468	(331)	102	10 820	20 939
<b>Total</b>	<b>121 894</b>	<b>(1)</b>	<b>1 264</b>	<b>(171)</b>	<b>(1 086)</b>	<b>13 815</b>	<b>135 715</b>

	Balance on 01.01.2020	Effect of a change in the tax rate recognised in the current period result	provisions of units disposed of	Impact of exchange rate differences	tax recognised in other comprehensive income	tax recognised in the financial result	As at 31.12.2020
Tax on created provisions for employee benefits	7 913	-	(607)	-	39	8 961	16 306
Deferred tax on other provisions	4 587	-	(578)	-	-	553	4 562
Impairment write-offs on assets	30 322	-	(2 337)	-	-	7 819	35 804
Valuation of derivative instruments	3 557	-	(6 995)	-	727	5 396	2 685
Unrealised negative currency exchange differences	10 962	-	(633)	-	-	(3 201)	7 128
Amortisation and depreciation	30 926	-	-	207	-	4 189	35 322
Deferred income tax asset on loss at the beginning of the year	13 937	-	-	-	-	(731)	13 206
Deferred income tax asset on SEZ taxation	-	-	-	-	-	-	-
Other deferred income tax assets	4 486	-	(1 750)	(331)	-	4 476	6 881
<b>Total</b>	<b>106 690</b>	<b>-</b>	<b>(12 900)</b>	<b>(124)</b>	<b>766</b>	<b>27 462</b>	<b>121 894</b>



**Boryszew Capital Group**  
**Notes**  
**to 2021 consolidated financial statements**

(amounts expressed in PLN '000 unless specified otherwise)

**Change in deferred income tax provisions**

	Balance on 01.01.2021	Effect of a change in the tax rate recognised in the current period result	provisions of units disposed of	Impact of exchange rate differences (+/-)	tax recognised in other comprehensive income	tax recognised in the financial result	As at 31.12.2021
Valuation of Assets	40 492	-	-	-	(2 004)	14 047	52 535
Balance sheet valuation of derivative instruments	185	-	-	-	2 021	-	2 206
Unrealised currency exchange rate differences	10 034	-	-	-	(8)	(156)	9 870
Fixed assets depreciation	104 622	(3)	-	-	-	4 873	109 492
Other deferred income tax provisions	23 823	38	-	-	72	(4 097)	19 836
<b>Total</b>	<b>179 156</b>	<b>35</b>	<b>-</b>	<b>-</b>	<b>81</b>	<b>14 667</b>	<b>193 939</b>

	Balance on 01.01.2020	Effect of a change in the tax rate recognised in the current period result	provisions of units disposed of	Impact of exchange rate differences	tax recognised in other comprehensive income	tax recognised in the financial result	As at 31.12.2020
Valuation of Assets	54 291	-	(3 955)	604	7 457	(17 905)	40 492
Balance sheet valuation of derivative instruments	4 904	-	(2 825)	-	(804)	(1 090)	185
Unrealised currency exchange rate differences	4 437	-	(501)	(138)	(1 028)	7 264	10 034
Fixed assets depreciation	125 339	-	(26 873)	547	-	5 609	104 622
Other deferred income tax provisions	22 877	415	(864)	885	7	503	23 823
<b>Total</b>	<b>211 848</b>	<b>415</b>	<b>(35 018)</b>	<b>1 898</b>	<b>5 632</b>	<b>(5 619)</b>	<b>179 156</b>





**Boryszew Capital Group**  
**Notes**  
**to 2021 consolidated financial statements**

(amounts expressed in PLN '000 unless specified otherwise)

	01.01.2021 - 31.12.2021	01.01.2020 - 31.12.2020
<b>Tax recognised in the financial result</b>		
Deferred tax asset	13 815	28 453
Deferred tax provision	14 667	(5 619)
<b>Total tax recognised in profit or loss</b>	<b>852</b>	<b>(34 072)</b>
<b>Tax recognized in other comprehensive income</b>		
Deferred tax asset	(1 086)	766
Deferred tax provision	81	5 632
<b>Total tax recognised in other comprehensive income</b>	<b>1 167</b>	<b>4 866</b>

## 14. NON-CURRENT ASSETS

Tangible fixed assets (by type groups)	As at 31.12.2021	As at 31.12.2020
<b>Fixed assets by type:</b>	<b>1 206 892</b>	<b>1 296 768</b>
land	35 073	36 004
buildings, premises, civil and water engineering structures	467 456	517 844
technical equipment and machines	671 450	708 394
vehicles	5 801	5 197
other tangible fixed assets	27 112	29 329
<b>Advances for tangible fixed assets</b>	<b>69 702</b>	<b>6 341</b>
<b>Total property, plant and equipment</b>	<b>1 276 594</b>	<b>1 303 109</b>

### additional information

	01.01.2021 - 31.12.2021	01.01.2020 - 31.12.2020
Capitalised cost of borrowing	-	249
Capitalised expenditure incurred due to construction of fixed assets	3 957	6 545
Outlays on fixed assets under construction	73 913	266 136
Incurred expenses for acquisition, construction of non-current assets	7 775	15 365
Purchase of fixed assets in the current period financed with working capital loans and own funds	25 872	12 124
Purchase of fixed assets in the current period financed with special purpose loans	-	-
Amount of the contractual liabilities due to the non-current assets acquisition	32 446	2 728
Amount of net non-current assets with the limited ownership right	9 839	16 988
Fixed assets provided as collateral to loan repayment	497 066	178 897
Compensation from third parties on impairment losses	1 562	368
Insurance value of fixed assets	1 380 946	1 406 481



**Boryszew Capital Group**  
**Notes**  
**to 2021 consolidated financial statements**

(amounts expressed in PLN '000 unless specified otherwise)

in the period 01.01.2021 - 31.12.2021	Land	Buildings, premises, civil and water engineering structures	Technical equipment and machines	vehicles	Other tangible fixed assets	Total
<b>Gross value of fixed assets at the beginning of the period</b>	<b>36 388</b>	<b>830 543</b>	<b>1 910 097</b>	<b>28 879</b>	<b>121 736</b>	<b>2 927 643</b>
Increase - due to acquisition (+)	-	10 157	122 745	1 786	5 251	139 939
Fixed assets redeemed after lease end	-	-	14 325	878	-	15 203
Decrease due to disposal	-	(418)	(9 460)	(781)	(1 605)	(12 264)
Tangible fixed assets under construction	-	(3 449)	(43 601)	34	1 333	(45 683)
Liquidation	-	(1 927)	(9 342)	(218)	(1 838)	(13 325)
Excluding an entity from consolidation and other	-	(10 275)	(18 867)	(1 928)	(3 857)	(34 927)
Impact of exchange rate differences	38	3 284	16 309	305	328	20 264
Other	-	(27)	(4 605)	96	158	(4 378)
<b>Gross value of fixed assets at the end of the period</b>	<b>35 470</b>	<b>773 395</b>	<b>1 864 131</b>	<b>28 495</b>	<b>117 075</b>	<b>2 818 566</b>
<b>Accumulated depreciation at the beginning of the period</b>	<b>272</b>	<b>293 566</b>	<b>1 077 146</b>	<b>23 342</b>	<b>90 756</b>	<b>1 485 082</b>
Planned depreciation of own fixed assets	14	25 140	87 543	1 573	7 538	121 808
Decrease due to disposal	-	(1 762)	(5 732)	(696)	(689)	(8 879)
Liquidation	-	(211)	(9 599)	(195)	(1 742)	(11 747)
Introduced as in-kind contribution (-)	-	(13)	-	-	-	(13)
Sale of fixed assets to lessor- lease-back	-	(11 907)	(22 152)	(489)	(2 918)	(37 466)
Excluding an entity from consolidation and other	-	(6 313)	(19 885)	(1 736)	(3 752)	(31 686)
Impact of exchange rate differences	(1)	1 383	9 227	278	236	11 123
Other	-	(34)	(1 554)	428	154	(1 006)
<b>Accumulated depreciation at the end of the period</b>	<b>285</b>	<b>299 849</b>	<b>1 114 994</b>	<b>22 505</b>	<b>89 583</b>	<b>1 527 216</b>
<b>Impairment write-offs at the beginning of the period</b>	<b>112</b>	<b>19 133</b>	<b>124 557</b>	<b>340</b>	<b>1 651</b>	<b>145 793</b>
Write-off provision recognised in the profit/loss for the current period	-	-	16 678	36	448	17 162
Reversal of write-downs recognized in the profit/loss for the current period	-	(112)	(869)	-	(9)	(990)
Decrease due to disposal	-	-	(758)	(2)	(747)	(1 507)
Excluding an entity from consolidation and other	-	-	-	-	(5)	(5)
Impact of exchange rate differences	-	-	53	(138)	-	(85)
Other	-	(12 931)	(61 974)	(47)	(958)	(75 910)
<b>Impairment write-offs at the end of the period</b>	<b>112</b>	<b>6 090</b>	<b>77 687</b>	<b>189</b>	<b>380</b>	<b>84 458</b>
<b>Net fixed assets as at the end of period</b>	<b>35 073</b>	<b>467 456</b>	<b>671 450</b>	<b>5 801</b>	<b>27 112</b>	<b>1 206 892</b>



**Boryszew Capital Group**  
**Notes**  
**to 2021 consolidated financial statements**

(amounts expressed in PLN '000 unless specified otherwise)

in the period 01.01.2020 - 31.12.2020	Land	Buildings, premises, civil and water engineering structures	Technical equipment and machines	vehicles	Other tangible fixed assets	Total
<b>Gross value of fixed assets at the beginning of the period</b>	<b>35 305</b>	<b>968 861</b>	<b>2 381 724</b>	<b>42 822</b>	<b>151 718</b>	<b>3 580 430</b>
Increase due to acquisition	285	15 494	95 960	1 144	5 461	118 344
Fixed assets redeemed after lease end	-	-	3 425	925	-	4 350
Received as in-kind contribution	-	316	647	-	35	998
Decrease due to disposal	-	(2 122)	(9 327)	(996)	(246)	(12 691)
Tangible fixed assets under construction	-	24 423	145 866	30	(461)	169 858
Liquidation	-	(3 035)	(18 842)	(1 270)	(1 398)	(24 545)
Excluding an entity from consolidation and other	(210)	(183 878)	(697 798)	(14 375)	(35 441)	(931 702)
Impact of exchange rate differences	1 614	10 695	12 771	328	4 225	29 633
Other	(606)	(211)	(4 329)	271	(2 157)	(7 032)
<b>Gross value of fixed assets at the end of the period</b>	<b>36 388</b>	<b>830 543</b>	<b>1 910 097</b>	<b>28 879</b>	<b>121 736</b>	<b>2 927 643</b>
<b>Accumulated depreciation at the beginning of the period</b>	<b>(591)</b>	<b>318 428</b>	<b>1 320 646</b>	<b>30 731</b>	<b>107 420</b>	<b>1 776 634</b>
Planned depreciation of own fixed assets	23	28 226	112 537	2 846	8 797	152 429
Inclusion of entities in consolidation	-	-	(4 613)	-	-	(4 613)
Decrease due to disposal	-	(923)	(11 468)	(1 412)	(547)	(14 350)
Liquidation	-	(989)	(8 428)	(546)	(896)	(10 859)
Sale of fixed assets to lessor- lease-back	-	-	(29)	-	-	(29)
Excluding an entity from consolidation and other	821	(55 114)	(337 067)	(9 153)	(27 152)	(427 665)
Impact of exchange rate differences	19	3 927	11 998	298	3 161	19 403
Other	-	11	(6 430)	578	(27)	(5 868)
<b>Accumulated depreciation at the end of the period</b>	<b>272</b>	<b>293 566</b>	<b>1 077 146</b>	<b>23 342</b>	<b>90 756</b>	<b>1 485 082</b>
<b>Impairment write-offs at the beginning of the period</b>	<b>138</b>	<b>31 599</b>	<b>87 094</b>	<b>637</b>	<b>3 151</b>	<b>122 619</b>
Write-off provision recognised in the profit/loss for the current period	-	128	41 880	-	14	42 022
Reversal of write-downs recognized in the profit/loss for the current period	-	(7)	(738)	-	(1 342)	(2 087)
Decrease due to disposal	-	-	(24)	(3)	(6)	(33)
Excluding an entity from consolidation and other	(26)	(12 562)	(3 706)	(287)	(167)	(16 748)
Impact of exchange rate differences	-	3	70	-	1	74
Other	-	(28)	(19)	(7)	-	(54)
<b>Impairment write-offs at the end of the period</b>	<b>112</b>	<b>19 133</b>	<b>124 557</b>	<b>340</b>	<b>1 651</b>	<b>145 793</b>
<b>Net fixed assets as at the end of period</b>	<b>36 004</b>	<b>517 844</b>	<b>708 394</b>	<b>5 197</b>	<b>29 329</b>	<b>1 296 768</b>



## 15. INVESTMENT PROPERTY

Change	As at 31.12.2021	As at 31.12.2020
<b>Balance at the beginning of the period</b>	<b>152 079</b>	<b>159 189</b>
<b>Additions</b>	<b>12 248</b>	<b>20 206</b>
disclosure of land in perpetual usufruct	-	-
acquisition of investment real estate	7 710	286
valuation to fair value (-)	4 538	19 314
reclassification (from fixed assets, inventories)	-	606
<b>Reductions</b>	<b>(22 567)</b>	<b>(27 316)</b>
sale/disposal	(8 297)	(2 786)
excluding an entity from consolidation	-	(11 084)
valuation to fair value (-)	(13 671)	(6 982)
other	(599)	(6 464)
<b>Balance as at period end</b>	<b>141 760</b>	<b>152 079</b>

Investment real estate property at fair value	As at 31.12.2021	As at 31.12.2020
Property of Eastside-bis Sp. z o.o. in Toruń	103 483	106 161
Property of Boryszew S.A. in Toruń	21 619	12 397
Property of WM Dziedzice S.A.	8 298	20 313
Property of ZM Silesia S.A.	8 019	8 019
Property of Alchemia S.A.	146	146
Property of Huta Bankowa Sp. z o.o.	195	197
Real estate properties in Konin	-	4 846
<b>Total</b>	<b>141 760</b>	<b>152 079</b>

The properties in Toruń and Dziedzice are used as collateral for the repayment of loans.

	As at 31.12.2021	As at 31.12.2020
Revenues from investment property (rental agreements)	18 576	11 169
Maintenance cost of investment property	10 627	10 317

Part of investment properties included in the books of Eastside-Bis Sp. z o.o. is used by Boryszew Capital Group companies. For consolidation purposes, these investments are recorded as fixed assets in 2021 in the amount of PLN 60 718 thousand and in 2020 in the amount of PLN 62 549 thousand, respectively. Rental income from these properties was permanently eliminated from consolidation in 2021 in the amount of PLN 8 280 thousand and in 2020 in the amount of PLN 8 425 thousand, respectively.

Investment real property is real property treated as a source of incomes in the form of rent or/ and held in books due to expected value increase. The components of the investment lands in the perpetual usufruct right buildings located in the above mentioned locations.

