

Consolidated financial statements for
Boryszew Capital Group
for the period between 1 January and 31
December 2022

Report publication date
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(amounts expressed in PLN '000 unless specified otherwise)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	01.01.2022 - 31.12.2022	01.01.2021 - 31.12.2021
Continuing operations			
Revenues from sales	6	6 790 515	6 264 000
Prime cost of sale	7	6 190 019	5 698 222
Gross profit on sales		600 496	565 778
Selling costs		134 611	147 276
Administrative expenses		289 963	280 254
Other operating revenue	8	295 703	157 265
Other operating expenses	9	254 951	125 308
Operating income		216 674	170 205
Financial revenues	10	43 092	19 931
Financial expenses	11	83 579	58 810
Profit on sales of subsidiary	10	8 508	20 890
Share in profit of affiliates		(214)	4
Profit before taxation		184 481	152 220
Income tax	12	72 761	73 304
Net profit on continuing operations		111 720	78 916
Net profit/loss on discontinued operations		1 853	3 239
Net profit on continuing and discontinued operations including attributable to:		113 573	82 155
<i>to shareholders of the parent</i>		106 626	72 795
<i>non-controlling interests</i>		6 947	9 360

EARNINGS / DILUTED EARNINGS PER SHARE

Weighted average number of shares	202 000 000	202 000 000
Net profit (loss) per share (in PLN, 100/PLN per share)	0.53	0.36
Earnings per share on continuing operations	0.53	0.36
Earnings per share on discontinued operations	-	-
Diluted net profit (loss) per share (PLN/share)	0.53	0.36
Diluted on continuing operations	0.53	0.36
Diluted on discontinued operations	-	-



(amounts expressed in PLN '000 unless specified otherwise)

	01.01.2022 - 31.12.2022	01.01.2021 - 31.12.2021
Net profit	113 573	82 155
Earnings recognised in equity		
<i>Earnings recognised in equity, to be transferred to income statement (before tax)</i>	16 382	32 070
Hedge accounting	8 823	16 756
Exchange differences on translating foreign operations	7 559	15 314
<i>Income tax expense (-provision/+asset)</i>	(1 676)	(3 184)
<i>Earnings recognised in equity, not to be transferred to income statement (before tax)</i>	6 262	16 029
Gains/losses on valuation and disposal of equity instruments	5 922	14 700
Employee benefit capital reserve	340	1 329
<i>Income tax expense (-provision/+asset)</i>	(1 190)	(2 793)
Total earnings recognised in equity	19 778	42 122
<i>to shareholders of the parent</i>	19 778	42 122
<i>non-controlling interests</i>	-	-
Total comprehensive income, including attributable:	133 351	124 277
<i>to shareholders of the parent</i>	126 404	114 917
<i>non-controlling interests</i>	6 947	9 360

Consolidated profit and loss account – discontinued operations

	01.01.2022 - 31.12.2022	01.01.2021 - 31.12.2021
Revenues from sales	8	13
Prime cost of sale	8	13
Gross profit (loss) from sales		-
Selling costs		-
General and administrative costs		-
Other operating revenue	3 148	4 926
Other operating expenses	1 431	1 466
Profit (loss) from operating activity	1 717	3 460
Financial revenues	338	61
Financial expenses	10	104
Financial profit/loss	328	(43)
Profit (loss) before income tax	2 045	3 417
Income tax	191	178
Net profit (loss) on discontinued operations	1 854	3 239
<i>in the parent company</i>	4 059	3 022
<i>non-controlling interests</i>	(2 205)	217



(amounts expressed in PLN '000 unless specified otherwise)

CONSOLIDATED BALANCE SHEET

ASSETS	Note	As at 31.12.2022	As at 31.12.2021
Non-current assets			
Tangible fixed assets	13	1 366 664	1 276 594
Investment property	14	123 259	141 760
Goodwill	15	6 418	6 418
Intangible assets	16	43 168	46 246
Right-of-use assets	17	297 676	292 713
Shares in affiliates	18	-	214
Financial assets	19	16 017	1 685
Long-term derivative financial instruments	20	1 276	-
Long-term receivables	21	47 432	30 875
Deferred tax assets	12.2	9 147	24 173
Total fixed assets		1 911 057	1 820 678
Current assets			
		2 074 617	2 399 958
Current assets other than assets held for sale			
		2 073 364	2 340 441
Inventory	22	1 034 891	991 826
Trade receivables and other receivables	21	756 089	977 247
Short-term financial assets	19	93 562	165 855
Derivative financial instruments	20	21 620	12 434
Current tax assets	12.1	2 788	5 355
Cash and cash equivalents	23	164 414	187 724
Assets classified as held for sale	24	1 253	59 517
Total assets		3 985 674	4 220 636



(amounts expressed in PLN '000 unless specified otherwise)

LIABILITIES AND EQUITY	Note	As at 31.12.2022	As at 31.12.2021
Equity			
Share capital		248 906	248 906
Share premium		114 435	114 435
Own shares		(236 753)	(236 753)
Hedge accounting capital		14 469	7 322
Capital reserve on translating employee payables		(37)	(312)
Revaluation reserve		27 991	43 699
Exchange differences on translating foreign entities		(41 131)	(48 690)
Retained earnings		1 531 738	1 591 598
Total equity		1 659 618	1 720 205
Equity of non-controlling shareholders		29 443	26 499
Total equity	25	1 689 061	1 746 704
Liabilities and long-term provisions			
Bank loans, borrowings	27	182 574	107 964
Right-of-use liabilities	28	220 613	210 562
Deferred tax provision	12.2	72 406	82 397
Employee benefit provisions	29	15 225	23 788
Other provisions	30	51 377	42 852
Other liabilities	31	75	9
Other long term equity and liabilities	32	66 596	59 642
Liabilities and long-term provisions - total		608 866	527 214
Short-term liabilities			
Short-term liabilities		1 687 747	1 946 718
Bank loans, borrowings	27	560 960	651 095
Right-of-use liabilities	28	37 962	53 061
Trade payables and other liabilities	31	790 195	898 623
Derivative financial instruments		7 594	2 915
Current tax liabilities	12.1	34 364	55 748
Employee benefit provisions	29	40 702	37 672
Other provisions	30	174 013	171 483
Other liabilities and equity	32	30 072	35 218
Short-term liabilities other than liabilities included in groups held for sale, classified as held for sale		1 675 862	1 905 815
Liabilities directly associated with assets classified as discontinued operations	25	11 885	40 903
Total liabilities and provisions		2 296 613	2 473 932
Total equity and liabilities		3 985 674	4 220 636



(amounts expressed in PLN '000 unless specified otherwise)

CONSOLIDATED CASH FLOW STATEMENT

	01.01.2022 - 31.12.2022	01.01.2021 - 31.12.2021
Cash flows from operating activities		
Profit before taxation	184 481	152 220
Adjustments for (+/-)	101 626	593
Amortisation/depreciation	177 876	174 202
Profit/loss on financial activity (including interest on financial liabilities)	94 533	42 107
Profit / loss on investment activities	(116 217)	(136 518)
Change in receivables	200 779	(282 083)
Change in inventories	(50 346)	(57 049)
Change in liabilities	(119 356)	300 125
Provision for employee benefits	(5 533)	1 159
Changes in provisions	14 027	22 974
Other items	(3 751)	3 766
Income tax paid	(90 386)	(68 090)
Net cash from operating activities	286 107	152 813
Cash flows from investment activities		
Proceeds from disposal of fixed assets	133 765	42 923
Proceeds from disposal of shares and stocks	102 882	239 588
Proceeds from redemption of bonds by issuers	13 138	1 584
Proceeds from repayment of loans granted	27 732	1 152
Expenses on acquisition of fixed assets	(258 753)	(161 828)
Acquisition of shares and stocks in capital group entities	(13 055)	-
Loans granted	(40 100)	(23 700)
Other investment inflows and expenditure	4 099	4 904
Net cash from investing activities	(30 292)	104 623
Cash flows from financial activities		
Incomes on credit and loan facilities	377 055	213 646
Dividends paid	(190 402)	(3 915)
Repayment of credit and loan facilities	(386 192)	(371 089)
Interest paid on loans, borrowings and leasing	(47 122)	(32 772)
Payment of liabilities under finance lease agreements	(45 782)	(50 235)
Other financial inflows/expenses	11 630	21 819
Net cash from financing activities	(280 813)	(222 546)
Net change in cash and cash equivalents (before impact of foreign exchange rates)	(24 998)	34 890
Translation reserve	1 963	(1 760)
Cash opening balance	187 724	185 211
Cash of units sold/acquired	(275)	(30 617)
Net increase/(decrease) in cash and cash equivalents (after impact of foreign exchange rates)	(23 310)	2 513
Cash closing balance	164 414	187 724
<i>Restricted cash</i>	24 220	23 593



