



## **Financial statements**

**Boryszew S.A.**

**for the period between 1 January and**

**31 December 2022**

Report publication date:  
18 April 2023

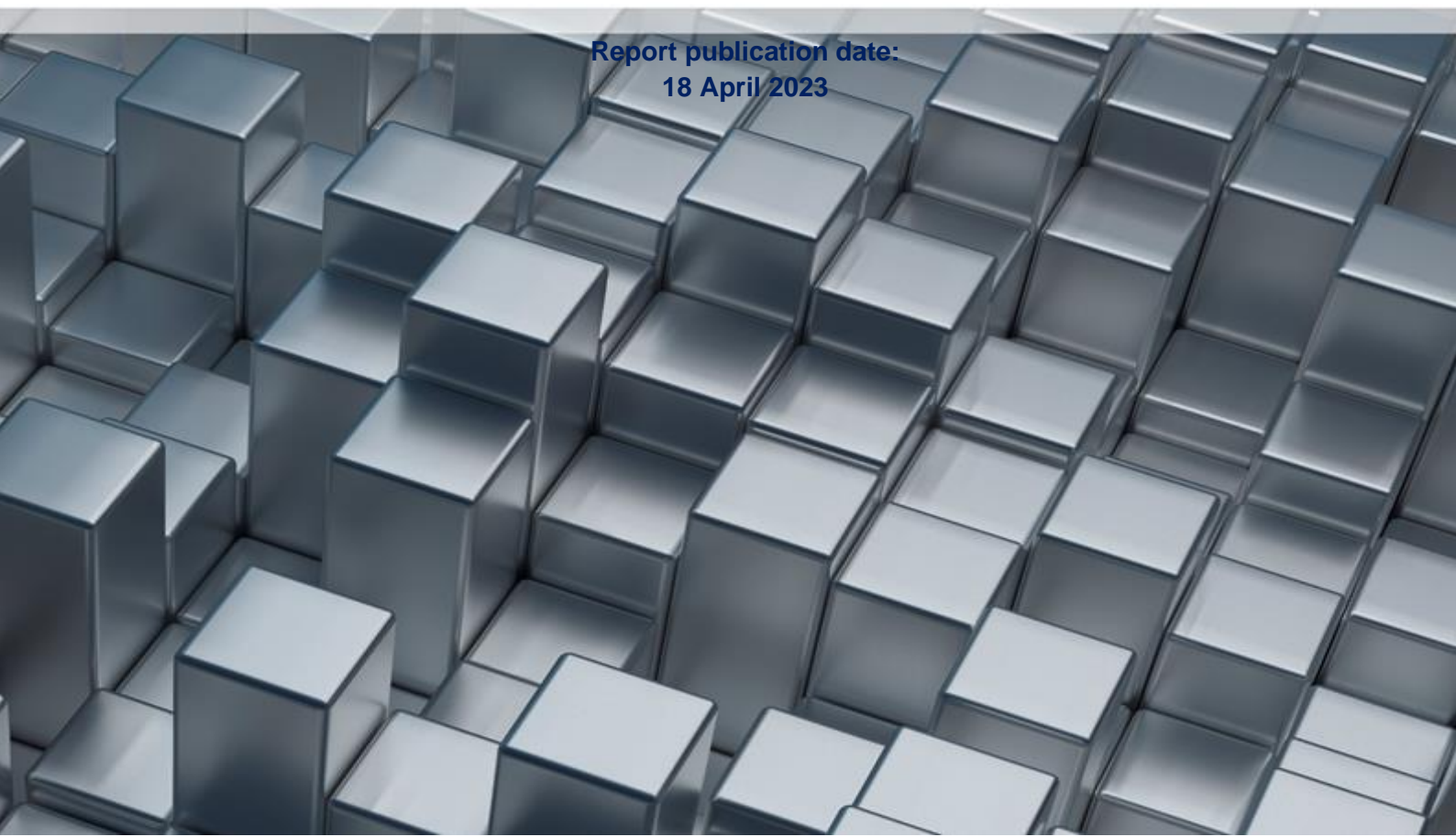




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## STATEMENT OF COMPREHENSIVE INCOME

	note	01.01.2022 - 31.12.2022	01.01.2021 - 31.12.2021
Revenues from sales	5	2 913 692	1 917 725
Prime cost of sale	7	2 717 111	1 743 641
<b>Gross profit on sales</b>		<b>196 581</b>	<b>174 084</b>
Selling costs		41 574	40 965
Administrative expenses		108 526	95 506
Other operating revenue	8	77 787	101 097
Other operating expenses	9	80 901	67 481
<b>Operating income</b>		<b>43 367</b>	<b>71 229</b>
Financial revenues	10	87 946	103 213
Financial expenses	11	108 792	401 396
<b>Financial profit/loss</b>		<b>(20 846)</b>	<b>(298 183)</b>
<b>Profit before taxation</b>		<b>22 521</b>	<b>(226 954)</b>
Income tax	12	7 693	32 808
<b>Net profit</b>		<b>14 828</b>	<b>(259 762)</b>
<b>Earnings / Diluted earnings per share</b>			
Weighted average number of shares		205 205 000	205 205 000
Earnings / Diluted earnings per share (PLN)		0.07	(1,27)

	01.01.2022 - 31.12.2022	01.01.2021 - 31.12.2021
<b>Net profit</b>	<b>14 828</b>	<b>(259 762)</b>
<b>Earnings recognised in equity</b>		
<b>Earnings recognised in equity, to be transferred to income statement</b>	<b>6 601</b>	<b>3 435</b>
Hedge accounting (pre-tax)	8 149	4 241
Measurement of financial assets		
Income tax	(1 548)	(806)
<i>Disposal of financial assets</i>		
<b>Earnings recognised in equity, not to be transferred to income statement</b>	<b>5 072</b>	<b>12 125</b>
Gains/losses on valuation and disposal of equity instruments (before tax)	5 922	14 700
Income tax	(1 125)	(2 793)
Employee benefit capital reserve (before tax)	340	269
Income tax	(65)	(51)
<b>Total earnings recognised in equity</b>	<b>11 673</b>	<b>15 560</b>
<b>Total comprehensive income</b>	<b>26 501</b>	<b>(244 202)</b>

**STATEMENT OF FINANCIAL POSITION**

<b>ASSETS</b>	Note	<b>As at 31.12.2022</b>	<b>As at 31.12.2021</b>
<b>Non-current assets</b>			
Tangible fixed assets	13	250 821	257 847
Investment property	14	19 780	21 619
Goodwill		-	-
Intangible assets	15	32 227	35 223
Right-of-use assets	16	125 281	117 891
Shares in subsidiaries and associates	17	810 578	803 978
Financial assets	18	143 152	41 328
Non-current receivables	20	135 626	121 761
<b>Total fixed assets</b>		<b>1 517 465</b>	<b>1 399 647</b>
<b>Current assets</b>			
<b>Current assets other than assets held for sale</b>			
Inventory	21	298 055	242 154
Trade receivables and other receivables	20	339 217	415 183
Financial assets	18	343 824	399 578
Derivative financial instruments	19	8 022	-
Cash and cash equivalents	22	26 118	56 900
<b>Total current assets</b>		<b>1 015 236</b>	<b>1 113 815</b>
<b>Total assets</b>		<b>2 532 701</b>	<b>2 513 462</b>



<b>LIABILITIES AND EQUITY</b>	Note	<b>As at 31.12.2022</b>	<b>As at 31.12.2021</b>
<b>Equity</b>	23		
Share capital		248 906	248 906
Share premium		112 346	112 346
Own shares		(182 816)	(182 816)
Hedge accounting capital		3 931	(2 670)
Capital reserve on translating employee payables		67	(208)
Revaluation reserve and gain on disposal of financial assets		27 991	43 699
Retained earnings		994 609	1 148 068
<b>Total equity</b>		<b>1 205 034</b>	<b>1 367 325</b>
<b>Liabilities and long-term provisions</b>			
Bank loans, borrowings	24	18 391	8 275
Lease liabilities	25	70 107	67 337
Deferred tax provision	12	9 766	15 213
Employee benefit provisions	27	2 576	2 754
Other provisions	28	14 050	23 413
Other liabilities	26	2 396	-
Other liabilities and equity	29	17 894	18 489
<b>Liabilities and long-term provisions - total</b>		<b>135 180</b>	<b>135 481</b>
<b>Short-term liabilities</b>			
Bank loans, borrowings	24	686 261	477 083
Bonds		-	28 000
Lease liabilities	25	24 851	20 123
Trade payables and other liabilities	26	422 933	436 143
Derivative financial instruments	19	5 793	300
Current tax liabilities	12	329	22 906
Employee benefit provisions	27	12 297	8 722
Other provisions	28	32 113	3 378
Other liabilities and equity	29	7 910	14 001
<b>Liabilities and short-term provisions - total</b>		<b>1 192 487</b>	<b>1 010 656</b>
<b>Total liabilities and provisions</b>		<b>1 327 667</b>	<b>1 146 137</b>
<b>Total equity and liabilities</b>		<b>2 532 701</b>	<b>2 513 462</b>

**CASH FLOW STATEMENT**

	01.01.2022 - 31.12.2022	01.01.2021 - 31.12.2021
<b>Cash flows from operating activities</b>		
<b>Profit before taxation</b>	<b>22 521</b>	<b>(226 954)</b>
<b>Adjustments for (+/-)</b>	<b>19 486</b>	<b>339 151</b>
Amortisation/depreciation	56 843	66 495
Profit/loss on financial activity (including interest on financial liabilities)	32 523	364 732
Dividends received	(18 009)	(51 846)
Profit / loss on investment activities	(29 526)	(104 412)
Change in receivables	63 394	(122 605)
Change in inventories	(73 937)	(33 854)
Change in liabilities	4 570	273 752
Changes in provisions	25 600	15 559
Other items	(3 084)	(18 237)
Income tax paid	(38 888)	(50 433)
<b>Net cash from operating activities</b>	<b>42 007</b>	<b>112 197</b>
<b>Cash flows from investment activities</b>		
Proceeds from disposal of fixed assets	1 766	26 853
Proceeds from disposal of shares	102 882	239 588
Proceeds from dividend	18 203	14 740
Proceeds from redemption of bonds by issuers	9 096	-
Proceeds from repayment of loans granted	18 602	120 679
Other proceeds from investment activities	2 472	203
Expenses on acquisition of fixed assets	(39 540)	(43 352)
Acquisition of shares and stocks	(13 856)	(185 416)
Long term borrowings granted	(119 989)	(229 943)
Expenditure on bonds	-	(940)
<b>Net cash from investing activities</b>	<b>(20 364)</b>	<b>(57 588)</b>
<b>Cash flows from financial activities</b>		
Incomes on credit and loan facilities	216 115	146 769
Loans received	436 321	149 999
Other inflows	4 296	16 060
Dividends paid	(188 789)	-
Loans repaid	(177 601)	(213 694)
Repayment of borrowings	(262 200)	(54 976)
Redemption of bonds	(28 000)	(36 000)
Interest paid on loans, borrowings and leasing	(28 516)	(15 342)
Payment of liabilities under finance lease agreements	(23 985)	(25 383)
<b>Net cash from financing activities</b>	<b>(52 359)</b>	<b>(32 567)</b>
<b>Net change in cash</b>	<b>(30 716)</b>	<b>22 042</b>
Cash opening balance	56 900	32 894
Cash of units acquired/disposed of	(66)	1 964
<b>Cash closing balance</b>	<b>26 118</b>	<b>56 900</b>
<i>Restricted cash</i>	<i>12 691</i>	<i>10 388</i>



**Boryszew S.A.**

**Financial statements for the period between 1 January and 31 December 2022**

(amounts expressed in PLN '000 unless specified otherwise)

## STATEMENT OF CHANGES IN EQUITY

	Share capital	Share premium	Treasury shares	Hedge accounting	Profit/Loss on restatement of employee benefits	Gains on investments in equity instruments	Retained earnings	Total equity
<b>Balance on 01.01.2022</b>	<b>248 906</b>	<b>112 346</b>	<b>(182 816)</b>	<b>(2 670)</b>	<b>(208)</b>	<b>43 699</b>	<b>1 148 068</b>	<b>1 367 325</b>
Valuation of hedge instruments				6 601				6 601
Valuation of employee benefits					275			275
Valuation of financial assets and disposal through comprehensive income in 2022.						(18 756)		(18 756)
Profit on disposal of equity instruments						23 553		23 553
Profit/loss for 2022							14 828	14 828
<b>Total comprehensive income for 2022</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6 601</b>	<b>275</b>	<b>4 797</b>	<b>14 828</b>	<b>26 501</b>
Transfer to reserve capital of profit on disposal of equity instruments						(20 505)	20 505	-
Dividends paid							(188 789)	(188 789)
Other							(3)	(3)
<b>As at 12.31.2022</b>	<b>248 906</b>	<b>112 346</b>	<b>(182 816)</b>	<b>3 931</b>	<b>67</b>	<b>27 991</b>	<b>994 609</b>	<b>1 205 034</b>

	Share capital	Share premium	Treasury shares	Hedge accounting	Profit/Loss on restatement of employee benefits	Gains on investments in equity instruments	Retained earnings	Total equity
<b>Balance on 01.01.2021</b>	<b>248 906</b>	<b>112 346</b>	<b>(182 816)</b>	<b>(6 105)</b>	<b>(426)</b>	<b>31 792</b>	<b>1 394 095</b>	<b>1 597 792</b>
Valuation of hedge instruments				3 435				3 435
Valuation of employee benefits					218			218
Measurement of financial assets						(8 598)		(8 598)
Disposal of financial assets						20 505		20 505
Profit/loss for 2021							(259 762)	(259 762)
<b>Total comprehensive income for 2021</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3 435</b>	<b>218</b>	<b>11 907</b>	<b>(259 762)</b>	<b>(244 202)</b>
Merger with a subsidiary							13 735	13 735
<b>As at 31.12.2021</b>	<b>248 906</b>	<b>112 346</b>	<b>(182 816)</b>	<b>(2 670)</b>	<b>(208)</b>	<b>43 699</b>	<b>1 148 068</b>	<b>1 367 325</b>



## **INFORMACJA DODATKOWA**

**to the financial statements for the period between 1 January and 31 December 2022**

### **1. INTRODUCTION**

#### **COMPANY DETAILS**

The head office of Boryszew Spółka Akcyjna is located in Warsaw.  
The company is registered with the District Court for the capital city of Warsaw, 12th Commercial Division of the National Court Register under KRS number 0000063824.  
The Company was assigned statistical number REGON 750010992 and NIP 837-000-06-34.  
The company is established for an indefinite period of time.

#### **Classification of the 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.

This report contains cumulative data.

#### **HISTORY**

The history of Boryszew S.A. ("Company", "Issuer") dates back to 1911, when the Belgian Society of the Sochaczew Rayon Factory was established. Following the II WW the factory was nationalised. In 1991, as a result of privatisation of the state-owned enterprise Boryszew ERG, a joint stock company Boryszew S.A. with 100% private capital was established.

The Company is listed on the Warsaw Stock Exchange since May 1996.

In 1999 Boryszew S.A., offering a wide range of chemicals (including Borygo, a widely known coolant) gained a strategic investor, Mr Roman Karkosik.

The new shareholder initiated a dynamic growth of the company. Acquisitions of manufacturing companies in the same industry combined with restructuring, mergers as well as organic growth of sales in Group's companies contributed to significant improvement of results.

Boryszew Capital Group is one of the largest industrial groups in Poland, with production facilities on 4 continents, involved in automotive, metals and chemical industry.

The Capital Group employs approximately 9 000 people.

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

No changes occurred in the composition of the Supervisory Board of Boryszew S.A. in 2022.

On 31 December 2022 the Supervisory Board of Boryszew S.A. had the following members:

Ms Małgorzata Waldowska	–	Chairperson of the Supervisory Board.
Mr Mirosław Kutnik	–	Vice Chairman of 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.

On 20 March 2023, the Extraordinary General Meeting of Boryszew S.A., by its resolution no. 4, appointed Mr Wojciech Zymek to the composition of the Supervisory Board.

As of the date of submitting the report for publication, the Supervisory Board included the following persons:

Ms Małgorzata Waldowska	–	Chairperson of the Supervisory Board.
Mr Mirosław Kutnik	–	Vice Chairman of 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.
Mr Wojciech Zymek	–	Member of the Supervisory Board.

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

As at 1 January 2022, the following persons were members of the Management Board of Boryszew S.A.:

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





On 16 September 2022, the Supervisory Board of the Company, decided to appoint Mr Łukasz Bubacz as a Member of the Management Board, Chief Investment Officer, effective 1 October 2022.

As at 31 January 2022, the composition of Boryszew S.A. Management Board was as follows:  
Mr Wojciech Kowalczyk – President of the Management Board, General Director  
Mr Łukasz Bubacz – Member of the Board of Directors, Chief Investment Officer,  
Mr Mikołaj Budzanowski – Member of the Management Board, Business Development Officer

From 31 December 2022 to the date of submitting the report for publication, no changes took place in the composition of the Company's Management Board.

## INTERNAL STRUCTURE

**In 2022, Boryszew S.A. operated in seven branches, preparing separate financial statements:**

Branch	Business segment
Headquarters	Other non-allocated
Elana Branch in Toruń	Chemical products
Energy Branch in Toruń	Other non-allocated
ERG Branch in Sochaczew	Chemical products
Nylonbor branch in Sochaczew until the date of separation 1.10.2022.	Chemical products
NPA Skawina Branch	Metals
Maflow Branch in Tychy	Automotive

## 2. BASIS FOR REPORT PREPARATION

### FINANCIAL STATEMENTS

Financial statements were drafted in accordance with International Financial Reporting Standards (IFRS) as approved by the European Union (EU).

In addition to the presented financial statements, the Company drafted consolidated financial statements of Boryszew Capital Group, for which Boryszew S.A. is the parent company. The presented financial statements are separate financial statements and serve primarily statutory purposes.

Financial statements are presented in PLM. PLN is the functional and reporting currency. All values in the financial statements are presented in full thousands of PLN, unless stated otherwise.

The statements were prepared on a going concern basis. The Management Board confirms that no threat exists to the continuity of Company's operations.

This report was approved for publication by a resolution of the Management Board on 18 April 2023 and presents the situation of Boryszew S.A. pursuant to the legal requirements for the period between 1 January 2022 and 31 December 2022, including any events which occurred by the date of approval of this report.

The financial statements have been prepared under the historical cost concept except for certain non-current assets and financial instruments which are measured at either revalued amounts or fair value at the end of each reporting period in accordance with the accounting policy set out below.

Historical cost is determined on the basis of the fair value of the payments made. Fair value is the price that can be obtained by selling the asset or paid to transfer a liability in an arm's length transaction in the principal (or most advantageous) market as at the measurement date and under current market conditions, regardless of whether the price is directly observable or estimated using another valuation technique.

### RESTATEMENT OF FINANCIAL DATA

In 2022 the Company did not restate comparative data.

The Company did not restate comparative data in the 2022 Financial Statements affecting the financial result and statement of financial position.

The Company adjusted the presentation of comparative data as of and for the fiscal year ended 31 December 2021 with respect to:

- presentation of business segments - the exclusion of inter-segment transactions was changed by assigning these exclusions to a segment,
- presentation of impairment losses on assets, which were previously presented as the excess of the recognition and release of these provisions. In the current report other operating income is attributed to the release of write-offs and other operating expenses to the recognition of write-offs. The adjustment has no effect on the financial result.



- presentation of write-offs on financial assets, which were previously presented as the excess of the recognition and release of these provisions. In the current report, financial income is attributed to the release of write-offs and financial expenses to the recognition of write-offs. The adjustment has no effect on the financial result.

#### **STATEMENT BY THE MANAGEMENT ON COMPLIANCE OF ACCOUNTING PRINCIPLES**

The Management Board for Boryszew S.A.: Wojciech Kowalczyk, Łukasz Bubacz, 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 the 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 Capital Group 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 2022, 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 registered office 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 3 355, 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**

The Management Board for Boryszew S.A.: Wojciech Kowalczyk, Łukasz Bubacz, Mikołaj Budzanowski declares that the Company has prepared the statement on non-financial information referred to in Art. 49b(1) of the Accounting Act as a separate part of the management report. The statement has been drafted both at the stand alone basis for Boryszew S.A. as well as consolidated basis for Boryszew Capital Group. Financial statements are available on Company's website - [www.boryszew.com](http://www.boryszew.com).

#### **DIVIDEND**

On 27 May 2022 the Ordinary General Meeting of Boryszew S.A. passed a resolution to pay a dividend to shareholders in the amount of PLN 0.92 per share entitled to dividend, that is, in the total amount of PLN 188 788 600.00, from the Company's supplementary capital, which, according to art. 348 § the Commercial Companies Code may be allocated for distribution.

The dividend was paid on 205 205 000 shares. 34 795 000 treasury shares held by Boryszew S.A. were not entitled to the dividend.

The dividend date was set for 3 June 2022. The dividend payment date was 10 June 2022.

#### **Dividend policy of Boryszew S.A.**

On 9 May 2022 the Management Board of Boryszew S.A. adopted the Company's Dividend Policy.

According to the policy the Management Board intends to submit to the General Meeting the proposal of dividend payment equivalent to between 30% and maximum 70% of consolidated net profit of Boryszew Capital Group provided that the relation of net debt of Boryszew Capital Group to consolidated operating profit plus depreciation (EBITDA) at the end of the financial year, for which the profit will be distributed, will be below 3.5.

When recommending profit distributions, the Management Board of the Company will take into consideration the financial and liquidity position, existing and future liabilities (including potential restrictions under loan agreements) and an assessment of the Group's prospects in certain market and macroeconomic conditions.



The dividend policy will be applicable as of the fiscal year ending 31 December 2022.  
The final decision about the amount of dividend paid will be made by the Ordinary General Meeting of Boryszew S.A.

### **Distribution of profit for 2022**

The Management Board of the Company recommends that the net profit for 2022 of PLN 14 828 086.50 and the gain on disposal of financial assets through comprehensive income of PLN 23 553 385.88 be allocated to dividends in accordance with the dividend policy.

### **Recommendation to pay dividend**

The Management Board of Boryszew S.A. intends to recommend to the to the General Meeting of Boryszew S.A. to pay a dividend in the amount of PLN 0.74 per share entitled to dividend, i.e. in the total amount of PLN 151 851 700, from the net profit for 2022 and from the reserve capital of the Company, which, according to the provisions of Art. 348 § 1 of the Code of Commercial Companies may be allocated for distribution to shareholders.

## **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 separate financial statements for the fiscal year ended on 31 December 2022 are consistent with those applied when drafting annual separate financial statements for the financial year ended on 31 December 2021, 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 IAS 16 "Property, Plant and Equipment"**

The amendments regulate the cost of property, plant and equipment and the amounts received from the sale of items produced during their testing. According to the revised standard revenues from the sale of test production and related expenses need to be recognised in the income statement rather than adjust the value of constructed fixed assets.

#### **Amendments to IFRS 3 "Business Combinations".**

The published amendments to the standard are intended to update the relevant references to the Conceptual Framework in IFRS, with no substantive changes for accounting for business combinations.

#### **Amendments to IAS 37 "Provisions, contingent liabilities and contingent assets"**

The amendments include clarification on costs to be taken into consideration when assessing whether a loss-making contract will constitute a chargeable contract.

#### **Annual IFRS amendment program 2018-2020 cycle**

Amends IFRS 1, IFRS 9, IAS 41 and illustrative examples to IFRS 16. The amendments include clarifications and refinements to the standards' guidance on recognition and measurement.

The implementation of the standard amendments had no material impact on these annual separate financial statements. The Company decided to implement the standards in a retrospective manner.

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

The Company did not chose to early implement, in these annual separate 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:

- Amendments to IAS 1 "Presentation of financial statements" and the IFRS Board's guidance on accounting policy disclosures in practice

The amendment to IAS 1 requires disclosure of significant information on accounting policies as defined in the standard. The amendment clarifies that information on accounting policies is material if, in its absence, users of the financial statements would not be able to understand other relevant information in the financial statements. In addition,



the Board's guidance on applying the concept of materiality in practice was also revised to provide guidance on applying the concept of materiality to accounting principle disclosures.  
The change is effective beginning 1 January 2023,

- Amendments to IAS 8 "Accounting policies, changes in accounting estimates and errors".

In 2021 the Board issued an amendment to IAS 8 "Accounting policies, changes in accounting estimates and errors" regarding the definition of estimates. The amendment to IAS 8 clarifies how entities should distinguish between changes in accounting policies and changes in accounting estimates.  
The change is effective beginning 1 January 2023,

- Amendments to IAS 12 "Income taxes".