Profits and loss on the change of investment real property fair value are recognized in the income statement in the period in which they occurred. For some of the investment properties the revaluation was carried out in 2021, the revaluation of investment properties in Eastside-Bis was carried out as at 31.12.2018 by an independent expert. The market value of the real property is determined by revenue approach, using the investment method, using simple



**Boryszew Capital Group**  
**Notes**  
**to 2021 consolidated financial statements**

(amounts expressed in PLN '000 unless specified otherwise)

capitalization method assuming the stable net operating income in the long prospectus and the comparative method was applied using the method of adjusted average price (estimation of the market value at the average prices of the similar real properties at the moment of appraisal). According to the Management Board, no evidence of impairment exists as at the balance sheet date. In accordance with the accounting policy, the Company measures the value of real estate properties once every 3 years.

Boryszew S.A. also performed the test on the Group level. The reason of the test was the low level of the stock exchange price of Boryszew S.A. shares. The test of the Group was based on a comparison of the recoverable amount calculated, depending on the company, using the income, asset or accounting method compared to the consolidated net assets as of 31.12.2021. The test suggested no need for write-off of the book value of Boryszew Group assets.

## 16. GOODWILL

Accumulated goodwill arisen as a result:	As at 31.12.2021	As at 31.12.2020
Baterpol S.A.	6 418	6 418
<b>Total</b>	<b>6 418</b>	<b>6 418</b>

Changes in goodwill	As at 31.12.2021	As at 31.12.2020
<b>Goodwill at the beginning of the period</b>	<b>6 418</b>	<b>23 464</b>
Write-down on goodwill	-	(14 924)
Excluding an entity from consolidation	-	(2 122)
<b>Goodwill at the end of the period</b>	<b>6 418</b>	<b>6 418</b>

At the end of 2021 Boryszew Capital Group carried out impairment tests for fixed assets of the following cash-generating units including subsidiaries, using discounted cash flow method.

Name of entity	Projection period	Residual value	Actual / nominal cash flow*	Growth rate after the forecast period	WACC	Result of the test	Sensitivity analysis increase in WACC by 1% Growth rate in the residual period + 1%
Boryszew Automotive Plastics Group	5 years	Yes	Nominal	2.00%	4.96%	No write-off necessary	No write-off necessary
ZM Silesia Katowice branch	5 years	Yes	Actual	0.00%	8.92%	No write-off necessary	No write-off necessary
ZM Silesia Olawa branch	5 years	Yes	Actual	0.00%	8.92%	No write-off necessary	No write-off necessary
Alchemia S.A.	6 years	Yes	Nominal	2.50%	9.32%	No write-off necessary	Write-off PLN 22 019 thousand
Huta Bankowa Sp. z o.o.	6 years	Yes	Nominal	2.50%	9.25%	No write-off necessary	No write-off necessary
Maflow Spain Automotive S.L.U	5 years	Yes	Nominal	2.00%	7.40%	No write-off necessary	No write-off necessary
Maflow do Brasil Ltda	5 years	Yes	Nominal	5.30%	15.55%	No write-off necessary	No write-off necessary
MAFMEX S.DE R.L.DE C. V	5 years	Yes	Nominal	3.0%	11.78%	No write-off necessary	No write-off necessary

\*Real flows - unadjusted for inflation; nominal flows - adjusted for inflation.

The reason for the tests was to write off assets in 2020 or failure to meet 2021 forecasts.

The tests were carried out following the value in use assessment method based on five-year discounted projected cash flows, in accordance with the approved plans of the Management Boards of the companies, except for Alchemia SA and Huta Bankowa Sp. z o.o. for which the forecast covered longer periods.



**Boryszew Capital Group**  
**Notes**  
**to 2021 consolidated financial statements**

(amounts expressed in PLN '000 unless specified otherwise)

The tests proved that no accounting write-offs were necessary in the Issuer's consolidated financial statements to adjust the value of the assets being used.

Boryszew Capital Group conducted also the test on the Group level, comparing the sum of net assets of relevant subsidiaries and the parent company, determined based on the impairment tests and financial statements to the value of net assets in the consolidated balance sheet as of 31.12.2021. The test suggested no need for write-off of the book value of Boryszew Group assets.

## 17. INTANGIBLE ASSETS

Intangible assets	As at 31.12.2021	As at 31.12.2020
R&D expenses	23 675	11 166
Patents, licenses, software	19 711	24 073
Perpetual land usufruct right	-	-
Other intangible assets	2 583	11 514
<i>Advances for intangible assets</i>	277	1 349
<b>Total</b>	<b>46 246</b>	<b>48 102</b>

Net intangible assets are used as collateral for the repayment of liabilities in the amount of PLN 2 569 thousand.

in the period 01.01.2021 - 31.12.2021	R&D expenses	Patents, concessions, licence, software	Perpetual land usufruct right	Other intangible assets	Total
<b>Gross value at the beginning of the period</b>	<b>38 754</b>	<b>59 933</b>	<b>3</b>	<b>17 741</b>	<b>116 431</b>
Additions (purchase)	16 000	4 225	-	110	20 335
Disposal	-	(241)	-	-	(241)
Liquidation	-	(75)	-	-	(75)
Excluding entities from consolidation	-	(2 641)	-	(1 314)	(3 955)
Impact of exchange rate differences	3	298	-	(7)	294
Other	(2 753)	(4 094)	-	(8 578)	(15 425)
<b>Gross value of intangible assets at the end of the period</b>	<b>52 004</b>	<b>57 405</b>	<b>3</b>	<b>7 952</b>	<b>117 364</b>
<b>Accumulated depreciation at the beginning of the period</b>	<b>27 588</b>	<b>35 462</b>	<b>3</b>	<b>6 227</b>	<b>69 280</b>
Scheduled depreciation of intangible assets	3 461	4 248	-	519	8 228
Decrease due to disposal	-	(3)	-	-	(3)
Liquidation	-	(244)	-	-	(244)
excluding an entity from consolidation	-	(2 416)	-	(912)	(3 328)
Impact of exchange rate differences	1	254	-	(5)	250
Other	(2 721)	(5)	-	(460)	(3 186)
<b>Accumulated depreciation at the end of the period</b>	<b>28 329</b>	<b>37 296</b>	<b>3</b>	<b>5 369</b>	<b>70 997</b>
<b>Impairment write-offs at the beginning of the period</b>	-	<b>398</b>	-	-	<b>398</b>
<b>impairment write-offs at the end of the period</b>	-	<b>398</b>	-	-	<b>398</b>
<b>Net value of intangible assets at the end of the period</b>	<b>23 675</b>	<b>19 711</b>	<b>-</b>	<b>2 583</b>	<b>45 969</b>



**Boryszew Capital Group**  
**Notes**  
**to 2021 consolidated financial statements**

(amounts expressed in PLN '000 unless specified otherwise)

<b>in the period 01.01.2020 - 31.12.2020</b>	<b>R&amp;D expenses</b>	<b>Patents, concessions, licence, software</b>	<b>Perpetual land usufruct right</b>	<b>Other intangible assets</b>	<b>Total</b>
<b>Gross value at the beginning of the period</b>	<b>37 892</b>	<b>55 163</b>	<b>3</b>	<b>23 694</b>	<b>116 752</b>
Additions (purchase)	7 279	5 221	-	6 061	18 561
Received as in-kind contribution	-	(981)	-	-	(981)
Disposal	-	(4)	-	(39)	(43)
Liquidation	(127)	(851)	-	(4 080)	(5 058)
Excluding entities from consolidation	(5 844)	(1 925)	-	(4 855)	(12 624)
Impact of exchange rate differences	(84)	608	-	258	782
Other	(362)	2 702	-	(3 298)	(958)
<b>Gross value of intangible assets at the end of the period</b>	<b>38 754</b>	<b>59 933</b>	<b>3</b>	<b>17 741</b>	<b>116 431</b>
<b>Accumulated depreciation at the beginning of the period</b>	<b>28 463</b>	<b>31 157</b>	<b>3</b>	<b>11 284</b>	<b>70 907</b>
Planned depreciation	5 174	4 068	-	640	9 882
Decrease due to disposal	-	(3)	-	(31)	(34)
Liquidation	(127)	(981)	-	(18)	(1 126)
Excluding an entity from consolidation	(5 775)	(1 555)	-	(3 764)	(11 094)
Impact of exchange rate differences	(15)	473	-	193	651
Other	(132)	2 303	-	(2 077)	94
<b>Accumulated depreciation at the end of the period</b>	<b>27 588</b>	<b>35 462</b>	<b>3</b>	<b>6 227</b>	<b>69 280</b>
<b>Impairment write-offs at the beginning of the period</b>	<b>-</b>	<b>34</b>	<b>-</b>	<b>-</b>	<b>34</b>
other	-	364	-	-	364
<b>Impairment write-offs at the end of the period</b>	<b>-</b>	<b>398</b>	<b>-</b>	<b>-</b>	<b>398</b>
<b>Net value of intangible assets at the end of the period</b>	<b>11 166</b>	<b>24 073</b>	<b>-</b>	<b>11 514</b>	<b>46 753</b>





(amounts expressed in PLN '000 unless specified otherwise)

## 18. RIGHT-OF-USE ASSETS

in the period 01.01.2021 - 31.12.2021	Buildings and structures	Technical equipment and machines	Vehicles	Other tangible fixed assets	Intangible assets - software	Land - SMA	The Lease Agreement	Total
<b>Gross value at the beginning of the period</b>	<b>16 753</b>	<b>206 897</b>	<b>13 735</b>	<b>5 685</b>	<b>2 197</b>	<b>108 010</b>	<b>62 705</b>	<b>415 982</b>
Acceptance for use under new lease agreements signed during the current year	-	21 083	1 012	-	-	6 039	26 305	<b>54 439</b>
Disposal	-	-	-	-	-	(8 530)	-	<b>(8 530)</b>
Transfer under leaseback	-	13 222	-	-	-	-	-	<b>13 222</b>
Reduction due to end of lease term	-	(23 812)	(3 931)	(85)	-	-	-	<b>(27 828)</b>
Reclassification to sale	-	-	-	-	-	(14 600)	-	<b>(14 600)</b>
Excluding an entity from consolidation	(13 326)	-	-	-	-	(5 792)	-	<b>(19 118)</b>
Impact of exchange rate differences	18	(248)	(9)	5	(8)	-	1 261	<b>1 019</b>
<b>Gross value at the end of the period</b>	<b>3 445</b>	<b>217 142</b>	<b>10 807</b>	<b>5 605</b>	<b>2 189</b>	<b>85 127</b>	<b>90 271</b>	<b>414 586</b>
<b>Accumulated depreciation at the beginning of the period</b>	<b>5 172</b>	<b>56 830</b>	<b>7 554</b>	<b>1 556</b>	<b>-</b>	<b>3 151</b>	<b>22 425</b>	<b>96 688</b>
Planned depreciation of own fixed assets	562	19 547	2 052	619	1 085	1 164	12 438	<b>37 467</b>
Reduction due to termination of lease	-	(6 299)	(2 438)	(14)	-	(549)	-	<b>(9 300)</b>
Reclassification to sale	-	-	-	-	-	(616)	-	<b>(616)</b>
Excluding an entity from consolidation	(3 987)	-	-	-	-	(225)	-	<b>(4 212)</b>
Impact of exchange rate differences	5	(115)	15	1	-	-	856	<b>762</b>
<b>Accumulated depreciation at the end of the period</b>	<b>1 752</b>	<b>69 963</b>	<b>7 183</b>	<b>2 162</b>	<b>1 085</b>	<b>2 925</b>	<b>35 719</b>	<b>120 789</b>
<b>Impairment write-offs at the beginning of the period</b>	<b>-</b>	<b>858</b>	<b>(15)</b>	<b>-</b>	<b>-</b>	<b>522</b>	<b>-</b>	<b>1 365</b>
Write-off provision recognised in the profit/loss for the current period	-	-	-	-	-	-	-	<b>-</b>
Reversal of write-downs recognized in the profit/loss for the current period	-	-	-	-	-	(65)	-	<b>(65)</b>
Reduction due to termination of lease	-	(278)	-	-	-	-	-	<b>(278)</b>
Impact of exchange rate differences	-	-	-	-	-	62	-	<b>62</b>
<b>impairment write-offs at the end of the period</b>	<b>-</b>	<b>580</b>	<b>(15)</b>	<b>-</b>	<b>-</b>	<b>519</b>	<b>-</b>	<b>1 084</b>
<b>Net value of fixed assets at the end of period</b>	<b>1 693</b>	<b>146 599</b>	<b>3 639</b>	<b>3 443</b>	<b>1 104</b>	<b>81 683</b>	<b>54 552</b>	<b>292 713</b>



**Boryszew Capital Group**  
**Notes**  
**to 2021 consolidated financial statements**

(amounts expressed in PLN '000 unless specified otherwise)

	<i>Buildings and structures</i>	<i>Technical equipment and machines</i>	<i>Vehicles</i>	<i>Other tangible fixed assets</i>	<i>Intangible assets - software</i>	<i>Land - SMA</i>	<i>The Lease Agreement</i>	<i>Total</i>
<b>in the period 01.01.2020 - 31.12.2020</b>								
<b>Gross value at the beginning of the period</b>	<b>15 726</b>	<b>201 957</b>	<b>15 934</b>	<b>5 605</b>	<b>-</b>	<b>125 826</b>	<b>72 227</b>	<b>437 275</b>
Acceptance for use under new lease agreements signed during the current year	-	9 533	1 389	80	2 197	1 250	512	<b>14 961</b>
Disposal						(1 799)		<b>(1 799)</b>
Transfer under leaseback		(1 623)	-	-	-	-	(9 440)	<b>(11 063)</b>
Reduction du to end of lease term	-	(8 442)	(3 757)	-	-	-	(23)	<b>(12 222)</b>
Excluding an entity from consolidation		(472)	(213)			(17 267)		<b>(17 952)</b>
Impact of exchange rate differences	1 027	5 944	382	-	-	-	(571)	<b>6 782</b>
<b>Gross value at the end of the period</b>	<b>16 753</b>	<b>206 897</b>	<b>13 735</b>	<b>5 685</b>	<b>2 197</b>	<b>108 010</b>	<b>62 705</b>	<b>415 982</b>
<b>Accumulated depreciation at the beginning of the period</b>	<b>4 243</b>	<b>40 552</b>	<b>6 328</b>	<b>930</b>	<b>-</b>	<b>2 242</b>	<b>12 531</b>	<b>66 826</b>
Planned depreciation of own fixed assets	663	16 546	3 537	626	-	1 391	12 637	<b>35 400</b>
Reduction due to termination of lease	-	(2 450)	(2 317)	-	-	(36)	(2 628)	<b>(7 431)</b>
Excluding an entity from consolidation		(165)	(108)			(446)		<b>(719)</b>
Impact of exchange rate differences	266	2 347	114	-	-	-	(115)	<b>2 612</b>
<b>Accumulated depreciation at the end of the period</b>	<b>5 172</b>	<b>56 830</b>	<b>7 554</b>	<b>1 556</b>	<b>-</b>	<b>3 151</b>	<b>22 425</b>	<b>96 688</b>
<b>Impairment write-offs at the beginning of the period</b>	<b>-</b>	<b>853</b>	<b>287</b>	<b>-</b>	<b>-</b>	<b>460</b>	<b>-</b>	<b>1 600</b>
Creation of impairment write-off		-	-	-	-	65	-	<b>65</b>
Reversal of impairment write-down	-	-	-	-	-	(3)	-	<b>(3)</b>
Reduction due to termination of lease	-	-	(302)	-	-	-	-	<b>(302)</b>
Impact of exchange rate differences	-	5	-	-	-	-	-	<b>5</b>
<b>impairment write-offs at the end of the period</b>	<b>-</b>	<b>858</b>	<b>(15)</b>	<b>-</b>	<b>-</b>	<b>522</b>	<b>-</b>	<b>1 365</b>
<b>Net value of fixed assets at the end of period</b>	<b>11 581</b>	<b>149 209</b>	<b>6 196</b>	<b>4 129</b>	<b>2 197</b>	<b>104 337</b>	<b>40 280</b>	<b>317 929</b>



## 19. SHARES IN AFFILIATES

	As at 31.12.2021	As at 31.12.2020
Carrying amount of investments in associates - beginning of the year	210	311
Disposal of shares during the year	-	(101)
<b>Value at cost at year-end</b>	-	-
Share in profit	4	
<b>Carrying amount of investments in associates</b>	<b>214</b>	<b>210</b>

## 20. FINANCIAL ASSETS

Financial assets	As at 31.12.2021	As at 31.12.2020
Shares at fair value through other comprehensive income	86 453	152 882
Shares at fair value through profit and loss	78	39 473
Debt instruments (bonds)	33 749	34 579
Loans granted	47 260	23 560
	<b>167 540</b>	<b>250 494</b>
<i>Long-term assets</i>	1 685	1 036
<i>Short-term assets</i>	165 855	249 458

Shares worth PLN 86.4 million are used as collateral for the repayment of loans.