(amounts expressed in PLN '000 unless specified otherwise)

CONSOLIDATED STATEMENT ON CHANGES IN EQUITY

	Share capital	Share premium	Treasury shares	Hedge accounting	Profit/Loss on restatement of employee benefits	Revaluation and disposal reserve	Exchange differences on recalculation of overseas controlled entities	Retained earnings	Capital of the controlling entity	Equity of non-controlling interest	Total equity
As at 01.01.2022	248 906	114 435	(236 753)	7 322	(312)	43 699	(48 690)	1 591 598	1 720 205	26 499	1 746 704
Other comprehensive income				7 147	275	4 797	7 559		19 778		19 778
Profit/loss for 2022								106 626	106 626	6 947	113 573
Total comprehensive income for 2022				7 147	275	4 797	7 559	106 626	126 404	6 947	133 351
Dividend distribution								(186 399)	(186 399)	(4 003)	(190 402)
Other changes (*)						(20 505)		20 502	(3)		(3)
Change of capital group structure								(589)	(589)		(589)
Disposal of subsidiary											
Changes in equity.				7 147	275	(15 708)	7 559	(59 860)	(60 587)	2 944	(57 643)
As at 31.12.2022	248 906	114 435	(236 753)	14 469	(37)	27 991	(41 131)	1 531 738	1 659 618	29 443	1 689 061

(*) Transfer to reserve capital of profit on disposal of equity instruments

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



ADDITIONAL INFORMATION
to the consolidated financial statements
for the period between 1 January and 31 December 2022

1. BASIC DATA

Parent Company - Boryszew Spółka Akcyjna

Boryszew Spółka Akcyjna

Registered with the National Court Register kept by the District Court for the capital city of Warsaw in Warsaw, 14th Commercial Division,
KRS number 0000063824
Statistical registration number (REGON) 750010992
NIP (Tax ID) 837-000-06-34
The company has been established for an indefinite period of time.

Address: 00-807 Warszawa; Jerozolimskie Av. No. 92

State of registration: Poland

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

Registered office: Poland

Legal form of the entity: joint stock company

Name of the parent: Boryszew S.A.

Entity name: Boryszew S.A.

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

Primary place of business: Poland

No changes to entity name occurred.

Classification of the Parent Company on the listing market

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

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.

COMPOSITION OF THE CAPITAL GROUP

Companies included in the consolidated financial statements

Company name	Seat	share of the parent in share capital (%)	subsidiary of:	Business segment
<i>Head Offices</i>	Warsaw			Unallocated
<i>Elana Branch</i>	Toruń			Chemical products
<i>Boryszew Energy Branch</i>	Toruń			Unallocated
<i>Maflow Branch</i>	Tychy			Automotive
<i>Boryszew ERG Branch</i>	Sochaczew			Chemical products
<i>NPA Skawina Branch</i>	Skawina			Metals
Elimer Sp. z o.o.	Sochaczew	52.44	Boryszew S.A.	Chemical products
NPA Skawina Spółka z o.o.	Skawina	100.00	Boryszew S.A.	Metals
Elana Energetyka Sp. z o.o.	Toruń	100.00	Boryszew S.A.	Unallocated
Boryszew Maflow Sp. z o.o.	Warsaw	100.00	Boryszew S.A.	Automotive
Maflow Polska Sp. z o.o.	Warsaw	100.00	Boryszew S.A.	Automotive
Maflow BRS s.r.l	Italy	100.00	Boryszew S.A.	Automotive
Maflow Spain Automotive S.L.U	Spain	100.00	Boryszew S.A.	Automotive
Maflow France Automotive S.A.	France	100.00	Boryszew S.A.	Automotive
Maflow do Brasil Ltda	Brazil	100.00	Boryszew S.A. (79%) Maflow Polska Sp. z o.o. (21%),	Automotive
Maflow Components Dalian Co. Ltd.	China	100.00	Maflow Polska Sp. z o.o.	Automotive
Maflow India Private Limited	India	100.00	Boryszew S.A. 99.99% Maflow Polska Sp. z o.o. 0.01%	Automotive
MAFMEX S.DE R.L.DE C. V (*)	Mexico	100.00	Maflow Spain Automotive S.L.U (3,34%), Maflow Polska Sp. z o.o. (96.66%) (*)	Automotive
Boryszew Automotive Mexico S.DE R.L.DE C.V	Mexico	100.00	Maflow Spain Automotive S.L.U (90.00%), Maflow Polska Sp. z o.o. (10.00%)	Automotive
Boryszew Automotive Plastics Sp. z o.o.	Tychy	100.00	Maflow Polska Spółka z o.o.	Automotive
Boryszew Components Poland Sp. z o.o.	Warsaw	100.00	Boryszew Automotive Plastics Sp. z o.o.	Automotive
Boryszew HR Service Sp. z o.o.	Toruń	100.00	Boryszew S.A.	Automotive
Boryszew Commodities Sp. z o.o.	Warsaw	100.00	Boryszew Automotive Plastics Sp. z o.o.	Automotive
ICOS GmbH in liquidation	Germany	100.00	Boryszew Automotive Plastics Sp. z o.o.	Automotive
Theysohn Kunststoff GmbH in liquidation	Germany	100.00	ICOS GmbH in liquidation	Automotive
Theysohn Formenbau GmbH in liquidation	Germany	100.00	ICOS GmbH in liquidation	Automotive
Boryszew Formenbau Deutschland GmbH	Germany	100.00	Boryszew Kunststofftechnik Deutschland GmbH	Automotive
Boryszew Kunststofftechnik Deutschland GmbH	Germany	100.00	Boryszew Automotive Plastics Sp. z o.o.	Automotive
Boryszew Oberflächentechnik GmbH	Germany	100.00	Boryszew Kunststofftechnik Deutschland GmbH	Automotive
Boryszew Deutschland GmbH in liquidation	Germany	100.00	Boryszew Automotive Plastics Sp. z o.o.	Automotive
AKT Plastikářská Technologie Čechy, spol. S.r.o.	The Czech Republic	100.00	Boryszew Automotive Plastics Sp. z o.o.	Automotive



(amounts expressed in PLN '000 unless specified otherwise)

Company name	Seat	share of the parent in share capital (%)	subsidiary of:	Business segment
Boryszew Plastic RUS Sp. z o.o.	Russia	100.00	Boryszew S.A.(10.9%), Boryszew Kunststofftechnik Deutschland GmbH (89.1%)	Automotive
Maflow Plastic Poland Sp. z o.o. (formerly Boryszew Tensho Poland Sp. z o.o.)	Ostaszewo	100.00	Boryszew S.A.	Automotive
Boryszew Holding Sp. z o.o.	Warsaw	100.00	Boryszew S.A.	Metals
SPV Lakme Investment Sp. z o.o.	Warsaw	100.00	Boryszew S.A.	Unallocated
Hutmen Sp. z o.o.	Wrocław	100.00	Boryszew S.A.	Metals
Walcownia Metali Dziedzice S.A.	Czechowice-Dziedzice	100.00	Hutmen Sp. z o.o. Boryszew S.A.	Metals
Huta Metali Nieżelaznych Szopienice S.A. – in liquidation	Katowice	61.77	Polski Cynk Sp. z o.o.	Discontinued operations
ZM SILESIA S.A.	Katowice	100.00	Boryszew S.A.	Metals
Baterpol S.A.	Katowice	100.00	Polski Cynk Sp. z o.o.	Metals
Alchemia S.A.	Warsaw	100.00	Boryszew S.A. Alchemia S.A. (own shares)	Metals
Huta Bankowa Sp. z o.o.	Dąbrowa Górnicza	100.00	Alchemia S.A.	Metals
Laboratoria Badań Batory	Chorzów	100.00	Alchemia S.A.	Metals
Polski Cynk Sp. z o.o.	Katowice	100.00	Boryszew S.A.	Metals
Eastside Capital Investments Sp. z o.o.	Warsaw	100.00	Boryszew S.A.	Unallocated
Baterpol Recycler Sp. z o.o.	Wrocław	100.00	Polski Cynk Sp. z o.o.	Metals
Metal Zinc Sp. z o.o.	Katowice	100.00	ZM Silesia S.A.	Metals
Eastside BIS Sp. z o.o.	Warsaw	100.00	Eastside Capital Investments Sp. z o.o.	Unallocated
Zakład Utylizacji Odpadów Sp. z o.o.,	Konin	59.97	Boryszew S.A.	Metals
RAPZ Sp. z o.o. (**)	Dąbrowa Górnicza	42.67	Huta Bankowa Sp. z o.o.	Metals

(*) Maflow Spain Automotive S.L.-3.34%, 1 share worth 100 MXN 100 votes; Maflow Polska Sp. z o.o.- 96.66%, 1 share worth 2900 MXN 2900 votes; Boryszew S.A. - 239 398 865.86 B series shares - without voting rights.