The amendments clarify the method of accounting for deferred taxes on transactions such as leases and decommissioning obligations. Prior to the amendment to the standard ambiguity existed as to whether the recognition of equal amounts of an asset and a liability for accounting purposes (such as the initial recognition of a lease) that has no impact on current tax settlements triggers the recognition of deferred tax balances, or whether the so-called initial recognition exemption applies, where deferred tax balances are not recognised if the recognition of an asset or liability has no impact on accounting or tax results at the time of that recognition. Revised IAS 12 addresses this issue by requiring deferred tax recognition in the above situation through an additional provision that the exemption from initial recognition does not apply if an entity simultaneously recognizes an asset and an equivalent liability and each creates temporary differences.

The amendment is effective for financial statements for periods beginning on or after 1 January 2023.

- Amendment to IFRS 16 "Leases"

In September 2022 the Board amended IFRS 16 "Leases" by supplementing the requirements for subsequent measurement of the lease obligation for sale and leaseback transactions when the criteria of IFRS 15 are met and the transaction should be recognised as a sale. The amendment requires the seller-lessee to subsequently measure their lease obligations under sale-leasebacks in such a way that no gain or loss related to the retained right-of-use is recognised. The new requirement is particularly relevant when sale-leasebacks include variable lease payments that do not depend on an index or rate, as these payments are excluded from "lease payments" under IFRS 16. The revised standard includes a new example that illustrates the application of the new requirement in this regard.

The change is effective beginning 1 January 2024.

As on the day of preparing of these financial statements, this amendment had not yet been approved by the EU.

- Amendments to IAS 1 "Presentation of financial statements".

In 2020, the Board published amendments to IAS 1, which clarify the presentation of liabilities as long- and short-term. In October 2022 the Board issued further amendments to the IAS 1 standard, which address the classification of liabilities as long-term and short-term, for which an entity is required to meet certain contractual requirements known as covenants. According to the revised IAS 1 standard liabilities are classified as either short-term or long-term depending on the rights that exist at the end of the reporting period. Neither the entity's expectations nor events after the reporting date (for example, abandonment or violation of covenants) affect the classification.

The published amendments are effective for financial statements for periods beginning on or after 1 January 2024.

On the date of preparation of these consolidated financial statements, these amendments have not yet been approved by the European Union.

- Amendments to IFRS 10 and IAS 28 regarding sale or in-kind contribution of assets between an investor and its associated entities or joint ventures

The amendments resolve the issue of the current inconsistency between IFRS 10 and IAS 28. The accounting method depends on whether the non-monetary assets sold or contributed to an associate or joint venture are the "business". If the non-monetary assets constitute a "business", the investor shall recognise the full profit or loss on the transaction. If the assets do not meet the definition of a business, the investor shall recognise the profit or loss only to the extent representing the interests of other investors.

The amendments were published on 11 September 2014. On the date of these consolidated financial statements, approval of this amendment is deferred by the European Union.

### **3. ACCOUNTING PRINCIPLES APPLIED**

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.

In preparing these financial statements, the Company made no changes to any previously applied accounting principles.



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## **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, transport insurance, storage or introduction into trade, and decreased by discounts, allowances and other similar decreases or recovery.

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalised as part of the cost of acquisition or production of such assets. The cost of an entity's own production of an asset includes all layouts that may be directly attributable to creation, production and adaptation of asset for the use intended by the management.

### **Tangible assets**

After the initial recognition at purchase price or production cost, the items of tangible fixed assets are measured by a valuation model based on purchase price or production cost less depreciation as well as accumulated revaluation for impairment loss.

Tangible fixed assets, the value of which has been determined as at the day of transition to IFRS, that is 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, if their initial value is equal to or exceeds PLN 3 000. Fixed assets with a unit initial value between PLN 3 000 and PLN 10 000 are generally subject to 100% depreciation in the month they are put into use. Fixed assets with a unit initial value between PLN 3 000 and PLN 10 000, used in the process of manufacturing finished goods for specific groups of customers and projects, may be entered in the fixed asset register and depreciated over their estimated useful lives to increase control over specific assets. Low-value fixed assets with a value below PLN 3 000 are recognised in the cost of consumption of materials in the period of putting them into use and are recorded in off-balance sheet records. 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 the asset is the amount, which according to the forecast the company 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 or in the month in which the asset is no longer disclosed, taking into consideration the earlier of these dates. Depreciation is recognised as an expense for the period, except when it is included in the value of another asset (such as self-produced fixed asset, development work, finished goods).





Depreciation rates applied for individual groups of tangible fixed assets:

Land	-	not depreciated
Buildings, premises, civil and water engineering structures		2 years - 40 years
Technical equipment and machines		2 years - 20 years
Means of transport		3 years - 10 years
Other fixed assets		2 years - 15 years

### **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. These outlays are subject to impairment reviews and write-offs.

### **Right-of-use assets and liabilities**

Under IFRS 16 "Leases," the Company assesses whether a contract is a lease or contains a lease at the beginning of a contract or when the contract changes.

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.

### **Leases and rights of use 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 liability is initially measured at the present value of the lease payments outstanding at that date. Lease payments are discounted using the lease interest rate, if this rate can be easily determined. Otherwise, the Company, as lessee, applies the marginal interest rate. 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
- an estimate of the costs to be incurred by the lessee in dismantling and removing the underlying asset, to renovate the site where it was located, or to renovate the asset to the condition required by the terms of the lease.

After the initial valuation, lease liabilities increase as a result of interest on the unpaid balance, decrease as a result of lease payments made. The carrying amount of the liability is updated to reflect any reassessment or modification of the lease or to reflect updated substantially fixed lease payments. Right-of-use assets other than investment property 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.



For the right to use an asset being an investment property the subsequent valuation is at fair value, in other words the valuation model adopted by the Company for investment property valuation is applied.

In addition, the right to use an asset is tested for impairment and adjusted for impairment losses, if any, and adjusted for revaluation of the lease liability.

When the Company/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 or restated at fair value over the remaining (modified) lease term.

If the Company 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 the right to use a specific asset and require the lessor to provide services to the Company, the Company 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 Company (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. Leaseback is one of the way of financing the Company.

#### **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. Intangible assets purchased in a business acquisition transaction are assumed at fair value as of the acquisition date.

Expenditure on an intangible asset initially recognised in the income statement are not recognised subsequently as the cost of the intangible asset.

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying intangible assets are capitalised as part of the cost of acquisition or production of such assets. The amount of borrowing costs to be capitalised is determined in accordance with IAS 23 Borrowing costs.

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 company plans to renew them and it is expected that they will generate cash flow without any time restrictions. At the balance-sheet day, the company did not reveal such intangible assets.

Limited life assets are amortised over their useful life. Depreciation ends in the month in which the asset is classified as held for sale in accordance with IFRS 5 or in the month in which the asset ceases to be recognised, taking into consideration the earlier of these dates.

The economic useful life of an intangible asset is usually between 2 and 10 years, calculated as of the time the asset is ready for use, unless this is possible to prove longer period.



Depreciation rates applied for intangible fixed assets:

Patents, licenses, software	2 years - 10 years
Other intangible assets	2 years - 10 years

### **Investment property**

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

Investment property held by the Company, as a lessee, in a form of an asset under the right of use, is recognised in accordance with IFRS 16 "Leases".

After the initial recognition, investment properties are valued by the company according to fair value and fixed 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. The fair value of the right to use an asset being an investment property is the sum of all (corresponding to market rates) expected lease payments (including those associated with recognised lease liabilities).

Transfers of individual real properties to or from investment properties should be made only in case of a change in the use of the property (commencement or termination of the company's use of the property, giving the property to a third party under an operating lease, completion of construction and adoption of real property).

If investment property is transferred to owner-occupied property or to inventory, the existing fair value is the initial cost.

When real estate is transferred from inventory to investment property, the effects of fair value measurement are recognised under other operating income or expenses.

Upon completion of the construction and adoption of the investment property in-house, the difference resulting from the fair value measurement is recognised in other operating income or expenses.

An investment property is removed from the books (eliminated from the statement of financial position) when it is disposed of or when it is permanently withdrawn from use and no future benefits are expected from its disposal. Gains or losses resulting from the divestment or disposal of an investment property are determined as the difference between the net proceeds from disposal and the carrying amount of the asset and are recognized in the income statement in the period in which the retirement or disposal occurs (unless otherwise required by IFRS 16 for sale and leasebacks).

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

As on each balance date, the Company reviews 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.

At each balance sheet date the entity carries out an assessment to determine whether or not any indications exist that the impairment loss recognised in previous periods for an asset no longer exists or has decreased. If such indications exist, the entity estimates the recoverable amount of the asset.

The carrying amount of an asset that has been increased as a result of the reversal of an impairment loss should not exceed the carrying amount that would have been determined (net of depreciation) if no impairment loss had been recognised for the asset at all in previous years.

Reversal of an asset impairment loss is recognised immediately under other operating income.

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

The Company recognises its shares in subsidiaries and affiliates under "Shares in subsidiaries and affiliates" at cost, or purchase price less any impairment losses.





Impairment is assessed by comparing the carrying value with the higher of fair value less costs of disposal and value in use.

Outflows of shares in subsidiaries, jointly controlled entities and associates are accounted for using the FIFO method. In the case of redemption or partial redemption of shares in subsidiaries, jointly controlled entities and associates, the redemption transaction is accounted for by the profit and loss in the statement of profit and loss.

Dividends from a subsidiary, joint venture or associate are recognised in the financial statements when the entity's right to receive the dividend arises. Dividends are recognised in the profit and loss account.

### **Financial instruments and hedge accounting**

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.

The Company classifies financial assets into one of the following categories:

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

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) 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 Company as financial assets at amortised cost:

- 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

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

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.

The Company 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.

A company may irrevocably designate a financial asset as at fair value through profit or loss upon initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency (sometimes referred to as an "accounting mismatch") that would otherwise arise from measuring assets or liabilities or recognising the related gains or losses on different basis.



Financial assets measured at fair value through profit or loss are initially recognised at fair value, and on the last day of the reporting period they are measured at fair value with gains/losses on revaluation recognised in the financial result.

The Company classifies financial liabilities into the following categories:

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

The Company classified trade liabilities, credits and loans received as well as bonds as liabilities measured at amortised cost.

The Company 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 Company 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.<sup>1</sup> 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 Company 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 Company 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 Company 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 section 7.2.21 of IFRS 9, the Company 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 Company defines certain derivatives 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.

### **Fair value hedge**

In the case of fair value hedging - gains and losses resulting from the revaluation of the fair value of the hedging instrument are recognised in the profit and loss account. The resulting gains and losses associated with the hedged risk adjust the carrying amount of the hedged item and are recognised in the income statement. Changes in the fair value of the hedged item and the valuation of the hedging instrument are recognised in either financial expenses or income, depending on the direction of the change.



## Hedge accounting

The Company defines specific hedges of foreign exchange risk and market risk that cover derivatives, embedded derivatives and other instruments as fair value hedges, cash flows hedges.<sup>1</sup> 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 Company 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 company discontinues the hedge accounting practice 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.

## Inventories

Acquired inventory items are recorded as follows:

- raw materials and basic materials are recorded at purchase prices, recognised at fixed inventory prices (standard costs), adjusted for deviations from purchase prices,
- other materials are recorded at acquisition prices not higher than their net realisable value,
- goods are recorded at acquisition prices not higher than their net realisable value,
- products and semi-finished products are recorded at manufacturing cost, set at the level of standard cost adjusted for value deviations calculated in the cost accounting process. Deviations from the registered prices during the reporting period are subject to reconciliation at the end of the period. The basis of settlement is the quantity/standard cost of inventory at the end of the period and the quantity/standard cost of inventory released (release for consumption, sale) in a month,
- other components acquired on stock markets are recognised at standard cost including only the stock market acquisition position adjusted for deviations bringing the stock to actual value.

Records of goods at retail outlets are kept at retail prices (including margin and applicable taxes).

## Goods and materials

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

The difference between the higher cost and lower net selling price is recognised as an inventory write-off. If it is not possible to determine the net selling price of an asset, the Group determines its fair value on the balance sheet date by other possible method

The company in the specifics of its production uses tooling (tools) for production machinery. This is tooling subject to resale to purchasers of products manufactured on the tooling based on a re-invoice - after the purchaser accepts the design of the product manufactured on it. The cost of this tooling is recorded in separated accounts until it is sold, and in the financial statements it is reported in inventory of raw materials.

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.

## Records of goods at retail outlets

Goods - are subject to value records. Records are kept at retail selling prices and therefore include the trade margin and the output VAT. The VAT and margin are posted to the account "Deviations from record prices" and a reconciliation is made for deviations from record prices in the part concerning the margin of goods sold in proportion to goods sold and inventory, and in the part concerning VAT on the basis of cash register reports.

As of the balance sheet date, the valuation of inventory at retail prices and the determination of the amount of margin and VAT is carried out through a physical inventory and the calculation of average margin and VAT deviation ratios.



### **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.

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 difference between higher purchase price and lower net selling price of materials and goods is written off to other operating expenses. If it is not possible to determine the net selling price of an asset, its fair value should be determined on the balance sheet date by other possible method

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

Usable waste, or assets that have lost their original use value in the course of operations, are disclosed in the books at net selling prices, and in the absence of such prices - at the value resulting from an estimate that takes into account their suitability for further use.

If it is expected that the selling price of the inventory will cover the purchase price or cost of production then no revaluation write-off is made.

The effects of impairment losses on work in progress (including manufacturing waste) and finished goods, as well as their reversal, are charged to cost of goods sold.

The effects of write-offs on materials and raw materials in stock are charged to other operating expenses (recognition of a write-off) or other operating income (reversal of a write-off).

### **Trade and other receivables**

Trade accounts receivable represent the amounts due from customers for products, goods, materials or services sold as part of Company's ordinary business operations. If the due date of trade receivables falls within one year (or within the ordinary cycle of business activity, if it is longer), trade receivables are classified as short-term and are presented as current assets.

**Other receivables** include amounts owed by customers for sales not related to the company's ordinary operations, prepaid expenses and advances paid by customers for future purchases. These primarily include receivables from the sale of fixed assets and intangible assets, from the sale of shares, profit sharing receivables and receivables state budget, excluding corporate tax receivables which form a separate line item in the statement of financial position and others. Other receivables are presented as current assets if they are due within 12 months or fixed assets if they are due within more than 12 months.

### **Cash and cash equivalents**

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

Cash outflows in foreign currencies are determined according to the FIFO method ("first in - first out").

Bank deposits, bonds, treasury and commercial bills with payment date of up to 3 months from the purchase date are considered by the Company as cash. Cash equivalents are recognised at adjusted cost using the effective interest rate method.

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

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

The Company 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 Company discounts a provision when the time value of money significantly affects the amount of such provision. The Company discounts a provision when the time value of money significantly affects the amount of such provision.

The financial effects of recognised provisions are included in other operating expenses or financial expenses, respectively, depending on the circumstances of future obligations. Provisions are settled (or reduced) when the



liability for which the provision was earlier recognised arises. Provisions not used on the date of cessation or reduction of the risk for which they were recognised are included in other operating income or financial income.

Provisions for future salaries and wages (of management and employees) are made against payroll expenses (by cost type) in the period to which the salary relates.

**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.

#### **Contingent assets**

The company should not disclose contingent assets in its financial statements. The condition for recognition of an asset on the balance sheet is the receipt of future economic benefits with a probability of >95%.

#### **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. 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 by applying a general price index from the dates the components were contributed or otherwise arose. The amount arising from the hyperinflation revaluation increased share capital and the issue premium.

The amount of the surplus paid for the shares, less the costs of issuing the shares incurred during company's formation or increase in share capital is reported in the statement of financial position under "Share premium." The remainder of the cost, which is the excess over agio, is included in financial expenses.

Own shares acquired for redemption are reported in the statement of financial position under "Own shares" and the difference between their purchase price and par value, together with acquisition costs, adjusts the supplementary or reserve capital established for this purpose.

Equity arising from the conversion of debt securities, liabilities and loans into shares is reported at their nominal value (of debt securities, liabilities and loans) including unamortised discounts, premiums, accrued but unpaid interest (which will not be paid) until the date of conversion into equity, unrealised exchange differences and capitalised issue costs.

#### **Deferred income and government grants**

Accrued income is recognised on a prudent basis and includes, in particular, the equivalent of funds received or due from customers (mainly financial) for services to be provided in future reporting periods (as long as advances received for supplies and services are recognised in the statement of financial position under liabilities). Deferred income also includes government grants, including EU grants from European Union funds.

**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. Recognition of government grants in the profit and loss at the time of receipt is permitted if no basis existed for allocating the grant to periods other than those in which it was received.

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

Reimbursable government grants are recognised as a change in estimated value. Grant reimbursements to income are accounted for first with accruals recognised in connection with the grant, then with the result. Reimbursement of grants to assets is recognised as a reduction of the deferred income balance by the amount to be reimbursed.

#### **Revenues**

##### **Revenue from contracts with customers**

Revenues from sales of products and services and goods and materials are recognised in accordance with IFRS 15. Revenue recognition represents the transaction of transferring goods or services to a customer in an amount reflecting the value of the consideration the Company expects to receive in exchange for those goods or services. The primary criterion for revenue recognition is when the performance obligation is fulfilled, which takes place when control is transferred to the customer. Revenues from the sale of products, goods and materials are recognised by the Company, as a rule, at a specific point in time, consistent with the moment of fulfilment of the performance obligation, based on the terms and conditions established in the contract and all relevant facts and circumstances.



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 Company 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 Company does not have contracts with benefits fulfilled over time and does not recognise assets or liabilities under the contracts. The company bears no significant costs of concluding contracts.

The Company provides a warranty for the products sold, which is an assurance to the customer that the product in question conforms to the specifications agreed by the parties. The company recognises such guarantees in accordance with IAS 37

Sales revenues are adjusted by the result of settlement of derivative instruments hedging future cash flows, in accordance with the general rule that the valuation of a derivative hedging instrument in the part being an effective hedge is recognised in the same item of the financial result, in which the valuation of the hedged item is recognised at the moment when the hedged item affects the financial result.

#### **Interest, royalties and dividends**

Interest income is recognised on an ongoing basis as it accrues in accordance with the effective interest rate method. Dividends are recognised upon determination of rights of shareholders to obtain them.

Royalties are recognised on an accrual basis in accordance with the substance of the relevant agreement.

#### **Other operating revenues**

These are revenues indirectly related to the business, in particular:

- profit on disposal of property, plant and equipment and intangible assets,
- the excess of released provisions previously charged to other operating expenses over their recognition in the period,
- penalties and indemnification received,
- the excess of released provisions for materials and goods over their recognition in the period,
- the excess of released provisions for impairment losses on property, plant and equipment and intangible assets over their recognition in the period.

#### **Financial revenues**

They primarily represent interest income and net foreign exchange gains on receivables and payables denominated in foreign currencies.

#### **Costs**

Costs are probable reductions of economic benefits in the reporting period, of reliably specified value, in a form of reduction of value of assets, or increasing of value of liabilities or provisions which will lead to the reduction of equity or increase of its deficit in a manner other than withdrawal of funds by shareholders or owners. Costs are recognised in the income statement according to the matching principle. In order to ensure the principle of matching revenues and costs, assets or liabilities of relevant reporting period include prepaid expenses or accrued expenses that include costs or revenues in future periods and costs attributable to that reporting period that have not yet been incurred.

**Operating expenses** include direct and indirect costs of Company's operations by cost type. Operating expenses also include bank commissions and fees for maintaining a bank account.

The revaluation of financial assets includes the net value of recognised and reversed impairment losses on assets over their release in the period.

#### **Other operating expenses**

These are indirect costs of Company's operations, including in particular:

- recognised provisions for litigation,
- donations made,
- accrued or paid penalties and damages,
- losses in tangible current assets or fixed assets,
- losses on disposal of property, plant and equipment and intangible assets,
- the excess of recognised provisions for materials and goods over their release in the period.

**Financial expenses** include, in particular, interest on borrowings and other sources of financing, including discounting of liabilities, changes in the amount of provisions resulting from approximation of the time of performance of liability (the so-called discount reversal effect) and net foreign exchange losses on receivables and liabilities denominated in foreign currencies. Finance costs also include the cost of commissions on borrowings plus cost of issuing debt securities, for the portion not subject to activation.





### **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. Completion of capitalisation of financing costs takes place when all work has been substantially completed. If the funds from a loan for investment are periodically deposited, the interest earned on the deposit also affects the cost of the adjusted asset.

Exchange rate differences on foreign currency borrowings affect the initial value of a qualifying asset to the extent that they represent an adjustment to interest expense. The value of exchange rate differences adjusting the interest expense represents the difference between the interest expense on similar financing that the Company would have had in PLN and the expense incurred when financing in foreign currency.

### **Employee benefits**

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

#### **Bonus:**

The cost should be recognised in the period to which the work provided relates. Even if the final determination of the amount of the benefit and payment (such as annual bonus) occurs after the balance sheet date, the data of the estimated bonus are included in the period for which the bonus is determined.

**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 Company 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 Company announced a detailed and formal restructuring plan to all interested parties.

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

The 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 cash items are recognised in the profit and loss and are presented as surplus of positive/negative exchange rate differences.

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 comprehensive income, then the exchange rates associated with them are also recognised directly in the comprehensive income.

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 - 31.12.2021 r.	4.5622	4.5994
01.01 - 31.12.2022 r.	4.6883	4.6899

#### **Income tax**

##### **Current corporate income tax**

Current tax liabilities and receivables due to current tax for the current period and previous periods are recognised at the amount of expected payments to the tax authorities (amount of return due from the tax authorities) at the tax rates and in accordance with tax regulations that were legally binding as at the balance sheet date.

##### **Deferred income tax**

The deferred part of income tax presented in the profit and loss account is the difference between the balance of deferred income tax provisions and assets as at the end and beginning of the reporting period, including the case when deferred income tax provisions and assets resulting from operations settled with the Company's equity are transferred to equity.

The Company recognises deferred income tax liabilities and 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 past.

Deferred tax liabilities and assets are reported as a net figure in the balance sheet. The value presented in the statement of financial position represents the excess deferred tax asset or liability. It is presented as a deferred tax asset or long-term deferred tax liability, respectively.

##### **Value added tax**

Revenues, costs, assets and liabilities are recognised after deducting the value added tax, except:

- when the value added tax paid on the purchase of assets or services is not recoverable from the tax authorities; then it is recognised respectively as a part of the purchase price of an asset or as a part of a cost item, and
- for receivables and liabilities, which are recognised inclusive of the value added tax.

The net amount of value added tax recoverable or payable to the tax authorities is recognised in the statement of financial position as part of receivables or payables.





### Special funds

The contributions to the Company's 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.

The Company Fund for Rehabilitation of the Disabled is accounted for by Company in accordance with the Ordinance of the Minister of Labour and Social Policy of 31 December 1998 on the Company's Fund for Rehabilitation of the Disabled (Journal of Laws of 1999 No. 3, item 22) and internal rules drafted pursuant to this Ordinance. with funds raised under tax exemptions and fees; the fund is recognised in nominal value.

### Events after the balance sheet date and events of an exceptional nature

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, the Company discloses them in the additional information, giving the nature of the event and its financial effect or stating that the determination of such an effect is impossible or unreliable.

Each event causing the going concern principle cannot be continued is the event causing adjustments in the accounting books and financial statements. An entity shall not prepare its financial statements on a going concern basis, if management 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.

**An exceptional event** is a one-off economic event that took place in the Company during the reporting period and has an impact on the financial statements. When an event is considered by the Management Board to be material, information about it along with its impact on the financial statements is disclosed in the relevant notes

### Assets held for sale and discontinuation of operations

The company recognised a non-current assets 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

**Discontinued operations** are a cash-generating component (or group of components) of the Company that can be separated organisationally or that has been disposed of or held for sale and:

- is a separate, important line of business,
- is part of a single, coordinated plan to divest a separate, important line of business of the entity or its geographic business area,
- or is a subsidiary acquired solely with the intention of resale.

If discontinued operations exist, the Company discloses:

- in the income statement, separately from continuing operations the net profit or loss (after tax) of discontinued operations,
- assets held for sale and liabilities related to discontinued operations in the statement of financial position,
- in the notes, revenues, expenses, fair value measurement expenses, income taxes and net income of discontinued operations, cash flows attributable to discontinued operations, individual assets and individual liabilities related to discontinued operations.

### Accounting principles for the preparation of financial statements in accordance with the Energy Act

Refer to Note 40 of these annual separate financial statements for a description of the accounting policies for drafting the financial statements in accordance with the provisions of the Energy Law.

## FINANCIAL STATEMENTS

### Statement of comprehensive income

**The profit/loss on sales** is the difference between the sum of due revenues from the sale of products, services and goods, including rebates, discounts and other increases and decreases, excluding value added tax and the value of goods sold at purchase prices and manufacturing costs of products and services sold, and all sales and general and administrative costs incurred during the current period.