Bonds	As at 31.12.2021	As at 31.12.2020
Unibax Sp. z o.o.	24 019	24 870
Impairments	-	-
	<b>24 019</b>	<b>24 870</b>
Skotan S.A.	10 163	10 135
Impairments	(520)	(514)
	<b>9 643</b>	<b>9 621</b>
Other/valuation of FX positions	87	88
	<b>33 749</b>	<b>34 579</b>

The bonds of Unibax Sp. z o.o. are currently unsecured.  
Skotan S.A. bonds secured on issuer's assets.



**Boryszew Capital Group**  
**Notes**  
**to 2021 consolidated financial statements**

(amounts expressed in PLN '000 unless specified otherwise)

<b>Borrowings</b>	<b>As at 31.12.2021</b>	<b>As at 31.12.2020</b>
Unipartner sp. z o.o.	27 172	21 603
Unibax Sp. z o.o.	18 234	-
Other	1 854	1 957
	<b>47 260</b>	<b>23 560</b>

<b>Change in financial assets between 01.01.2020 and 31.12.2021</b>	<b>Bonds</b>	<b>Borrowings</b>
<b>Carrying amount - beginning of the period</b>	<b>34 579</b>	<b>23 560</b>
Bonds purchased / loans granted during the current year	-	23 700
Interest on bonds recognised in P&L during the current year	1 560	1 152
Interest received	(2 391)	(1 152)
Write-offs on bonds + interest recognised in current year P&L	(76)	-
Reversal of impairment write-offs recognised in P&L during the year	55	-
Exchange rate differences	22	-
<b>Carrying amount of bonds - end of the period</b>	<b>33 749</b>	<b>47 260</b>

<b>Change in financial assets between 01.01.2020 and 31.12.2020</b>	<b>Bonds</b>	<b>Borrowings</b>
<b>Carrying amount - beginning of the period</b>	<b>34 529</b>	<b>182</b>
Reduction in assets - bought-in / repaid during the year	(24 000)	(9 146)
Bonds purchased / loans granted during the current year	-	32 115
Interest on bonds recognised in P&L during the current year	1 302	356
Interest received	(1 206)	(1 783)
Write-offs on bonds + interest recognised in current year P&L	(475)	(4)
Excluding an entity from consolidation	(81)	-
Reversal of impairment write-offs recognised in P&L during the year	18	-
write-off reversal following asset disposal	-	(270)
Interest cancelled in the current year	-	(2 699)
Compensations and other non-monetary changes	24 319	317
Exchange rate differences	173	4 492
<b>Carrying amount of bonds - end of the period</b>	<b>34 579</b>	<b>23 560</b>



## 21. DERIVATIVE FINANCIAL INSTRUMENTS

As at 31.12.2021	assets	liabilities
<b>Cash flows hedging instruments</b>	<b>11 959</b>	<b>775</b>
<i>Commodity swaps</i>	10 856	72
<i>Foreign exchange contracts</i>	1 103	703
<b>Fair value hedges</b>	<b>206</b>	<b>2 012</b>
<i>Interest rate swaps</i>	-	155
<i>Foreign exchange contracts</i>	68	81
<i>Commodity swaps</i>	138	1 776
<b>Instruments held for trading</b>	<b>269</b>	<b>128</b>
<i>Foreign exchange contracts</i>	269	103
<i>Commodity swaps</i>	-	25
	<b>12 434</b>	<b>2 915</b>
<i>long-term part</i>	-	-
<i>short-term part</i>	12 434	2 915
<b>balance</b>	<b>9 519</b>	

As at 31.12.2020	assets	liabilities
<b>Cash flows hedging instruments</b>	<b>3 354</b>	<b>4 413</b>
<i>Commodity swaps</i>	2 352	775
<i>Foreign exchange contracts</i>	1 002	3 638
<b>Fair value hedges</b>	<b>502</b>	<b>6 772</b>
<i>Interest rate swaps</i>	-	323
<i>Foreign exchange contracts</i>	-	1 577
<i>Commodity swaps</i>	502	4 872
<b>Instruments held for trading</b>	<b>394</b>	<b>1 626</b>
<i>Foreign exchange contracts</i>	-	1 444
<i>Commodity swaps</i>	394	182
	<b>4 250</b>	<b>12 811</b>
<i>long-term part</i>	-	-
<i>short-term part</i>	4 250	12 811
<b>balance</b>	<b>(8 561)</b>	



**Boryszew Capital Group**  
**Notes**  
**to 2021 consolidated financial statements**

(amounts expressed in PLN '000 unless specified otherwise)

Presentation of derivative instruments in the income statement	As at 31.12.2021	As at 31.12.2020
<b>Income statement items</b>		
<b>Revenues from sale</b>	<b>(14 201)</b>	<b>(2 927)</b>
<b>Manufacturing cost of products sold</b>	<b>7 977</b>	<b>1 574</b>
<b>Other operating expenses</b>	<b>-</b>	<b>-</b>
<b>Financial income, including:</b>	<b>4 985</b>	<b>25 576</b>
<i>profit on trading in derivatives</i>	1 602	7 059
<i>ineffective part of cash flow hedges</i>	-	-
<i>exchange rate differences - correction by the effective portion</i>	3 383	18 517
<b>Financial expenses, including:</b>	<b>6 043</b>	<b>34 330</b>
<i>loss on trading in derivatives</i>	380	8 692
<i>ineffective portion of cash flow hedges (negative value)</i>	-	-
<i>exchange rate differences - correction by the effective portion</i>	5 663	25 638
<b>Impact on profit/loss</b>	<b>(23 236)</b>	<b>(13 255)</b>

Changes in the fair value of derivatives for cash flow hedging in such part in which they operate as effective hedge are recognized in equity while in such part in which they do not operate as effective hedge are recognized as financial income or expenses of the reporting period.

At the moment of realisation and recognition in the income statement of the hedged item, the effective part of the hedge corrects its value, e.g. sales revenues or costs of production. The amount representing the ineffective part of the hedge is recognized as financial income or expense.

Changes in the fair value of derivatives for fair value hedging in such part in which they operate as effective hedge are recognised in the profit and loss account with an offset against valuation of the hedged item, while in such part in which they do not operate as effective hedge are recognized as financial income or expenses of the reporting period. At the moment of realisation and recognition in the income statement of the hedged item, the effective part of the hedge corrects its value in the same position. The amount representing the ineffective part of the hedge is recognized as financial income or expense.

Commercial instruments are instruments designed for hedging against specific risks that do not feature formally established hedging relationships. Effects of changes in their fair value are recognised in the income statement and disclosed in financial income and expenses.

**Commodity derivatives as at 31.12.2021**

currency	<1 month	1-3 months	3-12 months	1-3 years	total
USD	2 885	3 897	1 485		8 267
EUR	514	482	(142)	-	854
<b>Total</b>	<b>3 399</b>	<b>4 379</b>	<b>1 343</b>	<b>-</b>	<b>9 121</b>

**Commodity derivatives as at 31.12.2021**

currency	<1 month	1-3 months	3-12 months	1-3 years	total
USD	48	(4)	(210)	-	(166)
EUR	347	405	13	(46)	719
<b>Total</b>	<b>395</b>	<b>401</b>	<b>(197)</b>	<b>(46)</b>	<b>553</b>

**Commodity derivatives as at 31.12.2020**

currency	<1 month	1-3 months	3-12 months	1-3 years	total
USD	(2 092)	(834)	39		(2 887)
EUR	(428)	965	(231)	-	306
<b>Total</b>	<b>(2 520)</b>	<b>131</b>	<b>(192)</b>	<b>-</b>	<b>(2 581)</b>



**Boryszew Capital Group**  
**Notes**  
**to 2021 consolidated financial statements**

(amounts expressed in PLN '000 unless specified otherwise)

**Commodity derivatives as at 31.12.2020**

currency	<1 month	1-3 months	3-12 months	1-3 years	total
USD	31	(6)	431	-	456
EUR	(2 561)	(1 777)	(1 606)	(169)	(6 113)
<b>Total</b>	<b>(2 530)</b>	<b>(1 783)</b>	<b>(1 175)</b>	<b>(169)</b>	<b>(5 657)</b>

**22. TRADE AND OTHER RECEIVABLES**

Trade receivables and other receivable	As at 31.12.2021	As at 31.12.2020
Trade receivables from sale of products, goods and services	675 284	578 545
Valuation of credit risk	(278)	272
Receivables from sale of fixed assets and intangible assets	-	-
Receivables from sale of shares	-	6 055
Payables and receivables with shareholders	-	-
Budget receivables	185 212	113 545
Other debtors	68 611	36 053
<b>Trade receivables and other receivables</b>	<b>928 829</b>	<b>734 470</b>
<i>Trade receivables and other long-term receivables</i>	<i>1 592</i>	<i>3 387</i>
<i>Costs recognised on accrual basis long-term portion</i>	<i>29 283</i>	<i>27 625</i>
	<b>30 875</b>	<b>31 012</b>
<i>Trade receivables and other short-term receivables</i>	<i>927 237</i>	<i>731 083</i>
<i>Costs recognised on accrual basis short-term portion</i>	<i>50 010</i>	<i>52 033</i>
	<b>977 247</b>	<b>783 116</b>
Receivables securing loan repayments	221 052	72 854
Cumulative revaluation write-downs on receivables	As at 31.12.2021	As at 31.12.2020
Write-offs on overdue trade receivables	80 735	65 813
Write-offs for estimated credit risk	7 625	7 763
Write-offs on other receivables (except trade receivables)	31 056	13 301
<b>Total allowances</b>	<b>119 416</b>	<b>86 877</b>
<b>Gross accounts receivable</b>	<b>1 048 245</b>	<b>821 347</b>





**Boryszew Capital Group**  
**Notes**  
**to 2021 consolidated financial statements**

(amounts expressed in PLN '000 unless specified otherwise)

**Write-downs on trade receivables**

<b>Write-downs on trade receivables</b>	<b>01.01.2021 - 31.12.2021</b>	<b>As at 31.12.2020</b>
<b>Balance as at the beginning</b>	<b>73 576</b>	<b>67 742</b>
Write-offs on overdue receivables	13 910	6 982
Inclusion of entities in consolidation	-	-
Removal of write-off together with the receivable as irrecoverable/overdue	(2 927)	(4 428)
Excluding an entity from consolidation	(749)	(8 158)
Write-downs derecognized from recovered receivables	(181)	(315)
Reversal of write-offs on overdue receivables	(5 075)	(7 967)
Impact of exchange rate differences	2 181	11 957
	<b>80 735</b>	<b>65 813</b>
Valuation of credit risk	7 625	7 763
<b>Write-downs at the end of the period</b>	<b>88 360</b>	<b>73 576</b>

**Trade receivables aging**

<b>Aging of net trade receivables (sales of products, services, goods, fixed assets)</b>	<b>As at 31.12.2021</b>	<b>As at 31.12.2020</b>
<b>net accounts receivable with the remaining repayment period from the balance sheet date</b>	<b>603 663</b>	<b>520 724</b>
up to 3 months	604 634	516 378
up to 6 months	4 665	9 349
up to 1 year	-	-
above 1 year	1 863	2 072
Valuation of credit risk	(7 499)	(7 075)
<b>overdue accounts receivable</b>	<b>71 621</b>	<b>57 821</b>
up to 3 months	39 963	52 591
up to 6 months	15 216	(274)
up to 1 year	8 242	2 471
above 1 year	8 326	3 418
Valuation of credit risk	(126)	(385)
<b>total trade receivables</b>	<b>675 284</b>	<b>578 545</b>
<b>cumulative impairment write-off for trade receivables</b>		
up to 3 months	6 576	1 524
up to 6 months	999	2 655
up to 1 year	15 776	4 876
above 1 year	57 384	56 758
<b>Write-downs at the end of the period</b>	<b>80 735</b>	<b>65 813</b>

**Accrued costs**

<b>OTHER ASSETS</b>	<b>As at 31.12.2021</b>	<b>As at 31.12.2020</b>
Prepayments - other than financial expenses	16 378	14 935
Prepayments - financial expenses	964	2 061
Quick savings (only automotive)	15 703	17 038
Capitalised costs of new projects	46 248	45 624
<b>Total</b>	<b>79 293</b>	<b>79 658</b>



Quick savings concern the fees which automotive branch providers are required to pay to their customers (OEM). These fees occur at the time of conclusion of a contract for production of parts (granting nominations) and are charged against standard prices of supplied products. The amount of these charges reflects the savings that result from cooperation in production of the same or similar products using the same technologies and procedures as well as the exchange of technical knowledge and experience. Therefore, it is assumed that the Supplier obtains specific cost savings that would have otherwise been necessary to expand manufacturing process and to achieve the target process efficiency. These charges are depreciated in the period of life of relevant project.

Automotive development projects refer to expenditure incurred by Maflow and BAP groups production facilities in the process of technical documentation development and thereafter the implementation tests of new products. That expenditure is depreciated in the period of life of relevant project.