(**) RAPZ Sp. z o.o., in which the parent company holds a 42.67% equity interest, is valued in these consolidated financial statements using the equity method.

Companies not included in the consolidated financial statements

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

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

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



Details about subsidiaries with significant NCIs

Subsidiaries of Boryszew CG, which hold non-controlling interest in 2022 are Zakład Utylizacji Odpadów S p. z o.o. and Elimer Sp. z o.o.

The data disclosed are amounts before elimination of transactions between the Group's entities and do not include data on discontinued operations in which non-controlling interests amount to PLN 139 thousand

As at 31.12.2022	Zakład Utylizacji Odpadów Sp. o.o. Konin	Elimer Sp. z o.o.
non-controlling interest in %	40.03%	47.56%
Fixed assets	15 550	84
Current assets	73 004	1 246
Long-term liabilities	12 742	55
Short-term liabilities	4 019	442
Net assets	71 793	833
Net assets attributable to non-controlling interests	28 739	565
Revenues from sales	51 132	3 528
Net profit	22 906	(35)
Other comprehensive income		
Comprehensive income attributable to non-controlling interests	9 169	(17)
Net cash from operating activities	23 820	2
Net cash from investing activities	(5 189)	-
Net cash from financing activities	(10 469)	-

a. Changes in the Group structure

Sale of shares in NYLONBOR Ltd.

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.

Sale reconciliation - result on sales

Nylonbor Sp. z o.o.	in BCG
Selling price	19 900
Costs associated with the sale of shares	-
Profit on disposal of NYLONBOR	19 900
Net assets of the divested company	(13 962)
Profit on disposal of NYLONBOR	5 938

Net assets of NYLONBOR Sp. z o.o. excluded on the date of loss of control, 1 October 2022

Total excluded assets	19 228
Total excluded liabilities	5 266
Net assets of the divested Company	13 962



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 S.A. based in Warsaw and Hutmen Spółka z o.o. based in Wrocław

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 merger plan for the two companies was approved and published on 27 July 2022. The purpose of the merger of Boryszew S.A., based in Warsaw, and Hutmen Spółka z o.o. is a more effective use of the potential of the merged companies and to achieve economic and financial effects of direct and indirect synergies, including:

- more efficient use of assets of the merged companies,
- better allocation of cash resources,
- more rational cash flows – the use of economies of scale as regards external financing,
- reduction of operating costs,

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.

Boryszew Capital Group

ICOS Group - opening of bankruptcy proceedings

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

Hutmen Spółka z o.o. - conclusion of a property sale agreement

On 15 June 2022 the Management Board of Hutmen Sp. z o.o. based in Wrocław (Hutmen), concluded a final agreement with MS Inwestment Sp. z o.o. based in Warsaw on the sale of the real estate of Hutmen, located in Wrocław at Grabiszyńska street No. 241, surface area of app. 19.2 ha (the preliminary agreement was concluded on 28 March 2022), for the gross amount of PLN 116 850 000.00 (that is including the applicable tax on goods and services).

Payment of a portion of the price net price, i.e. the amount of PLN 95 000 000 was made on 17 June 2022. The remainder of the price, i.e. the amount of PLN 21 850.000, was paid on 25 July 2022. The property was released on 15 June 2022.

Maflow France Automotive S.A.S. - decision on the intention to liquidate

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

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

Due to the termination of Maflow France current operations, a workforce restructuring process has been initiated.

Merger of Impexmetal Holding Sp. z o.o. with SPV Boryszew 5 Sp. z o.o., SPV Boryszew 6 Sp. z o.o., SPV Boryszew 8 Sp. z o.o. and SPV Boryszew 9 Sp. z o.o.

On 24 January 2022 Management Boards of: Impexmetal Holding Spółka z o. o. (Acquiring Company), SPV Boryszew 5 Spółka z o.o. (Acquired Company 1), SPV Boryszew 6 Spółka z o.o. (Acquired Company 2), SPV Boryszew 8 Spółka



z o. o. (Acquired Company 3) and SPV Boryszew 9 Spółka z o. o. (Acquired Company 4) agreed and signed the Merger Plan. The merger took place on 23 March 2022, following registration in the National Court Register of the merger of Impexmetal Holding Spółka z o. o., SPV Boryszew 5 Spółka z o.o., SPV Boryszew 6 Spółka z o.o., SPV Boryszew 8 Spółka z o. o. and SPV Boryszew 9 Spółka by the District Court for the capital city of Warsaw, 12th Commercial Division of the National Court Register.

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

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

Capital increase in Maflow Polska Spółka z o.o..

On 24 May 2022 the District Court for Katowice - Wschód in Katowice issued a decision to enter in the Register of Entrepreneurs of the National Court Register information on the share capital increase of Maflow Polska Sp. z o.o. based in Tychy from the amount of PLN 5 000 to the amount of PLN 46 333 000, together with the change of the number of shares held by the sole shareholder of the company - Boryszew S.A. from 5 shares to 46 333 shares.

Maflow Plastics Poland Spółka z o.o. (formerly: Boryszew Tensho Poland Spółka 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 Tensho Poland Sp. z o.o.

On 4 July 2022, the Extraordinary Meeting of Shareholders of Boryszew Tensho Poland Sp. z o.o., by Resolution No. 2, decided to amend the Company's Articles of Association, including the change of the Company's name.

On 6 October 2022, the change of the company's name from Boryszew Tensho Poland Spółka z o.o. to Maflow Plastics Poland Spółka z o.o. was registered in the District Court in Toruń, 7th Commercial Division of the National Court Register.

Metalix Limited

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

Events after the balance sheet date

Huta Metali Nieżelaznych Szopienice S.A. – in liquidation

The General Meeting of Shareholders of HMN Szopienice S.A. in liquidation held on 13 February 2023 approved the closing balance sheet of the company's liquidation.

The liquidation of the company was completed in view of the sale of all the assets held by the company. On the date of completion of liquidation the company's unpaid liabilities amounted to PLN 155.8 million, of which PLN 133.5 million to related parties (primarily Hutmen Spółka z o.o. - PLN 130 million).

On the date of publication of the report, the Company had not been removed from the Register of Entrepreneurs of the National Court Register.

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.

2. PLATFORM OF APPLIED IFRS

CHANGES IN ACCOUNTING PRINCIPLES

PLATFORM OF APPLIED IFRS

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

Accounting principles (policy) of applied when drafting these mid-year consolidated financial statements for the fiscal year ended on 31 December 2022 are consistent with those applied when drafting annual consolidated 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 standards had no material impact on these consolidated financial statements. The Group decided to implement the standards on a prospective basis.

- Non-compulsory standards (New standards and interpretations)

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

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

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

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

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

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

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

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

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

The presentation currency of these financial statements is PLN.

Consolidation principles

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

Income and costs of the subsidiaries acquired or disposed during the year are recognized in the consolidated comprehensive income from the date of actual acquisition and to the date of effective disposal.

The comprehensive income of the subsidiaries are attributed to the Company's owners and NCIs, event of such attribution results in the negative balance of NCIs.



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

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

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

The share of NCIs is recognized at the appropriate proportion of the fair value and equity.

Income statement by function was applied in the preparation of the consolidated financial statements.

Cash flow statement is prepared using the indirect method

Principles and methods of valuating assets and liabilities

Model based on purchase price or production cost plus revaluation

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

Revaluation model

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

Fair value

Fair value is the price that would be received for the disposal of an asset or transfer of a liability in a transaction conducted under normal conditions in the primary or most favourable market between willing and knowledgeable unrelated parties 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.

Business combinations

A business combination under common control is a merger in which the merging entities are under the control of the same party or parties, both before and after the merger, and such control is not temporary. The provisions of IFRS3 "Business Combinations" do not apply to this type of merger.

All business combinations are accounted for using the acquisition method. The acquiring company recognises identifiable assets, liabilities and contingent liabilities of the acquired company at their fair values on the acquisition date, as well as goodwill, which they later test for impairment instead of amortising. A business combination is the merger of separate entities or businesses into a single reporting entity.

The result of almost all business combinations is that the acquiring company assumes control of the acquired company.

Business combinations can take different forms. They may involve:

- acquisition by one entity of the equity of another entity,
- acquisition of all net assets of another entity, assumption of liabilities of another entity,
- acquisition of certain net assets of another entity.

Combination can be carried out

- to issue equity instruments,
- to transfer cash, cash equivalents,



- to transfer other assets,
- as combinations of these possibilities.

The parties to the transaction may be

- owners of the merging units,
- unit and owners of another unit.

The merger may involve:

- creation of a new entity controlling the merging entities or transferred net assets,
- restructuring of one or more of the merging entities.

A merger can lead to a parent-subsidary relationship.