**Other income** include dividends received, redundant provisions redeemed, compensations received and reversals of impairment write-offs on assets and profits on the sales of non-current assets (fixed assets, intangible assets, investment properties and shares in subsidiaries)

**Other costs** - mainly created provisions, compensation penalties paid, revaluation write-offs of assets and losses on the sale of non-current assets (fixed assets, intangible assets, investment properties and shares in subsidiaries), subsidies to the capital of subsidiaries



**Financial revenues** - interest received, the result on the sales of receivables, profits on derivative instruments, profits on exchange rates and revaluation gains and sales of financial assets

**Cost of financing** - interest paid, loss on receivables sales, loss on derivatives, foreign exchange losses, loss on revaluation and sales of financial assets

**Income tax** - statutory encumbrances of profit/loss due to income tax (including deferred income tax provisions).

**Other income recognised directly in comprehensive income** - income from revaluation of assets available for sales reduced by tax and profits/losses on revaluation of employee benefit provisions

#### **Statement of financial position**

In the statement of financial position, the Company recognizes the state of assets and liabilities as at the last day of the current and previous reporting period. The value of particular groups of assets recognized in the balance sheet results from their net book value adjusted by depreciation, the effects of revaluation and write-offs revaluating the value of assets due impairment loss. Financial assets and liabilities are recognized in the report as net amount if the Company has an unconditional right to the compensation of assets and liabilities of a given type and intends to settle them on a net basis or simultaneously spend a financial asset and settle a financial liability.

#### **Other financial statements applicable to the Company**

- Statement of changes in equity
- Cash flow statement
- Additional information in the form of additional explanatory notes
- Declaration on non-financial information
- Report in accordance with the provisions of Article 44 of the Energy Law Act

**Statement of changes in equity** includes information about changes in individual components of equity for the current and previous reporting period.

**Statement of cash flows** is prepared by the Company using the indirect method. It includes all cash inflows and outflows from operating, investing and financing activities, excluding inflows and outflow resulting from the purchase or sale of cash, for the current and previous periods.

**Notes to the financial statement** contain significant data and explanations necessary to ensure that the financial statements present reliably and clearly the property and financial situation as well as the financial result and the yield of the Company.

#### **Report on Company's activities**

Along with the semi-annual and annual financial statements, the Company prepares a report of the management board for the period. The management board report on the company's activities is not a part of the financial statement.

This report includes material information on the Company's property and financial condition, including an assessment of the achieved results and an indication of risk factors and a description of risks.

## **4. BASIC ACCOUNTING JUDGMENTS AND THE BASIS FOR ESTIMATING UNCERTAINTY**

### **Basic accounting judgments and the basis for estimating uncertainty 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 Company 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 Company 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.

## 5. REVENUES

REVENUES FROM SALE BY DESTINATION MARKET	01.01.2022 - 31.12.2022	01.01.2021 - 31.12.2021
<b>Continuing operations</b>		
Domestic sales	1 655 983	923 614
Sales to EU countries	1 057 959	827 395
Sales to other European countries	111 687	89 446
Export outside Europe	88 063	77 270
<b>Total (revenues from continuing operations)</b>	<b>2 913 692</b>	<b>1 917 725</b>

SHARE OF EU MEMBER STATES IN INTRA-COMMUNITY SALES	01.01.2022 - 31.12.2022	01.01.2021 - 31.12.2021
Germany	28%	27%
The Czech Republic	19%	13%
Sweden	9%	13%
The Netherlands	8%	5%
Belgium	6%	4%
Slovakia	6%	5%

## 6. OPERATING SEGMENTS

Branch	Business segment
Headquarters	Other non-allocated
Elana Branch in Toruń	Chemical products
Energy Branch in Toruń	Other non-allocated
ERG Branch in Sochaczew	Chemical products



**Boryszew S.A.**  
**Notes to the 2022 financial statements**

(amounts expressed in PLN '000 unless specified otherwise)

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Nylonbor branch in Sochaczew until the date of disposal	Chemical products
NPA Skawina Branch	Metals
Maflow Branch in Tychy	Automotive

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



(amounts expressed in PLN '000 unless specified otherwise)

REVENUES AND RESULTS BY OPERATING SEGMENTS IN 2022 (data regarding continuing operations)

01.01.2022 - 31.12.2022	Chemical products	Automotive	Metals	Other non-allocated	Total	exclusions between segments	Total
Revenues from sales	306 060	772 286	903 463	935 238	2 917 047	(3 355)	2 913 692
Segment costs of sales	269 134	674 583	854 114	922 547	2 720 378	(3 267)	2 717 111
<b>Result on sales within segment</b>	<b>36 926</b>	<b>97 703</b>	<b>49 349</b>	<b>12 691</b>	<b>196 669</b>	<b>(88)</b>	<b>196 581</b>
General, administrative and sales expenses	36 533	72 133	22 450	19 259	150 375	(275)	150 100
Other operating profit/loss	(17 398)	3 313	4 178	6 980	(2 927)	(187)	(3 114)
<b>Segment profit/loss</b>	<b>(17 005)</b>	<b>28 883</b>	<b>31 077</b>	<b>412</b>	<b>43 367</b>	<b>-</b>	<b>43 367</b>
Amortisation/depreciation	4 608	35 691	14 607	1 937	56 843	-	56 843
EBITDA *)	(12 397)	64 574	45 684	2 349	100 210	-	100 210
Segment assets	176 974	742 211	261 945	1 441 614	2 622 744	(90 043)	2 532 701
Segment liabilities	127 507	639 790	176 479	473 934	1 417 710	(90 043)	1 327 667

01.01.2021 - 31.12.2021	Chemical products	Automotive	Metals	Other non-allocated	Total	exclusions between segments	Total
Revenues from sales	270 601	628 270	590 776	435 245	1 924 892	(7 167)	1 917 725
Segment costs of sales	242 017	512 953	561 739	428 551	1 745 260	(1 619)	1 743 641
<b>Result on sales within segment</b>	<b>28 584</b>	<b>115 317</b>	<b>29 037</b>	<b>6 694</b>	<b>179 632</b>	<b>(5 548)</b>	<b>174 084</b>
General, administrative and sales expenses	36 670	63 921	17 975	22 212	140 778	(4 307)	136 471
Other operating profit/loss	2 993	3 341	2 009	24 180	32 523	1 093	33 616
<b>Segment profit/loss</b>	<b>(5 093)</b>	<b>54 737</b>	<b>13 071</b>	<b>8 662</b>	<b>71 377</b>	<b>(148)</b>	<b>71 229</b>
Amortisation/depreciation	5 033	33 368	5 891	22 203	66 495	-	66 495
EBITDA *)	(60)	88 105	18 962	30 865	137 872	(148)	137 724
Segment assets	298 798	605 528	255 628	1 751 085	2 911 039	(397 577)	2 513 462
Segment liabilities	132 643	584 440	142 960	683 671	1 543 714	(397 577)	1 146 137

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



## 7. OPERATING EXPENSES

Costs of operating activities by type	01.01.2022 - 31.12.2022	01.01.2021 - 31.12.2021
Amortisation/depreciation	56 843	66 495
Consumption of materials and energy	1 390 920	1 014 545
Third party services	133 229	97 366
Taxes and charges	8 270	8 504
<b>Costs of employee benefits, including:</b>	<b>245 279</b>	<b>220 892</b>
<i>costs of remuneration</i>	197 342	176 992
<i>costs of social insurance</i>	35 164	32 299
<i>other employee benefits</i>	12 773	11 601
Other expenses	9 733	6 791
Value of sold goods and materials	1 026 194	483 132
<b>Total expenses by type</b>	<b>2 870 468</b>	<b>1 897 725</b>
Movements in products	497	1 888
Capitalised costs by type, consumption for own needs	(3 754)	(19 501)
<b>Costs by type:</b>	<b>2 867 211</b>	<b>1 880 112</b>
Selling costs	(41 574)	(40 965)
General and administrative expenses	(108 526)	(95 506)
<b>Cost of sales</b>	<b>2 717 111</b>	<b>1 743 641</b>

## 8. OTHER OPERATING REVENUES

	01.01.2022 - 31.12.2022	01.01.2021 - 31.12.2021
Profit from sale of non-current assets	10 761	10 624
Valuation to fair value of investment properties	-	4 615
Reversal of write-offs on non-financial assets	8 122	5 602
Reversal of provisions	8 405	288
Compensation and indemnification	6 031	12 760
Dividends and other income from capital investments (*)	18 009	51 846
Grants (**)	4 945	5 359
Reversal of write-offs for trade and other receivables	11 478	2 909
Other revenue	10 036	7 094
<b>Total</b>	<b>77 787</b>	<b>101 097</b>

(\*) In the current period, the Company received dividends from Elana Energetyka in the amount of PLN 1.9 million, ZUO Konin in the amount of PLN 6.0 million, Eastside Capital Investment in the amount of PLN 9.8 million and Gränges AB in the amount of PLN 0.3 million, and respectively in 2021 from F&T Polska in the amount of PLN 33 million, Maflow ITALY in the amount of PLN 6.4 million, ZUO Konin in the amount of PLN 5.8 million, Elena PET in the amount of PLN 4.9 million and Gränges AB in the amount of PLN 1.6 million

(\*\*) In 2022, the Company recognised grants in development projects (NCRD), including in ERG Division and the NPA Division.



## 9. OTHER OPERATING EXPENSES

<b>Other operating expenses</b>	<b>01.01.2022 - 31.12.2022</b>	<b>01.01.2021 - 31.12.2021</b>
Loss on sale of fixed assets	7 965	7 501
Write-offs for non-financial assets	10 451	9 998
Creation of provisions	22 684	10 720
Revaluation of trade and other receivables	27 168	25 852
Other expenses	12 633	13 410
<b>Total</b>	<b>80 901</b>	<b>67 481</b>

## 10. FINANCIAL REVENUES

	<b>01.01.2022 - 31.12.2022</b>	<b>01.01.2021 - 31.12.2021</b>
Interest income, including:	37 330	25 367
Interests on loans	30 362	22 607
Interest on bonds	5 864	2 011
Other interest	1 104	749
Gain on sale of financial assets (*)	8 573	60 909
Exchange rate differences	41 162	16 767
Reversal of revaluation write-downs	524	66
Measurement of credit risk on financial assets	-	59
Other	357	45
<b>Total</b>	<b>87 946</b>	<b>103 213</b>

(\*) in the current year, the profit on is the gain on the sale of Nylonbor shares in the amount of PLN 6.0 million and PLN 2.6 million on sale of Gränges Konin shares and, respectively, in 2021 on sale of shares in FŁT Polska in the amount of PLN 17.7 million, Elana PET PLN 30.8 million, PLN 7 on the sale of EW Rywałd shares, PLN 5.4 million adjustment of divestment of Impexmetal shares now Gränges Konin



## 11. FINANCIAL EXPENSES

	01.01.2022 - 31.12.2022	01.01.2021 - 31.12.2021
Interest expense, including:	<b>51 984</b>	<b>14 937</b>
Interest on loans	14 906	7 842
Interest on factoring	5 406	2 495
Interests on loans	18 313	1 330
Interest from issued bonds	235	525
Interest on lease	3 450	2 198
Interest on other liabilities	9 674	547
Loss on sales of financial assets	-	4 707
Recognition of value impairment write-offs	20 045	359 635
Other financial expenses, including:	36 763	22 117
Exchange rate differences	30 825	18 003
Loss on derivative financial instruments	2 707	1 362
Other	3 231	2 752
<b>Total</b>	<b>108 792</b>	<b>401 396</b>

As a result of evaluating the possibility of redemption of bonds and repayment of loans granted to group companies in the short term, write-offs for loans and bonds were recognised.

The tests on impairment of Boryszew engaged assets showed no need to recognise any write-offs.

## 12. INCOME TAX

Main components of the tax burden for the year ended on 31 December 2022 and 31 December 2021 are as follows:

	01.01.2022- 31.12.2022	01.01.2021- 31.12.2021
<b>Income tax recognised in the income statement</b>		
Current income tax	16 244	23 326
Tax withheld by the payer on dividends	42	6 760
Taxes recognised in other comprehensive income	(5 525)	(4 810)
Adjustments relative to current income tax from previous years	(344)	1 803
Deferred income tax	(2 724)	5 729
<b>Tax expense reported in the income statement</b>	<b>7 693</b>	<b>32 808</b>
<b>Current and deferred income tax recognised in other comprehensive income</b>		
Hedge accounting	(1 548)	(806)
On disposal and measurement of shares through other comprehensive income (current and deferred)	(1 125)	(2 793)
On actuarial gains/losses from valuation of provisions for employee benefits	(65)	(51)
<b>Tax benefit/tax expense recognised in other comprehensive income</b>	<b>(2 738)</b>	<b>(3 650)</b>

The item "Adjustments relative to current income tax from previous years" includes the value updating the calculated corporate income tax for the previous year.

The deadline for filing the CIT-8 for 2021 was extended to 30 June 2022.





## 12.1. Current corporate income tax

	01.01.2022 - 31.12.2022	01.01.2021 - 31.12.2021
<b>Gross profit (loss)</b>	<b>22 521</b>	<b>(226 954)</b>
Deduction from income	(230 095)	362 858
Additions to income	267 487	(34 068)
<b>Income after permanent and temporary differences</b>	<b>59 913</b>	<b>101 836</b>
<b>Deductions from the tax base (R&amp;D relief)</b>	<b>(3 176)</b>	<b>(4 035)</b>
Income on disposal of shares through comprehensive income	29 078	25 315
Donations	(100)	(350)
<b>Income tax base</b>	<b>85 715</b>	<b>122 766</b>
<b>Tax rate</b>	<b>19.0%</b>	<b>19.0%</b>
<b>Income tax for current year</b>	<b>16 286</b>	<b>23 326</b>
<i>of which:</i>		
<i>current tax recognised in equity</i>	<i>5 525</i>	<i>4 810</i>
<i>current tax recognised in result</i>	<i>10 737</i>	<i>18 516</i>
<i>of which: tax relating to the previous year</i>	<i>344</i>	<i>1 803</i>
Advances paid during the year	(15 958)	(261)
Withholding tax	1	-
<b>Current tax liabilities</b>	<b>329</b>	<b>23 065</b>
<b>Income tax - current portion reported in P&amp;L</b>	<b>10 417</b>	<b>27 079</b>
<b>Deferred tax on temporary changes recognised in P&amp;L</b>	<b>(2 724)</b>	<b>5 729</b>

## 12.2. Deferred tax

Deferred tax assets	01.01.2022- 31.12.2022	01.01.2021- 31.12.2021
Difference between tax and current carrying value of liabilities	6 618	4 506
Difference between tax and current book value of assets	88 735	66 098
Employee benefit provisions	1 099	1 329
Valuation of derivative instruments	(115)	866
Deferred tax assets of acquired Companies	-	850
Write-off of deferred tax assets of acquired Companies	-	(836)
Other	807	1 409
<b>Deferred income tax assets</b>	<b>97 144</b>	<b>74 222</b>



**Boryszew S.A.**  
**Notes to the 2022 financial statements**

(amounts expressed in PLN '000 unless specified otherwise)

<b>Change in deferred tax assets</b>	<b>01.01.2022- 31.12.2022</b>	<b>01.01.2021- 31.12.2021</b>
<b>Balance at the beginning of the period</b>	<b>74 222</b>	<b>70 274</b>
Changes corresponding with the result	23 619	3 788
<i>including from acquired Companies</i>	-	843
Organised part of enterprise in-kind contribution - Nylonbor Division	15	-
Changes corresponding with other comprehensive income	(712)	160
<b>Balance as at period end</b>	<b>97 144</b>	<b>74 222</b>

<b>Deferred income tax provision</b>	<b>01.01.2022- 31.12.2022</b>	<b>01.01.2021- 31.12.2021</b>
Difference between tax and current book value of property, plant and equipment	61 010	49 224
Difference between tax and current book value of assets	35 892	32 922
Valuation of derivative instruments	963	(2)
Deferred tax liabilities of acquired Companies	-	1 915
Write-offs of deferred tax liabilities of acquired Companies	-	(1 451)
Organised part of enterprise in-kind contribution - Nylonbor Division	15	-
Other	9 030	6 827
<b>Deferred income tax liabilities</b>	<b>106 910</b>	<b>89 435</b>

<b>Change in deferred tax - liabilities</b>	<b>01.01.2022- 31.12.2022</b>	<b>01.01.2021- 31.12.2021</b>
<b>Balance at the beginning of the period</b>	<b>89 435</b>	<b>79 866</b>
Changes corresponding with the result	20 895	11 685
<i>including from acquired Companies</i>	-	464
Organised part of enterprise in-kind contribution - Nylonbor Division	15	-
Changes corresponding with other comprehensive income	(3 435)	(2 116)
<b>Balance as at period end</b>	<b>106 910</b>	<b>89 435</b>

<b>Change in deferred tax - liabilities</b>	<b>01.01.2022- 31.12.2022</b>	<b>01.01.2021- 31.12.2021</b>
Deferred tax assets	97 144	74 222
Deferred income tax provision	106 910	89 435
<b>Surplus disclosed in liabilities</b>	<b>9 766</b>	<b>15 213</b>



### 13. NON-CURRENT ASSETS

<b>Tangible fixed assets (by type groups)</b>	<b>As at 31.12.2022</b>	<b>As at 31.12.2021</b>
<b>Fixed assets by type:</b>	<b>246 751</b>	<b>256 326</b>
land	9 358	9 358
buildings, premises, civil and water engineering structures	56 881	60 427
technical equipment and machines	173 101	179 341
vehicles	1 059	705
other tangible fixed assets	6 352	6 495
<b>Advances for tangible fixed assets</b>	<b>4 070</b>	<b>1 521</b>
<b>Total property, plant and equipment</b>	<b>250 821</b>	<b>257 847</b>

<b>additional information</b>	<b>01.01.2022 - 31.12.2022</b>	<b>01.01.2021 - 31.12.2021</b>
Capitalised expenditure incurred due to construction of fixed assets	2 632	
Outlays on fixed assets under construction	39 244	62 717
Incurred expenses for acquisition, construction of non-current assets	9 538	4 053
Purchase of fixed assets in the current period financed with working capital loans and own funds	18 038	25 872
Amount of the contractual liabilities due to the non-current assets acquisition	298	222
Amount of net non-current assets with the limited ownership right	20 944	9 839
Fixed assets provided as collateral to loan repayment	44 909	117 209
Compensation form third parties on impairment losses	48	1 081
Insurance value of fixed assets	681 712	593 007



(amounts expressed in PLN '000 unless specified otherwise)

<b>in the period 01.01.2022 - 31.12.2022</b>	<b>Land</b>	<b>Buildings, premises, civil and water engineering structures</b>	<b>Technical equipment and machines</b>	<b>vehicles</b>	<b>Other tangible fixed assets</b>	<b>Total</b>
<b>Gross value of fixed assets at the beginning of the period</b>	<b>9 358</b>	<b>103 264</b>	<b>370 090</b>	<b>4 768</b>	<b>22 502</b>	<b>509 982</b>
Increase due to acquisition	-	2 627	13 311	142	2 031	18 111
fixed assets redeemed after lease end	-	-	2 629	-	-	2 629
Disposal	-	-	(1 552)	(253)	(101)	(1 906)
Tangible fixed assets under construction	-	23	15 495	519	(274)	15 763
Liquidation	-	(238)	(2 554)	(263)	(101)	(3 156)
Contribution in kind to a subsidiary	-	(3 426)	(4 631)	(90)	-	(8 147)
Sale of fixed assets to lessor- lease-back	-	-	(6 371)	-	-	(6 371)
Other	-	-	-	1	-	1
<b>Gross value of fixed assets at the end of the period</b>	<b>9 358</b>	<b>102 250</b>	<b>386 417</b>	<b>4 824</b>	<b>24 057</b>	<b>526 906</b>
<b>Accumulated depreciation at the beginning of the period</b>	<b>-</b>	<b>39 626</b>	<b>179 376</b>	<b>3 803</b>	<b>15 817</b>	<b>238 622</b>
Planned depreciation of own fixed assets	-	3 486	21 046	219	1 816	26 567
Decrease due to disposal	-	-	(59)	(179)	(28)	(266)
Liquidation	-	(150)	(2 532)	(263)	(69)	(3 014)
Contribution in kind to a subsidiary	-	(804)	(2 344)	(75)	-	(3 223)
Other	-	-	6 462	-	-	6 462
<b>Accumulated depreciation at the end of the period</b>	<b>-</b>	<b>42 158</b>	<b>201 949</b>	<b>3 505</b>	<b>17 536</b>	<b>265 148</b>
<b>Impairment write-offs at the beginning of the period</b>	<b>-</b>	<b>3 211</b>	<b>11 373</b>	<b>260</b>	<b>190</b>	<b>15 034</b>
Other	-	-	(6)	-	(21)	(27)
<b>Impairment write-offs at the end of the period</b>	<b>-</b>	<b>3 211</b>	<b>11 367</b>	<b>260</b>	<b>169</b>	<b>15 007</b>
<b>Net fixed assets as at the end of period</b>	<b>9 358</b>	<b>56 881</b>	<b>173 101</b>	<b>1 059</b>	<b>6 352</b>	<b>246 751</b>



(amounts expressed in PLN '000 unless specified otherwise)

<b>in the period 01.01.2021 - 31.12.2021</b>	<b>Land</b>	<b>Buildings, premises, civil and water engineering structures</b>	<b>Technical equipment and machines</b>	<b>vehicles</b>	<b>Other tangible fixed assets</b>	<b>Total</b>
<b>Gross value of fixed assets at the beginning of the period</b>	<b>9 358</b>	<b>101 763</b>	<b>342 579</b>	<b>4 794</b>	<b>20 686</b>	<b>479 180</b>
Increase due to acquisition	-	7 996	71 400	128	1 933	<b>81 457</b>
Fixed assets redeemed after lease end	-	-	12 128	-	-	<b>12 128</b>
Disposal	-	-	(5 088)	(270)	(98)	<b>(5 456)</b>
Tangible fixed assets under construction	-	(4 936)	(38 352)	18	344	<b>(42 926)</b>
Liquidation	-	(1 616)	(764)	-	(356)	<b>(2 736)</b>
Sale of fixed assets to lessor-leasing	-	-	(11 816)	-	-	<b>(11 816)</b>
Other	-	57	3	98	(7)	<b>151</b>
<b>Gross value of fixed assets at the end of the period</b>	<b>9 358</b>	<b>103 264</b>	<b>370 090</b>	<b>4 768</b>	<b>22 502</b>	<b>509 982</b>
<b>Accumulated depreciation at the beginning of the period</b>	-	<b>37 588</b>	<b>166 081</b>	<b>3 874</b>	<b>14 763</b>	<b>222 306</b>
Planned depreciation of own fixed assets	-	3 436	18 182	194	1 474	<b>23 286</b>
Decrease due to disposal	-	(1 398)	(4 354)	(265)	(98)	<b>(6 115)</b>
Liquidation	-	-	(639)	-	(315)	<b>(954)</b>
Decrease due to sale of fixed assets to lessor-leaseback	-	-	(71)	-	-	<b>(71)</b>
Other	-	-	177	-	(7)	<b>170</b>
<b>Accumulated depreciation at the end of the period</b>	-	<b>39 626</b>	<b>179 376</b>	<b>3 803</b>	<b>15 817</b>	<b>238 622</b>
<b>Impairment write-offs at the beginning of the period</b>	-	<b>3 211</b>	<b>11 920</b>	<b>260</b>	<b>190</b>	<b>15 581</b>
Reversal of write-downs recognized in the profit/loss for the current period	-	-	(547)	-	-	<b>(547)</b>
<b>Impairment write-offs at the end of the period</b>	-	<b>3 211</b>	<b>11 373</b>	<b>260</b>	<b>190</b>	<b>15 034</b>
<b>Net fixed assets as at the end of period</b>	<b>9 358</b>	<b>60 427</b>	<b>179 341</b>	<b>705</b>	<b>6 495</b>	<b>256 326</b>



Boryszew S.A. conducted an impairment test for the cash-generating unit ("CGU"), which includes the assets of the Maflow branch, by determining their recoverable value on 31 December 2022. The recoverable value of assets was determined using the discounted net cash flow method based on budgets approved by the Management Board. The discount rate was determined based on a WACC of 13.66% for the forecast period and 10.86% for the residual period.

To determine the cost of equity, the CAPM valuation model was used and the unlevered beta value for auto manufacturer components (Auto Parts) per Aswath Damodaran of 1.00 was used.

The test assumes a residual period growth rate of 2.5% equal to the NBP's long-term inflation target.

Sensitivity analyses were conducted:

base variant	1 bps increase in WACC. Growth rate in the residual period + 1% p.p.	1 bps decrease in WACC. Growth rate in the residual period - 1% p.p.	EBITDA down 5%	EBITDA growth of 5%
No write-off necessary	No write-off necessary	No write-off necessary	No write-off necessary	No write-off necessary

As a result of the test, on 31 December 2022, the income value of the tested fixed assets is higher than their carrying value, therefore impairment charge was no longer necessary.