## 23. INVENTORIES

Structure of inventories	As at 31.12.2021	As at 31.12.2020
Materials and raw materials	420 445	372 211
Work in progress	198 313	197 178
Finished products	339 080	307 117
Traded goods	13 805	63 355
Energy certificates	1 182	468
<b>Total</b>	<b>972 825</b>	<b>940 329</b>
Advances on supplies	19 001	40 629
<b>Carrying value of inventories</b>	<b>991 826</b>	<b>980 958</b>
Impairments	41 290	36 835
<b>Gross value of inventories</b>	<b>1 033 116</b>	<b>1 017 793</b>
<b>Revaluation write-offs for inventories at the beginning of the period</b>	<b>36 835</b>	<b>41 160</b>
Increase of impairments in the period	11 551	7 441
Inclusion of entities in consolidation	-	-
Reversal of write-downs in the period (-)	(6 567)	(10 808)
Excluding an entity from consolidation	(467)	(467)
Fair value measurement of energy certificates	-	-
- exchange rate differences from opening balance	26	26
Other decrease of write-downs in the period (written down with inventories)	(88)	(517)
<b>Revaluation write-offs for inventories at the end of the period</b>	<b>41 290</b>	<b>36 835</b>
Impairment write-offs in manufacturing cost	26	479
Impairment write-offs in other operating expenses	11 551	7 441
Write-offs reversed in other operating income	(6 567)	(10 808)

Inventories are used as collateral for the repayment of liabilities in the amount of PLN 391 779 thousand.



## 24. CASH

<b>Cash and cash equivalents</b>	<b>As at 31.12.2021</b>	<b>As at 31.12.2020</b>
Cash in hand and at bank	164 131	161 011
Other (deposits)	23 593	24 200
<b>Total</b>	<b>187 724</b>	<b>185 211</b>

## 25. DISCONTINUED OPERATIONS AS WELL AS ASSETS AND LIABILITIES AVAILABLE FOR SALE

The assets and liabilities associated with assets held for sale concern assets held for sale of Hutmen Spółka z o.o. (Hutmen), a subsidiary, and discontinued operations, i.e. assets and liabilities of HMN Szopienice S.A. in liquidation, a subsidiary, presented as discontinued operations.

Below are the individual items of fixed and current assets as well as liabilities and provisions for liabilities. The initial part of these consolidated financial statements includes the profit and loss account from discontinued operations of HMN Szopienice S.A. in liquidation, a subsidiary.

<b>Assets held for sale and associated with discontinued operations</b>	<b>As at 31.12.2021</b>	<b>As at 31.12.2020</b>
Tangible fixed assets (mainly Hutmen)	56 898	459
Financial assets	11	14
Trade receivables and other receivable	330	279
Other assets	-	2
Cash and cash equivalents	2 278	250
<b>Total assets</b>	<b>59 517</b>	<b>1 004</b>

<b>Assets held for sale - Property, plant and equipment</b>	<b>As at 31.12.2021</b>	<b>As at 31.12.2020</b>
Land at Hutmen	956	-
Perpetual usufruct of land at Hutmen	13 984	-
Buildings and structures at Hutmen	29 655	-
Technical equipment at Hutmen	11 781	-
Motor vehicles at Hutmen	20	-
Other tangible fixed assets	391	459
Advances for fixed assets at Hutmen	62	-
Intangible assets at Hutmen	49	-
<b>Total property, plant and equipment held for sale</b>	<b>56 898</b>	<b>459</b>



**Boryszew Capital Group**  
**Notes**  
**to 2021 consolidated financial statements**

(amounts expressed in PLN '000 unless specified otherwise)

**Liabilities related to fixed assets held for sale (discontinued operations)**

	As at 31.12.2021	As at 31.12.2020
Trade and other liabilities	16 150	17 329
Other provisions	187	198
Right-of-use liabilities on Hutmen's assets	14 566	-
Deposit paid at Hutmen	10 000	-
<b>Total liabilities</b>	<b>40 903</b>	<b>17 527</b>

## 26. RESERVES

The table below presents Shareholders holding more than 5% of the share capital and of the total number of votes as at 31.12.2021 and the date of submitting the report for publication:

Shareholders	Number of shares	% of capital	Number of votes	% of votes
Roman Krzysztof Karkosik (*)	156 832 020	65.35%	156 832 020	65.35%
Including:				
Boryszew S.A. (**)	34 795 000	14.50%	34 795 000	14.50%
RKKK Investments Sp. z o.o.	119 998 000	50.00%	119 998 000	50.00%
Others	83 167 980	34.65%	83 167 980	34.65%
<b>Total:</b>	<b>240 000 000</b>	<b>100.00%</b>	<b>240 000 000</b>	<b>100.00%</b>

(\*) Mr Roman Krzysztof Karkosik with subsidiaries (as per notification of 1 October 2018).

(\*\*) As per the notification of Boryszew S.A. of 30 October 2020

The Company is not aware of any agreements other than those disclosed in point 30 under which changes might occur in future in the proportions of shares held by the existing Shareholders.

The Company did not issue any securities that would confer any special controlling rights on any of its shareholders. All shares are equal, each share entitles to one vote at the General Meeting.

### Own shares

In 2020 Boryszew S.A. acquired in total 15 511 169 its own shares, making a total of 34 795 000 own shares together with the shares already held, which accounted for 14.50 % votes during the General Meeting of Boryszew S.A.

2 165 000 own shares, accounting for 0.902% of share capital/total number of votes during the General Meeting, were entered into the register following business combination of Boryszew S.A. and SPV Boryszew 3 Sp. z o.o., which took place on 25 June 2020.

On 30 October 2020 the Company acquired in a block transaction on the Warsaw Stock Exchange 13 346 169 own shares previously held by Impexmetal S.A. (the transaction was settled on 30 October 2020).

The Group holds no preference shares. Each share carries one vote at the Shareholders' Meeting.

According to IAS 29 par. 24 the components of owners' equity (except retained earnings and revaluation reserve) were restated as at the date of IAS transition, i.e. 01.01.2004 by applying general price indices from the dates the components were contributed or otherwise created. The amount of the hyperinflationary revaluation increased the share capital and the issue premium while the value of the retained earnings was reduced.



**Boryszew Capital Group**  
**Notes**  
**to 2021 consolidated financial statements**

(amounts expressed in PLN '000 unless specified otherwise)

Change in equity	As at 31.12.2021	As at 31.12.2020
<b>Number of shares as at the balance sheet date</b>	<b>240 000 000</b>	<b>240 000 000</b>
<i>number of own shares</i>	<i>38 000 000</i>	<i>38 000 000</i>
<i>number of shares entitled to dividend</i>	<i>202 000 000</i>	<i>202 000 000</i>
<b>Share capital at the beginning of the period, including:</b>	<b>248 906</b>	<b>248 906</b>
<i>Paid-up capital</i>	<i>240 000</i>	<i>240 000</i>
<i>Revaluation *)</i>	<i>8 906</i>	<i>8 906</i>
<b>Share capital at the end of the period</b>	<b>248 906</b>	<b>248 906</b>
<b>Share premium at beginning of period</b>	<b>114 435</b>	<b>114 435</b>
<b>Balance as at period end</b>	<b>114 435</b>	<b>114 435</b>
<b>Own shares</b>		
<b>Balance as at the beginning</b>	<b>(236 753)</b>	<b>(236 753)</b>
<b>Balance as at period end</b>	<b>(236 753)</b>	<b>(236 753)</b>
<b>Reserve capital - hedge accounting</b>		
<b>Balance as at the beginning</b>	<b>(6 250)</b>	<b>14 326</b>
Profit/loss for the current period	16 756	(39 975)
Income tax	(3 184)	7 595
Change due to change in Capital Group structure	-	11 804
<b>Balance as at period end</b>	<b>7 322</b>	<b>(6 250)</b>
<b>Share revaluation reserve</b>		
<b>Balance as at the beginning</b>	<b>31 792</b>	<b>(21 817)</b>
Increase/decrease	14 700	39 249
Change due to change in Capital Group structure	-	21 817
Income tax	(2 793)	(7 457)
<b>Balance as at period end</b>	<b>43 699</b>	<b>31 792</b>
<b>Restatement of employee benefits</b>		
<b>Balance as at the beginning</b>	<b>(1 851)</b>	<b>(2 637)</b>
Profit/loss for the current period	1 641	206
Income tax	(312)	(39)
Change due to change in Capital Group structure	210	619
<b>Balance as at period end</b>	<b>(312)</b>	<b>(1 851)</b>
<b>Exchange differences on recalculation of overseas controlled entities</b>		
<b>Balance as at the beginning</b>	<b>(56 542)</b>	<b>(18 735)</b>
Profit/loss for the current period	15 314	(37 807)
Change due to change in Capital Group structure	(7 462)	
<b>Balance as at period end</b>	<b>(48 690)</b>	<b>(56 542)</b>
<b>Retained earnings</b>		
<b>Balance as at the beginning</b>	<b>1 518 803</b>	<b>1 248 784</b>
Result of the current year	72 795	279 106
Change due to change in Capital Group structure		(9 087)
<b>Balance as at period end</b>	<b>1 591 598</b>	<b>1 518 803</b>
<b>Total equity of the parent company</b>	<b>1 720 205</b>	<b>1 612 540</b>



**Boryszew Capital Group**  
**Notes**  
**to 2021 consolidated financial statements**

(amounts expressed in PLN '000 unless specified otherwise)

Change in equity	As at 31.12.2021	As at 31.12.2020
<b>Equity of non-controlling interest</b>		
<b>Balance as at the beginning</b>	<b>21 054</b>	<b>188 548</b>
Result of the current year	9 360	2 384
Dividend distribution	(3 915)	(27)
Change due to change in Capital Group structure	-	(169 851)
<b>Balance as at period end</b>	<b>26 499</b>	<b>21 054</b>
<b>Total equity</b>	<b>1 746 704</b>	<b>1 633 594</b>

(\*) As per IAS 29 section 24 items of equity (except retained earnings and capital from revaluation of assets) were calculated at the date of transition to IFRS that is 01.01.2004 using general price indices since their contribution or otherwise. The amount of the hyperinflationary revaluation increased the share capital and the issue premium while the value of the retained earnings was reduced.

## 27. BANK LOANS, BORROWINGS AND BONDS

External financing liabilities	As at 31.12.2021	As at 31.12.2020
Bank credits	732 973	897 260
Loans received	26 086	26 571
Bonds	-	-
<b>Total loans, including:</b>	<b>759 059</b>	<b>923 831</b>
Long term	107 964	168 209
Short term	651 095	755 622

### 27.1. Bank credits

Bank credits	As at 31.12.2021	As at 31.12.2020
Investment bank loans	143 409	170 659
Working capital facility	399 722	455 357
Revolving loans (including unpaid interest)	173 482	215 337
Factoring	16 360	55 907
<b>Total loans, including:</b>	<b>732 973</b>	<b>897 260</b>
Long-term	90 068	151 431
Short-term	642 905	745 829

	As at 31.12.2021	As at 31.12.2020
<b>interest expense</b>		
interest expense in P&L	22 469	37 278
interest expense (fixed assets)	-	249
capitalised interest expense (intangible assets)	-	-
capitalised interest expense (shares)	-	-
<b>total interest expenses</b>	<b>22 469</b>	<b>37 527</b>



**Boryszew Capital Group**  
**Notes**  
**to 2021 consolidated financial statements**

(amounts expressed in PLN '000 unless specified otherwise)

**Change in loans**

<b>Change in loans</b>	<b>As at 31.12.2021</b>	<b>As at 31.12.2020</b>
<b>nominal value of loans at the beginning of the year</b>	<b>897 260</b>	<b>1 472 617</b>
proceeds from new loans received	204 510	406 884
repayment of loans	(361 812)	(461 170)
repayment of interest	-	(177)
unpaid interest at the end of the period	-	223
other cash changes	(3 387)	(854)
<b>total cash change</b>	<b>(160 689)</b>	<b>(55 094)</b>
<b>non-cash changes</b>		
assumption of debt from another entity	27 298	-
transfer of debt to another entity	(27 291)	-
excluding an entity from consolidation	(14 754)	(488 882)
impact of exchange rate differences	(1 116)	21 915
unpaid interest at the end of the period recognised in the balance sheet	-	243
other non-cash changes	12 265	(53 539)
<b>sum of non-cash changes</b>	<b>(3 598)</b>	<b>(520 263)</b>
<b>carrying amount of loans</b>	<b>732 973</b>	<b>897 260</b>

Free credit limits (applicable to overdraft facilities and revolving working capital loans) amounted to PLN 156 505 thousand in 2021 and PLN 130 875 thousand at the end of 2020, respectively.

All loans are secured. Loan collaterals include:

- investment real estate
- tangible fixed assets
- stocks: Boryszew S.A. (in subsidiaries)
- inventories,
- receivables from customers,
- assignment of rights under insurance policies,
- guarantees and sureties of Boryszew S.A
- loan repayment guarantees from the Liquidity Guarantee Fund of Bank Gospodarstwa Krajowego





**Boryszew Capital Group**  
**Notes**  
**to 2021 consolidated financial statements**

(amounts expressed in PLN '000 unless specified otherwise)

**Change in the balance of loans in between 1 January and 31 December 2021**

Loan details	Liability due to loan as at 31.12.2021	Liability due to loan as at 31.12.2020	Change
ALIOR	85 950	47 842	38 108
BANCA BPER	2 415	-	2 415
BANCA INTENSO	24 261	23 559	702
BOŚ	-	1 960	(1 960)
BANK POPULAR	19 198	19 659	(461)
BBVA	5 501	5 256	245
BGK	52 058	93 480	(41 422)
BNP	101 157	55 325	45 832
CAIXA	4 245	7 628	(3 383)
COMMERZBANK	-	21 279	(21 279)
COFACE	12 070	-	12 070
CREDIT AGRICOLE	35 149	69 728	(34 579)
ČSOB	5 383	7 128	(1 745)
HSBC	38 687	54 318	(15 631)
ING	65 040	60 815	4 225
LIBERBANK	3 740	1 984	1 756
mBank	21 165	109 792	(88 627)
mFaktoring	-	18 730	(18 730)
MILLENIUM	27 705	36 208	(8 503)
Pekao	13 878	15 199	(1 321)
PKO BP	162 158	136 733	25 425
PKO FAKTORING	-	5 545	(5 545)
SANTANDER	26 887	70 971	(44 084)
UNICREDIT	26 326	34 121	(7 795)
<b>Total Boryszew Capital Group</b>	<b>732 973</b>	<b>897 260</b>	<b>(164 287)</b>

**Expected discounted cash flows on committed loans**

Expected discounted cash flows on committed loans	As at 31.12.2021	As at 31.12.2020
up to 3 months	137 086	226 503
up to 6 months	136 022	208 776
up to 1 year	369 797	310 550
between 1 year and 3 years	86 711	120 185
from 3 years to 5 years	-	29 773
over 5 years	3 357	1 473
<b>Total</b>	<b>732 973</b>	<b>897 260</b>



**Boryszew Capital Group**  
**Notes**  
**to 2021 consolidated financial statements**

(amounts expressed in PLN '000 unless specified otherwise)

**Information on breach of material provisions of credit or loan agreements**

As at 31 December 2021 no overdue liabilities occurred due to borrowings and loans and no breach occurred of material provisions of borrowing and loan agreements.