A business combination may involve the acquisition of net assets, including any goodwill of another entity, instead of the capital of such entity. Such a merger does not lead to a parent-subsidary relationship.

Non-controlling interests in the acquired entity are capitals in the subsidiary that cannot be directly or indirectly attributed to the parent company.

Valuation of non-controlling interests is required to determine goodwill/gain on bargain purchase. Non-controlling interests are measured at fair value or at their proportionate share of the fair value of the acquired entity's identifiable net assets.

Valuation period

If the initial accounting for a business combination is not completed by the end of the reporting period in which the combination takes place, the acquiring company presents approximate amounts in their financial statements for items whose accounting is not completed. During the measurement period, the acquiring company retrospectively adjusts the provisional amounts recognised on the acquisition date to reflect new information obtained on facts and circumstances that existed on the acquisition date and, if known, would have affected the measurement of the amounts recognized on that date. During the measurement period, the acquiring company also recognises additional assets and liabilities if new information is obtained on facts and circumstances that existed on the acquisition date and, if known, would have affected the recognition of those assets and liabilities as of that date. The measurement period ends as soon as the acquiring company receives the information it sought on the facts and circumstances that existed on the acquisition date or becomes convinced that no more information can be obtained.

The valuation period should not exceed one year of the date of acquisition.

The following items are allowed to be adjusted during the valuation period:

- identifiable assets acquired, liabilities assumed and any non-controlling interest in the acquired company,
- the consideration transferred in exchange for the acquired entity (or any other amount used to recognised goodwill),
- in case of a business combination implemented in stages, the equity interest in the acquired company previously held by the acquiring company,
- the resulting goodwill or gain on a bargain purchase.

Acquisition implemented in stages (phased acquisition)

Means the acquisition of controlling interests in the course of two or more separate transactions. Goodwill is recognised and net assets are remeasured to fair value only in case of a transaction involving an acquisition of control, ignoring prior or subsequent acquisitions of interests in the entity. In recognising goodwill, previously acquired shares are revalued to fair value, and gains are recognised in profit or loss. Similarly, in case of disposal of controlling interests, the residual interest is revalued to fair value and recognized in profit or loss at the time of disposal.

Acquisition costs

Costs incurred in the acquisition of another entity (such as acquisition target search fees, consulting fees, legal, accounting, valuation and consulting fees and fees for other professional services) are recognised as expenses in the period in which they are incurred (they do not increase goodwill). Costs incurred in issuing debt instruments or securities are recognised in accordance with standards for accounting for financial instruments.

The date of acquisition is the date on which control is actually acquired, control being understood as the ability to manage the financial and operating policies of an entity or venture in order to derive benefits from their activities.

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 Group, 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 Group



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 an asset item is the amount, which according to the forecast the Group could currently obtain taking into consideration the age and state at the end of its life (after deducting the estimated selling costs). Amortisation begins in the month in which the asset is available for use. Amortisation of fixed assets is made on the basis of planned, systematic spread of the depreciable value over estimated life of the specific asset item. Amortisation ends in the month, in which the asset was classified as held for sale 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 transportation	3 years - 10 years
Other tangible 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 Group 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 Group 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 Group, 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 Group 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 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 Group renegotiates the terms of the lease agreement with the lessor, the accounting treatment depends on the modification made:

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

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

Leaseback

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

Limited life assets are amortised over their 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	2-10 years
Other intangible assets	2-10 years

Profits and losses resulting from removal of intangible assets from the balance sheet are recognised as the difference between net sales revenues and the balance sheet value of a specific asset and are recognised in the profit or loss upon their removal.

Research and development expenditure.

The research works involve innovative and planned search for solutions undertaken for the purpose of acquiring and assimilating new scientific and technical knowledge. Costs of research works are not capitalized and are presented in the profit and loss account as costs of the period in which they were incurred. It is permissible to temporarily record the incurred costs of research works on prepaid expenses in the amount that will be refinanced under the concluded grant agreement.

Development works involve practical application of research discoveries or achievements of other knowledge in the planning and design of the production of new or substantially improved products, processes, systems or services, which takes place before the start of mass production or the application of technology.

Expenditure incurred for development work performed as part of a project may be capitalised as intangible assets only if:

- a clearly defined project is implemented (such as a new technology);
- it is probable that this assets will generate future economic benefits,
- it is technically and financially feasible to complete development works,
- capacity to sell products exists,
- a market for the product exists,
- in case of development works for own use a company will obtain benefits,
- the costs can be reliably established.

Following the initial recognition of R&D expenses at cost, measurement at historical cost less accumulated amortization and accumulated impairment losses is applied.

Development costs are amortised on a straight-line basis over the projected period of sales revenue from the project.

Expenditure incurred for intangible assets that was initially recognised as an expense in the profit and loss account should not be capitalised as intangible assets at a later date.

REACH

REACH expenses are recognised in the books as other intangible assets and capitalised into expenses in the form of depreciation and amortisation - these are expenses that can be attributed to a specific substance.

Expenses indicating a direct relationship with a registered substance, capitalised into costs through depreciation, include:

- follow-up study of the physical and chemical properties of hazardous substances in light of the requirements of the REACH Regulation,
- consulting services to the extent that they can be attributed to a specific registration,
- share of the cost of compiling registration dossiers and Chemical Safety Reports,
- registration fees,
- authorisation (obtaining permits) - for hazardous substances,
- costs of physical and chemical testing of substances,
- costs associated with substance identification,
- substance registration costs,
- costs of licensing hazardous substances,



- costs associated with licensing, sublicensing, right to use research results.

From the moment the full registration of the substance is completed, when it is possible to fully benefit from its registration, the Company recognises amortisation of the aforementioned intangible assets as an expense.

The Company recognises amortisation charges over the period covered by the registration. Costs already incurred, which cannot be attributed to a specific substance are charged directly to expenses on the date they are incurred.

Impairment loss for tangible and intangible fixed assets.

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

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

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

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

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.

Investment property

An investment property is real property (land, building or part of a building, or both), held (by the owner or lessee in the form of a right-of-use asset) for the purpose of generating rental income or holding due to expected appreciation in value, while such property is not used in production, supply of goods, provision of services or for administrative activities, or for sale in the ordinary course of the entity's business.

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

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

Shares in associates and subsidiaries

A group 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 separate financial statements when the entity's right to receive the dividend arises. Dividends are recognised in the profit and loss account.

In the consolidated financial statements investments in an affiliate are recognised using the equity method, i.e. the investment is initially recognised at cost and then after the date of acquisition its value is adjusted by the investor's share change in the net assets of the entity. The financial statements of an affiliate should be drafted as of the same date and according to the same principles as those of the investor. The investor's profit or loss includes the investor's share of the entity's profit or loss.

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 Group 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 Group as financial assets at amortised:

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

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

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

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

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

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

The Group 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 Group classifies financial liabilities into the following categories:

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

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

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



Classification of financial assets and liabilities into different categories used by the Group		
Classification and measurement	Type of financial instrument	Presentation in the statement of financial position
Financial assets measured at amortised cost	Loans granted	Financial assets (long- and short-term)
	Trade receivables, in addition to receivables transferred for factoring	Trade receivables and other receivables (long- and short-term)
	Other financial receivables	Trade receivables and other receivables (long- and short-term)
	Cash and cash equivalents	Cash and cash equivalents
Financial assets at fair value through profit or loss	Shares in non-subordinated entities	Financial assets (long- and short-term)
Financial assets measured at fair value through profit or loss	Receivables from valuation of derivatives not covered by hedge accounting	Derivative financial instruments Assets
	Trade receivables covered by factoring agreements	Trade receivables and other receivables (long- and short-term)
Liabilities measured at amortised cost	Trade payables	Trade payables and other liabilities
	Loans and borrowings received	Bank loans and borrowings (long- and short-term)
	Issued bonds	Bonds (long- and short-term)
Financial liabilities measured at fair value through profit or loss	Liabilities from valuation of derivatives not covered by hedge accounting	Derivative financial instruments (equity and liabilities)
Financial hedging instruments	Receivables / liabilities from valuation of cash flow hedging derivatives (covered by hedge accounting)	Derivative financial instruments (assets / liabilities)

Financial asset impairment loss

The Group, as per IFRS 9 Financial Instruments, the concept of expected credit loss resulting in recognition of impairment losses on assets from the moment of their initial recognition. Impairment requirements for financial assets relate in particular to financial assets measured at amortised cost and measured at fair value through other comprehensive income.

The Group identified the following categories of financial assets where it verified the impact of calculation of expected credit losses on the financial statements:

- trade receivables,
- loans granted

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

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

Derivative instruments

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

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

Hedge accounting

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

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

Cash flow hedge

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

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

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

Fair value hedge

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.