## 14. INVESTMENT PROPERTY

Investment real estate property at fair value	As at 31.12.2022	As at 31.12.2021
Investment property	19 780	21 619
<b>Change in investment properties in 2022</b>		
<b>Investment property at the beginning of the period</b>	<b>21 619</b>	<b>17 243</b>
Increase due to acquisitions	2 629	-
Decreases due to sales	(2 419)	-
Increases/decreases due to valuation changes	(127)	4 376
Reclassification to right-of-use assets	(1 922)	-
<b>Investment property at the end of the period</b>	<b>19 780</b>	<b>21 619</b>

	As at 31.12.2022	As at 31.12.2021
Revenues from investment property (rental agreements)	827	827
Maintenance cost of investment property	134	293

Investment properties are used as collateral for loan repayments.

## 15. INTANGIBLE ASSETS

	As at 31.12.2022	As at 31.12.2021
R&D expenses	15 329	19 632
Patents, licenses, software	16 724	14 106
Other intangible assets	174	1 485
<b>Total</b>	<b>32 227</b>	<b>35 223</b>



(amounts expressed in PLN '000 unless specified otherwise)

## Intangible assets

in the period 01.01.2022 - 31.12.2022	R&D expenses	Patents, concessions, licence, software	Other intangible assets	Total
<b>Gross value at the beginning of the period</b>	<b>33 144</b>	<b>26 703</b>	<b>7 883</b>	<b>67 730</b>
Additions (purchase)	253	5 117	42	5 412
Liquidation	-	(4)	-	(4)
Contribution in kind to a subsidiary	-	-	(422)	(422)
Other	-	(4)	1	(3)
<b>Gross value of intangible assets at the end of the period</b>	<b>33 397</b>	<b>31 812</b>	<b>7 504</b>	<b>72 713</b>
<b>Accumulated depreciation at the beginning of the period</b>	<b>13 512</b>	<b>12 597</b>	<b>6 398</b>	<b>32 507</b>
Planned depreciation	4 556	2 499	1 122	8 177
Liquidation	-	(4)	-	(4)
Contribution in kind to a subsidiary	-	-	(190)	(190)
Other	-	(4)	-	(4)
<b>Accumulated depreciation at the end of the period</b>	<b>18 068</b>	<b>15 088</b>	<b>7 330</b>	<b>40 486</b>
<b>Impairment write-offs at the beginning of the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Impairment write-offs at the end of the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net value of intangible assets at the end of the period</b>	<b>15 329</b>	<b>16 724</b>	<b>174</b>	<b>32 227</b>



(amounts expressed in PLN '000 unless specified otherwise)

## Intangible assets cont.

in the period 01.01.2021 - 31.12.2021	R&D expenses	Patents, concessions, licence, software	Other intangible assets	Total
<b>Gross value at the beginning of the period</b>	<b>17 459</b>	<b>25 965</b>	<b>16 457</b>	<b>59 881</b>
Additions (purchase)	15 685	953	4	16 642
Merger with a subsidiary	-	-	86 168	86 168
Disposal	-	(118)	(86 168)	(86 286)
Liquidation	-	(70)	-	(70)
Other	-	(27)	(8 578)	(8 605)
<b>Gross value of intangible assets at the end of the period</b>	<b>33 144</b>	<b>26 703</b>	<b>7 883</b>	<b>67 730</b>
<b>Accumulated depreciation at the beginning of the period</b>	<b>11 454</b>	<b>10 366</b>	<b>5 278</b>	<b>27 098</b>
Planned depreciation	2 058	2 353	21 810	26 221
Business combinations	-	-	65 478	65 478
Decrease due to disposal	-	(3)	(86 168)	(86 171)
Liquidation	-	(115)	-	(115)
Other	-	(4)	-	(4)
<b>Accumulated depreciation at the end of the period</b>	<b>13 512</b>	<b>12 597</b>	<b>6 398</b>	<b>32 507</b>
<b>Net value of intangible assets at the end of the period</b>	<b>19 632</b>	<b>14 106</b>	<b>1 485</b>	<b>35 223</b>





(amounts expressed in PLN '000 unless specified otherwise)

## 16. RIGHT-OF-USE ASSETS

As at 31.12.2022	Buildings and structures	Technical equipment and machines	Vehicles	Other tangible fixed assets	Land - SMA	The Lease Agreement	Total
<b>Value at the beginning of the period</b>	-	<b>88 148</b>	<b>2 438</b>	<b>1 069</b>	<b>17 101</b>	<b>55 365</b>	<b>164 121</b>
Reclassification from investment property	-	-	-	-	1 922	-	<b>1 922</b>
Acceptance for use under new lease agreements signed during the current year	-	8 174	3 230	-	-	18 129	<b>29 533</b>
Disposal	-	-	-	-	(370)	-	<b>(370)</b>
Transfer from under leaseback	-	6 371	-	-	-	-	<b>6 371</b>
Reduction due to end of lease term	-	(3 443)	(776)	-	-	(5 698)	<b>(9 917)</b>
Contribution in kind to a subsidiary	-	-	-	-	(1 909)	-	<b>(1 909)</b>
<b>Gross value of fixed assets at the end of the period</b>	-	<b>99 250</b>	<b>4 892</b>	<b>1 069</b>	<b>16 744</b>	<b>67 796</b>	<b>189 751</b>
<b>Accumulated depreciation of leased assets - beginning of the period</b>	-	<b>15 062</b>	<b>1 587</b>	<b>579</b>	<b>979</b>	<b>27 159</b>	<b>45 366</b>
Planned depreciation of own fixed assets	-	10 206	530	115	179	11 069	<b>22 099</b>
Disposal	-	-	-	-	(66)	-	<b>(66)</b>
Reduction at the end of lease (-)	-	(1 277)	(823)	-	-	(1 482)	<b>(3 582)</b>
Contribution in kind to a subsidiary	-	-	-	-	(141)	-	<b>(141)</b>
<b>Accumulated depreciation at the end of the period</b>	-	<b>23 991</b>	<b>1 294</b>	<b>694</b>	<b>951</b>	<b>36 746</b>	<b>63 676</b>
<b>Impairment write-offs at the beginning of the period</b>	-	<b>802</b>	-	-	<b>62</b>	-	<b>864</b>
Write-off provision recognised in the profit/loss for the current period	-	-	-	-	(3)	-	<b>(3)</b>
Reduction due to termination of lease	-	(67)	-	-	-	-	<b>(67)</b>
<b>impairment write-offs at the end of the period</b>	-	<b>735</b>	-	-	<b>59</b>	-	<b>794</b>
<b>Net value of leased fixed assets at the end of the period</b>	-	<b>74 524</b>	<b>3 598</b>	<b>375</b>	<b>15 734</b>	<b>31 050</b>	<b>125 281</b>



(amounts expressed in PLN '000 unless specified otherwise)

<b>As at 31.12.2021</b>	<i>Buildings and structures</i>	<i>Technical equipment and machines</i>	<i>Vehicles</i>	<i>Other tangible fixed assets</i>	<i>Land - SMA</i>	<i>The Lease Agreement</i>	<i>Total</i>
<b>Value at the beginning of the period</b>	-	<b>75 873</b>	<b>3 765</b>	<b>1 069</b>	<b>18 925</b>	<b>49 981</b>	<b>149 613</b>
Acceptance for use under new lease agreements signed during the current year	-	19 530	437	-	-	5 384	<b>25 351</b>
Disposal	-	-	-	-	(1 824)	-	<b>(1 824)</b>
Transfer from under leaseback	-	13 222	-	-	-	-	<b>13 222</b>
Reduction due to end of lease term	-	(20 477)	(1 764)	-	-	-	<b>(22 241)</b>
<b>Gross value of fixed assets at the end of the period</b>	-	<b>88 148</b>	<b>2 438</b>	<b>1 069</b>	<b>17 101</b>	<b>55 365</b>	<b>164 121</b>
<b>Accumulated depreciation of leased assets - beginning of the period</b>	-	<b>14 822</b>	<b>2 414</b>	<b>421</b>	<b>897</b>	<b>17 534</b>	<b>36 088</b>
Planned depreciation of own fixed assets	-	6 464	546	158	195	9 625	<b>16 988</b>
Disposal	-	-	-	-	(113)	-	<b>(113)</b>
Reduction at the end of lease (-)	-	(6 224)	(1 373)	-	-	-	<b>(7 597)</b>
<b>Accumulated depreciation at the end of the period</b>	-	<b>15 062</b>	<b>1 587</b>	<b>579</b>	<b>979</b>	<b>27 159</b>	<b>45 366</b>
<b>Impairment write-offs at the beginning of the period</b>	-	<b>802</b>	-	-	<b>65</b>	-	<b>867</b>
Write-off provision recognised in the profit/loss for the current period	-	-	-	-	(65)	-	<b>(65)</b>
Impact of exchange rate differences	-	-	-	-	62	-	<b>62</b>
<b>impairment write-offs at the end of the period</b>	-	<b>802</b>	-	-	<b>62</b>	-	<b>864</b>
<b>Net value of leased fixed assets at the end of the period</b>	-	<b>72 284</b>	<b>851</b>	<b>490</b>	<b>16 060</b>	<b>28 206</b>	<b>117 891</b>



(amounts expressed in PLN '000 unless specified otherwise)

## 17. SHARES IN SUBSIDIARIES

Company name	As at 01.01.2022				change			As at 31.12.2022			
	share of the parent in share capital (%)	Value of shares	Impairment write-off	Net value	acquisition/other additions	sales/liquidation and other reductions	change in revaluation and valuation write-offs	share of the parent in share capital (%)	Value of shares	Impairment write-off	Net value
<b>Direct subsidiaries:</b>											
Elimer Sp. z o.o.	52.44	53	-	53				52.44	53	-	53
Nylonbor Sp. z o.o.	100.00	53	-	53	13 844	(13 897)		-	-	-	-
NPA Skawina Sp. z o.o.	-	-	-	-	5				5	-	5
Elana Energetyka Sp. z o.o.	100.00	1 500	1 500	-				100.00	1 500	1 500	-
BORYSZEW MAFLOW SPÓŁKA Z O.O. Maflow Plastics Poland Sp. z o. o. (formerly: Boryszew Tensho Poland Sp. z o.o.)	100.00	75	-	75				100.00	75	-	75
BOR Plastic RUS Sp.z o.o., Rosja	10.90	2 242	2 242	-	590			100.00	8 509	7 919	590
HR Service Sp.z o.o.Toruń	100.00	354	354	-				100.00	354	354	-
Maflow Polska Sp. z o.o.	100.00	46 334	43 190	3 144				100.00	46 334	43 190	3 144
Maflow BRS s.r.l	100.00	39	-	39				100.00	39	-	39
Maflow Spain Automotive S.L.U	100.00	6 080	-	6 080				100.00	6 080	-	6 080
Maflow France Automotive S.A.	100.00	3 951	3 951	-				100.00	3 951	3 951	-
Maflow do Brasil Ltda, Brazil	79,00	108 053	96 249	11 804				79,00	108 053	96 249	11 804
Maflow India Private Ltd	100.00	24 624	-	24 624	5 858			100.00	30 482	-	30 482
MAFMEX S.DE R.L.DE C.V, Mexico (*)	-	47 749	32 872	14 877				-	47 749	32 872	14 877
Eastside Bis Sp. z o.o.	0.009	60	-	60			(2)	0.009	58	-	58
Elana Ukraina Sp. z o.o.	90.00	338	338	-				90.00	338	338	-
Hutmen Sp. z o.o.	100.00	109 531	-	109 531				100.00	109 531	-	109 531
Walcownia Metali Dziedzice S.A.	28.70	17 229	-	17 229				28.70	17 229	-	17 229
ZM SILESIA S.A., Katowice	100.00	100	-	100				100.00	100	-	100
Zakład Utylizacji Odpadów Sp. z o.o.,	59.97	57 000	-	57 000				59.97	57 000	-	57 000



**Boryszew S.A.**  
Notes to the 2022 financial statements.

(amounts expressed in PLN '000 unless specified otherwise)

Company name	As at 01.01.2022				change			As at 31.12.2022			
	share of the parent in share capital (%)	Value of shares	Impairment write-off	Net value	acquisition/other additions	sales/liquidation and other reductions	change in revaluation and valuation write-offs	share of the parent in share capital (%)	Value of shares	Impairment write-off	Net value
Polski Cynk Sp. z o.o., Oława	100.00	46 900	-	46 900				100.00	46 900	-	46 900
Boryszew Holding Sp. z o.o.	100.00	50	-	50	200			100.00	250	-	250
Eastside Capital Investment Sp. z o.o.	100.00	125 460	-	125 460	2			100.00	125 462	-	125 462
SPV Lakme Investment Sp. z o.o.	89.30	2 844	-	2 844				89.30	2 844	-	2 844
Alchemia S.A.	91.93	385 636	1 581	384 055				91.93	385 636	1 581	384 055
		<b>994 174</b>	<b>190 196</b>	<b>803 978</b>	<b>20 499</b>	<b>(13 899)</b>	<b>-</b>		<b>1 000 774</b>	<b>190 196</b>	<b>810 578</b>

(\*) MAFMEX, S. de R. L. de C.V. - Boryszew S.A. holds 239 398 865.86 series B shares - without voting rights

Affiliated entities											
Zavod Mogiliev - Sp. z o.o. Belarus	30.00	1 091	1 091	-				30.00	1 091	1 091	-
		<b>1 091</b>	<b>1 091</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>		<b>1 091</b>	<b>1 091</b>	<b>-</b>
<b>Total shares and stocks</b>		<b>995 265</b>	<b>191 287</b>	<b>803 978</b>	<b>20 499</b>	<b>(13 899)</b>	<b>-</b>	<b>-</b>	<b>1 001 865</b>	<b>191 287</b>	<b>810 578</b>



(amounts expressed in PLN '000 unless specified otherwise)

Company name	Balance on 01.01.2021				change			As at 31.12.2021			
	share of the parent in share capital (%)	Value of shares	Impairment write-off	Net value	acquisition/other additions	sale/liquidation	change in revaluation and valuation write-offs	share of the parent in share capital (%)	Value of shares	Impairment write-off	Net value
Elimer Sp. z o.o.	52.44	53	-	53				52.44	53	-	53
Elana Pet Sp. z o.o.	100.00	4 707	-	4 707		(4 707)		-	-	-	-
Nylonbor Sp.z o.o.	100.00	53	-	53				100.00	53	-	53
Elana Energetyka Sp. z o.o.	100.00	1 500	1 500	-				100.00	1 500	1 500	-
SPV Boryszew 5 Sp. z o.o. (formerly NPA Skawina Sp. z o.o.)	100.00	27	-	27	5	(32)		-	-	-	-
SPV Boryszew 6 Sp. z o.o.	100.00	25	-	25		(25)		-	-	-	-
SPV Boryszew 8 Sp. z o.o.	100.00	25	-	25		(25)		-	-	-	-
SPV Boryszew 9 Sp. z o.o.	100.00	25	-	25		(25)		-	-	-	-
SPV Boryszew 10 Sp. z o.o. (currently Boryszew Maflow Spółka z o.o.)	-	-	-	-	75			100.00	75	-	75
Boryszew Tensho Poland Sp. z o.o.	93.68	7 919	7 919	-				93.68	7 919	7 919	-
BOR Plastic RUS Sp.z o.o., Rosja	10.90	2 242	2 242	-				10.90	2 242	2 242	-
HR Service Sp.z o.o.Toruń	100.00	354	354	-				100.00	354	354	-
Maflow Polska Sp. z o.o.	100.00	5	-	5	46 329		43 190	100.00	46 334	43 190	3 144
Maflow BRS s.r.l	100.00	39	-	39				100.00	39	-	39
Maflow Spain Automotive S.L.U	100.00	6 080	-	6 080				100.00	6 080	-	6 080
Maflow France Automotive S.A.	100.00	3 951	3 951	-				100.00	3 951	3 951	-
Maflow do Brasil Ltda, Brazil	79,00	108 053	96 249	11 804				79,00	108 053	96 249	11 804
Maflow India Private Ltd	100.00	14 294	-	14 294	10 330			100.00	24 624	-	24 624
MAFMEX S.DE R.L.DE C.V, Mexico (*)	-	47 749	32 872	14 877				-	47 749	32 872	14 877
Eastside Bis Sp. z o.o.	0.009	60	-	60				0.009	60	-	60
Elana Ukraina Sp. z o.o.	90.00	338	338	-				90.00	338	338	-
FLT Polska Sp. z o.o.	100.00	62 800	-	62 800		(62 800)		-	-	-	-
Hutmen S.A.	37.19	46 020	-	46 020	63 511			100.00	109 531	-	109 531
Walcownia Metali Dziedzice S.A.	28.70	17 229	-	17 229				28.70	17 229	-	17 229
ZM SILESIA S.A., Katowice	100.00	100	-	100				100.00	100	-	100



**Boryszew S.A.**  
**Notes to the 2022 financial statements.**

(amounts expressed in PLN '000 unless specified otherwise)

Company name	Balance on 01.01.2021				change			As at 31.12.2021			
	share of the parent in share capital (%)	Value of shares	Impairment write-off	Net value	acquisition/other additions	sale/liquidation	change in revaluation and valuation write-offs	share of the parent in share capital (%)	Value of shares	Impairment write-off	Net value
Zakład Utylizacji Odpadów Sp. z o.o.,	59.97	57 000	-	57 000				59.97	57 000	-	57 000
Polski Cynk Sp. z o.o., Oława	100.00	46 900	-	46 900				100.00	46 900	-	46 900
SPV Impexmetal Sp. z o.o.	100.00	218 000	-	218 000		(218 000)		-	-	-	-
Symonvit Ltd in liquidation Cyprus	100.00	1 500	-	1 500		(1 500)		-	-	-	-
Impex-invest Sp. z o.o.	100.00	26 000	-	26 000	50	(26 050)		-	-	-	-
Boryszew Holding Sp. z o.o. (formerly Imexmetal Holding Sp. z o.o.)	100.00	50	-	50				100.00	50	-	50
Eastside Capital Investment Sp. z o.o.	100.00	125 460	-	125 460				100.00	125 460	-	125 460
SPV Lakme Investment Sp. z o.o.	-	1	-	1	2 843			89.30	2 844	-	2 844
Metalix Ltd w likwidacji	100.00	1 500	-	1 500		(1 500)		-	-	-	-
Alchemia S.A.	57.21	200 603	1 581	199 022	185 033			91.93	385 636	1 581	384 055
		<b>1 000 662</b>	<b>147 006</b>	<b>853 656</b>	<b>308 176</b>	<b>(314 664)</b>	<b>43 190</b>		<b>994 174</b>	<b>190 196</b>	<b>803 978</b>
(*) MAFMEX, S. de R. L. de C.V. - Boryszew S.A. holds 239 398 865.86 series B shares - without voting rights											
Zavod Mogiliev - Sp. z o.o. Belarus	30.00	1 091	1 091	-				30.00	1 091	1 091	-
		<b>1 091</b>	<b>1 091</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>		<b>1 091</b>	<b>1 091</b>	<b>-</b>
<b>Total shares and stocks</b>		<b>1 001 753</b>	<b>148 097</b>	<b>853 656</b>	<b>308 176</b>	<b>(314 664)</b>	<b>43 190</b>	<b>-</b>	<b>995 265</b>	<b>191 287</b>	<b>803 978</b>



The Company conducted impairment tests of Boryszew S.A. engaged assets on 31.12.2022. The tests showed no need for additional write-downs. At year-end 2022, the assets in the following entities were tested for impairment:

- BAP Group (income approach),
- Alchemia S.A. (income approach),
- ZM Silesia S.A. (income approach),
- Maflow Spain Automotive S.L.U (income approach),
- MAFMEX S.DE R.L.DE C. V (income approach),
- **Maflow Plastic Poland Sp. z o.o.**(income method),
- Eastside Capital Investments Sp. z o.o. (asset-based approach),
- Polski Cynk Sp. z o.o. (asset-based approach),

The tests on impairment of Boryszew engaged assets showed no need to recognise any write-offs.

The impairment tests of the assets involved using the asset-based approach were performed on a discounted cash flow basis consistent with the budgets approved by the Management Board. The discount rate was calculated based on a WACC between 7.95% and 18.57%. To determine the cost of equity, the CAPM valuation model and industry average beta value were used. The tests assumed growth rates over the residual period of 2% - 3%. Asset impairment test was conducted as at 31 December 2022 and based on five-year discounted forecasted cash flows. Cash flows were discounted in each test period by the weighted average cost of capital WACC determined individually for each tested entity. For tests prepared on the basis of forecasts in nominal terms, the increase in the value of flows after the forecast period was assumed to be equal to the long-term inflation target for the market. Tests for non-manufacturing companies carried out using the asset-based approach were prepared using the net asset value method. In determining the value of individual asset and liability items, in-house analyses and valuations were used.

The following took place during the reporting period:

#### **Separation of NYLONBOR Division**

On 30 September 2022, the Company signed an agreement to contribute in kind the assets of the branch in exchange for new shares in the subsidiary effective 1 October 2022, an organised part of Boryszew S.A. enterprise in the form of the Nylonbor Branch to Nylonbor Spółka z o.o.

#### **Conclusion of an agreement for the sale of shares in Nylonbor Sp. z o.o.**

On 25 July 2022 Boryszew S.A. concluded a preliminary conditional agreement with Air Force Institute of Technology ("AFIT") for the sale of 100% shares ("Agreement") of Nylonbor Sp. z o.o. based in Sochaczew ("Nylonbor").

On 28 October 2022, Boryszew S.A. signed an Annex to the Agreement with ITWL, under which the conclusion of the share sale agreement will take place by 31 December 2022.

On 28 December 2022, the Issuer and ITWL signed a final sale agreement transferring 194.800 Nylonbor shares, accounting for 100.00% of Nylonbor's share capital and carrying 100% of votes at the shareholders' meeting, to ITWL, based in Warsaw, for PLN 19.9 million. Ownership of the shares passed to the buyer on 22 December 2022, upon payment of the price.

#### **Settlement of sales of Nylonbor Sp. z o.o. - profit/loss on sales**

	in PLN '000
Nylonbor Sp. z o.o.	in BORYSZEW HQ
Selling price	19 900
Value of sold shares in BORYSZEW HQ	<u>(13 897)</u>
<b>Gain on disposal of Nylonbor Spółka z o.o.</b>	<b>6 003</b>

#### **Boryszew Tensho Poland Spółka z o.o. (currently Maflow Plastics Poland Sp. z o. o.)**

On 15 June 2022, based on a share sale agreement, Boryszew S.A., exercising the company's repurchase option, acquired from Tensho Electric Industries Co. Ltd. 10 744 shares of Boryszew Tensho Poland Sp. z o.o. based in Ostaszewo, which accounts for 6.32% of the company's share capital, for EUR 126 400.

Following the transaction, Boryszew S.A. holds 100% of shares in the share capital of Maflow Plastics Poland Sp. z o.o

#### **Metalix Limited**

On 21 July 2022, Metalix Limited, based in the United Kingdom, was formally removed from the company register.





## 18. FINANCIAL ASSETS

	As at 31.12.2022	As at 31.12.2021
Debt instruments (bonds)	1 064	14 916
Loans granted	459 909	339 537
Stocks and shares	26 003	86 453
<i>of which:</i>		
"onesano" S.A. (formerly Skotan S.A.)	13 054	-
Gränges AB, Sweden	10 064	86 433
<b>In total, including:</b>	<b>486 976</b>	<b>440 906</b>
Long-term financial assets	143 152	41 328
Short-term financial assets	343 824	399 578

### Acquisition of "onesano" S.A. shares.

In 2022, Boryszew S.A. acquired a total of 13 000 000 shares of "onesano" S.A. (formerly Skotan S.A.), representing approximately 19.733% of the share capital and carrying 13 000 000 votes at the General Meeting, which accounts for approximately 19.733% of the total number of votes at the General Meeting of "onesano" S.A.