**27.2. Loan liabilities**

<b>Loan liabilities</b>	<b>As at 31.12.2021</b>	<b>As at 31.12.2020</b>
Loans from related parties	2	5
Loans from other entities	26 084	26 566
<b>Total loans, including:</b>	<b>26 086</b>	<b>26 571</b>
Long term	17 896	16 778
Short term	8 190	9 793

<b>Change in loans</b>	<b>01.01.2021 - 31.12.2021</b>	<b>As at 31.12.2020</b>
<b>nominal value of loans at the beginning of the year</b>	<b>26 571</b>	<b>17 160</b>
proceeds (CF) from new loans received	9 926	13 700
repayments (CF) of loans	(10 115)	(4 540)
interest unpaid at the end of the period	58	-
<b>total cash change</b>	<b>(131)</b>	<b>9 160</b>
<b>non-cash changes</b>		
impact of exchange rate differences	(354)	251
<b>sum of non-cash changes</b>	<b>(354)</b>	<b>251</b>
<b>carrying amount of loans</b>	<b>26 086</b>	<b>26 571</b>

<b>interest expenses on loans</b>	<b>As at 31.12.2021</b>	<b>As at 31.12.2020</b>
interest expense in P&L	2 351	260
interest expense (fixed assets)	-	249
<b>total interest expenses</b>	<b>2 351</b>	<b>509</b>

**Expected undiscounted cash flows from borrowings**

	<b>As at 31.12.2021</b>	<b>As at 31.12.2020</b>
up to 3 months	1 164	1 186
up to 6 months	1 170	1 192
up to 1 year	5 856	7 415
between 1 year and 3 years	17 896	16 778
from 3 years to 5 years	-	-
over 5 years	-	-
<b>Total</b>	<b>26 086</b>	<b>26 571</b>



## 28. LEASE LIABILITIES

in the period 01.01.2021 - 31.12.2021	Leasing of tangible and intangible assets	Land - SMA	The Lease Agreement	Total
<b>Balance brought forward of lease liabilities</b>	<b>133 484</b>	<b>134 398</b>	<b>41 951</b>	<b>309 833</b>
new discounted lease liabilities	24 167	772	26 305	51 244
Inclusion of entities in consolidation	(92)			(92)
repayment of capital lease instalments	(54 658)	(285)	(12 157)	(67 100)
interest payment, which was included in the balance brought forward	(592)		-	(592)
Excluding an entity from consolidation	(6 797)	(17 120)		(23 917)
Derecognition due to sale		(6 764)		(6 764)
unpaid interest at the end of the period recognised in the balance sheet	-	-		-
Revaluation of lease liabilities	-	2 374	-	2 374
impact of exchange rate differences	(1 161)		428	(733)
disposal during the year	(630)	-		(630)
<b>Carrying amount of lease liabilities</b>	<b>93 721</b>	<b>113 375</b>	<b>56 527</b>	<b>263 623</b>

in the period 01.01.2020 - 31.12.2020	Leasing of tangible and intangible assets	Land - SMA	The Lease Agreement	Total
<b>Balance brought forward of lease liabilities</b>	<b>158 946</b>	<b>153 859</b>	<b>61 824</b>	<b>374 629</b>
new discounted lease liabilities	9 898	1 250	512	11 660
Inclusion of entities in consolidation	(97)	-	-	(97)
repayment of capital lease instalments	(41 283)	(368)	(11 735)	(53 386)
interest payment, which was included in the balance brought forward	(170)	(18)	(153)	(341)
Excluding an entity from consolidation	(227)	(18 213)	-	(18 440)
Derecognition due to sale				-
unpaid interest at the end of the period recognised in the balance sheet	60	10	-	70
Revaluation of lease liabilities	(134)	(2 122)	(6 954)	(9 210)
impact of exchange rate differences	6 699	-	(1 543)	5 156
disposal during the year	(208)	-	-	(208)
<b>Carrying value of lease liabilities</b>	<b>133 484</b>	<b>134 398</b>	<b>41 951</b>	<b>309 833</b>

The leased assets include mainly machinery and equipment in Boryszew branches, as well as metal and automotive companies and passenger cars in all Group's companies.

### Undiscounted liabilities on gross financial leasing of fixed assets and intangible assets

Undiscounted finance lease liabilities	As at 31.12.2021	As at 31.12.2020
3 months	9 925	17 364
from 4 to 6 months	9 271	13 819
above 7 month and up to 12 months	28 327	22 199
between 1 year and 3 years	32 840	62 980
from 3 years to 5 years	17 205	19 202
over 5 years	-	3 867
<b>Total undiscounted payments remaining until the end of the lease term</b>	<b>97 568</b>	<b>139 431</b>



**Boryszew Capital Group**  
**Notes**  
**to 2021 consolidated financial statements**

(amounts expressed in PLN '000 unless specified otherwise)

future interest payments	(3 847)	(5 947)
<b>Balance sheet value of lease liabilities</b>	<b>93 721</b>	<b>133 484</b>

<b>Non-discounted liabilities due to SMA</b>	<b>As at 31.12.2021</b>	<b>As at 31.12.2020</b>
annual SMA fee	2 157	3 300
between 1 year and 3 years	4 814	6 847
from 3 years to 5 years	4 732	6 600
over 5 years - up to 10 years	11 213	16 500
over 10 years - up to 20 years	21 837	33 005
over 20 years	79 145	154 213
<b>Total undiscounted lease payments until the end of the lease term</b>	<b>123 898</b>	<b>220 465</b>
future interest payments	(67 580)	(143 134)
<b>Value of lease liabilities</b>	<b>56 318</b>	<b>77 331</b>
Liabilities to SMA recognised as investment property	57 057	57 067
<b>Balance sheet value of lease liabilities</b>	<b>113 375</b>	<b>134 398</b>

Lease interest costs recognised in profit or loss of current period	2 950	3 535
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<b>Liability to SMA - investment property</b>	<b>As at 31.12.2021</b>	<b>As at 31.12.2020</b>
<b>Liability</b>		
long-term liabilities	56 816	56 826
short-term liabilities	241	241
<b>Total liabilities</b>	<b>57 057</b>	<b>57 067</b>
Lease interest costs recognised in profit or loss of current period	75	93

The liabilities relate to real estate and land in perpetual usufruct, which are disclosed in the balance sheet and are located in Toruń and Konin.

<b>Change in liabilities</b>	<b>01.01.2021 - 31.12.2021</b>	<b>01.01.2020 - 31.12.2020</b>
<b>Liabilities at the beginning of the period</b>	<b>57 067</b>	<b>58 596</b>
repayment of capital instalments	(10)	(18)
excluding entities from consolidation	-	(1 084)
Revaluation of lease liabilities (for instance due to changes in interest rates, changes in the lease term)	-	(427)
<b>Carrying value of lease liabilities</b>	<b>57 057</b>	<b>57 067</b>

<b>Undiscounted liabilities under lease agreements</b>	<b>As at 31.12.2021</b>	<b>As at 31.12.2020</b>
<b>monthly undiscounted rent under the agreement</b>	<b>4 285</b>	<b>555</b>
from 2 to 6 months	4 108	4 273
above 7 month and up to 12 months	5 022	4 547
between 1 year and 3 years	17 586	22 057
from 3 years to 5 years	23 145	10 562
over 5 years	10 603	1 683
<b>Total undiscounted payments remaining until the end of the lease term</b>	<b>60 464</b>	<b>43 122</b>
future interest payments	(3 937)	(1 171)
<b>Balance sheet value of lease liabilities</b>	<b>56 527</b>	<b>41 951</b>



## **29. PENSION AND SIMILAR EMPLOYEE BENEFITS LIABILITIES**

Calculations of provisions for employee benefits were carried out by an independent actuary and involved establishing current (discounted) value of retirement or similar benefit to which the employee became entitled as of the date of calculation, proportionally to the quotient of the employee's service period at the moment of calculation in relation to the service period at the date of payment of the benefit.

As at 31.12.2021 for the calculation of provisions for liabilities to employees, the following parameters and assumptions were adopted: the rate of mobility (rotation) of employees at the level of 1-5%, depending on age, the rate of return on investment at 3.6% and wage growth rate at 3.5%.



**Boryszew Capital Group**  
**Notes**  
**to 2021 consolidated financial statements**

(amounts expressed in PLN '000 unless specified otherwise)

<b>Provision for employee benefits</b>	<b>Retirement severance pay</b>	<b>Disability severance pay</b>	<b>Death benefits</b>	<b>Long-service benefits</b>	<b>Provision for payments in lieu of leaves not taken</b>	<b>Bonuses and other benefits</b>	<b>Total</b>
<b>Balance on 01.01.2021</b>	<b>16 908</b>	<b>794</b>	<b>590</b>	<b>11 630</b>	<b>21 772</b>	<b>8 607</b>	<b>60 301</b>
<b>Movement:</b>	<b>(1 481)</b>	<b>47</b>	<b>80</b>	<b>(391)</b>	<b>809</b>	<b>2 095</b>	<b>1 159</b>
Inclusion of entities in consolidation	-	-	-	-	-	-	-
Excluding entities from consolidation	(412)	(66)	-	(292)	(561)	(3 878)	(5 209)
Interest expense	63	6	4	-	-	-	73
Current employment costs	(248)	111	46	38	4 792	9 586	14 325
Past employment costs	11	5	7	-	(1 647)	316	(1 308)
Benefits paid	(521)	43	(24)	(113)	(1 146)	(3 924)	(5 685)
	-	-	-	-	-	-	-
impact of exchange rate differences and other	(25)	-	-	(13)	38	(5)	(5)
Actuarial gains and losses - demographic changes	(279)	(52)	52	-	-	-	(279)
Actuarial gains and losses - financial changes	(70)	-	(5)	(11)	(667)	-	(753)
<b>As at 31.12.2021</b>	<b>15 427</b>	<b>841</b>	<b>670</b>	<b>11 239</b>	<b>22 581</b>	<b>10 702</b>	<b>61 460</b>
<b>Change</b>	<b>(1 481)</b>	<b>47</b>	<b>80</b>	<b>(391)</b>	<b>809</b>	<b>2 095</b>	<b>1 159</b>
change recognised in P&L (- cost, + decrease in cost)	(1 132)	99	33	(380)	1 476	2 095	2 191
Change included in equity (gain+/lose-)	(349)	(52)	47	(11)	(667)	-	(1 032)

long-term provisions 23 788  
short-term provisions 37 672



**Boryszew Capital Group**  
**Notes**  
**to 2021 consolidated financial statements**

(amounts expressed in PLN '000 unless specified otherwise)

<b>Provision for employee benefits</b>	<b>Retirement severance pay</b>	<b>Disability severance pay</b>	<b>Death benefits</b>	<b>Long-service benefits</b>	<b>Provision for payments in lieu of leaves not taken</b>	<b>Bonuses and other benefits</b>	<b>Total</b>
<b>Balance on 01.01.2020</b>	<b>19 011</b>	<b>1 082</b>	<b>729</b>	<b>11 672</b>	<b>20 382</b>	<b>7 543</b>	<b>60 419</b>
<b>Movement:</b>	<b>(2 103)</b>	<b>(288)</b>	<b>(139)</b>	<b>(42)</b>	<b>1 390</b>	<b>1 064</b>	<b>(118)</b>
Inclusion of entities in consolidation	-	-	-	-	-	-	-
Excluding entities from consolidation	(2 922)	(3)	-	-	(1 508)	(1 261)	(5 694)
<i>Interest expense</i>	122	9	6	28	1 283	-	1 448
<i>Current employment costs</i>	1 641	129	(1)	(192)	3 965	4 538	10 080
<i>Past employment costs</i>	(449)	(1)	-	-	(1 824)	(41)	(2 315)
<i>Benefits paid</i>	(435)	(112)	(30)	(321)	(1 059)	(3 663)	(5 620)
<i>impact of exchange rate differences and other</i>	17	(260)	(112)	301	722	1 537	2 205
<i>Actuarial gains and losses - demographic changes</i>	243	(17)	(26)	-	-	-	200
<i>Actuarial gains and losses - financial changes</i>	(320)	(33)	24	142	(189)	(46)	(422)
<b>As at 31.12.2020</b>	<b>16 908</b>	<b>794</b>	<b>590</b>	<b>11 630</b>	<b>21 772</b>	<b>8 607</b>	<b>60 301</b>
<b>Change</b>	<b>(2 103)</b>	<b>(288)</b>	<b>(139)</b>	<b>(42)</b>	<b>1 390</b>	<b>1 064</b>	<b>(118)</b>
<i>change recognised in P&amp;L (- cost, + decrease in cost)</i>	(2 026)	(238)	(137)	(184)	1 579	1 110	104
<i>Change included in equity (gain+/lose-)</i>	(77)	(50)	(2)	142	(189)	(46)	(222)
long-term provisions	27 112						
short-term provisions	33 189						





(amounts expressed in PLN '000 unless specified otherwise)

### 30. OTHER PROVISIONS

	Balance on 01.01.2021	creation of provision	provisions used during the year	reversal of unused provision	exchange differences on translation and other	Provisions of acquired/disposed entities	As at 31.12.2021
Provisions for costs of restructuring/liquidation of companies	1 500	13 721	(1 495)	-	(5)	-	13 721
Provisions for liquidation of fixed assets	5 339	725	(4)	(545)	-	-	5 515
Provisions for waste disposal and land reclamation	6 236	3 046	(899)	-	-	-	8 383
Provisions for non-execution of contracts	6 943	8 615	(4 301)	(344)	(2)	-	10 911
Provisions for court proceedings	2 711	612	(1 236)	(227)	3	-	1 863
Provisions for warranty repairs, complaints	11 542	7 340	(2 451)	(2 242)	86	(102)	14 173
Provision for tax risks and fiscal claims	148 993	2 457	-	(298)	-	(485)	150 668
Provisions for loss-making contracts (onerous contracts)	19 145	5 949	(441)	(15 381)	(32)	(139)	9 101
<b>Total</b>	<b>202 409</b>	<b>68 738</b>	<b>(10 827)</b>	<b>(45 309)</b>	<b>50</b>	<b>(726)</b>	<b>214 335</b>
<i>long-term provisions</i>	47 859						42 852
<i>short-term provisions</i>	154 550						171 483

	Balance on 01.01.2020	creation of provision	provisions used during the year	reversal of unused provision	exchange differences on translation and other	Provisions of acquired/disposed entities	As at 31.12.2020
Provisions for restructuring costs	-	1 500					1 500
Provisions for liquidation of fixed assets	5 804	-	(465)	-	-	-	5 339
Provisions for waste disposal and land reclamation	5 646	2 726	(364)	(1 772)	-	-	6 236
Provisions for non-execution of contracts	2 970	5 890	(675)	(1 307)	65	-	6 943
Provisions for court proceedings	1 223	1 657	(178)	(32)	41	-	2 711
Provisions for warranty repairs, complaints	7 912	3 756	(137)	(405)	416	-	11 542
Provision for tax risks and fiscal claims	56 015	98 017	-	(5 077)	38	-	148 993
Provisions for loss-making contracts (onerous contracts)	4 907	15 931	(2 073)	-	380	-	19 145
<b>Total</b>	<b>84 477</b>	<b>129 477</b>	<b>(3 892)</b>	<b>(8 593)</b>	<b>940</b>	<b>-</b>	<b>202 409</b>
<i>long-term provisions</i>	31 387						47 859
<i>short-term provisions</i>	53 090						154 550



**Boryszew Capital Group**  
**Notes**  
**to 2021 consolidated financial statements**

(amounts expressed in PLN '000 unless specified otherwise)

### 31. TRADE PAYABLES AND OTHER LIABILITIES

	As at 31.12.2021	As at 31.12.2020
Trade liabilities due to purchase of materials, services and goods	699 596	538 173
Trade liabilities accrued on purchase of materials, services and goods	14 108	24 821
Liabilities due to purchase of fixed assets, intangible assets and organised part of an enterprise	11 158	13 155
Liabilities to state budget (excluding income tax)	93 729	57 540
Other liabilities (except for deposits, advance payments listed above)	39 502	27 277
Payroll liabilities	40 490	37 162
Special funds	49	340
<b>In total, including:</b>	<b>898 632</b>	<b>698 468</b>
<i>long-term liabilities</i>	9	14
<i>short-term liabilities</i>	898 623	698 454

### 32. OTHER LIABILITIES AND EQUITY

DEFERRED INCOME	As at 31.12.2021	As at 31.12.2020
State subsidies	83 527	71 291
Other (deferred revenues)	11 333	20 669
	<b>94 860</b>	<b>91 960</b>
<i>long-term</i>	59 642	53 696
<i>short-term</i>	35 218	38 264

The Group received grants in the form of cash as subsidies for fixed assets (project funding from NCRD fund) and government funding in Germany.