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 Group 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 receivable represent the amounts due from customers for products, goods, materials or services sold as part of the Group's ordinary business. 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, recognised in nominal value. 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 Group as cash. Cash equivalents are recognised at adjusted cost using the effective interest rate method.

Cash that a Group company can only dispose of to a limited extent (even though it is in its possession) are funds that cannot be freely used by it. This justifies showing in the cash flow statement amounts frozen in bank accounts (for instance to secure operations, blocks to secure loans and credits or other financial contracts, blocked grant funds temporarily), funds of the Company's Social Benefits Fund, the Company's Disabled Persons Rehabilitation Fund, letters of credit or deposits received for a planned tender, taking into account the principle of materiality. It is conventionally assumed that the item concerned shows cash, the ability to dispose of which is limited for more than 3 months from the balance sheet date.

Provisions, contingent liabilities and contingent assets

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

The Group recognises provisions, if:

- legal or customary obligation resulting from past events exists
- likely (>50%) outflow of funds
- possible (5%-50%) reliable estimate

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

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.

The Group recognises provisions for decommissioning, restoration and environmental remediation costs when they occur. Recognition of the provision is at the discounted value of the planned costs to perform the necessary work.

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 Group'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 liabilities are not recognised in the statement of financial position or in the statement of income. They should be shown in the notes when the likelihood of an outflow of funds is possible.

One of the main items of contingent liabilities includes financial guarantees, or contracts aimed at compensating other entities for losses caused by the failure of debtors to make payments.

Contingent assets

The Group 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 group's company statute or Articles of Association.

In accordance with IFRS 29, art. 24 items of equity (except retained earnings and capital from revaluation of assets) were calculated at the date of transition to IFRS i.e. 01.01.2004 using general price indices since their contribution or otherwise. The amount arising from the hyperinflation revaluation increased share capital and the issue premium.

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.

Profit per share

Basic earnings per share are calculated by dividing the net profit for the financial by the average weighted number of the shares issued as existing in the financial year. Diluted earnings per share are calculated by dividing the net profit for the financial by the average weighted number of the shares issued as existing in the financial year together with the weighted average number of ordinary shares that would have been issued upon conversion of dilutive potential common shares into common shares.



Interest-bearing bank loans, advances and debt securities

Upon initial recognition, all bank loans, advances and debt securities are recognised according to fair value reduced by costs associated with obtaining of a loan or advance.

After initial recognition, interest-bearing loans, advances and debt securities are then measured according to amortised costs, using effective interest rate method. Determination of amortised cost include costs associated with obtaining of a loan or advance and discounts or bonuses obtained on settlement of a liability.

Gains and losses are recognised in the profit and loss account as soon as the liability is removed from the balance sheet, and also as a result of settlement using the effective interest rate method.

Commissions on loans and advances are recognised in financial expenses except when:

- the value of the commission was considered a material amount or
- the amount of cash flowing into the Group company's account is less than the amount due from the commission deducted.

In that case, the amount of the commission paid or the difference between the value of the funds received and the repayment obligation is considered as prepaid expenses and charged to the financial expenses of the period for which the liability was incurred.

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 subsidies - financing costs in specific 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 Group 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 Group, 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. (in particular, based on INCOTERM - usually at the time of release from the warehouse or at the time of delivery to the point designated by the customer).

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



The Group 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 Group 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 Group'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 Group'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 arising from the Group's use of the assets of other companies and/or persons, representing interest, are recognised in financial expenses successively as they accrue, according to the effective interest rate method.

Principle of substance over form

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

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



Costs of external financing

Costs of external financing include interest and other costs incurred by the Group 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
- lease finance charges,
- 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 Group would have had in its functional currency and the expense incurred when financing in foreign currency.

Employee benefits

Employee benefits are all the benefits offered in exchange for employees' 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.

Reserve for unused employee vacation leaves

The liability is determined in the amount of additional payments that are expected to occur solely because the amount of the benefit accrues. The estimate of the provision is based on a comparison of the leave utilisation plan (set at the average realization of the last three years) with their actual utilisation in each month of the fiscal year. The vacation provision is charged to cost of sales.

Long-service benefits and retirement severance payments

Calculation of the value of a disability benefit involves calculation of the actuarial value of payments as of the calculation date.

When applying the principle of first-time provisioning, the amount relating to previous years is settled against retained earnings. Provisions must be made regardless of the age of employees. If the amount of the calculated provision turns out to be an insignificant amount, then it can be not created. Retirement provisions are determined each year by an independent pensions actuary and the actuarial differences are charged to the profit and loss account, cost of sales or general and administrative expenses, depending on the group of employees to whom the provision applies. All the actuarial profits and losses relating to demographic changes and discount rate changes are recognised directly in other comprehensive income.

Distressed

Restructuring provisions are recognised when the Group is certain that the cash outflow due to restructuring will be needed and that its amount was reliably estimated by the Group. Provisions include, in particular, gratuities for dismissed employees. A provision for restructuring costs can be established only if a formal restructuring plan is presented to all stakeholders.

Incentive programs

The Parent Company's executives may be covered by an incentive program. The purpose of the program is to support the long-term and comprehensive development of the Parent Company and its Group. The detailed rules of the program are described in the regulations of the incentive program, adopted by the Company's Supervisory Board, and are presented in a separate note to the financial statements, together with an appropriate valuation, as per binding standards.

Impact of foreign exchange rate changes

The presentation currency for the Group is PLN.

Each of the Group's companies has a functional currency in line with its cash generation and spending.

Valuation as at transaction date

Transactions denominated in foreign currencies are translated to functional currency at the moment of initial recognition:

- at the exchange rate actually applied, i.e. at the currency buying or selling rate applied by the bank in which the transaction takes place, in the case of currency selling or buying operations,



- in case of other transactions, including receipt of receivables and payment of liabilities in foreign currencies, at the average exchange rate for relevant currency determined by the national bank as at the date of the transaction.

Valuation as at balance sheet date

On the balance sheet date, foreign-currency assets and liabilities are converted at the average exchange rate of the national bank applicable on the balance sheet date. Non-monetary items are carried at the historical rate (the rate on the date of the transaction). Non-cash items in foreign currency are carried at fair value - translated at the exchange rate effective as at the date of fair value determination.

Recognition of exchange rate differences

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

If gains and losses on non-monetary items are recognised in the profit and loss account, the foreign exchange differences related to them are also recognised in the profit and loss account.

If gains or losses on non-monetary items are recognised directly in equity, foreign exchange differences relating to these gains and losses are also recognised directly in equity.

As of the balance sheet date, monetary assets and liabilities denominated in foreign currencies are converted/valued at the average exchange rate of the national bank in effect on that date.

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 on the date of setting the fair value.

Exchange rate differences on receivables and payables denominated in foreign currencies arising at the payment are recognised in financial expenses or financial income respectively.

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.

	average EUR exchange rate in the period	EURO exchange rate as at the last day of period
01.01 - 31.12.2021 r.	4.5622	4.5994
01.01 - 31.12.2022 r.	4.6883	4.6899

Estimates of the Management Board

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

The main accounting estimates and the assumptions adopted refer to:

- estimated useful life of the asset - the subject matter of the estimation is to determine the estimated useful life, which may be shortened or extended in use. The end value and amortisation/depreciation methods are verified by the Group once per fiscal year. The verification includes among others: economic useful life end value of asset expected method of consuming the economic benefits from an intangible asset expected physical wear and tear estimated on the basis of the present average useful life reflecting the speed of physical wear and tear and intensity of use etc. technical or market obsolescence legal and other limitations to the use of the asset expected use of the asset estimated under the expected production capacity or production size and other circumstances effecting the useful life of assets.
- Impairment losses- are made if there are any external or internal indications of no possible recovery of the carrying amount of the non-current assets. If the carrying amount assets exceeds the recoverable amount of the asset , the value of asset is lowered to the recoverable amount by the appropriate impairment and recognition of the costs in the income statement.
- allowances of current assets (inventories and receivables), for inventories the allowance is estimated on the basis of the difference between net realizable amount and expected amount of future cash-flows. On the other hand estimate of accounts receivable write-off is the difference between the carrying value of given asset item and the current value of future cash flows discounted at the effective interest rate.
- employee benefits and provisions for retirement benefits and similar- the current amount of benefits and provisions depend on many factors determined by actuarial methods. The assumptions adopted to establish the net amount (income) for the retirement benefit include the discount rate. Any and all changes of such assumptions shall affect the amount of the retirement liabilities. The Group determines relevant discount rate at the end of each year. It is



- the interest rate applied to determine the present value of the estimated future outflows of cash assessed as necessary to meet the liabilities.
- provisions for expected liabilities due to the business activities- they are established in the amount representing the best estimate of the expenditure required to settle the present obligation or substantiation of the future obligation at the end of the reporting period.
 - impairment tests of fixed assets and goodwill - impairment tests are carried out on the basis of five-year discounted forecast cash flows consistent with the approved plans of the Management Board. The discount rate is calculated based on WACC. The model uses the CAPM valuation model and the industry average beta value to calculate the cost of equity.