Statement of bonds subscribed for	As at 31.12.2022	As at 31.12.2021
Maflow India Private Ltd	1 064	6 285
"onesano" S.A. (formerly Skotan S.A.)	-	8 631
<b>Total</b>	<b>1 064</b>	<b>14 916</b>

Receivables from loans granted (with interest due) by borrowers	As at 31.12.2022	As at 31.12.2021
ICOS GmbH	-	474
Boryszew Automotive Plastics Sp.z o.o.	40 987	18 430
Theysohn Kunststoff GmbH	-	235
Boryszew Kunststofftechnik Deutschland GmbH	169 554	142 419
Boryszew Oberfachentechnik Deutschland GmbH	47 410	38 314
Boryszew Formenbau GmbH	19 652	11 026
Boryszew Deutschland GmbH in liquidation	3 429	-
AKT Plastikarska Technologie Cechy spol.	8 150	2 383
Maflow Plastics Poland Sp. z o. o. (formerly: Boryszew Tensho Poland Sp. z o.o.)	53 336	29 517
MAFMEX S. de R.L. de C.V.	50 880	39 100
Maflow Polska Sp. z o.o.	526	300
Boryszew Commodities	30 094	13 281
Boryszew Maflow Sp. z o.o.	993	-
Metal Zinc Sp. z o.o.	-	47
Unibax Sp. z o.o.	10 868	15 172
Unipartner sp. z o.o.	23 420	27 172
Przedsiębiorstwo Badań Geofizycznych Sp. z o.o.	359	354
NPA Skawina Sp. z o.o.	45	-
Boryszew Holding (SPV Boryszew 8 Sp. z o.o.)	-	2
HR Service Sp. z o.o.	206	300
SPV Lakme Investment Sp. z o.o.	-	1 011
<b>Total</b>	<b>459 909</b>	<b>339 537</b>



**Boryszew S.A.**  
**Notes to the 2022 financial statements**

(amounts expressed in PLN '000 unless specified otherwise)

The above summary includes net receivables included in the balance sheet, including write-downs.  
The Company has tested their exposure as at 31.12.2022.  
The tests carried out as at 31.12.2022 showed no need for additional write-offs.

Based on additional evaluation of the financial condition of borrowers and bond issuers, write-offs were recognised for loans granted in the total amount of PLN 310 005 thousand and for bonds purchased in the total amount of PLN 49 574 thousand.

<b>write-offs on loans</b>	<b>As at 31.12.2022</b>	<b>As at 31.12.2021</b>
ICOS GmbH	51 212	50 729
Boryszew Automotive Plastics Sp.z o.o.	348 647	339 200
Theysohn Kunststoff GmbH	39 074	38 835
Boryszew Oberfachentechnik Deutschland GmbH	1 581	
Boryszew Kunststofftechnik Deutschland GmbH - Ymos division	159	159
Boryszew Formenbau GmbH	610	417
Boryszew Deutschland GmbH in liquidation	486	486
Boryszew Oberfachentechnik Deutschland GmbH	732	-
AKT Plastikarska Technologie Cechy spol.	125	2
Maflow Plastics Poland Sp. z o. o. (formerly: Boryszew Tensho Poland Sp. z o.o.)	1 886	508
Maflow Brasil	23 001	23 001
Maflow Polska Sp. z o.o.	8 347	8 335
Boryszew Commodities	14 590	14 084
Metal Zinc Sp. z o.o.	-	5
	<b>490 450</b>	<b>475 761</b>

<b>Change in bonds purchased and loans granted between 01.01.2022 and 31.12.2022</b>	<b>Bonds</b>	<b>borrowings</b>
<b>Carrying amount - beginning of the period</b>	<b>14 916</b>	<b>339 537</b>
Reduction in assets - repaid/purchased during the year (-)	(8 096)	(18 602)
Bonds/loans received/ granted during the current year	-	119 989
Interest on bonds/loans recognised in P&L during the current year	5 864	30 362
Interest received	(566)	(446)
Write-offs recognised in P&L of the current year	(5 352)	(14 693)
Reversal of impairment write-offs recognised in P&L during the year	519	5
Compensations and other non-monetary changes	(6 875)	-
Expected credit loss	-	(1 804)
Exchange differences recognised in current year P&L	654	5 561
<b>Carrying amount as at period end</b>	<b>1 064</b>	<b>459 909</b>



<b>Change in bonds purchased and loans granted between 01.01.2021 and 31.12.2021</b>		
	<b>bonds</b>	<b>borrowings</b>
<b>Carrying amount - beginning of the period</b>	<b>17 709</b>	<b>462 037</b>
Reduction in assets - repaid/purchased during the year (-)	-	(79 174)
Bonds/loans purchased/granted during the current year	4 125	208 933
Interest on bonds/loans recognised in P&L during the current year	2 011	22 607
Interest received	(157)	(885)
Write-offs recognised in P&L of the current year	(49 574)	(321 215)
Reversal of impairment write-offs recognised in P&L during the year	55	11
Expected credit loss (reclassification to write-offs)	-	11 210
Write-off reversal following asset disposal	-	(43 190)
Compensations and other non-monetary changes	(9 201)	79 540
Merger with a subsidiary	48 907	-
Discount	(367)	-
Exchange differences recognised in current year P&L	1 408	(337)
<b>Carrying amount as at period end</b>	<b>14 916</b>	<b>339 537</b>

## 19. DERIVATIVE FINANCIAL INSTRUMENTS

<b>As at 31.12.2022</b>	<b>assets</b>	<b>liabilities</b>
<b>Cash flows hedging instruments</b>	<b>8 022</b>	<b>5 793</b>
<i>Commodity swaps</i>	-	5 793
<i>Foreign exchange contracts</i>	8 022	-
<b>Fair value hedges</b>	-	-
<b>Instruments held for trading</b>	-	-
	<b>8 022</b>	<b>5 793</b>
<i>long-term part</i>	-	-
<i>short-term part</i>	8 022	5 793
<b>balance</b>	<b>2 229</b>	

<b>As at 31.12.2021</b>	<b>assets</b>	<b>liabilities</b>
<b>Cash flows hedging instruments</b>	-	<b>300</b>
<i>Commodity swaps</i>	-	5
<i>Foreign exchange contracts</i>	-	295
<b>Fair value hedges</b>	-	-
<b>Instruments held for trading</b>	-	-
	-	<b>300</b>
<i>long-term part</i>	-	-
<i>short-term part</i>	-	300



## 20. TRADE AND OTHER RECEIVABLES

Trade receivables and other receivable	As at 31.12.2022	As at 31.12.2021
Trade receivables from sale of products, goods and services	293 183	342 336
Budget receivables	20 425	17 468
Other debtors	128 522	135 971
<b>Trade receivables and other receivables</b>	<b>442 130</b>	<b>495 775</b>
Short term prepayments	32 713	41 169
<b>Total</b>	<b>474 843</b>	<b>536 944</b>
<i>long-term</i>	135 626	121 761
<i>short-term</i>	339 217	415 183

Receivables of PLN 102 881 thousand are used as collateral for repayment of financial liabilities.

Short term prepayments	As at 31.12.2022	As at 31.12.2021
Prepayments	2 712	9 271
Prepayments - financial expenses	126	271
Fee settlements	11 543	13 735
Activated costs for new projects (automotive)	18 332	17 892
<b>Total</b>	<b>32 713</b>	<b>41 169</b>
<i>long-term</i>	23 264	11 566
<i>short-term</i>	9 449	29 603

Write-downs on trade receivables	01.01.2022 - 31.12.2022	As at 31.12.2021
<b>Balance as at the beginning</b>	<b>74 160</b>	<b>58 520</b>
Write-offs on overdue receivables	26 882	18 121
Removal of write-off together with the receivable as irrecoverable/overdue	(4 151)	(1 487)
Excluding an entity from consolidation	(22)	-
Write-downs derecognized from recovered receivables	(23)	(14)
Reversal of write-offs on overdue receivables	(11 477)	(2 748)
Impact of exchange rate differences	1 073	1 768
<b>Total</b>	<b>86 442</b>	<b>74 160</b>
Provisions for credit risk	13 426	7 625
<b>Write-downs at the end of the period</b>	<b>99 868</b>	<b>81 785</b>

Bad debt provision on other receivables	01.01.2022 - 31.12.2022	01.01.2021 - 31.12.2021
<b>Balance as at the beginning</b>	<b>26 701</b>	<b>25 544</b>
Write-offs on overdue receivables	286	1 171
Removal of write-off together with the receivable as irrecoverable/overdue	(1 171)	(14)
<b>Write-downs at the end of the period</b>	<b>25 816</b>	<b>26 701</b>



	As at 31.12.2022	As at 31.12.2021
<b>Aging of net trade receivables</b>		
<b>net accounts receivable with the remaining repayment period from the balance sheet date</b>	<b>159 411</b>	<b>249 367</b>
up to 3 months	167 014	254 392
up to 6 months	5 091	2 474
up to 1 year	242	-
above 1 year	-	-
Provisions for credit risk	(12 936)	(7 499)
<b>overdue accounts receivable</b>	<b>133 772</b>	<b>92 969</b>
up to 3 months	66 397	17 062
up to 6 months	24 397	25 983
up to 1 year	40 726	46 339
above 1 year	2 536	3 711
Provisions for credit risk	(284)	(126)
<b>total trade receivables</b>	<b>293 183</b>	<b>342 336</b>

## 21. INVENTORIES

	As at 31.12.2022	As at 31.12.2021
<b>Structure of inventories</b>		
Materials and raw materials	151 428	112 846
Work in progress	29 332	31 945
Finished products	107 664	81 326
Traded goods	9 003	5 447
Deliveries in transit	-	10 521
Energy certificates	628	69
<b>Carrying value of inventories</b>	<b>298 055</b>	<b>242 154</b>

Inventories in the amount of PLN 190 782 thousand are used as collateral for repayment of financial liabilities.

### Revaluation write-offs for inventories at the beginning of the period

	As at 31.12.2022	As at 31.12.2021
<b>Revaluation write-offs for inventories at the beginning of the period</b>	<b>20 258</b>	<b>16 022</b>
Increase of impairments in the period	4 730	9 380
Reversal of write-downs in the period (-)	(8 055)	(5 055)
Organised part of enterprise in-kind contribution - Nylonbor Division	(58)	-
Other increases/decreases in write-offs during the period	192	(89)
<b>Revaluation write-offs for inventories at the end of the period</b>	<b>17 067</b>	<b>20 258</b>

Creation of impairments for inventories results from comparing the carrying value of inventories with their recoverable value by use or sale. Write-downs are also created for stocks that fall due in accordance with the accounting policy. A write-down is charged to particular period's costs. Reversal of write-downs occurs during cessation of the cause for creation and it is credited to the particular period's incomes.



## 22. CASH

	As at 31.12.2022	As at 31.12.2021
<b>Cash and cash equivalents</b>		
Cash in hand and at bank	26 118	56 900
including restricted cash	12 691	10 388
<b>Total</b>	<b>26 118</b>	<b>56 900</b>
Unused credits in current bank accounts	52 694	30 021

## 23. RESERVES

The table below presents Shareholders holding more than 5% of the share capital and of the total number of votes as at 31.12.2022 and the date of submitting the report for publication:

Shareholders	Number of shares	% of capital	Number of votes	% of votes
<b>Roman Krzysztof Karkosik (*)</b>	<b>156 832 020</b>	<b>65.35%</b>	<b>156 832 020</b>	<b>65.35%</b>
Including:				
Boryszew S.A. (**)	34 795 000	14.50%	34 795 000	14.50%
RKKK Investments Sp. z o.o.	119 998 000	49.99%	119 998 000	49.99%
<b>Unibax Spółka z o.o. (***)</b>	<b>36 879 055</b>	<b>15.37%</b>	<b>36 879 055</b>	<b>15.37%</b>
<b>Others</b>	<b>46 288 925</b>	<b>19.28%</b>	<b>46 288 925</b>	<b>19.28%</b>
<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

(\*\*\*) Unibax Spółka z o.o. as per notification of 3 June 2022.

### Registered pledges established on shares and freezes on the account of Boryszew S.A. by Boryszew Capital Group member companies following concluded loan agreements

Shareholder	Number of shares	% of share capital of Boryszew S.A.	Pledgee
Alchemia S.A.	3.200.000 (*)	1.33	Alior Bank S.A.
Unibax Spółka z o.o.	4.000.000(**)	1.66	Alchemia S.A.

\*) pledge established under a pledge agreement entered into on 5 February 2020.

(\*\*) Freeze agreement on securities account

### Stock incentive program for the Management Board of Boryszew S.A.

On 27 May 2022, the Ordinary General Meeting of Boryszew S.A. decided to adopt a stock incentive program dedicated to the Company's Management Board (the "Incentive Program").

The Incentive Scheme will cover fiscal years 2022-2025, namely the aforementioned fiscal years will be evaluated in terms of the criteria and objectives of the Incentive Scheme. Under the Incentive Scheme, rights to purchase a total of up to 4 000 000 (four million) own shares may be granted, however the President of the Management Board of the Company holding their position on the date of adoption of the Resolution, will be granted the right to acquire a total of 2 000 000 (two million) shares, as follows:



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(amounts expressed in PLN '000 unless specified otherwise)

- a) acquisition of up to 50% (fifty percent) of the Own Shares under the Entitlements granted to a Eligible Person is related to the achievement of Market Objective I and may take place only following the achievement of Market Objective I;
- b) acquisition of up to 50% (fifty percent) of the Own Shares under the Entitlements granted to a Eligible Person is related to the achievement of Market Objective II and may take place only following the achievement of Market Objective II;

As of the date of publication of the report, no participation agreements in the program were in force.

The Company has no information on other such agreements.

The Company holds no preferred shares. Each share carries one vote at the Shareholders' Meeting.

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 by applying a general price index from the dates the components were contributed or otherwise arose. The amount of the hyperinflationary revaluation increased the share capital and the issue premium while the value of the retained earnings was reduced.

Change in equity	As at 31.12.2022	As at 31.12.2021
<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>	34 795 000	34 795 000
<i>number of shares entitled to dividend</i>	205 205 000	205 205 000
<b>Share capital as at the beginning of the year, including:</b>	<b>248 906</b>	<b>248 906</b>
<b>Share capital as at the end of the year</b>	<b>248 906</b>	<b>248 906</b>
<b>Share premium as at the beginning of the year</b>	<b>112 346</b>	<b>112 346</b>
<b>Balance as at the end</b>	<b>112 346</b>	<b>112 346</b>
<b>Own shares</b>		
<b>Balance as at the beginning of the year</b>	<b>(182 816)</b>	<b>(182 816)</b>
<b>Balance as at the end</b>	<b>(182 816)</b>	<b>(182 816)</b>
<b>Equity - hedge accounting</b>		
<b>Balance as at the beginning</b>	<b>(2 670)</b>	<b>(6 105)</b>
Recognised profit/loss	8 149	4 241
Income tax	(1 548)	(806)
<b>Balance as at the end</b>	<b>3 931</b>	<b>(2 670)</b>
<b>Gains/losses on investments in equity instruments</b>		
<b>Balance as at the beginning</b>	<b>43 699</b>	<b>31 792</b>
Valuation to fair value	5 922	14 700
Transfer to reserve capital of profit on disposal of equity instruments	(20 505)	-
Income tax	(1 125)	(2 793)
<b>Balance as at the end</b>	<b>27 991</b>	<b>43 699</b>
<b>Restatement of employee benefits</b>		
<b>Balance as at the beginning of the year</b>	<b>(208)</b>	<b>(426)</b>
Valuation of retirement benefit liabilities in the period	340	269
income tax	(65)	(51)
<b>Balance as at the end</b>	<b>67</b>	<b>(208)</b>
<b>Retained earnings</b>		
<b>Balance as at the beginning of the year</b>	<b>1 148 068</b>	<b>1 394 095</b>





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(amounts expressed in PLN '000 unless specified otherwise)

<b>Change in equity</b>	<b>As at 31.12.2022</b>	<b>As at 31.12.2021</b>
Merger with a subsidiary	-	13 735
Disposal of financial assets through comprehensive income/distribution of result 2021	20 505	-
Dividends paid	(188 789)	-
Result of the current year	14 828	(259 762)
Other	(3)	-
<b>Balance as at the end</b>	<b>994 609</b>	<b>1 148 068</b>
<b>Total equity</b>	<b>1 205 034</b>	<b>1 367 325</b>

#### **Dividend**

On 27 May 2022 the Ordinary General Meeting of the Company passed a resolution to pay a dividend to shareholders in the amount of PLN 0.92 per share entitled to dividend, that is, in the total amount of PLN 188 788 600.00, from the Company's supplementary capital, which, according to art. 348 § the Commercial Companies Code may be allocated for distribution. 205 205 000 shares are entitled to the dividend. Treasury shares held by Boryszew S.A. are not entitled to dividends. The dividend date was set for 3 June 2022. The dividend payment date was 10 June 2022.

	<b>2022</b>	<b>2021</b>
Dividends recognised as distributions to owners per share	0.92	-
Dividends proposed or enacted by the date the financial statements were approved for publication but not recognised as distributed to shareholders, per share	0.74	-
Dividends proposed or enacted by the date the financial statements were approved for publication but not recognised as distributed to stockholders	151 852	-

#### **Recommendation to pay dividend**

The Management Board of Boryszew S.A. intends to recommend to the to the General Meeting of Boryszew S.A. to pay a dividend in the amount of PLN 0.74 per share entitled to dividend, i.e. in the total amount of PLN 151 851 700, from the net profit for 2022 and from the reserve capital of the Company, which, according to the provisions of Art. 348 § 1 of the Code of Commercial Companies may be allocated for distribution to shareholders.

## **24. BANK LOANS, BORROWINGS AND BONDS**

<b>External financing liabilities</b>	<b>As at 31.12.2022</b>	<b>As at 31.12.2021</b>
Bank credits	381 445	347 080
Loans received	323 207	138 278
Bonds	-	28 000
<b>Total loans, including:</b>	<b>704 652</b>	<b>513 358</b>
<i>long-term</i>	<i>18 391</i>	<i>8 275</i>
<i>short-term</i>	<i>686 261</i>	<i>505 083</i>



#### 24.1. Bank credits

Bank credits	As at 31.12.2022	As at 31.12.2021
Investment bank loans	-	12 683
Working capital facility	381 445	305 313
Revolving loans (including unpaid interest)	-	29 084
<b>Total loans, including:</b>	<b>381 445</b>	<b>347 080</b>
<i>long-term</i>	17 670	4 259
<i>short-term</i>	363 775	342 821
unused lending limits	54 553	69 519

Interest expense is presented in Note 11.

The above loans are based on a variable interest rate.

#### Change in loans

Change in loans	01.01.2022 - 31.12.2022	01.01.2021 - 31.12.2021
<b>nominal value of loans at the beginning of the year</b>	<b>347 080</b>	<b>416 661</b>
proceeds from new loans received	216 115	146 769
repayment of loans	(177 601)	(213 694)
<b>total cash change</b>	<b>38 514</b>	<b>(66 925)</b>
<b>non-cash changes</b>		
assumption of debt from another entity	-	27 293
transfer of debt to another entity	-	(27 291)
Excluding entities from consolidation	(279)	-
impact of exchange rate differences	(3 870)	(2 658)
<b>sum of non-cash changes</b>	<b>(4 149)</b>	<b>(2 656)</b>
<b>carrying amount of loans</b>	<b>381 445</b>	<b>347 080</b>



(amounts expressed in PLN '000 unless specified otherwise)

**Loan balances on 31 December 2022 and 31 December 2021, respectively, and the change in loan balances between 1 January and 31 December 2022**

Loan details	Loan liabilities 31.12.2022	Loan liabilities 31.12.2021	Change	Loan repayment date as per agreement	interest rate (%)	Loan collateral
ALIOR	14 261	14 261	–	11.09.2023	WIBOR + margin	crisis guarantee fund guarantee, transfer of receivables, mortgage, pledge
ALIOR	4 375	4 375	–	11.09.2023	WIBOR + margin	crisis guarantee fund guarantee, transfer of receivables, mortgage, pledge
ALIOR	30 672	30 555	117	18.09.2023	WIBOR + margin	mortgage, transfer of receivables
ALIOR	18 760	–	18 760	18.09.2023	EURIBOR + margin	crisis guarantee fund guarantee, pledge
BGK	-	12 683	(12 683)	31.12.2022	EURIBOR + margin	
BGK	60 077	22 997	37 080	30.06.2024	EURIBOR + margin	mortgage, pledge
BNP	481	20 490	(20 009)	01.07.2023	WIBOR + margin	mortgage, pledge, transfer of receivables
BNP	-	29 084	(29 084)	10.01.2022	WIBOR + margin	
BNP	15 850		15 850	unspecified	WIBOR/EURIBOR/LIBOR + margin	
CREDIT AGRICOLE	4 343	9 369	(5 026)	19.10.2023	EURIBOR + margin	pledge, transfer of receivables
COFACE	14 693	12 070	2 623	02.04.2023	WIBOR/EURIBOR/LIBOR + margin	liquidity guarantee by BGK
HSBC	30 637	31 604	(967)	31.12.2025	WIBOR/EURIBOR + margin	mortgage, pledge
HSBC	16 699		16 699	31.08.2023	WIBOR/EURIBOR/LIBOR + margin	
ING	11 016	21 381	(10 365)	30.08.2023	WIBOR/EURIBOR/LIBOR + margin	pledge, transfer of receivables
PKO BP	148 374	27 277	60 770	31.12.2023	WIBOR/EURIBOR + margin	mortgage, pledge, transfer of receivables
PKO BP		53 000		31.12.2023	WIBOR/EURIBOR + margin	mortgage, pledge, transfer of receivables
PKO BP		7 327		31.12.2023	WIBOR/EURIBOR + margin	mortgage, pledge, transfer of receivables
PKO BP	1 409	23 720	(22 311)	31.12.2023	WIBOR + margin	mortgage, pledge, transfer of receivables
SANTANDER	-	41	(41)	26.08.2022	WIBOR + margin	
SANTANDER	-	90	(90)	25.02.2022	WIBOR + margin	
SANTANDER	-	11 167	(11 167)	26.08.2022	WIBOR + margin	
SANTANDER	-	15 589	(15 589)	11.10.2022	WIBOR + margin	
SANTANDER	9 798		9 798	07.03.2024	WIBOR/EURIBOR/LIBOR + margin	liquidity guarantee by BGK
<b>Total</b>	<b>381 445</b>	<b>347 080</b>	<b>34 365</b>			



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

As at 31 December 2022 no overdue liabilities occurred due to borrowings and loans and no breach occurred of material provisions of borrowing and loan agreements.

### 24.2. Loan liabilities

	As at 31.12.2022	As at 31.12.2021
Loans from related parties	319 238	126 867
Loans from other entities	3 969	11 411
<b>Total loans, including:</b>	<b>323 207</b>	<b>138 278</b>
long-term	721	4 016
short-term	322 486	134 262
<b>interest expenses on loans</b>		
interest cost included in the result	18 313	1 330
interest expense (fixed assets)	-	249
<b>total interest expenses</b>	<b>18 313</b>	<b>1 579</b>

### Statement of changes in loans received between 1 January and 31 December 2022

Change in loans	01.01.2022 - 31.12.2022	As at 31.12.2021
<b>nominal value of loans at the beginning of the year</b>	<b>138 278</b>	<b>35 693</b>
proceeds from new borrowings	436 321	256 990
repayment of loans	(262 200)	(60 476)
interest payment	(495)	(96)
interest unpaid at the end of the period	11 529	317
other cash changes	843	-
<b>total cash change</b>	<b>185 998</b>	<b>196 735</b>
<b>non-cash changes</b>		
impact of exchange rate differences	(168)	(360)
other non-cash changes	(901)	(93 790)
<b>sum of non-cash changes</b>	<b>(1 069)</b>	<b>(94 150)</b>
<b>carrying amount of loans</b>	<b>323 207</b>	<b>138 278</b>

### 24.3. Liabilities arising from issued bonds

	As at 31.12.2022	As at 31.12.2021
Liabilities to related entities arising from issued bonds	-	28 000
Liabilities to other entities due to bonds issued	-	-
<b>Total bonds, including:</b>	<b>-</b>	<b>28 000</b>
long-term	-	-
short-term	-	28 000



<b>Change in bonds</b>	<b>01.01.2022 - 31.12.2022</b>	<b>01.01.2021 - 31.12.2021</b>
<b>the nominal value of bonds at the beginning of the year</b>	<b>28 000</b>	<b>64 000</b>
redemption of bonds	(28 000)	(36 000)
<b>total cash change</b>	<b>(28 000)</b>	<b>(36 000)</b>
<b>non-cash changes</b>	<b>-</b>	<b>-</b>
<b>carrying amount of bonds</b>	<b>-</b>	<b>28 000</b>

#### Changes in bonds issued between 1 January and 31 December 2022

No new bonds were issued in 2022.

#### Conditions of credit agreements

Agreements signed with banks impose on the Company legal and financial liabilities (covenants), used for such transactions as a standard, including, inter alia: maintaining financial ratios at a specified level (calculated at the consolidated level), the most frequent of which is the net debt to EBITDA ratio.