The Company will recognise the amount in line with the depreciation of the financed fixed assets.

Major projects left to account for:

Demonstrator project (BRS NPA division) - involved development of high-strength alloy technology

Application Project (BRS NPA division) - involved low loss cables

Project of the boiler house replacement (BRS ERG branch)

Design of a unique forged and rolled special-purpose steel ring with advanced, designed cross-section and adjustable operating properties (Huta Bankowa)

Project of a new technology for the production of quality long rolled bars made of alloy steel with designed properties for the engineering industry (Huta Bankowa)

Subsidy for the construction of production plant of Boryszew Oberflächentechnik Deutschland GmbH in Prenzlau PLN 16 388 thousand.

The companies met all the conditions to receive these grants and as of 31.12.2021 there is no risk of reimbursement.



**Boryszew Capital Group**  
**Notes**  
**to 2021 consolidated financial statements**

(amounts expressed in PLN '000 unless specified otherwise)

### 33. FINANCIAL INSTRUMENTS

#### Financial assets per balance sheet on 31.12.2021

	Financial assets measured at amortised cost	Financial assets measured at fair value through profit or loss	Derivatives used for hedges	Financial assets at fair value through other comprehensive income	Carrying value
Shares and stock	-	78		86 453	86 531
Trade receivables, factoring	615 733	59 273			675 006
Derivative financial instruments	-	269	12 165		12 434
Loans granted	47 260				47 260
Bonds	33 749				33 749
Other debtors	68 611				68 611
Cash and cash equivalents	187 724				187 724
<b>Total</b>	<b>953 077</b>	<b>59 620</b>	<b>12 165</b>	<b>86 453</b>	<b>1 111 315</b>

#### Financial assets per balance sheet as at 31.12.2020

	Financial assets measured at amortised cost	Financial assets measured at fair value through profit or loss	Derivatives used for hedges	Financial assets at fair value through other comprehensive income	Carrying value
Shares and stock	-	39 453		152 902	192 355
Trade receivables	502 251	76 566			578 817
Derivative financial instruments		394	3 856		4 250
Loans granted	23 560				23 560
Bonds	34 579				34 579
Other debtors	42 108				42 108
Cash and cash equivalents	185 211				185 211
<b>Total</b>	<b>787 709</b>	<b>116 413</b>	<b>3 856</b>	<b>152 902</b>	<b>1 060 880</b>

#### Financial liabilities on 31.12.2021

	Financial liabilities measured at amortised cost	Financial liabilities measured at fair value through profit or loss	Derivative instruments used for hedging	Carrying value
Bank loans, factoring, borrowings	759 059			759 059
Bonds	-			-
Derivative financial instruments			128	2 915
Lease liabilities	93 721			93 721
Liabilities to SMA and due to right-of-use assets	112 845			112 845
Trade and other liabilities	750 247			750 247
<b>Total</b>	<b>1 715 872</b>	<b>128</b>	<b>2 787</b>	<b>1 718 787</b>



**Boryszew Capital Group**  
**Notes**  
**to 2021 consolidated financial statements**

(amounts expressed in PLN '000 unless specified otherwise)

**Financial liabilities on 31.12.2020**

	Financial liabilities measured at amortised cost	Financial liabilities measured at fair value through profit or loss	Derivative instruments used for hedging	Carrying value
Bank loans, factoring, borrowings	923 831			923 831
Bonds	-			-
Derivative financial instruments		1 626	11 185	12 811
Lease liabilities	133 484			133 484
Liabilities to SMA and PdUA	119 282			119 282
Liabilities to SMA - investment property	57 067			57 067
Trade and other liabilities	576 149			576 149
<b>Total</b>	<b>1 809 813</b>	<b>1 626</b>	<b>11 185</b>	<b>1 822 624</b>

### 34. BUSINESS RISKS

The activity of Boryszew and Boryszew Group generates exposure to market risk (including interest rate risk, currency risk and risk of change in prices of raw materials and products), credit risk, liquidity risk and risk of volatility of legal regulations.

The fundamental task in the financial risk management process was identification, measurement, monitoring and limitation of primary sources of risk, which include:

- market risks, including, but not limited to:
  - foreign exchange rate risk (change in the exchange rate of PLN to other currencies),
  - interest rate risk (increase in interest rates),
  - risk of change in prices of primary raw materials and products,
- risks associated with the stability of debt and financial flows:
  - liquidity risk,
  - credit risk.
- risk of volatility of legal regulations

#### Capital management, liquidity risk and credit risk

The policy of the Management Board focuses on maintaining a solid capital standing in order to retain the trust of investors, lenders and the market and ensure future economic growth of the Company/Group. Growth is the absolute priority for the Management Board and it is for this purpose that the Group first and foremost seeks to allocate funds, thus building long-term value for shareholders through acquisitions and new projects. The Management Board strives to ensure the proper proportion of stable financing with equity of undertaken projects. Credit risk is understood as the risk of a counterparty failing to fulfil their contractual obligations, thus exposing the lender to financial loss.

From the perspective of Boryszew and Boryszew Group, credit risk is associated with:

- trade receivables from business partners,
- loans granted,
- guarantees and sureties granted,
- cash and bank deposits.

Boryszew Group is exposed to credit risk associated with credit-worthiness of customers being parties to transactions of sale of products and traded goods. The risk is limited by application of internal procedures for setting credit limits of customers and managing trade receivables. The customer's credit risk is assessed prior to conclusion of contract and then again, periodically, on subsequent deliveries of goods according to procedures in force. Companies monitor the working capital cycle on an on-going basis as well as aim to reduce the collection period of receivables and at the same time to extend the terms for repayment of liabilities.

Credit risk associated with cash on banks accounts and bank deposits is low since Boryszew Group enters into transactions with reputable banks having high ratings and stable market standing.



**Boryszew Capital Group**  
**Notes**  
**to 2021 consolidated financial statements**

(amounts expressed in PLN '000 unless specified otherwise)

<b>Net debt to equity ratio</b>	<b>As at 31.12.2021</b>	<b>As at 31.12.2020</b>
Debt under loans, factoring and borrowings	759 059	923 831
Lease liabilities	93 721	133 484
Cash and cash equivalents	(187 724)	(185 211)
<b>Net debt</b>	<b>665 056</b>	<b>872 104</b>
<b>Equity</b>	<b>1 746 704</b>	<b>1 633 594</b>
Net debt to equity	38%	53%

<b>Debt ratio</b>	<b>As at 31.12.2021</b>	<b>As at 31.12.2020</b>
Liabilities	2 473 932	2 465 184
Assets	4 220 636	4 098 778
Debt rate	58%	59%

<b>Liquidity ratios</b>	<b>As at 31.12.2021</b>	<b>As at 31.12.2020</b>
current ratio	1.46	1.46
quick ratio	0.84	0.81
current ratio	0.12	0.12

<b>Cumulative revaluation write-downs on receivables</b>	<b>As at 31.12.2021</b>	<b>As at 31.12.2020</b>
<b>Impairment write-off for receivables</b>		
impairment write-offs on trade receivables	80 735	65 813
impairment write-offs on bonds	520	514
risk related to granting guarantees	992	992
doubtful debt allowance on other receivables	31 056	13 301
expected credit loss on trade receivables	7 625	7 763
doubtful debt allowance on other receivables		
<b>Total</b>	<b>120 928</b>	<b>88 383</b>

#### **Liquidity risk**

Boryszew Group is exposed to liquidity risk due to high proportion of short-term third party financing (overdraft facilities and working capital facilities) in the Group's financing structure. Currently, the Group has access to external financing and extends existing credit limits for further periods.



**Boryszew Capital Group**  
**Notes**  
**to 2021 consolidated financial statements**

(amounts expressed in PLN '000 unless specified otherwise)

**Analysis of contractual maturity dates of undiscounted cash flows due to financial liabilities as at 31.12.2021**

	1-3 months	4-6 months	7-12 months	1-3 years	3-5 years	>5 years	Total	Carrying value
Bank loans maturities	137 086	136 022	369 797	86 711	-	3 357	732 973	<b>732 973</b>
Maturities of borrowings	1 164	1 170	5 856	17 896	-	-	26 086	<b>26 086</b>
Maturities of liabilities on issued bonds	-	-	-	-	-	-	-	-
Maturities of leasing liabilities	9 925	9 271	28 327	32 840	17 205	-	97 568	<b>93 721</b>
Maturities of liabilities of leased rental services	4 285	4 108	5 022	17 586	23 145	10 603	64 749	<b>56 527</b>
Maturity of PMA fees	2 157	-	-	4 814	4 732	112 195	123 898	<b>56 318</b>
payment of trade liabilities and other items	742 256	196	41	7 754	-	-	750 247	<b>750 247</b>
<b>Total</b>	<b>896 873</b>	<b>150 767</b>	<b>409 043</b>	<b>167 601</b>	<b>45 082</b>	<b>126 155</b>	<b>1 795 521</b>	<b>1 715 872</b>

**Analysis of contractual maturity dates of undiscounted cash flows due to financial liabilities as at 31.12.2020**

	1-3 months	4-6 months	7-12 months	1-3 years	3-5 years	>5 years	Total	Carrying value
Bank loans maturities	226 503	208 776	310 550	120 185	29 773	1 473	897 260	<b>897 260</b>
Maturities of borrowings	1 186	1 192	7 415	16 778	-	-	26 571	<b>26 571</b>
Maturities of liabilities on issued bonds	-	-	-	-	-	-	-	-
Maturities of leasing liabilities	17 364	13 819	22 199	62 980	17 005	-	133 367	<b>131 287</b>
Maturities of liabilities of leased rental services	555	4 273	4 547	22 057	10 562	1 683	43 677	<b>41 951</b>
Maturity of PMA fees	3 300	-	-	6 847	6 600	203 718	220 465	<b>77 331</b>
payment of trade liabilities and other items	552 193	5 586	7 161	11 209	-	-	576 149	<b>576 149</b>
<b>Total</b>	<b>801 101</b>	<b>233 646</b>	<b>351 872</b>	<b>240 056</b>	<b>63 940</b>	<b>206 874</b>	<b>1 897 489</b>	<b>1 750 549</b>

Amounts of undiscounted cash flows include the amounts of future interest expenses

**Foreign exchange rate change risk**

Currency risk is an inevitable element of a business activity denominated in foreign currencies. The sources of currency risk to which companies of Boryszew Group were exposed in 2021 included: transactions of raw materials purchase, transactions of product sales, loans and borrowings incurred and cash denominated in foreign currencies. Adverse changes in exchange rates may lead to decrease in the financial results of Boryszew Group.

Currency	Exchange rate as at 31.12.2021 (PLN)	5% exrate change (PLN)
EUR	4.5994	0.2300
USD	4.0600	0.2030



**Boryszew Capital Group**  
**Notes**  
**to 2021 consolidated financial statements**

(amounts expressed in PLN '000 unless specified otherwise)

Currency	Exchange rate as at 31.12.2020 (PLN)	5% exrate change (PLN)
EUR	4.6148	0.2307
USD	3.7584	0.1879

**Analysis of sensitivity to risk of foreign exchange rates changes 2021**

	Value in currency	effect of increase in exchange rate 5%	effect of decrease in exchange rate 5%
<b>Receivables and payables in EUR</b>			
trade and other receivables	126 434	29 080	(29 080)
borrowings	-	-	-
bonds	502	115	(115)
other liabilities	135 813	(31 237)	31 237
borrowings and loans	50 299	(11 569)	11 569
bonds	-	-	-
leasing	31 045	(7 140)	7 140
<b>Result</b>		<b>(20 751)</b>	<b>20 751</b>
<b>Receivables and payables in USD</b>			
trade receivables	59 180	12 014	(12 014)
other liabilities	-	-	-
loans, borrowings, leasing	-	-	-
<b>Result</b>		<b>12 014</b>	<b>(12 014)</b>

**Analysis of sensitivity to risk of foreign exchange rates changes 2020**

	Value in currency	effect of increase in exchange rate 5%	effect of decrease in exchange rate 5%
<b>Receivables and payables in EUR</b>			
trade and other receivables	131 484	30 333	(30 333)
borrowings	-	-	-
bonds	500	115	(115)
other liabilities	174 195	(40 187)	40 187
borrowings and loans	78 877	(18 197)	18 197
bonds	3 274	(755)	755
leasing	55 223	(12 740)	12 740
<b>Result</b>		<b>(41 431)</b>	<b>41 431</b>





**Boryszew Capital Group**  
**Notes**  
**to 2021 consolidated financial statements**

(amounts expressed in PLN '000 unless specified otherwise)

**Receivables and payables in USD**

trade receivables	42 160	7 922	(7 922)
other liabilities	-	-	-
loans, borrowings, leasing	-	-	-
<b>Result</b>		<b>7 922</b>	<b>(7 922)</b>

**Market risk - metal prices and currency exchange rates**

The main risks arising from the specific activities of the Group are risks associated with the price of metals on the London Metal Exchange (LME) as well as currency exchange rate changes.