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

Taxes

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 Group's equity are transferred to equity.

The Group 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.

In the consolidated financial statements, deferred tax assets and liabilities recognised on items subject to consolidation exclusions are excluded.

Deferred tax liabilities and assets at the level of each Group company are reported as a net figure in the balance sheet. The value presented in the statement of financial position of each Group company represents the excess deferred tax asset or liability. It is presented as a deferred tax asset or long-term deferred tax liability, respectively. In the consolidated statement of financial position, the items of deferred tax assets and deferred tax liabilities represent the sum of the items from each company after appropriate consolidation eliminations.

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.

Tax exemptions under the decision on support for the implementation of new investments

Group companies operate in Special Economic Zones and/or under the investment promotion act. New investment support decisions received provide for income tax exemption on income generated from activities specified in individual permits/support decisions up to the state aid limit, which depends on investment expenditure under individual permits/support decisions and the intensity of state aid for the region.

The Group recognises the benefits of the public assistance received based on IAS 12. The Group recognises deferred tax assets at the amount of usable government assistance available to the Group as of the respective balance sheet dates.

Uncertainty over income tax treatments

If, in the Group's opinion, it is likely that the Group's approach to a tax issue or group of tax issues will be accepted by the tax authority, the Group determines taxable income (tax loss), tax base, unused tax losses, unused tax credits and tax rates taking into consideration the approach to taxation planned or applied in its tax return. In assessing this likelihood, the Group assumes that tax bodies with the authority to audit and challenge the tax treatment will conduct such an audit and have access to all information.

If the Group determines that it is not probable that the tax authority will accept the Group's approach to a tax issue or group of tax issues, the Group reflects the effects of the uncertainty in the accounting treatment of the tax in the period in which it determines it. The Group recognises an income tax liability using one of the following two methods, whichever better reflects the way the uncertainty may materialise:

- the group determines the most likely scenario - this is a single amount among possible outcomes or
- the Group recognises expected value - this is the sum of probability-weighted amounts among possible outcomes.



Special funds

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

Events after the balance sheet date 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, they are recognized in the additional information by the Group, giving the nature and financial effect of such event or by the statement that determination of such effect is impossible or not reliable.

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

An exceptional event is a one-off economic event that took place in the Group 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

Segment reporting

Operating segments are identified if such identification is made when making decisions about operational matters or when such identification is made in internal reporting used for decision making and ongoing business evaluation.

A business segment is a distinguishable area of an entity within which goods or services are distributed or a group of related goods or services are provided, which is subject to risk and has a level of return on capital expenditures different from those inherent in other business segments. Factors to consider when determining whether products and services are related include:

- type of goods or services,
- type of production processes,
- type or class of users of goods or services,
- methods used to distribute goods or provide services,
- type of system of existing regulations

A geographic segment is a distinguishable area of a business unit, within which goods are distributed or services are provided in a specific economic environment, which is subject to risks and features a level of return different from those inherent in other areas operating in a different economic environment. Factors to be considered in defining a geographic segment include:

- similarity of political and economic conditions,
- links between operations in different geographic areas,
- location proximity,
- a particular type of risk associated with operations in a specific geographic area,
- exchange control regulations,
- currency risk.

The location of customers or the location of segment assets can be considered as a criterion for selecting a geographic segment. In the Group, the division is made according to the location of segment assets.

Segment revenues are revenues generated from sales to 3rd party customers, from transactions with other segments of the Group, which are reported in the profit and loss account of an entity and are directly attributable to a segment, together with the corresponding portion of revenues that are reasonably attributable to that segment.

Segment revenues do not include:

- extraordinary profits,
- interest or dividend income, including interest earned on advances made or loans made to other segments unless the segment's operations are primarily financial in nature,
- gains from the sale of investments or gains resulting from the extinguishment of debt, unless the segment's operations are primarily financial in nature.

Segment revenue includes an enterprise's share of profit or loss of associates, joint ventures or other financial investments consolidated using the equity method, provided, however, that the above items are included in consolidated or total enterprise revenue.

Segment costs are costs that involve costs of sales to 3rd party customers and costs of transactions with other segments within the same business entity, which arise from the operating activities of a segment and are directly attributable to that segment, together with the corresponding portion of the business entity's costs that are reasonably attributable to the segment.



Segment costs do not include:

- extraordinary losses,
- interest, including interest on advances or loans received from other segments, unless the segment's operations are primarily financial in nature,
- losses on the sale of investments or losses incurred as a result of debt extinguishment, unless the segment's operations are primarily financial in nature,
- the entity's share in losses of associates, joint ventures or other financial investments consolidated by the equity method,
- income tax charges,
- administrative overheads, head office costs and other costs arising at the business unit level that affect the business unit as a whole. Sometimes, however, costs occurring at the entity level are incurred for the benefit of the segment. Such costs are a segment expense if they relate to the segment's operating activities and can be directly attributed or allocated to the segment on a reasonable basis

Assets of the segment are operational assets used by the segment in operational activity, which can be directly assigned to a given segment or can be assigned to a given segment on the basis of rational premises.

Liabilities of the segment are operational liabilities arising from the segment's in operating activities, which can be directly attributable to the segment or reasonably allocable to the segment.

If the segment result consists of interest expense, its liabilities consist of the corresponding interest-bearing liabilities. Segment liabilities do not include income tax liabilities.

If the risks and investment returns of an entity are predominantly influenced by the differences that exist between the goods and services that the entity provides, the business segment should be taken as the primary reporting formula applied to segments, while supplementary information should be reported geographically and vice versa.

Two or more business or geographic segments in the scope of internal reporting that have significant similarities may be combined into a single business or geographic segment.

A business segment or geographic segment should be included in reportable segments if the majority of its revenues were derived from sales to 3rd party customers and:

- a) segment revenues from sales to 3rd party customers or from transactions with other segments represent 10% or more of the total external and internal revenues of all segments or
- b) segment result regardless of whether it is profit or loss represents 10% or more of the combined result of all segments that recorded a profit or all segments that incurred a loss, whichever expressed as an absolute value is greater or
- c) segment assets represent 10% or more of the total assets of all segments.

If the total external revenue attributable to reportable segments is less than 75% of the Group's total consolidated revenue or income, additional reportable segments must be identified, even if they do not reach the 10 percent thresholds described above, and continue to do so until revenue from reportable segments reaches at least 75% of the consolidated revenue or income of the entity in total.

A segment recognised as a reportable segment in the period immediately preceding the current period by virtue of reaching the relevant 10 percent thresholds should continue to be included in the current period's reportable segments, even if its revenue, result and assets no longer exceed the 10 percent thresholds, if the Group's management assesses the segment to still be material.

If a segment is recognised as a reportable segment in the current period by virtue of reaching the relevant 10 percent thresholds, prior period segment data presented for comparative purposes should be restated to reflect the fact that the new reportable segment is distinct, even if the segment did not meet the 10 percent thresholds in the prior period, unless it is impracticable to make such a restatement.

Assets held for sale and discontinuation of operations

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

Discontinued operations are a cash-generating component (or group of components) of the Group that can be separated organisationally or for financial reporting purposes from the Group as a whole, 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.

When discontinued operations exist, the Group 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.

3.1. Conversion of financial data

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

The Group 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.

4. DECLARATIONS OF THE MANAGEMENT BOARD

Statement by the Management Board on compliance of accounting principles

Management Board of the Parent Company: Wojciech Kowalczyk, Lukasz 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 Boryszew CG financial statements truly, reliably and clearly reflect the actual and financial condition as well as the financial result Boryszew S.A. The Management Board confirms that the report on the activities of Boryszew CG presents a true picture of the development and accomplishments of the Group as well as its situation, including a description of fundamental risks and threats.