## 25. LEASE LIABILITIES

	<b>As at 31.12.2022</b>	<b>As at 31.12.2021</b>
Liabilities under lease of fixed assets	47 188	40 586
Liability to SMA	12 770	14 659
Liabilities under lease agreements recognised as PdUW	33 078	30 283
Liabilities to SMA - investment property	1 922	1 932
	<b>94 958</b>	<b>87 460</b>
Long-term lease	59 869	55 540
Short-term lease	35 089	31 920

### 25.1. Liabilities under lease of fixed assets

	<b>As at 31.12.2022</b>	<b>As at 31.12.2021</b>
<b>Leasing liabilities</b>		
Long-term lease	33 806	29 755
Short-term lease	13 382	10 831
<b>Total lease liabilities</b>	<b>47 188</b>	<b>40 586</b>
Lease interest costs recognised in profit or loss of current period	1 564	453

<b>Change in the balance of lease liabilities</b>	<b>As at 31.12.2022</b>	<b>As at 31.12.2021</b>
<b>Balance brought forward of lease liabilities</b>	<b>40 586</b>	<b>36 600</b>
new discounted lease liabilities	19 306	23 651
repayment of capital lease instalments	(12 437)	(18 570)
payment of interest that was included in the balance	42	(17)
impact of exchange rate differences	(85)	(998)
compensations and other non-monetary changes	(224)	(80)
<b>Carrying value of lease liabilities</b>	<b>47 188</b>	<b>40 586</b>



<b>Undiscounted finance lease liabilities</b>	<b>As at 31.12.2022</b>	<b>As at 31.12.2021</b>
non-discounted payment for 1 month under contract	1 254	1 069
from 2 to 3 months	2 590	1 932
from 4 to 6 months	3 743	2 889
from 7 to 12 months	6 757	5 645
between 1 year and 3 years	21 802	18 168
from 3 years to 5 years	13 423	13 566
over 5 years	-	-
<b>Total undiscounted lease payments until the end of the lease term</b>	<b>49 569</b>	<b>43 269</b>
future interest payments	(2 381)	(2 683)
<b>Balance sheet value of lease liabilities</b>	<b>47 188</b>	<b>40 586</b>

## 25.2. Liability on perpetual usufruct of land for own use

	<b>As at 31.12.2022</b>	<b>As at 31.12.2021</b>
<b>Leasing liabilities</b>		
Long-term lease	12 721	14 610
Short-term lease	49	49
<b>Total liabilities to SMA</b>	<b>12 770</b>	<b>14 659</b>
Lease interest costs recognised in profit or loss of current period	410	472

<b>Change in SMA liability</b>	<b>As at 31.12.2022</b>	<b>As at 31.12.2021</b>
<b>Balance brought forward of lease liabilities</b>	<b>14 659</b>	<b>16 441</b>
repayment of capital lease instalments	(75)	(77)
Excluding an entity from consolidation	(1 510)	-
Derecognition due to sale	(304)	(1 705)
<b>Carrying value of lease liabilities</b>	<b>12 770</b>	<b>14 659</b>

<b>Non-discounted liabilities due to SMA</b>	<b>As at 31.12.2022</b>	<b>As at 31.12.2021</b>
annual fee	174	424
Instalments 1 year to 3 years	981	1 043
Instalments 3 years to 5 years	981	1 038
Instalments above 5 years - up to 10 years	2 473	2 473
Instalments above 10 years - up to 20 years	3 962	4 367
Instalments above 20 years	8 875	12 447
<b>Total undiscounted lease payments until the end of the lease term</b>	<b>17 446</b>	<b>21 792</b>
future interest payments	(4 676)	(7 133)
<b>Balance sheet value of lease liabilities</b>	<b>12 770</b>	<b>14 659</b>



### 25.3. Liability under lease agreements recognised as right-of-use assets

	As at 31.12.2022	As at 31.12.2021
<b>Leasing liabilities</b>		
Short-term liabilities	11 420	9 243
Long-term liabilities	21 658	21 040
<b>Total lease liabilities</b>	<b>33 078</b>	<b>30 283</b>
Lease interest costs recognised in profit or loss of current period	1 419	1 216

Change in SMA liability	As at 31.12.2022	As at 31.12.2021
<b>Balance brought forward of lease liabilities</b>	<b>30 283</b>	34 659
new discounted lease liabilities	14 752	5 384
repayment of capital lease instalments	(11 463)	(9 385)
interest payment, which was included in the balance brought forward	(276)	-
unpaid interest at the end of the period recognised in the balance sheet	5	-
impact of exchange rate differences	(223)	(375)
<b>Carrying value of lease liabilities</b>	<b>33 078</b>	<b>30 283</b>

Non-discounted liabilities due to SMA	As at 31.12.2022	As at 31.12.2021
monthly undiscounted rent under the agreement	1 046	932
rent payable within 2 to 6 months	5 191	4 659
above 7 month and up to 12 months	6 163	5 594
between 1 year and 3 years	14 133	14 113
from 3 years to 5 years	5 692	7 699
over 5 years	3 968	-
<b>Total undiscounted lease payments until the end of the lease term</b>	<b>36 193</b>	<b>32 997</b>
future interest payments	(3 115)	(2 714)
<b>Balance sheet value of lease liabilities</b>	<b>33 078</b>	<b>30 283</b>

### 25.4. Liability to SMA - investment property

	As at 31.12.2022	As at 31.12.2021
Long-term liabilities	1 922	1 932
Short-term liabilities	-	-
<b>Total liabilities</b>	<b>1 922</b>	<b>1 932</b>
Lease interest costs recognised in profit or loss of current period	57	57

Change in liabilities	As at 31.12.2022	As at 31.12.2021
<b>Liabilities - beginning of the year</b>	<b>1 932</b>	<b>1 941</b>
repayment of capital instalments	(10)	(9)
<b>Carrying value of lease liabilities</b>	<b>1 922</b>	<b>1 932</b>





<b>Non-discounted liabilities due to SMA</b>	<b>As at 31.12.2022</b>	<b>As at 31.12.2021</b>
annual SMA fee	-	67
between 1 year and 3 years	-	133
from 3 years to 5 years	-	133
over 5 years - up to 10 years	-	335
over 10 years - up to 20 years	1 922	670
over 20 years	-	3 326
<b>Total undiscounted lease payments until the end of the lease term</b>	<b>1 922</b>	<b>4 664</b>
future interest payments	-	(2 732)
<b>Balance sheet value of lease liabilities</b>	<b>1 922</b>	<b>1 932</b>

## 26. TRADE PAYABLES AND OTHER LIABILITIES

<b>TRADE PAYABLES AND OTHER LIABILITIES</b>	<b>As at 31.12.2022</b>	<b>As at 31.12.2021</b>
Trade liabilities due to purchase of materials, services and goods	386 489	393 416
Liabilities to state budget (excluding income tax)	21 737	27 949
Other liabilities	4 953	1 122
Payroll liabilities	12 150	13 656
<b>In total, including:</b>	<b>425 329</b>	<b>436 143</b>
<i>long-term</i>	2 396	-
<i>short-term</i>	422 933	436 143
<i>Liabilities towards related parties</i>	62 349	54 690
<i>Liabilities towards unrelated parties</i>	362 980	381 453

### Trade payables before maturity with maturity date:

	<b>As at 31.12.2022</b>	<b>As at 31.12.2021</b>
	<b>316 663</b>	<b>285 490</b>
up to 3 months	316 300	285 410
up to 6 months	363	39
up to 1 year	-	33
above 1 year	-	8
<b>Overdue trade liabilities:</b>	<b>68 947</b>	<b>107 100</b>
up to 3 months	44 808	38 293
up to 6 months	22 149	28 293
up to 1 year	1 979	28 884
above 1 year	11	11 630
<b>Total trade liabilities:</b>	<b>385 610</b>	<b>392 590</b>



**Liabilities prior to the payment due date of specified maturity date:**

	As at 31.12.2022	As at 31.12.2021
	<b>879</b>	<b>716</b>
up to 3 months	879	716
up to 6 months	-	-
up to 1 year	-	-
above 1 year	-	-
<b>overdue trade liabilities:</b>	<b>-</b>	<b>110</b>
up to 3 months	-	75
up to 6 months	-	-
up to 1 year	-	-
above 1 year	-	35
<b>Total liability for investment purchases</b>	<b>879</b>	<b>826</b>

**27. PENSION AND SIMILAR EMPLOYEE BENEFITS LIABILITIES**

**Provision for employee benefits**

	Retirement severance pay	Disability severance pay	Death benefits	Provision for payments in lieu of leaves not taken	Bonuses and other benefits	Total
<b>As at 01.01.2022</b>	<b>2 396</b>	<b>467</b>	<b>488</b>	<b>6 188</b>	<b>1 937</b>	<b>11 476</b>
<b>Movement:</b>	<b>(150)</b>	<b>(26)</b>	<b>(16)</b>	<b>560</b>	<b>3 029</b>	<b>3 397</b>
<i>Interest expense</i>	81	13	15	-	-	109
<i>Current employment costs</i>	273	81	29	669	3 101	4 153
<i>Past employment costs</i>	-	-	-	-	-	-
<i>Benefits paid</i>	(315)	(18)	(2)	-	(72)	(407)
<i>Decrease due to contribution in kind of Nylonbor Branch to Nylonbor Sp. z o.o.</i>	(55)	(36)	(33)	(109)	-	(233)
<i>Actuarial gains and losses - demographic changes</i>	49	(72)	4	-	-	(19)
<i>Actuarial gains and losses - financial changes</i>	(183)	6	(29)	-	-	(206)
<b>As at 31.12.2022</b>	<b>2 246</b>	<b>441</b>	<b>472</b>	<b>6 748</b>	<b>4 966</b>	<b>14 873</b>
<i>long-term provisions</i>	2 576					
<i>short-term provisions</i>	12 297					

<b>Provision for employee benefits</b>	Retirement severance pay	Disability severance pay	Death benefits	Provision for payments in lieu of leaves not taken	Bonuses and other benefits	Total
<b>Balance on 01.01.2021</b>	<b>2 409</b>	<b>459</b>	<b>424</b>	<b>4 493</b>	<b>1 492</b>	<b>9 277</b>
<b>Movement:</b>	<b>(13)</b>	<b>8</b>	<b>64</b>	<b>1 695</b>	<b>446</b>	<b>2 200</b>
<i>Interest expense</i>	27	5	4	-	-	36
<i>Current employment costs</i>	277	89	30	1 695	547	2 638
<i>Past employment costs</i>	22	5	7	-	-	34
<i>Benefits paid</i>	(211)	(16)	(24)	-	(102)	(353)
<i>Actuarial gains and losses - demographic changes</i>	107	(51)	52	-	-	108
<i>Actuarial gains and losses - financial changes</i>	(235)	(24)	(5)	-	-	(264)
<b>As at 31.12.2021</b>	<b>2 396</b>	<b>467</b>	<b>488</b>	<b>6 188</b>	<b>1 937</b>	<b>11 476</b>
<i>long-term provisions</i>	2 754					
<i>short-term provisions</i>	8 722					



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.

On 31 December 2022, the following parameters and assumptions were used to calculate provisions for employee liabilities: the mobility (turnover) rate of employees at 1-10%, depending on age, the return on investment rate of 6.9% and the wage growth rate, depending on the region of employment, of 8 -20% in 2023, 5-5.9% in 2024 and 2.5-3% in subsequent years.

## 28. OTHER PROVISIONS

### Change in provisions

Change in provisions	As at 01.01.2022	creation of provision	provisions used during the year	reversal of unnecessary provisions	As at 31.12.2022
Provisions for liquidation of fixed assets	5 577	11	(909)	-	4 679
Provisions for tax proceedings ERG Branch (*)	-	30 503			30 503
Provisions for warranty repairs, complaints	5 159	1 081	(100)	-	6 140
Provision for customer claims	5 919	250	(1 937)	-	4 232
Provisions for court proceedings	636	-	(27)	-	609
Provisions for costs of liquidation of subsidiaries	9 500	-	(1 937)	(7 563)	-
<b>Total</b>	<b>26 791</b>	<b>31 845</b>	<b>(4 910)</b>	<b>(7 563)</b>	<b>46 163</b>
<i>Long-term provisions</i>	23 413				14 050
<i>Short-term provisions</i>	3 378				32 113

(\*) Tax investigation at the ERG Branch regarding the correctness of VAT settlements.

Change in provisions	Balance on 01.01.2021	creation of provision	provisions used during the year	reversal of unnecessary provisions	As at 31.12.2021
Provisions for liquidation of fixed assets	4 656	925	(4)	-	5 577
Provisions for warranty repairs, complaints	5 817	100	-	(758)	5 159
Provision for customer claims	3 982	1 937	-	-	5 919
Provisions for court proceedings	227	636	-	(227)	636
Provisions for costs of liquidation of subsidiaries	-	9 500			9 500
<b>Total</b>	<b>14 682</b>	<b>13 098</b>	<b>(4)</b>	<b>(985)</b>	<b>26 791</b>
<i>Long-term provisions</i>	8 638				23 413
<i>Short-term provisions</i>	6 044				3 378

## 29. OTHER LIABILITIES

	As at 31.12.2022	As at 31.12.2021
Subsidies	19 388	24 522
Other (deferred revenues)	6 416	7 968
	<b>25 804</b>	<b>32 490</b>
<i>long-term</i>	17 894	18 489
<i>short-term</i>	7 910	14 001



The Company received grants in the form of cash as subsidies for fixed assets (project funding from NCRD fund. On 31.12.2022, PLN 19 388 thousand remained to be recognised.

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 - PLN 14 634 thousand

Application Project (BRS NPA division) - involved low loss cables - PLN 884 thousand

Boiler house replacement project (ERG department) PLN 3 870 thousand

The Company met all the conditions to receive these grants and as of 31.12.2022 there is no risk of reimbursement.

## 30. FINANCIAL INSTRUMENTS

### Financial instruments list by balance sheet item and instrument category

#### Financial assets as at 31.12.2022

	Financial assets measured at amortised cost	Financial assets measured at fair value through profit or loss	Financial assets at fair value through other comprehensive income	Derivatives used for hedges	Carrying value
Listed shares	-	-	26 003	-	26 003
Bonds	1 064	-	-	-	1 064
Trade receivables, factoring	263 644	29 539	-	-	293 183
Derivative financial instruments	-	-	-	8 022	8 022
Loans granted	459 909	-	-	-	459 909
Other debtors	-	128 522	-	-	128 522
Cash and cash equivalents	26 118	-	-	-	26 118
<b>Total</b>	<b>750 735</b>	<b>158 061</b>	<b>26 003</b>	<b>8 022</b>	<b>942 821</b>

#### Financial assets as at 31.12.2021

	Financial assets measured at amortised cost	Financial assets measured at fair value through profit or loss	Financial assets at fair value through other comprehensive income	Carrying value
Listed shares	-	-	86 433	86 433
Bonds	14 916	-	-	14 916
Trade receivables, factoring	315 034	27 302	-	342 336
Derivative financial instruments	-	-	-	-
Loans granted	339 537	-	-	339 537
Other debtors	-	135 971	-	135 971
Cash and cash equivalents	56 900	-	-	56 900
<b>Total</b>	<b>726 387</b>	<b>163 273</b>	<b>86 433</b>	<b>976 093</b>



### Financial liabilities as at 31.12.2022

	Financial liabilities measured at amortised cost	Derivatives used for hedges	Carrying value
Bank loans, factoring, borrowings	704 652	-	704 652
Liabilities on bonds	-	-	-
Derivative financial instruments	-	5 793	5 793
Lease liabilities	47 188	-	47 188
Liabilities to SMA and due to right-of-use assets	47 770	-	47 770
Trade and other liabilities (excluding towards state budget and employees)	385 158	-	385 158
<b>Total</b>	<b>1 184 768</b>	<b>5 793</b>	<b>1 190 561</b>

### Financial liabilities as at 31.12.2021

	Financial liabilities measured at amortised cost	Derivatives used for hedges	Carrying value
Bank loans, factoring, borrowings	485 358	-	485 358
Liabilities on bonds	28 000	-	28 000
Derivative financial instruments	-	300	300
Lease liabilities	40 586	-	40 586
Liabilities to SMA and due to right-of-use assets	46 874	-	46 874
Trade and other liabilities (excluding towards state budget and employees)	391 304	-	391 304
<b>Total</b>	<b>992 122</b>	<b>300</b>	<b>992 422</b>

## 31. BUSINESS RISKS

The primary task in the financial risk management process was to identify, measure, monitor and mitigate the primary sources of risk, including but not limited to:

- credit risk.
- risk of changes in foreign exchange rates
- Interest rate risk
- liquidity risk

### Credit risk

Credit risk exists due to the balance of trade receivables, loans granted, bonds acquired, guarantees and sureties granted, cash and cash equivalents.

The Company manages credit risk and evaluates it for each new customer before offering standard delivery and payment terms and conditions. Credit risk is managed by setting credit limits for each customer. The utilisation of credit limits is subject to regular monitoring.

The security level of the Company's trade receivables is significantly improved by cooperation with Insurance Companies, the use of different types of collateral, the use of services of credit bureau and law firms.

In the Automotive segment Company's customers are subsidiaries, acknowledged global manufacturers of vehicles and their production components. In this case the credit POLICY on payment terms and limits is determined within the framework of general terms of cooperation.

In the Metals and Chemical segment, the credit policy regarding the terms, limits and hedges for payments is regulated by a periodically verified order of the Company Management Board. The order applies to the terms of contracts with customers negotiated by these segments. When verifying new customers, the Company uses the opinions of leading rating companies and companies insuring trade receivables. Periodic receivables aging reports are the main tool for credit monitoring.



The company also grants short- and long-term loans to subsidiaries or includes bonds issued by subsidiaries. In the case of uncertain repayment, the Company periodically makes write-downs updating the value of a loan or bond. Write-offs on trade receivables are mostly recognised for receivables from subsidiaries (Mafrow Mexico China, Brazil and India) Write-offs on loans relate are mostly recognised for loans granted to BAP Group companies. For other receivables - these are write-offs on receivables from related companies (BAP group companies).

In order to estimate the expected loan losses, the Company has identified the following groups of customers:

- External customers for the automotive segment
- Customers - entities related to the Boryszew Group for the automotive segment
- Customers for chemicals segment
- Customers for metal segment

The calculations are based on historical data starting from 2010. Historically, the percentage ratio of losses incurred on account of write-downs to the sales amount was calculated separately for each customer group and then the expected loss for the balance of receivables as at the balance sheet date was calculated

For loans, bonds and sureties, Company's debt ratings and Moody's data were used

#### 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 Company's exposure to interest rate risk is mainly caused by the fact that the business operations are financed with the use of variable coupon interest debt. The profile of the interest rate risk in the Company is characterized by adverse impact of increased interest rates on the level of cost of interest.

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

The Company 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.

#### Sensitivity analysis

	As at 31.12.2022	Interest rate increase by 0.5 p.p.	Interest rate decrease by 0.5 p.p.
<b>Interest-bearing (variable %) financial assets</b>	<b>460 973</b>	<b>2 305</b>	<b>(2 305)</b>
Loans granted	459 909	2 300	(2 300)
Debt instruments	1 064	5	(5)
<b>Interest-bearing (variable %) financial liabilities</b>	<b>751 840</b>	<b>(3 759)</b>	<b>3 759</b>
Loans	381 445	(1 907)	1 907
Borrowings	323 207	(1 616)	1 616
Financial leasing of fixed assets	47 188	(236)	236
<b>Impact on future profit/loss before tax</b>		<b>(1 454)</b>	<b>1 454</b>
<b>Impact on future net profit/loss</b>		<b>(1 178)</b>	<b>1 178</b>



	As at	Interest rate	Interest rate
	31.12.2021	increase	decrease
		by 0.5 p.p.	by 0.5 p.p.
<b>Interest-bearing (variable %) financial assets</b>	<b>354 453</b>	<b>1 773</b>	<b>(1 773)</b>
Loans granted	339 537	1 698	(1 698)
Debt instruments	14 916	75	(75)
<b>Interest-bearing (variable %) financial liabilities</b>	<b>553 944</b>	<b>(2 769)</b>	<b>2 769</b>
Loans	347 080	(1 735)	1 735
Borrowings	138 278	(691)	691
Debt instruments	28 000	(140)	140
Financial leasing of fixed assets	40 586	(203)	203
<b>Impact on future profit/loss before tax</b>		<b>(996)</b>	<b>996</b>
<b>Impact on future net profit/loss</b>		<b>(807)</b>	<b>807</b>

All significant items of the Company's interest debt and granted loans are based on variable interest rates (1M WIBOR, 3M WIBOR, 1M EURIBOR, 3M EURIBOR). Therefore, the fair value of financial assets and liabilities is not exposed to changing rates of interest. However, changes in interest rates affect the volume of future cash flows associated with assets and liabilities.

The table above illustrates sensitivity of the Company's profit/loss 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).

#### Foreign exchange rate risk

Foreign exchange rate risk arises primarily from the fact that approximately 40% of the Company's revenue is from sales to European Union countries and other European countries and the contracts are concluded in EUR. The company granted the Group entities with loans in EUR for their operating activities. Change (decrease) EUR exchange rate may have a significant impact on sales revenues and the cost of exchange rate differences for valuation of receivables. In 2022 the Company was not involved in currency option or any other derivative instruments of a speculative nature. The Company partially hedges foreign exchange risk by entering into short- and long-term foreign exchange hedging transactions, and the Company does not rule out increasing the amount of foreign exchange contracts in the future.

#### Analysis of sensitivity to risk of foreign exchange rates changes 2022

Currency	Exchange rate as at (PLN)	5% exrate change (PLN)
EUR	4.6899	0.2345
USD	4.4018	0.2201





<b>Receivables and payables in EUR</b>	Value in currency	effect of increase in exchange rate 5%	effect of decrease in exchange rate 5%
trade and other receivables	32 105	7 529	(7 529)
borrowings	186 941	43 838	(43 838)
bonds	248	58	(58)
other liabilities	27 109	(6 357)	6 357
borrowings and loans	61 842	(14 502)	14 502
bonds	-	-	-
leasing	5 129	(1 203)	1 203
<b>Result</b>		<b>29 363</b>	<b>(29 363)</b>
<b>Receivables and payables in USD</b>			
trade receivables	9 689	2 133	(2 133)
other liabilities	10 690	(2 353)	2 353
loans, borrowings, leasing	3 051	(672)	672
<b>Result</b>		<b>(892)</b>	<b>892</b>

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

<b>Currency</b>	<b>Exchange rate as at (PLN)</b>	<b>5% exrate change (PLN)</b>
EUR	4.5994	0.2300
USD	4.0600	0.2030

	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)
trade and 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 and other receivables	59 180	12 014	(12 014)
trade and other liabilities	-	-	-
loans, borrowings, leasing	-	-	-
<b>Result</b>		<b>12 014</b>	<b>(12 014)</b>



## Capital management

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. Growth is the absolute priority for the Management Board and it is for this purpose that the Company first and foremost seeks to allocate funds, thus building long-term value for shareholders through acquisitions and new projects.

<b>Net debt to equity ratio</b>	<b>As at 31.12.2022</b>	<b>As at 31.12.2021</b>
Loan, lease, borrowings debt	799 610	600 818
Cash and cash equivalents	(26 118)	(56 900)
<b>Net debt</b>	<b>773 492</b>	<b>543 918</b>
<b>Equity</b>	<b>1 205 034</b>	<b>1 367 325</b>
Net debt to equity	64.2%	39.8%

<b>Debt ratio</b>	<b>As at 31.12.2022</b>	<b>As at 31.12.2021</b>
Liabilities	1 327 667	1 146 137
Assets	2 532 701	2 513 462
Debt rate	52.4%	45,6%

## Liquidity risk

Liquidity risk is a risk of lack of possibility to repay financial liabilities in their maturity dates by the Company. The company takes measures to ensure stable and effective financing of its operations, diversified in terms of financing from financial institutions. In managing liquidity, the company pays attention to effective working capital management and takes measures to optimise costs. Financial surpluses are used to pay off interest-bearing debt or effectively invest them in safe instruments.

<b>Liquidity ratios</b>	<b>As at 31.12.2022</b>	<b>As at 31.12.2021</b>
current ratio	0.90	1.16
quick ratio	0.63	0.91
current ratio	0.02	0.06

## Plans for financing Boryszew S.A.

As at 31.12.2022, net working capital shows a positive value of PLN 204 890 thousand.

In order to improve the Company's liquidity in 2022, actions were undertaken which will be continued in the next period and which include:

- obtaining new financing (loan, full factoring and reverse factoring),
- repayment of a portion of loans and borrowings.
- use of leases to finance operations as well as to finance and refinance capital expenditure.

The Company has no arrears in payments of its financial liabilities and interest.

Management Board believes that the current financial situation and the actions justify preparation of financial statements on the going concern basis and there is no need to change the valuation of assets and liabilities that would have been necessary if the Company was not able to its business in the same or similar scope.