**Description of exposure**

The exposure that has so far been identified at Boryszew Group defines, as a rule, two types of risks:

- risk of changes in metal prices, steel,
- risk of changes in foreign exchange rates

Metals in case of which price changes have an impact on Group's results include: copper, aluminium, lead, zinc. The risk of changes in metal prices occurs at the operating level, whereas the risk of changes in foreign exchange rates occurs at the strategic /fundamental/ as well as operating level.

Operational risk in terms of metal prices was identified at: Boryszew S.A. branch NPA Skawina, Baterpol S.A., Walcownia Metali Dziedzice S.A., ZM Silesia S.A., Alchemia S.A., Huta Bankowa Sp. z o.o., and it is associated with future revenues and cash flows that have already been contracted, in other words - with securing the fair value of the contract.

Strategic risk involving currencies is associated with throughput bonus (USD/PLN and EUR/PLN). This risk exists in case of: Boryszew S.A. branch NPA Skawina, S.A., Baterpol S.A., Walcownia Metali Dziedzice S.A., ZM SILESIA S.A., Alchemia S.A., Huta Bankowa Sp. z o.o. In case of currency operational risk, the risk source is mainly the operating metal, so to obtain the full effect of hedging it is also necessary to determine the currency exposure. In addition, some operational risk exists from the time the fixed price for sale or purchase is determined (e.g. sales invoice issue) until the moment of making or receiving the payment.

Strategic and operational risk in individual companies is closely related to their business activities. In case of metal the companies determine the so-called net exposure i.e. the sale based on the LME listed prices is set-off by cost items, which are also based on the same base, the difference is the net exposure that is hedged. In case of operational risk, it arises mainly as a result of the mismatch between bases for purchase of raw materials and sales of products. Strategic exposure to currencies associated with the achieved output bonus is calculated by multiplying the output bonus by the sales of finished products.

Due to the fact that companies of Boryszew Group are mainly financed by debt with variable interest coupon, these companies are exposed to changes in interest rates. The profile of the interest rate risk in Companies is characterized by adverse impact of increased interest rates on the level of cost of interest. Due to lower impact of interest rates on costs and revenues of the Companies, the risk of changes in interest rates does not constitute the basic risk from the point of view of its effect on the volume of companies' cash flows. This risk, similarly to metal, steel price risk and exchange rate risk is subject to an on-going monitoring.

**Interest rate risk**

There is a risk that future cash flows related to a financial instrument will be subject to fluctuations due to changes in the interest rates. The exposure of group companies to interest rate risk is mainly caused by the fact that the business operations are financed with the use of variable interest debt. The profile of the interest rate risk in group companies shows an adverse impact of increased interest rates on the level of cost of interest.

Changes in interest rates affect the amount of future cash flows associated with assets and liabilities.

The Group has identified and monitors the interest rate risk, however, in the opinion of the Management Board the risk of interest rates changes does not constitute the main risk from the perspective of its influence on the volume of cash flows and on profit/loss.

**Analysis of sensitivity to interest rate changes**

The table above illustrates sensitivity of the Group's results to changing rates of interest. The discussed impact on results refers to the time span of subsequent 12 months, assuming that the amount of interest-bearing assets and liabilities remains unchanged.



**Boryszew Capital Group**  
**Notes**  
**to 2021 consolidated financial statements**

(amounts expressed in PLN '000 unless specified otherwise)

	As at 31.12.2021	Interest rate increase	Interest rate decrease
		by 0.5 p.p.	by 0.5 p.p.
<b>Interest-bearing (variable %) financial assets</b>	<b>81 096</b>	<b>406</b>	<b>(406)</b>
Loans granted	47 260	236	(236)
Debt instruments	33 749	169	(169)
other			
		-	-
<b>Interest-bearing (variable %) financial liabilities</b>	<b>852 780</b>	<b>(4 264)</b>	<b>4 264</b>
Loans	716 613	(3 583)	3 583
Factoring	16 360	(82)	82
Borrowings	26 086	(130)	130
Debt instruments	-	-	-
Financial leasing of fixed assets	93 721	(469)	469
Other		-	-
<b>Impact on future profit/loss before tax</b>		<b>(3 858)</b>	<b>3 858</b>
<b>Impact on future net profit/loss</b>		<b>(3 125)</b>	<b>3 125</b>

	As at 31.12.2020	Interest rate increase	Interest rate decrease
		by 0.5 p.p.	by 0.5 p.p.
<b>Interest-bearing (variable %) financial assets</b>	<b>58 227</b>	<b>291</b>	<b>(291)</b>
Loans granted	23 648	118	(118)
Debt instruments	34 579	173	(173)
other			
		-	-
<b>Interest-bearing (variable %) financial liabilities</b>	<b>1 057 315</b>	<b>(5 287)</b>	<b>5 287</b>
Loans	841 353	(4 207)	4 207
Factoring	55 907	(280)	280
Borrowings	26 571	(133)	133
Debt instruments	-	-	-
Financial leasing of fixed assets	133 484	(667)	667
Other		-	-
<b>Impact on future profit/loss before tax</b>		<b>(4 996)</b>	<b>4 996</b>
<b>Impact on future net profit/loss</b>		<b>(4 047)</b>	<b>4 047</b>

**Risk of volatility of legal regulations, in particular those governing Group's operations**

In addition, tax regulations in Poland are highly volatile. Any potential changes in the taxation of business activities, whether with respect to income tax, value added tax as well as other taxes, may adversely affect Group's operations and results.

The Group is also exposed to the risk associated with changes in the interpretation of tax law regulations issued by tax authorities, affecting its operating activity and financial results.



**Boryszew Capital Group**  
**Notes**  
**to 2021 consolidated financial statements**

(amounts expressed in PLN '000 unless specified otherwise)

**Fair value**

**Valuation techniques and basic inputs that are used for the measurement of fair value**

Level 1	Listed shares	Shares listed at Stockholm Stock Exchange were valued based on the closing price on the date of the reporting period end.
Level 2	Derivative commodity financial instruments - commodity swaps	The fair value of commodity transactions is calculated based on the prices of contracts for the timely distribution of individual metals as at valuation date and the exchange rates. Data for the valuation obtained from Reuters.
	Derivative currency financial instruments - currency forwards	The fair value of the foreign currency term symmetrical transactions was determined based on the model for the valuation of forward contracts which uses NBP rates as at the valuation date and term interest rates for individual currencies.

In the reporting period as well as in the comparable period, no shift of instruments between level 1 and 2 occurred.  
In the reporting period as well as in the comparable period, level 3 instruments were not reclassified to level 1 and 2

**Fair value of financial assets and liabilities valued at fair value on the on-going basis**

	Fair value as at		Hierarchy
	As at 31.12.2021	As at 31.12.2020	of fair value
<b>Financial assets</b>			
Listed shares	86 433	152 882	Level 1
Derivative financial instruments	12 434	4 250	Level 2
<b>Financial obligations</b>			
Derivative financial instruments	2 915	12 811	Level 2

**Fair value of financial assets and liabilities of the Group not valued at fair value on the on-going basis (but fair value disclosures are required)**

	As at 31.12.2021	As at 31.12.2020	of fair value
<b>Financial assets</b>			
Shares and stock	98	39 473	Level 3
Bonds	33 749	34 579	Level 3
Borrowings	47 260	23 560	Level 3
Trade and other receivables	743 617	620 925	Level 3
Cash and cash equivalents	187 724	185 211	Level 1
<b>Financial obligations</b>			
Borrowings and loans	759 059	923 831	Level 2
Trade and other liabilities	750 247	576 149	Level 3
Lease liabilities	93 721	133 484	Level 2
Liabilities to SMA and due to right-of-use assets	112 845	119 282	Level 2
Liabilities to SMA - investment property	57 057	57 067	Level 2



## Insurance of risks

Boryszew S.A. and subsidiaries had insurance policies for 2021 within the framework of general agreements concluded by the Parent Company with several insurance companies for the entire Boryszew Group.

The scope of these agreements covers the insurance of:

- Boryszew Group property
- profit lost due to all risks
- machine damage
- loss of profit due to damage to machinery and equipment
- electronic equipment
- business activity and property owners civil liability insurance
- tax risks,
- liability of members of the governing bodies of a limited liability or joint stock company.

Boryszew S.A. and its subsidiaries also signed, depending on the needs, insurance contracts for insurance such as transport cargo insurance, motor insurance, compulsory third party insurance for bookkeeping services and tax advisory services and insurance of trade receivables.

## 35. OFF-BALANCE SHEET RECEIVABLES AND LIABILITIES

### CONTINGENT RECEIVABLES

#### CO2 emission rights - EUA units

Information on the allocation of free emission rights

1. Under Art. 4(1) of determining transitional Union-wide rules for harmonised free allocation of emission allowances pursuant to Article 10a of Directive 2003/87/EC of the European Parliament and of the Council (OJ UE L 59 of 27.02.2019, p. 8) Alchemia S.A. branches applied to the National Centre for Emissions Management for emission rights for the period: between 1 January 2021 and 31 December 2025.
2. Rights were allocated based on the "Report on basic data for the 4th EU ETS period", covering data on the level of activity of installations and CO2 emissions for 2014-2018. The report concerned was independently verified by BSI Group Polska Sp. z o.o. Rights are allocated following the final approval of the report by the National Centre for Emissions Management.
3. Under Art. 64b(6) of the Act of 15 April 2021 on greenhouse gases emissions trading system (Dz. of Laws of 2021, item 332 and item 1047), the National Centre notifies the minister responsible for climate issues of the number of rights determined based on the assessed report. Information on the number of free rights allocated to an installation will be published in the Public Information Bulletin on the website of the office of the Minister.

#### List of EUA CO2 emission rights for Alchemia

Branch	Number of rights on account after redemption of the issue for 2020	Rights granted for 2021	Rights on account in 2021	Transfer of rights to Trusted Account - SALE w 2021	Rights on account / end of 31.12.2021	Transfer of rights to Trusted Account - SALE in 2022	Rights on account end of 31.01.2022	Issue for redemption for 2021	Projected account balance for 2022 after redemption of the issue for 2021
tCO2e									
STA	16 690	8 895	25 585	-	25 585		25 585	15 798	9 787
HBT	54 886	16 124	71 010	35 000	36 010		36 010	21 599	14 411



**Boryszew Capital Group**  
**Notes**  
**to 2021 consolidated financial statements**

(amounts expressed in PLN '000 unless specified otherwise)

<b>WRA</b>	20 413	12 336	32 749		<b>32 749</b>	5 000	<b>27 749</b>	16 904	<b>10 845</b>
<b>RXP</b>	29 731	8 879	38 610	12 000	<b>26 610</b>	8 000	<b>18 610</b>	12 736	<b>5 874</b>
<b>ALC</b>	<b>121 720</b>	<b>46 234</b>	<b>167 954</b>	<b>47 000</b>	<b>120 954</b>	<b>13 000</b>	<b>107 954</b>	<b>67 037</b>	<b>40 917</b>

The fair value of EUA units received free of charge as at the acquisition date is PLN 27.6 million.

The market value of CO2 emission rights held as at 31.12.2021 is PLN 45 million [120 954 units x EUR 80.90 (average quote for CO2 emission futures) x 4.5994 (average NBP exchange rate as at 31.12.2021)]

## CONTINGENT LIABILITIES

### Guarantees and sureties as at 31.12.2021

Entity for which guarantee or surety was issued	Subject of liability	Surety value in PLN '000	Expiry date of guarantee
<b>Boryszew Plastic RUS</b>	Guarantee granted to Volvo Group Trucks Operations	22 997	indefinite validity
<b>MAFMEX S. de R.L. de C.V.</b>	Mafmex's performance bond for AB Volvo	22 997	term of the Agreement
<b>MAFMEX S. de R.L. de C.V.</b>	Mafmex's rent payment bond to Innova Dintel	12 241	01.01.2030
<b>MAFMEX S. de R.L. de C.V.</b>	BMW AG performance bond	27 596	contract period + 15 years
Total		<b>85 831</b>	

### Guarantees and sureties as at 31.12.2020

Entity for which guarantee or surety was issued	Subject of liability	Value of guarantee	Expiry date of guarantee
		PLN '000	
<b>Boryszew Plastic RUS</b>	Guarantee granted to Volvo Group Trucks Operations	23 074	indefinite validity
<b>MAFMEX S. de R.L. de C.V.</b>	Mafmex's performance bond for AB Volvo	23 074	term of the Agreement
	Mafmex's rent payment bond to Innova Dintel	11 760	2030-01-01
Total		<b>57 908</b>	

Contingent items	As at 31.12.2021	As at 31.12.2020	change
<b>Contingent liabilities</b>	<b>85 831</b>	<b>57 908</b>	<b>27 923</b>
<b>resulting from granted guarantees, sureties and other liabilities</b>	<b>85 831</b>	<b>57 908</b>	<b>27 923</b>
- guarantees and sureties associated with performance of contracts	85 831	57 908	27 923
- guarantees and sureties in favour of financial institutions	-	-	-



**Boryszew Capital Group**  
**Notes**  
**to 2021 consolidated financial statements**

(amounts expressed in PLN '000 unless specified otherwise)

**Increases / decreases in the period of 12 months ended on 31.12.2021, including:** **27 923**

**Additions**

- Increase due to valuation of sureties 327
- Increase in surety amount 27 596

**Reductions**

- Reduction due to valuation of sureties -
- Decrease in the amount of existing sureties due to expiration, reduction -

	As at 31.12.2021	As at 31.12.2020
Guarantees granted to subsidiaries and jointly-controlled companies and guarantees for repayment of financial liabilities	85 831	57 908
Liability due tax risks - proceedings in Silesia SA	78 304	34 262
	<b>164 135</b>	<b>92 170</b>

In the reporting period, contingent liabilities for pending tax proceedings in Silesia SA were increased in the consolidated financial statements.

Ongoing tax proceedings in one of the Parent Company's branches.

During the reporting period, Vat tax proceedings started, covering the six-month period between October 2015 and March 2016. It is difficult to estimate the value of the potential contingent liability that could arise as a result of this audit. VAT on all audited transactions during the audit period is 12 114 thousand.

### 36. TRANSACTIONS WITH AFFILIATED ENTITIES AND BENEFITS FOR KEY PERSONNEL

Transactions between subsidiaries mainly include commercial transactions concluded between Capital Group companies and personally related entities excluded from consolidation; these transactions are sale or purchase of traded goods and products of typical, conventional nature for the Group's operations. Transactions between consolidated companies were eliminated in the consolidation process.

Listed below are transactions associated with securities in Boryszew Capital Group. These transactions were concluded on the basis of standard liquidity management mechanisms at the Group used for balancing of funds for the purpose of financing the operations of individual Group companies.