(amounts expressed in PLN '000 unless specified otherwise)

5. OPERATING SEGMENTS (continuing operations)

Continuing operations 01.01.2022 - 31.12.2022	Chemical products	Automotive	Metals	Other non-allocated	Total	exclusions between segments	Total
Revenues from sales	310 412	1 670 978	4 278 071	986 372	7 245 833	(455 318)	6 790 515
Segment costs of sales	272 719	1 565 025	3 833 004	965 062	6 635 810	(445 791)	6 190 019
Result on sales within segment	37 693	105 953	445 067	21 310	610 023	(9 527)	600 496
General, administrative and sales expenses	37 159	184 990	181 279	24 715	428 143	(3 569)	424 574
Other operating profit/loss	(17 447)	(30 238)	82 236	(365)	34 186	6 566	40 752
Segment profit/loss	(16 913)	(109 275)	346 024	(3 770)	216 066	608	216 674
Amortisation/depreciation	4 722	98 695	65 700	10 186	179 303	(1 427)	177 876
EBITDA *)	(12 191)	(10 580)	411 724	6 416	395 369	(819)	394 550
Segment assets	178 006	1 545 751	2 586 611	1 963 565	6 273 933	(2 289 512)	3 984 421
Segment liabilities	127 706	2 102 097	913 066	483 469	3 626 338	(1 341 610)	2 284 728

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

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



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

- Metals
- Automotive,
- Chemical products
- Other non-allocated

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

Automotive	Boryszew S.A. Oddział Maflow w Tychach, Maflow Spain Automotive S.L.U., Maflow France Automotive S.A.S., Maflow BRS s.r.l., Maflow Components Dalian Co. Ltd., Maflow do Brasil Ltda., Boryszew Automotive Mexico S.DE R.L.DE C.V., MAFMEX S.DE R.L.DE C.V., Maflow Polska Sp. z o.o., Maflow India Private Limited, Boryszew Automotive Plastics Sp. z o.o., Theysohn Kunststoff GmbH in liquidation under self-administration, Theysohn Formenbau GmbH in liquidation under self-administration, Boryszew Kunststofftechnik Deutschland GmbH, AKT Plastikářská Technologie Čechy, spol. S.r.o., Boryszew Formenbau Deutschland GmbH, Boryszew Oberflächentechnik Deutschland GmbH, Boryszew Plastic Rus, Maflow Plastic Poland Sp. z o.o. (formerly Boryszew Tensho Poland Sp. z o.o.), ICOS GmbH in liquidation under self-administration, Boryszew Deutschland GmbH in liquidation, Boryszew Commodities Sp. z o.o., Boryszew HR Service Sp. z o.o., Boryszew Components Poland Sp. z o.o., Boryszew Maflow Sp. z o.o.
Metals	WM Dziedzice S.A., ZM SILESIA S.A., Baterpol S.A., Polski Cynk Sp. z o.o., Boryszew S.A. NPA Skawina branch, Baterpol Recycler Sp. z o.o., Metal Zinc Sp. z o.o., Alchemia S.A., Huta Bankowa Sp. z o.o., Laboratoria Badań Batory Sp. z o.o., Zakład Utylizacji Odpadów Sp. z o.o., RAPZ Sp. z o.o., Boryszew Holding Sp. z o.o., Hutmen Sp. z o.o.
Chemical products	Boryszew S.A Oddział Elana, Boryszew S.A. Oddział Boryszew ERG, Elimer Sp. z o.o.

Other companies not assigned to segments are: Boryszew S.A. – Centrala, Boryszew S.A. Oddział Boryszew Energy, Eastside – Bis Sp. z o.o., SPV Lakme Investment Sp. z o.o., Huta Metali Nieżelaznych Szopienice S.A. in liquidation, Eastside Capital Investments Sp. z o.o., Elana Energetyka Sp. z o.o.

6. REVENUES

	01.01.2022 - 31.12.2022	01.01.2021 - 31.12.2021
Revenues from sales of products	5 993 243	5 228 021
Revenues from sales of services	62 528	130 332
Revenues from the sale of goods and materials	693 165	827 420
Other revenues from contracts	41 579	78 227
Total (revenues from continuing operations)	6 790 515	6 264 000

REVENUES FROM SALE BY DESTINATION MARKET

Sales revenues by geographical areas	01.01.2022 - 31.12.2022	01.01.2021 - 31.12.2021
Continuing operations		
Domestic sales	2 737 005	2 217 343
Sales to EU member states *)	3 468 767	3 435 994
Sales to other European countries	242 586	262 280
Export outside Europe	342 157	348 383
Total (revenues from continuing operations)	6 790 515	6 264 000



SHARE OF EU MEMBER STATES IN INTRA-COMMUNITY SALES

Share of EU member states in intra-Community sales:	01.01.2022 - 31.12.2022	01.01.2021 - 31.12.2021
Germany	38%	38%
The Czech Republic	19%	16%
Italy	6%	9%
Slovakia	5%	4%

7. OPERATING EXPENSES

Costs of operating activities by type	01.01.2022 - 31.12.2022	01.01.2021 - 31.12.2021
Amortisation/depreciation	177 815	174 202
Consumption of materials and energy	4 516 301	3 872 281
Third party services	362 806	311 374
Taxes and charges	41 743	46 616
Costs of employee benefits, including:	859 873	895 281
<i>costs of remuneration</i>	700 951	735 304
<i>costs of social insurance</i>	128 316	133 060
<i>other employee benefits</i>	30 606	26 917
Other expenses	45 275	50 063
Value of sold goods and materials	676 787	792 992
Total expenses by type	6 680 600	6 142 809
Movements in products	(26 256)	(11 151)
Capitalised costs by type, consumption for own needs	(39 460)	(27 678)
Impairment write-offs on inventories in COGS	(291)	21 772
	6 614 593	6 125 752
Selling costs	(134 611)	(147 276)
General and administrative expenses	(289 963)	(280 254)
Cost of sales	6 190 019	5 698 222



8. OTHER OPERATING REVENUES

	01.01.2022 - 31.12.2022	01.01.2021 - 31.12.2021
Profit on sale of fixed assets and investment property	146 320	43 413
Valuation of assets, including	30 680	18 394
<i>fair value revaluation of investment real properties</i>	2 446	11 262
<i>value impairment write-offs for inventories</i>	11 956	6 567
reversal of revaluation write-downs on fixed assets	16 278	565
Reversal of provisions	56 114	12 583
Dividends and other revenue from capital investments	279	1 636
Revaluation of trade and other receivables	4 048	3 522
Other income, of which:	47 006	67 359
<i>revenues from compensations</i>	12 508	15 920
<i>write-off of liabilities</i>	159	420
<i>white certificates received</i>	879	2 844
<i>divestment of emission rights</i>	5 435	5 435
<i>stock count surplus</i>	9 311	3 443
<i>other</i>	18 714	39 297
Subsidies	11 256	10 358
Total	295 703	157 265

In 2022 the Group's companies received support from public funds for development investment projects (NCRD), of those WM Dziedzice, Huta Bankowa SA, Boryszew S.A. ERG branch, Boryszew S.A. NPA branch.



9. OTHER OPERATING EXPENSES

	01.01.2022 - 31.12.2022	01.01.2021 - 31.12.2021
Other operating expenses		
Loss on sale of fixed assets	121 179	10 839
Revaluation write-downs on non-financial assets, including:	69 346	49 366
inventory impairment write-offs	23 080	11 551
revaluation write-offs of property, plant and equipment as well as intangible assets	46 051	23 905
fair value revaluation of investment real properties	215	13 910
Revaluation of trade and other receivables	6 992	8 990
Provisions, including	27 964	26 533
provisions for restructuring costs	47	15 241
provisions for liquidation of fixed assets	-	489
provisions for disputed claims	135	2 046
provisions for complaints and guarantees	3 651	3 978
provisions for loss-making contracts	935	4 779
provision for tax claims	23 196	-
Other expenses, including:	29 470	29 580
cancellation and write-off of receivables	345	362
compensations and penalties paid	745	3 239
development works	-	1 904
stock count shortage	15 343	15 343
other expenses	13 037	8 732
Total	254 951	125 308

10. FINANCIAL REVENUES

	01.01.2022 - 31.12.2022	01.01.2021 - 31.12.2021
Interest income	8 311	3 452
FX gains	31 741	12 782
Revaluation of financial assets	519	55
Measurement of credit risk on financial assets	-	817
Other financial revenues	2 521	2 825
Total	43 092	19 931

	01.01.2022 - 31.12.2022	01.01.2021 - 31.12.2021
Profit on sales of subsidiary		
Divestment of NYLONBOR Ltd.	5 938	-
Divestment of Gränges Konin S.A.	2 570	1 326
Divestment of Elana PET Sp. z o.o.	-	12 469
Disposal of shares in other entities	-	7 095
Total gain/loss on disposal of subsidiaries	8 508	20 890



11. FINANCIAL EXPENSES

Financial expenses	01.01.2022 - 31.12.2022	01.01.2021 - 31.12.2021
Interest expense	64 625	34 849
Loss on derivative financial instruments	4 851	1 855
FX losses	6 936	14 313
Other financial costs	6 941	7 661
Revaluation of financial assets	226	76
Measurement of credit risk on financial assets	-	56
Total	83 579	58 810
Interest expense		
Interest on loans	41 302	22 469
Interests on loans	1 372	2 351
Interest on lease	9 837	7 952
Interest on treasury liabilities	9 713	1 339
Interest on trade liabilities and other interest	2 401	738
Total	64 625	34 849

12. INCOME TAX

Income tax	01.01.2022 - 31.12.2022	01.01.2021 - 31.12.2021
Current tax	64 093	72 452
Deferred tax	8 668	852
Total tax	72 761	73 304
Effective tax rate	39%	48%

The group has operations in many countries around the world. Tax laws vary, with tax rates ranging between 19-34% per company.