**Boryszew S.A.**  
**Notes to the 2022 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 31.12.2022.**

	1-3 months	4-6 months	7-12 months	1-3 years	3-5 years	>5 years	Total	Carrying value
Bank loans maturities	137 224	75 994	150 557	17 670			381 445	<b>381 445</b>
Maturities of borrowings	241 579	804	80 103	721	-		323 207	<b>323 207</b>
Maturities of liabilities on issued bonds	-	-	-	-			-	-
Maturities of leasing liabilities	3 844	3 743	6 757	21 802	13 423		49 569	<b>47 188</b>
Maturities of liabilities of leased rental services	1 046	5 191	6 163	14 133	5 692	3 968	36 193	<b>33 078</b>
Maturity of PMA fees	174			981	981	15 310	17 446	<b>12 770</b>
Maturity of PMA fees - investment real estate	-			-	-	1 922	1 922	<b>1 922</b>
payment of trade liabilities and other items	386 126	363	-	-			386 489	<b>386 489</b>
<b>Total</b>	<b>769 993</b>	<b>86 095</b>	<b>243 580</b>	<b>55 307</b>	<b>20 096</b>	<b>21 200</b>	<b>1 196 271</b>	<b>1 186 099</b>

**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	74 283	54 722	213 816	4 259			347 080	<b>347 080</b>
Maturities of borrowings	1 430	52 019	80 813	4 016	-		138 278	<b>138 278</b>
Maturities of liabilities on issued bonds	28 000	-	-	-			28 000	<b>28 000</b>
Maturities of leasing liabilities	3 001	2 889	5 645	18 168	13 566		43 269	<b>40 586</b>
Maturities of liabilities of leased rental services	932	4 659	5 594	14 113	7 699	-	32 997	<b>30 283</b>
Maturity of PMA fees	424			1 043	1 038	19 287	21 792	<b>14 659</b>
Maturity of PMA fees - investment real estate	67			133	133	1 005	1 338	<b>1 932</b>
payment of trade liabilities and other items	393 336	39	33	-			393 408	<b>393 416</b>
<b>Total</b>	<b>501 473</b>	<b>114 328</b>	<b>305 901</b>	<b>41 732</b>	<b>22 436</b>	<b>20 292</b>	<b>1 006 162</b>	<b>994 234</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.

**The Company presents information on pending proceedings below.**

- 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.

On 3 August 2022, the Company received an Audit Result following the audit of tax books, in which the Head of Mazovian Tax and Customs Office in Warsaw stated that Boryszew ERG Branch had failed to exercise due diligence in documenting transactions, which was recognised by the Authority as irregularities in the settlement of the tax on goods and services. The Head of the Mazovian Customs and Fiscal Office in Warsaw questions,



in the Audit Result submitted to the Company, the right to apply 0% rate in intra-Community deliveries of goods to foreign entities and indicates that, given the facts, these deliveries should be taxed at 23% rate of the tax on goods and services in the period between December 2015 and March 2016 in the amount of PLN 9 817 220. According to the National Revenue Administration Borszew S.A. also wrongfully deducted input VAT from invoices issued for the purchase of rapeseed oil, in the period December 2015 to March 2016, thereby overstating it by a total amount of PLN 12 435 798.

The total amount of the overdue the tax for the above transactions is PLN 22 253 018 plus interest due. Despite the entitlement of Borszew S.A. to correct the submitted declarations within 14 days of the date of delivery of the audit result, the Company intends to challenge these findings in the tax proceedings.

On 29 August 2022, the Company received a notice that the customs and tax audit had been transformed into a tax procedure. The anticipated completion date of the proceedings - 2 May 2023.

The company recognised a provision for tax risk with interest for the aforementioned procedure, in the total amount of app. PLN 30.3 million, with the total amount of the principal receivable including the provision for tax risk without interest being app. PLN 22.5 million.

The decision to recognise the aforementioned provision is due to the Issuer's prudent approach to accounting issues, while as a matter of principle the Issuer maintains the position of no merit to the determination of the overdue tax in the aforementioned amount and intends to challenge these findings in tax proceedings.

- On 22 October 2020 the President of the Office of Competition and Consumer Protection initiated proceedings against Borszew 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 - 22 September 2023.

#### Fair value

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

Level 1	Listed shares	Shares listed on the Stock Exchange were valued based on the closing price on the date ending the reporting period.
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 of fair value
	As at 31.12.2022	As at 31.12.2021	
<b>Financial assets</b>			
Listed shares (*)	26 003	86 433	Level 1
Derivative financial instruments	8 022	-	Level 2
<b>Financial obligations</b>			
Derivative financial instruments	5 793	300	Level 2

\*) Gränges shares listed on the Stockholm Stock Exchange.

Listed on Nasdaq Stockholm, Gränges AB shares are treated as a short-term financial investment as of 31.12.2022, and have been measured at fair value through comprehensive income.



**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)**

	Fair value as at		Hierarchy of fair value
	As at 31.12.2022	As at 31.12.2021	
<b>Financial assets</b>			
Bonds	1 064	14 916	Level 3
Borrowings	459 909	339 537	Level 3
Trade and other receivables	421 705	478 307	Level 3
Cash and cash equivalents	26 118	56 900	Level 1
<b>Financial obligations</b>			
Borrowings and loans	704 652	485 358	Level 2
Liabilities on bonds	-	28 000	Level 2
Trade and other liabilities	385 158	391 304	Level 3
Lease liabilities	47 188	40 586	Level 2
Liabilities to SMA and due to right-of-use assets	45 848	44 942	Level 2
Liabilities to SMA - investment property	1 922	1 932	Level 2

**Climate risks and issues.**

Boryszew S.A. consciously and responsibly participates in the energy transition and considers as key the issues of adaptation to climate change, as well as climate risk management. The Management Board of the Company identifies and evaluates climate-related risks on an ongoing basis as part of the Group's strategic management, each time also identifying mitigations of individual risks. They are described in detail in the Non-Financial Report of Boryszew Capital Group.

Climate change in negative terms is considered via two classifications: physical and related to adaptation to the changes that occur in the economy due to the climate.

Under the term physical risks, the Company recognises the uncertainty associated with rapid changes in aura and sudden weather phenomena, which can cause a variety of damage, particularly given the environmental diversity of factory locations around the world. Sudden weather anomalies can effectively disrupt the supply chain resulting in a significant increase in operating costs directly related to operations. A significant consequence of the above is also the deterioration of the working conditions of the personnel, particularly in production.

A separate classification by which the Company recognises climate-related risks are changes in the continuous evaluation of the economy and the economy constantly adjusting to regulations, which require continuous improvement of management control due to the multi-industry nature. An element that can have significant negative consequences is the lack of modernisation of the machinery towards the most low-carbon economy possible. Fluctuations in demand and supply relating particularly to products that show a greater connection to climate risk may negatively affect the result.

Boryszew S.A., while assessing the impact of identified climate risks on the Company's operations, focused the evaluations in particular on such areas as:

- update of expected useful life of fixed assets and estimated residual values,
- revaluation of financial assets including loans granted,
- update of reserves related to decommissioning of production sites,
- liabilities due to potential environmental fines and penalties.

During the Company's detailed analysis as of 31.12.2022, no significant indication of negative climate impacts on the areas listed above was recognised.

**Insurance of the Company's property and risks**

Boryszew S.A. and subsidiaries had insurance policies for 2022 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 potential 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.

#### **THE IMPACT OF THE COVID-19 PANDEMIC ON THE OPERATIONS OF BORYSZEW S.A.**

During the reporting period, no negative impact of the Covid - 19 pandemic on the Company's results was found. The Management Board does not currently identify a material risk associated with the virus in the near future.

#### **THE IMPACT OF WAR IN UKRAINE ON THE SITUATION OF BORYSZEW S.A.**

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., the Company's Management Board reviewed the Company's involvement in the conflict countries. Boryszew Kunststofftechnik Deutschland GmbH, a subsidiary company, conducted an asset impairment test and identified an impairment loss in the subsidiary Boryszew Plastic RUS Sp. z o.o. The description of indirect impact on Boryszew S.A. as a parent company of Boryszew Capital Group is described in note 6 of the abbreviated consolidated financial statement

#### **IMPACT OF THE MACROECONOMIC ENVIRONMENT**

Poland's macroeconomic situation indirectly effects the Company's operations. Unfavourable economic developments such as high inflation and rising interest rates, volatility in the raw materials and materials market and foreign exchange rates, indirectly impact the consumer sentiment and investment preferences of businesses, which may contribute to changes in demand for the Company's contractors' products. The policies of the Monetary Policy Council, the National Bank of Poland and other financial supervisory institutions affect the ability to raise additional capital (the conditions for obtaining loans) and the amount of the cost of raising capital (the amount of interest and commissions). Significant changes in this area may increase the Company's costs.

Sales of the Company's products is strictly dependent on the demand for them, hence the economic situation in the industries in which the Company operates affects the possibility for Boryszew S.A. to generate revenues.

Our customers, wishing to maintain favourable financial results, are looking for additional opportunities to reduce costs, which in a way forces the Company to offer better and better products at very competitive prices. Any reduction in demand for the Company's products could negatively impact the possibility of generating a good financial result. Effective cost control and a secure liquidity position enable the Company to limit the impact of rising commodity prices and inflationary pressures while continuing its development activities.

In 2022 the Company consistently took measures to further improve operational efficiency, hence managed to partially mitigate the negative impact of the environment on the presented results.

## **32. SIGNIFICANT EVENTS IN ISSUER'S ACTIVITY**

### **BORYSZEW S.A.**

#### **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 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**

In order to secure the working capital loan taken by Maflow China with HSBC Bank China Company Limited, a corporate guarantee valid until 18 January 2025 up to a maximum amount of CNY30 million was provided on 23 March 2022.

#### **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 Skawina 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 Skawina 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 and then on 10 August 2022 from PLN 45 million to PLN 52 million.

#### **Selection of the auditor to audit the financial statement of Boryszew S.A. for 2022 - 2024**

On 29 March 2022 the Supervisory Board of Boryszew S.A., acting under § 15 of the Articles of Association of Boryszew S.A. appointed BDO Spółka z ograniczoną odpowiedzialnością sp. k. with registered office in Warsaw to:

- conduct review of separate interim financial statements of Boryszew S.A. 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,
- conduct review of 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, respectively
- conduct audit of separate annual financial statements of Boryszew S.A. 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.
- conduct audit of 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.

#### **Providing a warranty to equipment supplier**

On 19 April 2022 Boryszew S.A. granted to CRIPPA S.p.A. Italy a guarantee for liabilities of Mafmex S.DE R.L. DE C.V. and Boryszew Maflow Sp. z o.o. under the agreements on purchase of machinery up to the total amount of EUR 6 700 000. The aforementioned guarantees will automatically expire upon payment in full of each agreement, 60 days following the due date at the latest.

#### **Signing a restructuring agreement with a client of BAP Group**

On 29 April 2022 Boryszew S.A. and subsidiaries listed below signed the Agreement with important customer of Boryszew Capital Group. The agreement is on the support of restructuring of the following companies: Boryszew Kunststofftechnik Deutschland GmbH, Boryszew Oberflächentechnik Deutschland GmbH, AKT Plastikářská Technologie Čechy, spol. S.r.o. ("BAP Companies").

Under the Agreement, during the restructuring period, namely until the end of 2023, the Client will participate in costs of restructuring of certain BAP Group Companies.

The conclusion of this Agreement will have a materially positive impact on the performance of BAP Companies.

The condition for BAP Companies to receive support is timely implementation of restructuring measures in accordance with a plan.

Moreover, Boryszew S.A. committed to provide BAP Companies, covered by the Agreement, in the period till 31 December 2023, with financial support to facilitate undisturbed business. Also, when it is necessary to refund money by BAP to the Client, Boryszew S.A. guarantees to the Client their return.

The basic assumption of the restructuring agreement is that the Company and the Client act jointly and severally.

The restructuring process will give BAP Companies operational stability and will improve their market position.

#### **Dividend policy of Boryszew S.A.**

On 9 May 2022 the Management Board of Boryszew S.A. adopted the Company's Dividend Policy. According to the policy the Management Board intends to submit to the General Meeting proposals of dividend payment equivalent to between 30% and maximum 70% of consolidated net profit of Boryszew Capital Group provided that the relation of net debt for group to consolidated operating profit plus depreciation (EBITDA) at the end of the financial year, for which the profit will be distributed, will be below 3.5.

The definitions of net debt, EBITDA and the methodologies of their calculation are the same as the definitions and methodologies for calculation of these ratios in the Company's previous current and interim reports.

When recommending profit distributions, the Management Board will take into consideration the financial and liquidity position, existing and future liabilities (including potential restrictions under loan agreements) and an assessment of the Group's prospects in certain market and macroeconomic conditions.

The dividend policy will be applicable as of the fiscal year ending 31 December 2022.

The final decision about the amount of dividend paid will be made by the Ordinary General Meeting of Boryszew S.A.





### **Adoption of the Strategy of Boryszew Capital Group for 2022 - 2026**

According to the resolution of the Supervisory Board of Boryszew S.A. of 17 May 2022 on approval of: "Business Strategy for Boryszew Group for 2022-2026" (Strategy)", the Company adopted on the same day the development strategy until 2026 to be implemented, which assumes, among other things:

- continued development of the most profitable products by expanding into new markets and diversifying end customer sectors,
- maintaining high dynamics of ca. 13% year-on-year growth of EBITDA in 2022-2026 and reaching EBITDA of PLN 0.6 billion in 2026,
- ensuring the required liquidity in Boryszew Capital Group through optimisation of resources used,
- new product development through the use of research and development (R&D) centres,
- active participation in the green energy transition,
- optimisation of low-margin assets in the Chemicals and Metals Segments.

Given the remote time perspective and the possibility of occurrence of a number of external factors as well as unpredictability of risk factors resulting from the above, the above presented figures cannot be considered as forecasts for the strategy validity period, but only as an estimation of expected levels of revenues in relevant business areas that Boryszew Capital Group will strive to achieve.

### **Completion of review of strategic options**

On 25 May 2022 the Management Board of Boryszew S.A. decided to complete the review of strategic options for selected groups of assets; the launch of the review was announced in current reports no. 17/2021 of 20 May 2021 and no. 32/2021 of 30 September 2021.

Conclusions from the review of strategic options, including also identification of key development areas of the Capital Group, were the starting point for the Strategy of the Issuer's Capital Group, which was presented to the public on 17 May 2022 (current report 22/2022).

At the same time, the Issuer still may sell or liquidate selected assets or groups of assets in the future, if they find it justified from the point of view of strategic and business objectives of the Issuer's Capital Group.

### **Boryszew S.A. Nowoczesne Produkty Aluminiowe Skawina Branch / NPA Skawina Spółka z o.o.**

The Management Board of Boryszew S.A., acting upon the authorisation granted by the General Meeting of Shareholders, initiated measures associated with the contribution of Nowoczesne Produkty Aluminiowe Skawina branch as an in-kind contribution to NPA Skawina Spółka z o.o. based in Skawina.

On 11 July 2022, the Management Board of Boryszew S.A. decided to establish a new company under the business name NPA Skawina Spółka z o.o. based in Skawina, in which 100% of shares were subscribed by Boryszew S.A.

The share capital of the newly established company amounts to PLN 5 000.00 and is divided into 5 shares with the nominal value of PLN 1 000.00 per share. The Company has been established for an indefinite period of time.

On 20 July 2022, the District Court for Kraków Śródmieście, 12th Commercial Division of the National Court Register entered NPA Skawina Spółka z o.o. in Skawina into the National Court Register under KRS number: 0000983019.

On 30 December 2022, Boryszew S.A. signed an agreement to transfer an organised part of Boryszew S.A. enterprise in the form of Nowoczesne Produkty Aluminiowe Skawina Branch to NPA Skawina Spółka z o.o. effective 1 January 2023, in exchange for shares in the increased share capital.

### **Merger of Boryszew SA and Hutmen Sp. z o.o.**

On 11 July 2022 the Management Board of Boryszew S.A. made a decision on the merger of Boryszew S.A. based in Warsaw with its 100% subsidiary Hutmen Spółka z o.o. based in Wrocław (the Acquired Company).

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

The Acquired Company terminated its operations at the end of 2021, and thus, in the Issuer's opinion, the merger process in the aforementioned manner will be, from a cost and organisational point of view, the optimum solution to formally terminate the operation of the Acquired Company and put its assets in order.

On 19 December 2022 the Extraordinary General Meeting of Shareholders of Boryszew S.A. adopted a resolution on the merger of Boryszew S.A. (as the Acquiring Company) with Hutmen Spółka z o.o. (as the Acquired Company).

On 31 January 2023 the District Court for the capital city of Warsaw in Warsaw, 12th Commercial Department of the National Court Register made an entry on the merger in the National Court Register – Register of Enterprises.

### **Acquisition of "onesano" S.A. shares.**

In 2022, Boryszew S.A. acquired a total of 13 000 000 shares of "onesano" S.A., representing approximately 19.733% of the share capital and carrying 13 000 000 votes at the General Meeting, which accounts for approximately 19.733% of the total number of votes at the General Meeting of "onesano" S.A.





### 33. SIGNIFICANT EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

#### **Boryszew S.A. Nowoczesne Produkty Aluminiowe Skawina Branch / NPA Skawina Spółka z o.o.**

On 30 December 2022, Boryszew S.A. signed an agreement to transfer an organised part of Boryszew S.A. enterprise in the form of Nowoczesne Produkty Aluminiowe Skawina Branch to NPA Skawina Spółka z o.o. effective 1 January 2023, in exchange for shares in the increased share capital. Refer to note 32 for information on this transaction.

#### **Merger of Boryszew S.A. based in Warsaw and Hutmen Spółka z o.o. based in Wrocław**

On 19 December 2022 the Extraordinary General Meeting of Shareholders of Boryszew S.A. adopted a resolution on the merger of Boryszew S.A. (as the Acquiring Company) with Hutmen Spółka z o.o. (as the Acquired Company).

On 31 January 2023 the District Court for the capital city of Warsaw in Warsaw, 12th Commercial Department of the National Court Register made an entry on the merger in the National Court Register – Register of Enterprises.

Refer to note 32 for information on this transaction.

#### **Acquisition of "onesano" S.A. shares.**

In Q1 2023, Boryszew S.A. acquired a total of 10 000 000 shares of "onesano" S.A. (formerly Skotan S.A.), representing approximately 15.18% of the share capital and carrying 13 000 000 votes at the General Meeting, which accounts for approximately 15.18% of the total number of votes at the General Meeting of "onesano" S.A.

On the date of publication of the Report, Boryszew S.A. holds a total of 23 000 000 shares of "onesano" S.A., representing approximately 34.91% of the share capital and carrying 23 000 000 votes at the General Meeting, which accounts for approximately 34.91% of the total number of votes at the General Meeting of "onesano" S.A.

As of the moment of obtaining significant influence, the Group will recognise "onesano" S.A. in its Consolidated Financial Statements at the equity method.

#### **Concluding a material agreement**

On 15 March 15, 2023, the Company signed an agreement (Letter of intent ) with one of the leading suppliers to the automotive industry.

The subject matter of the agreement is the supply by Boryszew Group companies of rubber hoses for the air conditioning system to production facilities of the aforementioned customer, for installation in electric cars, in the years 2024 - 2034. The estimated value of deliveries during the period will be around €200 million.

Following the conclusion of the agreement, plans are made to expand the production facilities of the Boryszew Group with locations in China, Italy and Poland. Anticipated expenditure related to this will be about €13 million.

The concluded agreement will enable further development of Maflow Group's competence in the production of specialist cables for the automotive industry, and its conclusion is in line with the Strategy of Boryszew Capital Group for 2022 - 2026, which assumes the development of new sales markets and acquiring new end customers, etc.

Other provisions of the agreement do not deviate from the standard terms commonly used for this type of agreement.

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.

#### **Appointment of a member of the Supervisory Board**

On 20 March 2023, the Extraordinary General Meeting of Boryszew S.A., by its resolution no. 4, appointed Mr Wojciech Zymek to the composition of the Supervisory Board.

### 34. CONTINGENT LIABILITIES

	As at 31.12.2022	As at 31.12.2021
Sureties for the repayment of loans and other liabilities by associated companies	378 831	223 329
<b>Total</b>	<b>378 831</b>	<b>223 329</b>

Contingent items	As at 31.12.2022	As at 31.12.2021	change
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**Boryszew S.A.**  
**Notes to the 2022 financial statements**

(amounts expressed in PLN '000 unless specified otherwise)

<b>Contingent liabilities</b>	<b>378 831</b>	<b>223 329</b>	<b>155 502</b>
<b>resulting from granted guarantees, sureties and other liabilities</b>	<b>378 831</b>	<b>223 329</b>	<b>155 502</b>
- guarantees and sureties associated with performance of contracts	130 758	66 691	64 067
- guarantees and sureties in favour of financial institutions	248 073	156 638	91 435
<b>Increases / decreases in the period of 12 months ended on 31.12.2022, of which:</b>			<b>155 502</b>
<b>Additions</b>			
- Increase due to valuation of sureties			1 957
- Increase in surety amount			190 808
<b>Reductions</b>			
- Reduction due to valuation of sureties			-
- Decrease in the amount of existing sureties due to expiration, reduction			(37 263)

The increase in the value of granted guarantees primarily comes from the corporate guarantee issued in March 2022 in favour of HSBC Bank China Company Limited in order to secure a revolving loan by Maflow China (19.0 million), a guarantee issued in July 2022 in favour of BMW AG to secure the obligations of Maflow Components (Dalian) (28.1 million), a corporate a guarantee issued in November in favour of HSBC México SA to secure a revolving loan of MAFMEX, S. DE R.L. DE C.V. (22.0 million), sureties granted to BNP Paribas S.A. to secure overdraft facility of Maflow Boryszew Sp. z o.o. as well as non-revolving loans for investments of Maflow Boryszew Sp. z o.o. and Mafmex S. DE R.L. DE C.V. (PLN 109.7 million).

Decrease in the amount of existing sureties due to expiration and reduction is the result of repayment of guaranteed leases as well as the expiry of the guarantee issued to BSB Recycling GmbH.