#### Transactions and balances of payables and receivables with personally related entities

	01.01.2021 - 31.12.2021	01.01.2020 - 31.12.2020
Revenues from sales (of products, services, goods)	5 653	3 124
Interest income	2 383	1 466
Other revenues (waiver of liabilities)	-	13
Purchase of goods and services	5 019	18 809
Share acquisition	-	-
Interest expense	27	155
Other transactions.	-	-



**Boryszew Capital Group**  
**Notes**  
**to 2021 consolidated financial statements**

(amounts expressed in PLN '000 unless specified otherwise)

	As at 31.12.2021	As at 31.12.2020
Trade receivables	11 094	6 093
Loans granted	50 660	23 560
Bonds purchased	33 662	34 479
Other receivables (advances, deposits)	60 000	6 849
Trade liabilities	404	529
Liabilities arising from loans and borrowings	-	2 307

Remuneration of Management Board and Supervisory Board	01.01.2021 - 31.12.2021	01.01.2020 - 31.12.2020
Remuneration of Supervisory Board members	477	402
Remuneration of Management Board members	4 093	1 886

Members of the Management Board and the Supervisory Board were not granted any loans or paid no advances

## 37. EMPLOYMENT

	As at 31.12.2021	As at 31.12.2020
<b>Employment structure (in full-time equivalents)</b>		
Blue-collar workers	6 992	7 672
White-collar workers	1 985	2 208
<b>Total</b>	<b>8 977</b>	<b>9 880</b>

## 38. SIGNIFICANT EVENTS

### The impact of warfare

Following the invasion of Ukraine by the Russian Federation on 24 February 2022 and the sanctions against the Russian Federation and Belarus by the EU and the U.S., Boryszew Group assessed the revenues generated and assets involved in the conflict countries.

Revenues generated in Boryszew Plastic RUS Sp. z o.o. located in Russian Federation in 2021 account for 1.1% of the Group's revenues. The company producing for the local market temporarily stopped operations. The development of the geopolitical situation is difficult to predict, therefore company's net assets of PLN 444 thousand and property, plant and equipment of PLN 35 968 thousand were not written off.

The Group has no operations in Belarus and Ukraine.

Boryszew Group identified and monitors on current basis the following key areas and risks:

- supply chain,
- macroeconomics (including exchange rates, metals, and interest rates),
- foreign regulatory environment,
- contractors.

Key risks of Boryszew operations associated with the war in Ukraine:

- increase in electricity and gas prices
- logistical disruptions affecting the supply of raw materials and components for production,





Boryszew Group runs diversified business based on plants located in Europe, Asia and both Americas. The current situation means better business performance in the Metals segment and a slowdown in the Automotive segment. Financial liquidity of Boryszew Group is sufficient for functioning without significant disturbances.

Any adverse events that may occur will be reflected in future financial statements. In particular, the recoverable amount of selected asset items, the level of expected credit losses and the valuation of financial instruments may change. No adjustments have been made to reflect this in this report

### **Impact of the COVID-19 pandemic on the operations of Boryszew Group**

On 11 March 2020 the World Health Organisation assessed that the Covid-19 epidemic can be considered a pandemic. As a result of the spread of the virus, many sectors of the economy have been forced to reduce or stop their operations, resulting in reduced demand, disruption of supply chains, increased unemployment as well as a number of economic and social problems. The COVID-19 pandemic was still ongoing during the period covered by this report.

At the end of the reporting period and as at the report date, the Group experienced no limitations in production, inventory management or supply chain management, and its liquidity remained at a good level. Liquidity forecasts are updated on an ongoing basis and verified on the basis of applicable agreements in order to secure cash at an appropriate level. The group had no problems with access to external financing. Commercial contract contain no provisions that may pose a material risk due to COVID-19 at the end of the reporting period and at the time of publication of the report. Owing to constant monitoring of contractors' situation and security measures implemented, the Group is not exposed to additional risks resulting from the difficult situation of its customers or suppliers.

At the end of the reporting period the financial indicators of Boryszew Capital Group did not breach the covenants in the agreements with the financing institutions. The Group meets its reporting deadlines; finance and accounting departments meet all their reporting obligations within the required deadlines.

The Group's Head Office as well as individual companies and branches monitor the situation at home and abroad on an ongoing basis. Due to dynamically changing circumstances, government regulations and legal situation, at the moment of drafting the financial statements it is not possible to accurately estimate the impact of the pandemic on the operational and financial situation in upcoming reporting periods. Boryszew S.A. Headquarters as well as companies and branches verify macroeconomic information on an ongoing basis as well as information obtained by the control and analysis departments during their operations, to forecast, on this basis, the impact of the pandemic on Group's results.

Due to diversified business profile of Boryszew Group and different level of risk, the impact of COVID-19 is presented by segments.

### **AUTOMOTIVE SEGMENT**

Maflow Group in 2021 recorded sales higher by almost 20% compared to 2020. In Boryszew Automotive Plastics Group (BAP Group), after combining with Maflow Group structures, the program of optimisation of operating processes is being implemented.

### **METAL SEGMENT**

Boryszew S.A. NPA Skawina Branch did not experience a significant Covid-19 negative impact on its sales volume in 2021. During the reporting period, turnover of the Branch was almost 80% higher than in 2020.

In 2021, Zakład Utylizacji Odpadów Sp. z o.o. closed sales at a level higher by almost 40% against the previous year.

In 2021 Walcownia Metali Dziedzice S.A. closed sales higher by over 50% against 2020.

ZM Silesia S.A. recorded sales over 30% higher (2021 / 2020).

Revenues of Baterpol S.A. in 2021 were 40% higher than in 2020.

Alchemia Group companies, excluding cross-transactions, recorded sales in 2021 that were almost 60% higher compared to the performance in 2020.

### **CHEMICAL PRODUCTS SEGMENT**

In 2021, the Segment recorded an increase in sales revenue of almost 40% compared to the previous year.

Revenues from sales of Boryszew ERG branch in 2021 were higher by more than 40% compared to those of 2020.

### **OTHER COMPANIES NOT ALLOCATED TO SEGMENTS**

The COVID-19 pandemic in 2021 had no negative impact on the EBITDA of Boryszew S.A. Boryszew Energy branch, mainly due to the structure of contracts with related companies as well as with external customers (acquisition price plus margin formula). During the 12 months of 2021 no significant negative impact of the pandemic on sales was observed, compared to the budget assumptions. EBITDA may be lowered in case of significant deviations from the assumed natural gas consumption volumes at Boryszew Energy Branch Customers. Until the date of the report Contractors notified no planned significant contract drops.

Pandemic COVID-19 had no negative impact on the financial results of Eastside-Bis Sp. z o.o., which recorded higher revenues and EBITDA in 2021 compared to 2020.



## **39. SIGNIFICANT EVENTS OCCURRING AFTER THE BALANCE SHEET DATE**

### **ICOS Group**

#### **Opening of bankruptcy proceedings**

On 12 February 2022 Boryszew S.A. received from the regional court in Braunschweig a letter dated 1 January 2022 on the opening of the bankruptcy proceedings on the same date against ICOS GmbH with registered office in Salzgitter and THEYSOHN Kunststoff GmbH with registered office in Salzgitter and THEYSOHN Formenbau GmbH with registered office in Salzgitter, Germany, under self-administration according to the German bankruptcy law.

The Parent Company has a legal opinion on the control of companies in the ICOS Group, whose companies are in insolvency proceedings under self-administration. According to the opinion, the Parent Company continues to control these companies through by managing these Companies with the exception of those activities for which the consent of the supervisor-receiver, bankruptcy court or creditors' committee is required. The Parent Company is entitled to the surplus after the disposal of assets and satisfaction of creditors and is liable for companies' liabilities.

Accordingly, companies of the ICOS GmbH group are not excluded from consolidation.

### **Hutmen Spółka z o.o.**

On 31 January 2022 the Management Board of Boryszew S.A. made a decision on the intention to cancel liquidation of Hutmen Sp. z o.o. in liquidation ("Hutmen") and applied on the same day to the Shareholders Meeting for decision on cancellation of liquidation and further existence of Hutmen.

The above decision was taken in particular because of the ongoing tax proceedings on the correctness of Hutmen's VAT settlements, which make it difficult to complete the liquidation process in a foreseeable time. Boryszew S.A. does not intend to continue the operating activity of Hutmen in production of copper products.

On 28 March 2022 the Management Board of Hutmen Sp. z o.o. a subsidiary based in Wrocław, concluded a preliminary agreement with MS Inwestment Sp. z o.o. based in Warsaw on the sale of the real estate of Hutmen Sp. z o.o., located in Wrocław at Grabiszyńska street No. 241, surface area of ap. 19.2 ha, for PLN 95 million net. The final agreement will be concluded by 31 July 2022

### **Maflow France Automotive S.A.S. - opening of liquidation**

On 4 March 2022, the Management Board of Maflow France Automotive S.A.S, a subsidiary based in Chartes, France ("Maflow France") made a decision on the intention to commence the process of company liquidation.

The decision of the Management Board of Maflow France on the intention to commence the liquidation by submitting a request to the General Meeting of Shareholders of Maflow France was made in particular following the failure of Maflow France to obtain new, perspective production orders, which would ensure profitability in the short and medium term.

Boryszew S.A. holds 100% shares in the share capital of Maflow France and in the total number of votes on the General Meeting of Shareholders.

### **Decision on the intention to combine Impexmetal Holding Sp. z o.o. with SPV Boryszew 5 Sp. z o.o., SPV Boryszew 6 Sp. z o.o., SPV Boryszew 8 Sp. z o.o. and SPV Boryszew 9 Sp. z o.o.**

On 24 January 2022 Management Boards of: Impexmetal Holding Spółka z o. o. (Acquiring Company), SPV Boryszew 5 Spółka z o.o. (Acquired Company 1), SPV Boryszew 6 Spółka z o.o. (Acquired Company 2), SPV Boryszew 8 Spółka z o. o. (Acquired Company 3) and SPV Boryszew 9 Spółka z o. o. (Acquired Company 4) agreed and signed the Merger Plan.

On 8 March 2022, the Extraordinary Shareholders' Meeting of these companies passed resolutions on the merger of the Acquiring Company with the Acquired Companies.

Also on 8 March 2022, the Extraordinary Shareholders' Meeting of Impexmetal Holding Sp. z o.o. passed the resolution to amend the articles of association. As of the day of registration of the change with the Companies' Register of the NCR the Company will operate under the name Boryszew Holding Spółka z o.o.



On 23 March 2022 the District Court for the capital city of Warsaw, 12th Commercial Division of the National Court Register registered in the National Court Register the merger of Impexmetal Holding Spółka z o. o., SPV Boryszew 5 Spółka z o.o., SPV Boryszew 6 Spółka z o.o., SPV Boryszew 8 Spółka z o. o. and SPV Boryszew 9 Spółka z o. o. as well as amendments in the articles of association.

The merger of the companies was carried out under the provisions of CCC Article 492 § 1 pint 1 by transferring all assets of the Acquired Company 1, Acquired Company 2, Acquired Company 3 and Acquired Company 4 to the Acquiring Company by universal succession, without increasing the share capital of the Acquiring Company.

As of 23 March 2022, the Acquiring Company will operate under the name: Boryszew Holding Spółka z o.o. with registered office in Warsaw.

#### **Loan repayment to BNP Paribas Bank S.A.**

On 9 February 2022, a non-revolving loan of PLN 29 084 thousand was repaid to BNP Paribas Bank SA. The loan was granted on 08 April 2021 for PLN 75 million.

#### **Signing an agreement with Credit Agricole Bank Polska S.A**

On 15 March 2022, an agreement was signed with Credit Agricole Bank Polska S.A. for a guarantee line of up to EUR 3.5 million. The maximum term of the bank guarantees is 28 February 2023.

#### **Signing an agreement with Millennium S.A.**

On 22 March 2022, an agreement was signed with Bank Millennium S.A. for a revolving loan facility in the amount of PLN 14 million. The loan will only be used to repay the debt due to a claim under guarantees issued under the Bank guarantee facility.

#### **Provision of corporate guarantee for HSBC Bank China Company Limited**

On 23 March 2022, a corporate guarantee valid until 18 January 2025 for up to CNY 30 million was provided to HSBC Bank China Company Limited to secure the working capital loan received by Maflow China.

#### **Annex to the Factoring Agreement with ING Commercial Finance Polska S.A**

On 24 March 2022, an annex to the full factoring agreement of NPA branch was signed with ING Commercial Finance Polska S.A., increasing the limit from PLN 25 million to PLN 45 million.

#### **An agreement for a guarantee line with Korporacja Ubezpieczeń Kredytów Eksportowych S.A.**

On 24 March 2022, an agreement was signed with Korporacja Ubezpieczeń Kredytów Eksportowych S.A. for a guarantee line for NPA branch up to USD 7.25 million until 24 March 2023.

#### **Increase of bill of exchange surety for Coface Poland Factoring Sp. z o.o.**

On 30 March 2022, the bill of exchange surety granted to ZM Silesia S.A. for Coface Poland Factoring Sp. z o.o. was increased from PLN 30 million to PLN 45 million.

#### **Conclusion by Eastside-Bis Sp. z o.o. of the Final Agreement for the purchase of real estate from Unipartner Sp. z o.o.**

On 6 April 2022 Eastside-Bis Sp. z o.o. and Unipartner Sp. z o.o. concluded the Final Agreement ("Agreement") for the purchase of an office property located in Warsaw at Foksal street 6 (Real Estate), for the net amount of PLN 70 million. The transaction price was determined on an arm's length basis according to a valuation performed by an independent appraiser. Eastside - Bis Spółka z o.o. made an advance payment of ap. 85% towards the price at the conclusion of the preliminary agreement. The transfer of the ownership title to the real estate and the payment of the balance of the price was made on the date of the Agreement. The remaining terms of the Agreement are consistent with the standards generally applied in such agreements.

Until the date of publication of the financial statements, no other significant changes occurred in the structure of Boryszew Capital Group, except for the events indicated above.



#### **40. STATEMENT BY THE MANAGEMENT BOARD**

The report presents the situation of Boryszew Capital Group for the period between 1 January 2021 and 31 December 2021, in accordance with legal requirements, taking into consideration the events that occurred until the date of preparing this report.

The financial statements were prepared on a going concern basis.

The report was approved for publication on 27 April 2022.

The report will be submitted for approval by the Supervisory Board and the General Meeting of Shareholders, which, in accordance with Polish law, may reject the report and request changes to be made.

#### **41. APPROVAL OF THE FINANCIAL STATEMENTS**

This report was approved for publication by a resolution of the Management Board on 27 April 2022 and presents the situation of the Company pursuant to the legal requirements for the period between 1 January 2021 and 31 December 2021, including any events which occurred by the date of approval of this report for publication.

The report will be submitted for approval by the Supervisory Board and the General Meeting of Shareholders, which, in accordance with Polish law, may reject the report and request changes to be made.

#### **SIGNATURES:**

Wojciech Kowalczyk – President of the Management Board

Mikołaj Budzanowski – Member of the Management Board

Radosław Szorc – Chief Financial Officer

Agata Kęszczyk-Grabowska – Chief Accountant