**Status of current sureties as at 31.12.2022**

Entity for which guarantee or surety was issued	Subject of liability 2022	Surety value in PLN	Expiry date of guarantee
<b>Boryszew Oberflächentechnik Deutschland GmbH</b>	Guarantee granted to Bank Gospodarstwa Krajowego	11 598	31.12.2028
<b>Boryszew Plastic RUS</b>	Guarantee granted to Volvo Group Trucks Operations	23 450	indefinite validity
	Payment guarantee granted to Engel Austria	4 466	25.08.2023
<b>Maflow Plastic Sp. z o.o.</b>	Guarantee granted to HSBC Bank Polska S.A.	6 866	31.01.2026
	Endorsement of lease agreement for mLeasing	294	15.12.2024
	Endorsement of lease agreements for mLeasing	571	15.12.2024
	Endorsement of lease agreements for mLeasing	292	15.12.2024
	Endorsement of lease agreement for mLeasing	292	15.12.2024
	Endorsement of lease agreements for mLeasing	546	15.12.2024
	Endorsement of lease agreements for mLeasing	414	15.02.2025
	Guarantee granted to PKO Leasing Sp. z o.o.	1 264	23.04.2023
<b>Theysohn Formenbau GmbH</b>	Guarantee granted to akf Leasing GmbH	921	31.08.2023
<b>1) Maflow Plastic Sp. z o.o., 2) Boryszew Kunststofftechnik Deutschland GmbH, 3) AKT Plastikarska Technologie</b>	Guarantee granted to Borealis AG for commercial liabilities	4 690	31.12.2023



**Boryszew S.A.**  
**Notes to the 2022 financial statements**

(amounts expressed in PLN '000 unless specified otherwise)

Entity for which guarantee or surety was issued	Subject of liability 2022	Surety value in PLN	Expiry date of guarantee
<b>Czechy Spol. S.R.O.</b>			
<b>1) Maflow Plastic Sp. z o.o., 2) Boryszew Kunststofftechnik Deutschland GmbH, 3) AKT Plastikarska Technologie Czechy Spol. S.R.O. 4) Boryszew Plastic RUS LLC</b>	Guarantee granted to Basell Sales & Marketing Company B.V.	9 380	31.12.2022
<b>Boryszew Kunststofftechnik Deutschland GmbH</b>	Guarantee granted to Elix Polymers S.L.	1 782	31.12.2023
<b>Maflow BRS s.r.l.</b>	Guarantee granted to Intesa Bank	23 450	01.12.2026
<b>MAFMEX S. de R.L. de C.V.</b>	Maflow's performance bond for AB Volvo	23 450	term of the agreement
	Maflow's rent payment bond to Innova Dintel	11 728	01.01.2030
	BMW AG performance bond	28 139	contract period + 15 years
	Guarantee granted to BNP Paribas S.A.	41 949	30.06.2031
	Guarantee granted to HSBC Mexico SA	22 009	22.11.2032
<b>ZM Silesia S.A.</b>	Surety granted to PKO BP S.A.	9 800	31.08.2026
	Endorsement for Coface Poland Factoring Sp. z o.o.	30 940	indefinite validity
	Lease surety for Volkswagen Financial Services Polska Sp. z o.o.	128	indefinite validity
<b>Maflow Components (Dalian) Co. Ltd.</b>	Guarantee granted to HSBC Bank (China) Company Limited	19 044	18.01.2025
	BMW AG performance bond	28 139	contract period + 15 years
<b>Maflow Boryszew Sp. z o.o.</b>	Guarantee granted to BNP Paribas S.A.	45 452	30.06.2031
	Guarantee granted to BNP Paribas S.A.	22 277	28.06.2026
<b>Nylonbor Sp. z o.o.</b>	Endorsement granted to BNP Paribas S.A.	5 500	01.07.2023
<b>Total guarantees and sureties granted by Boryszew SA</b>		<b>378 831</b>	

**Balance of sureties as at 31.12.2021**

Entity for which guarantee or surety was issued	Subject of liability 2021	Surety value in PLN	Expiry date of guarantee
<b>Boryszew Kunststofftechnik Deutschland GmbH</b>	Guarantee granted to ALD AutoLeasing D GmbH	308	30.06.2022
	Endorsement of lease agreement for PKO Leasing Sp. z o.o.	6 573	31.03.2022
<b>Boryszew Oberflächentechnik Deutschland GmbH</b>	Guarantee granted to Bank Gospodarstwa Krajowego	16 378	31.12.2028
<b>Boryszew Plastic RUS</b>	Guarantee granted to Alfa Bank	1 058	31.12.2024
	Guarantee granted to Volvo Group Trucks Operations	22 997	indefinite validity
	Payment guarantee granted to Engel Austria	8 757	25.08.2023



**Boryszew S.A.**  
**Notes to the 2022 financial statements**

(amounts expressed in PLN '000 unless specified otherwise)

Entity for which guarantee or surety was issued	Subject of liability 2021	Surety value in PLN	Expiry date of guarantee
<b>Boryszew Tensho Poland Sp. z o.o.</b>	Guarantee granted to HSBC Bank Polska S.A.	7 083	30.09.2022
	Endorsement of lease agreement for mLeasing	1 608	30.01.2022
	Endorsement of lease agreements for mLeasing	445	15.12.2024
	Endorsement of lease agreements for mLeasing	864	15.12.2024
	Endorsement of lease agreement for mLeasing	442	15.12.2024
	Endorsement of lease agreements for mLeasing	442	15.12.2024
	Endorsement of lease agreements for mLeasing	806	15.02.2025
	Endorsement of lease agreement for mLeasing	612	15.02.2025
	Guarantee granted to PKO Leasing Sp. z o.o.	6 559	10.10.2022
<b>Theysohn Formenbau GmbH</b>	Guarantee granted to akf Leasing GmbH	2 153	31.08.2023
<b>Theysohn Kunststoff GmbH</b>	Guarantee granted to PKO Leasing Sp. z o.o.	3 049	30.06.2022
<b>1) Boryszew Tensho Poland Sp. z o.o., 2) Boryszew Kunststofftechnik Deutschland GmbH</b>	Guarantee granted to Borealis AG for commercial liabilities	4 599	31.12.2022
<b>1) Boryszew Tensho Poland Sp. z o.o., 2) Boryszew Kunststofftechnik Deutschland GmbH, 3) Theysohn Kunststoff GmbH</b>	Guarantee granted to BSB Recycling GmbH	6 899	06.07.2023
<b>1) Boryszew Tensho Poland Sp. z o.o., 2) Boryszew Kunststofftechnik Deutschland GmbH, 3) Boryszew Plastic RUS LLC, 4) AKT Plastikarska Technologie Czechy Spol. S.R.O.</b>	Guarantee granted to Basell Sales & Marketing Company B.V.	9 199	31.12.2022
<b>Maflow BRS s.r.l.</b>	Guarantee granted to Intesa Bank	22 997	01.12.2026
<b>Maflow France Automotive S.A.S.</b>	Guarantee granted to Natixis Lease	455	04.12.2022
<b>MAFMEX S. de R.L. de C.V.</b>	Mafmex's performance bond for AB Volvo	22 997	term of the agreement
	Mafmex's rent payment bond to Innova Dintel	12 241	01.01.2030
	BMW AG performance bond	27 596	contract period + 15 years
<b>ZM Silesia S.A.</b>	Surety granted to PKO BP S.A.	6 520	28.02.2025
	Endorsement for Coface Poland Factoring Sp. z o.o.	29 692	indefinite validity
<b>Total guarantees and sureties granted by Boryszew SA</b>		<b>223 329</b>	

The Company has estimated the credit risk associated with the guarantees, and on 31.12.2022 recognised a provision for a possible claim (expected credit loss) in the amount of PLN 3 982 thousand.

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



Transactions between related parties are mainly include commercial transactions concluded between companies of the Capital Group and personally related entities with regard to sale or purchase of traded goods and products of typical, conventional nature for the Company's operations. The below presented information on transactions in securities and loans within Boryszew Capital Group 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 with affiliated entities

	Subsidiaries	Associates	Personally related entities
<b>in the period 01.01.2022 - 31.12.2022</b>			
Revenues from sales (of products, services, goods)	524 038	-	10 618
Interest income	33 824	-	3 236
Dividends received and due	17 730	-	-
Purchases (of materials, goods, services)	121 468	-	62
Interest expense	18 187	-	28
<b>balance on 31.12.2022</b>			
Trade receivables	139 322	-	2 034
Bonds purchased	1 064	-	-
Loans granted	425 262	-	34 647
Other receivables (advances, deposits)	112 362	-	-
Lease liabilities	9 209	-	-
Trade liabilities	59 781	-	142
Loans received	319 238	-	-
Other liabilities (advances, deposits)	30	-	-

	Subsidiaries	Associates	Personally related entities
<b>in the period 01.01.2021 - 31.12.2021</b>			
Revenues from sales (of products, services, goods)	352 120	-	5 349
Interest income	24 190	-	1 088
Dividends received and due	50 210	-	-
Purchases (of materials, goods, services)	88 605	-	41
Interest expense	1 986	-	-
<b>as at 31.12.2021</b>			
Trade receivables	148 934	-	11 080
Bonds purchased	6 285	-	8 631
Loans granted	296 839	-	42 698
Other receivables (advances, deposits)	110 195	-	-
Lease liabilities	11 413	-	-
Trade liabilities	54 629	-	24
Loans received	126 867	-	-
Issued bonds	28 000	-	-
Other liabilities (advances, deposits)	43	-	-

Commercial transactions between subsidiaries regarding the sale or purchase of goods and services are concluded on market conditions.

	01.01.2022 - 31.12.2022	01.01.2021 - 31.12.2021
<b>Remuneration paid to the Management Board and Supervisory Board</b>		



Remuneration of Management Board members	2 427	4 093
Remuneration of Supervisory Board members	434	477

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

### 36. REMUNERATION OF THE AUDITOR

According to the Agreement, the amount of remuneration for audit services for 2022 of the key auditor is as follows:

Activity	Net amount
Remuneration for the review of separate financial statements as at 30.06.2022.	PLN 86 000
Remuneration for the review of consolidated financial statements as at 30.06.2022.	PLN 115 000
Remuneration for the audit of separate financial statements as at 31.12.2022.	PLN 187 000
Remuneration for the audit of the consolidated financial statements on 31.12.2023, including the assessment of conformity of the annual consolidated financial statements for 2022 in the European Single Electronic Format (ESEF/XBRL format)	PLN 206 000
Evaluation of the report on remuneration of the Management Board and Supervisory Board for 2022	PLN 13 000
<b>Total</b>	<b>PLN 607 000</b>

The auditor was selected by the Supervisory Board in accordance with the Company's Articles of Association. The Company had used the services of the aforesaid auditor with respect to audit and review of financial statements pertaining to years 2018 – 2021.

### 37. EMPLOYMENT

	As at 31.12.2022	As at 31.12.2021
<b>Employment structure (in full-time equivalents)</b>		
Blue-collar workers	2 220	2 197
White-collar workers	623	620
<b>Total</b>	<b>2 843</b>	<b>2 817</b>

### 38. THE REPORT DRAFTED AS PER ART. 44 OF THE ENERGY LAW ACT FINANCIAL STATEMENT

Financial statements are presented in PLN. PLN is the functional and reporting currency. All values in the financial statements are presented in full thousands of PLN, unless stated otherwise.

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

The Management Board for Boryszew S.A.: Wojciech Kowalczyk, Łukasz Bubacz, Mikołaj Budzanowski declare that to the best of their knowledge the financial statement prepared according to the provisions of Art. 44 of the Power Law Act and comparable data have been prepared in compliance with valid accounting principles and that the statement reflects in real, reliable and clear manner the property and financial situation as well as financial result of Boryszew S.A. The Management Board confirms that the report on activity of Boryszew S.A. contains the true picture of development and achievements as well as its situation including the description of basic threats and risks.

#### 2. Accounting principles applied

The report was prepared based on the separate financial statements presented by Boryszew SA, prepared in accordance with International Financial Reporting Standards in the scope determined by Regulation (EC) No.



1606/2002 of the European Parliament and of the Council of July 19, 2002 on the application of international accounting standards with amendments. In preparing these financial statements, the Company made no changes to any previously applied accounting principles.

The statement of comprehensive income was prepared in accordance with art. 44 section 1 of Energy Law. The Company keeps accounting records in a way that allows a separate calculation of variable costs and revenues for individual types of activities. If fixed costs relate to several types of activity, they are assigned according to the percentage share of sales revenues from a given activity in the total sales revenues referred to in the energy law.

Bearing in mind that it is also required to divide items of the statement of financial position, the same accounting principles apply to the balance sheet items.

The structure of the prepared financial statements is based on the following general classification:

- **licensed operations regulated by Energy Law** - gainful activity consisting in the sales and distribution of electricity and gas fuels
- **other activity** - activities in the following segments: automotive, chemical products, aluminium products, holding activities

In the licensed activity, the following have been specified:

- **Electricity with segments:**
  - Distribution list
  - Rotation
- **Gas fuels with segments:**
  - Distribution list
  - Rotation

## **Statement of comprehensive income**

### **2.1. Licensed operations regulated by Energy Law**

Total revenues from the distribution and trading of electricity and gas fuels have been determined by the use of a direct method and they result from invoices issued for the sale and distribution of electricity and gas fuels.

Variable costs for the electricity and gas fuels trading segment are directly related to invoices for the purchase of electricity and gas purchased for resale.

Fixed costs are the result of the cost allocation related to the maintenance of infrastructure for the distribution of electricity and gas fuels as well as the management and sales costs. Management and sales costs assigned to licensed activities are allocated to individual segments according to the percentage share of sales revenues for individual segments in the total sales revenues referred to in the energy law.

### **2.2. Other activities (other than regulated by the Energy Law)**

The items of revenues and costs on other activities constitute all revenues and costs of Boryszew SA not assigned to activities covered by the Energy Law, i.e. operating in the following segments: automotive, chemical products, aluminium products, holding activities.

Total income from other operations in 2022 is 26 472 and (244 977) in 2021, respectively.

The items shown in the Total column comprise the sum of individual items of the licensed activity described in paragraph 2.1, covered by Energy Law, and activities not covered by the Energy Law described in item 2.2.

## **Statement of financial position**

### **2.3. Licensed operations regulated by Energy Law**

#### **Distribution and trading in electricity**

Property, plant and equipment for the distribution business are the sum of the carrying value of property, plant and equipment as at 31 December 2022 allocated to electricity distribution in the financial and accounting system. This is mainly the infrastructure used for the transmission of electricity. Fixed assets are not used in the trading segment, and were not separated for this part of the statement.

Intangible assets include software appropriated based on the percentage share of revenues from electricity distribution/trading in total revenue.





Trade and other receivables for the distribution and trade in electricity business are actual amounts resulting from sales invoices issued and not paid as at 31 December 2022.

The Company does not recognise any inventories for distribution and trade in electricity.

Equity for distribution and trading activities represents only the net profit for 2013 - 2022 resulting from the statement of comprehensive income for relevant segment of activities. Other equity items were shown as operations outside of the scope of energy law.

Long-term liabilities include provisions for employee benefits of employees in the electricity distribution segment. Trade and other liabilities are outstanding suppliers' invoices for electricity purchase and distribution as well as the surplus of output VAT over input VAT and also excise tax liabilities. Liabilities do not include the portion of liabilities that relates to purchase for own needs.

#### **Distribution and trade in gaseous fuels**

Property, plant and equipment for the distribution business are the sum of the carrying value of property, plant and equipment as at 31 December 2022 allocated to gaseous fuels distribution in the financial and accounting system. This is mainly infrastructure used for gas transmission. Fixed assets are not used in the trading segment, and were not separated for this part of the statement.

Intangible assets include software appropriated based on the percentage share of revenues from gas distribution/trading in total revenue.

Trade and other receivables for the distribution and trade in gas business are actual amounts resulting from sales invoices issued and not paid as at 31 December 2022. The Company does not recognise any inventories for distribution and trade in gas.

Equity capital (fund) for distribution and trading activities is only the net profit for 2013-2018 resulting from the statement of comprehensive income for the given segment of activity. Other equity items were shown as operations outside of the scope of energy law.

Short-term trade and other liabilities are outstanding suppliers' invoices for gas purchase and distribution as well as excise tax liabilities. Liabilities do not include the portion of liabilities that relates to purchase of gas for own needs.

#### **2.4. Activities other than regulated by the Energy Law**

Balance sheet items from activities other than regulated by the Energy Law are all items resulting from the financial statement of Boryszew S.A. and associated with activities in the following segments: Automotive, Chemistry, Metals, Other.

#### **2.5. Total**

The items shown in the Total column are the sum of relevant items of the licensed activity regulated by the Energy Law, and activities in the following segments: Automotive, Chemistry, Metals, Other.





**Boryszew S.A.**  
**Notes to the 2022 financial statements**

(amounts expressed in PLN '000 unless specified otherwise)

**Statement of comprehensive income for the period between 01.01.2022 and 31.12.2022.**

	<i>Distribution of gaseous fuels</i>	<i>Trade in gaseous fuels</i>	<i>Supply of electricity</i>	<i>Electricity trading</i>	<i>Total activity under the Energy Law</i>	<i>Other business</i>	<i>Total</i>
Revenues from sales	15 571	572 027	3 800	340 414	931 812	1 981 880	2 913 692
Prime cost of sale	15 375	567 220	3 542	340 105	926 242	1 790 869	2 717 111
<b>Profit on sale</b>	<b>196</b>	<b>4 807</b>	<b>258</b>	<b>309</b>	<b>5 570</b>	<b>191 011</b>	<b>196 581</b>
Selling and management costs	46	1 708	201	1 534	3 489	146 611	150 100
Other operating profit/loss	4	137	-	60	201	(3 315)	(3 114)
Financial revenues	1	51	-	30	82	87 864	87 946
Financial expenses	1	40	-	24	65	108 727	108 792
<b>Profit (loss) before income tax</b>	<b>154</b>	<b>3 247</b>	<b>57</b>	<b>(1 159)</b>	<b>2 299</b>	<b>20 222</b>	<b>22 521</b>
Income tax	8	302	18	178	506	7 187	7 693
<b>Net profit/loss</b>	<b>146</b>	<b>2 945</b>	<b>39</b>	<b>(1 337)</b>	<b>1 793</b>	<b>13 035</b>	<b>14 828</b>
<b>Net profit/loss</b>	<b>146</b>	<b>2 945</b>	<b>39</b>	<b>(1 337)</b>	<b>1 793</b>	<b>13 035</b>	<b>14 828</b>
Other income recognised in equity	-	-	-	-	-	11 673	11 673
<b>Total comprehensive income</b>	<b>146</b>	<b>2 945</b>	<b>39</b>	<b>(1 337)</b>	<b>1 793</b>	<b>24 708</b>	<b>26 501</b>

**Statement of comprehensive income for the period between 01.01.2021 and 31.12.2021.**

	<i>Distribution of gaseous fuels</i>	<i>Trade in gaseous fuels</i>	<i>Supply of electricity</i>	<i>Electricity trading</i>	<i>Total activity under the Energy Law</i>	<i>Other business</i>	<i>Total</i>
Revenues from sales	19 398	228 242	3 518	158 454	409 612	1 508 113	1 917 725
Prime cost of sale	17 853	225 198	3 491	158 056	404 598	1 339 043	1 743 641
<b>Profit on sale</b>	<b>1 545</b>	<b>3 044</b>	<b>27</b>	<b>398</b>	<b>5 014</b>	<b>169 070</b>	<b>174 084</b>
Selling and management costs	240	1 710	250	1 523	3 723	132 748	136 471
Other operating profit/loss	2	24	-	64	90	33 526	33 616
Financial revenues	3	32	-	22	57	103 031	103 088
Financial expenses	0	3	-	2	5	401 266	401 271
<b>Profit (loss) before income tax</b>	<b>1 310</b>	<b>1 387</b>	<b>(223)</b>	<b>(1 041)</b>	<b>1 433</b>	<b>(228 387)</b>	<b>(226 954)</b>
Income tax	32	368	4	254	658	32 150	32 808
<b>Net profit/loss</b>	<b>1 278</b>	<b>1 019</b>	<b>(227)</b>	<b>(1 295)</b>	<b>775</b>	<b>(260 537)</b>	<b>(259 762)</b>
<b>Net profit/loss</b>	<b>1 278</b>	<b>1 019</b>	<b>(227)</b>	<b>(1 295)</b>	<b>775</b>	<b>(260 537)</b>	<b>(259 762)</b>
Other income recognised in equity	-	-	-	-	-	15 560	15 560
<b>Total comprehensive income</b>	<b>1 278</b>	<b>1 019</b>	<b>(227)</b>	<b>(1 295)</b>	<b>775</b>	<b>(244 977)</b>	<b>(244 202)</b>



**Statement of financial position as at 31.12.2022**

<b>ASSETS</b>	<i>Distribution of gaseous fuels</i>	<i>Trade in gaseous fuels</i>	<i>Supply of electricity</i>	<i>Electricity trading</i>	<i>Total activity under the Energy Law</i>	<i>Other business</i>	<b>Total</b>
<b>Non-current assets</b>							
Non-current assets	13	481	60	283	837	301 991	302 828
Intangible assets	-	-	-	-	-	-	-
Other non-current assets	2	69	-	40	111	1 214 526	1 214 637
<b>Total fixed assets</b>	<b>15</b>	<b>550</b>	<b>60</b>	<b>323</b>	<b>948</b>	<b>1 516 517</b>	<b>1 517 465</b>
<b>Current assets</b>							
Trade receivables and other receivables	2 419	67 686	97	81 780	151 982	187 235	339 217
Other assets	20	733	3	989	1 745	674 274	676 019
<b>Total current assets</b>	<b>2 439</b>	<b>68 419</b>	<b>100</b>	<b>82 769</b>	<b>153 727</b>	<b>861 509</b>	<b>1 015 236</b>
Assets classified as held for sale	-	-	-	-	-	-	-
<b>Total assets</b>	<b>2 454</b>	<b>68 969</b>	<b>160</b>	<b>83 092</b>	<b>154 675</b>	<b>2 378 026</b>	<b>2 532 701</b>

<b>LIABILITIES AND EQUITY</b>	<i>Distribution of gaseous fuels</i>	<i>Trade in gaseous fuels</i>	<i>Supply of electricity</i>	<i>Electricity trading</i>	<i>Total activity under the Energy Law</i>	<i>Other business</i>	<b>Total</b>
<b>Equity</b>							
Share capital	-	-	-	-	-	248 906	248 906
Retained earnings and other equity	25	912	4	537	1 478	928 149	929 627
Current year's profit	146	2 945	39	(1 337)	1 793	24 708	26 501
<b>Total equity</b>	<b>171</b>	<b>3 857</b>	<b>43</b>	<b>(800)</b>	<b>3 271</b>	<b>1 201 763</b>	<b>1 205 034</b>
<b>Long-term liabilities</b>							
	-	-	-	-	-	135 180	135 180
<b>Short-term liabilities</b>							
Trade liabilities and other liabilities	987	52 806	162	97 086	151 041	1 041 117	1 192 158
Employee benefit provisions	2	85	5	50	142	187	329
<b>Total short-term liabilities</b>	<b>989</b>	<b>52 891</b>	<b>167</b>	<b>97 136</b>	<b>151 183</b>	<b>1 041 304</b>	<b>1 192 487</b>
<b>Total liabilities</b>	<b>989</b>	<b>52 891</b>	<b>167</b>	<b>97 136</b>	<b>151 183</b>	<b>1 176 484</b>	<b>1 327 667</b>
<b>Total equity and liabilities</b>	<b>1 160</b>	<b>56 748</b>	<b>210</b>	<b>96 336</b>	<b>154 454</b>	<b>2 378 247</b>	<b>2 532 701</b>



Statement of financial position as at 31.12.2021

ASSETS	<i>Distribution of gaseous fuels</i>	<i>Trade in gaseous fuels</i>	<i>Supply of electricity</i>	<i>Electricity trading</i>	<i>Total activity under the Energy Law</i>	<i>Other business</i>	Total
<b>Non-current assets</b>							
Non-current assets	37	448	65	307	857	396 500	397 357
Intangible assets	-	-	-	-	-	35 223	35 223
Other non-current assets	9	104	3	71	187	967 228	967 415
<b>Total fixed assets</b>	<b>46</b>	<b>552</b>	<b>68</b>	<b>378</b>	<b>1 044</b>	<b>1 398 951</b>	<b>1 399 995</b>
<b>Current assets</b>							
Trade receivables and other receivables	5 166	86 147	356	64 887	156 556	229 024	385 580
Other assets	1 051	12 694	123	8 815	22 683	705 552	728 235
<b>Total current assets</b>	<b>6 217</b>	<b>98 841</b>	<b>479</b>	<b>73 702</b>	<b>179 239</b>	<b>934 576</b>	<b>1 113 815</b>
Assets classified as held for sale					-	-	-
<b>Total assets</b>	<b>6 263</b>	<b>99 393</b>	<b>547</b>	<b>74 080</b>	<b>180 283</b>	<b>2 333 527</b>	<b>2 513 810</b>

LIABILITIES AND EQUITY	<i>Distribution of gaseous fuels</i>	<i>Trade in gaseous fuels</i>	<i>Supply of electricity</i>	<i>Electricity trading</i>	<i>Total activity under the Energy Law</i>	<i>Other business</i>	Total
<b>Equity</b>							
Share capital	-	-	-	-	-	248 906	248 906
Retained earnings and other equity	(51)	24 920	(3 305)	4 069	25 633	1 336 988	1 362 621
Current year's profit	1 278	1 019	(227)	(1 295)	775	(244 977)	(244 202)
<b>Total equity</b>	<b>1 227</b>	<b>25 939</b>	<b>(3 532)</b>	<b>2 774</b>	<b>26 408</b>	<b>1 340 917</b>	<b>1 367 325</b>
<b>Long-term liabilities</b>							
	-	-	-	-	-	135 829	135 829
<b>Short-term liabilities</b>							
Trade liabilities and other liabilities	6 791	76 125	1 174	93 758	177 848	824 086	1 001 934
Employee benefit provisions	2	24	7	17	50	8 672	8 722
<b>Total short-term liabilities</b>	<b>6 793</b>	<b>76 149</b>	<b>1 181</b>	<b>93 775</b>	<b>177 898</b>	<b>832 758</b>	<b>1 010 656</b>
<b>Total liabilities</b>	<b>6 793</b>	<b>76 149</b>	<b>1 181</b>	<b>93 775</b>	<b>177 898</b>	<b>968 587</b>	<b>1 146 485</b>
<b>Total equity and liabilities</b>	<b>8 020</b>	<b>102 088</b>	<b>(2 351)</b>	<b>96 549</b>	<b>204 306</b>	<b>2 309 504</b>	<b>2 513 810</b>



## ADDITIONAL INFORMATION

### 3. Basic details of the Company

#### **BORYSZEW SPÓŁKA AKCYJNA (JOINT STOCK COMPANY)**

Concessionaire number: DKN 807

Concession type: DEE, OEE, DPG, OPG

**Activities covered by the energy law are carried out in the following branches:**

<b>Branches of Boryszew SA:</b>	<b>2022</b>	<b>2021</b>
Energy Branch in Toruń	DPG, OPG, OEE,	DPG, OPG, OEE,
ERG Branch in Sochaczew	DEE, OEE	DEE, OEE

This report contains cumulative data.

## 39. APPROVAL OF THE FINANCIAL STATEMENTS

This report was approved for publication by a resolution of the Management Board on 18 April 2023, 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

Łukasz Bubacz – Member of the Management Board

Mikołaj Budzanowski – Member of the Management Board

Radosław Szorc - Chief Financial Officer

Agata Kęszczyk-Grabowska - Chief Accountant