The differences in the effective interest rate in different countries are mainly due to the lack of recognition of a deferred tax asset on tax losses.

12.1. Current corporate income tax

Current corporate income tax	01.01.2022 - 31.12.2022	01.01.2021 - 31.12.2021
Gross profit (loss)	184 481	152 220
Permanent differences increasing the tax base	183 789	315 478
Temporary differences in the tax base	(52 584)	(72 186)
Tax credits	(3 276)	(4 385)
Other increases/decreases in the tax base	41 686	25 306
Deductions from income due to tax losses	(16 764)	(35 106)
Income tax base	337 332	381 327
Current tax	64 093	72 452



12.2. Deferred tax

Deferred tax	As at 31.12.2022	As at 31.12.2021
Deferred tax provision	213 570	193 939
Deferred tax asset	150 311	135 715
Deferred tax balance	63 259	58 224

Deferred tax surplus

Provision for deferred tax in liabilities	72 406	82 397
Deferred tax asset in assets	9 147	24 173
Deferred tax balance	63 259	58 224

The change in balance recognised in the P&L is consistent with the change in balance in the tables above.

The change in balance reported in other comprehensive income differs by current tax on Granges shares disposed of through comprehensive income.

In other comprehensive income, current and deferred tax of PLN (2 866) thousand is reported, including deferred tax of PLN (8 391) thousand and current tax of PLN 5 525 thousand on the sale of assets, the result of which is recognised in equity.



Change in deferred income tax asset

Change in deferred income tax asset	As at 01.01.2022	Effect of a change in the tax rate recognised in the current period result	provisions of units disposed of	Impact of exchange rate differences (+/-)	tax recognised in other comprehensive income	tax recognised in the financial result	As at 31.12.2022
Tax on recognised provisions for employee benefits	14 923	-	-	-	10	(9 002)	5 931
Deferred tax on other provisions	7 558	-	-	-	-	2 675	10 233
Impairment write-offs on assets	31 439	-	(2 027)	-	-	10 003	39 415
Valuation of derivative instruments	2 026	-	-	-	(485)	(1 249)	292
Unrealised negative currency exchange differences	6 496	-	-	-	-	(3 313)	3 183
Amortisation/depreciation	41 724	(5)	15	-	-	8 722	50 456
Deferred income tax asset on loss at the beginning of the year	10 610	(857)	-	-	-	(2 035)	7 718
Other deferred income tax assets	20 939	-	-	(938)	-	13 082	33 083
Total	135 715	(862)	(2 012)	(938)	(475)	18 883	150 311

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



Change in deferred income tax provisions

Change in deferred income tax provisions	As at 01.01.2022	Effect of a change in the tax rate recognised in the current period result	tax recognised in other comprehensive income	tax recognised in the financial result	As at 31.12.2022
Valuation of Assets	52 535	-	(4 387)	7 268	55 416
Balance sheet valuation of derivative instruments	2 206	-	746	163	3 115
Unrealised currency exchange rate differences	9 870	-	1	1 745	11 616
Fixed assets depreciation	109 492	-	-	6 695	116 187
Other deferred income tax provisions	19 836	150	-	7 250	27 236
Total	193 939	150	(3 640)	23 121	213 570

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



13. NON-CURRENT ASSETS

Tangible fixed assets (by type groups)	As at 31.12.2022	As at 31.12.2021
Fixed assets by type:	1 330 447	1 206 892
land	49 409	35 073
buildings, premises, civil and water engineering structures	509 471	467 456
technical equipment and machines	735 272	671 450
vehicles	7 289	5 801
other tangible fixed assets	29 006	27 112
Advances for tangible fixed assets	36 217	69 702
Total property, plant and equipment	1 366 664	1 276 594

Additional information

	01.01.2022 - 31.12.2022	01.01.2021 - 31.12.2021
Capitalised cost of borrowing	910	-
Capitalised expenditure incurred due to construction of fixed assets	2 632	3 957
Outlays on fixed assets under construction	60 724	73 913
Incurred expenses for acquisition, construction of non-current assets	15 961	7 775
Purchase of fixed assets in the current period financed with working capital loans and own funds	19 667	25 872
Purchase of fixed assets in the current period financed with special purpose loans	41 165	-
Amount of the contractual liabilities due to the non-current assets acquisition	27 306	32 446
	34 337	9 839
Amount of net non-current assets with the limited ownership right		
Fixed assets provided as collateral to loan repayment	288 362	310 963
Compensation from third parties on impairment losses	427	1 562
Insurance value of fixed assets	1 561 324	1 380 946



(amounts expressed in PLN '000 unless specified otherwise)

in the period 01.01.2022 - 31.12.2022	Land	Buildings, premises, civil and water engineering structures	Technical equipment and machines	vehicles	Other tangible fixed assets	Total
Gross value of fixed assets at the beginning of the period	35 470	773 395	1 864 131	28 495	117 075	2 818 566
Increase due to acquisition	13 900	64 355	125 204	2 879	8 781	215 119
Fixed assets redeemed after lease end	-	1 550	7 344	126	2 721	11 741
Received as in-kind contribution	-	2 622	2 541	15	-	5 178
Decrease due to disposal	-	(556)	(2 423)	(533)	(212)	(3 724)
Tangible fixed assets under construction	-	11 245	54 307	519	(498)	65 573
Liquidation	-	(2 126)	(30 202)	(581)	(880)	(33 789)
Introduced as in-kind contribution (-)	-	-	(145)	-	-	(145)
Reclassification to assets held for sale	-	-	(2 390)	-	-	(2 390)
Sale of fixed assets to lessor- lease-back	-	-	(6 371)	-	-	(6 371)
Excluding an entity from consolidation and other	-	(8 753)	(5 356)	(196)	(2 810)	(17 115)
Impact of exchange rate differences	494	7 416	23 053	350	1 772	33 085
Other	(12)	2 189	7 209	1 189	(76)	10 499
Gross value of fixed assets at the end of the period	49 852	851 337	2 036 902	32 263	125 873	3 096 227
Accumulated depreciation at the beginning of the period	285	299 849	1 114 994	22 505	89 583	1 527 216
Planned depreciation of own fixed assets	-	26 932	87 595	1 792	6 925	123 244
Decrease due to disposal	-	(28)	(781)	(317)	(83)	(1 209)
Liquidation	-	(1 331)	(15 376)	(776)	(656)	(18 139)
Sale of fixed assets to lessor- lease-back	-	-	(3 220)	-	-	(3 220)
Disposal of subsidiary and others	-	(828)	2 028	(73)	(2 215)	(1 088)
Impact of exchange rate differences	6	3 265	11 834	308	1 342	16 755
Other	-	(244)	21 514	1 043	1 139	23 452
Accumulated depreciation at the end of the period	291	327 615	1 218 588	24 482	96 035	1 667 011
Impairment write-offs at the beginning of the period	112	6 090	77 687	189	380	84 458
Write-off provision recognised in the profit/loss for the current period	44	9 945	34 585	268	806	45 648
Reversal of write-downs recognized in the profit/loss for the current period	-	(111)	(16 094)	-	(6)	(16 211)
Decrease due to disposal	-	-	(12 243)	(56)	(69)	(12 368)
Disposal of subsidiary and others	-	(753)	825	111	(183)	-
Impact of exchange rate differences	(4)	(920)	(2 530)	(20)	(75)	(3 549)
Other	-	-	812	-	(21)	791
Impairment write-offs at the end of the period	152	14 251	83 042	492	832	98 769
Net fixed assets as at the end of period	49 409	509 471	735 272	7 289	29 006	1 330 447



(amounts expressed in PLN '000 unless specified otherwise)

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



14. INVESTMENT PROPERTY

Change	As at 31.12.2022	As at 31.12.2021
Balance at the beginning of the period	141 760	152 079
Additions	4 986	12 248
acquisition of investment real estate	2 629	7 710
valuation to fair value (-)	2 357	4 538
Reductions	(23 487)	(22 567)
sale/disposal	(21 435)	(8 297)
valuation to fair value (-)	(127)	(13 671)
other	(1 925)	(599)
Balance as at period end	123 259	141 760

Investment real estate property at fair value	As at 31.12.2022	As at 31.12.2021
Eastside Bis real property in Toruń	86 785	103 483
Properties of Boryszew S.A. in Toruń and Konin	19 780	21 619
WM Dziedzice SA real property	8 337	8 298
ZM Silesia SA real property	8 019	8 019
Properties of Alchemia	146	146
Properties of Huta Bankowa	192	195
Total	123 259	141 760

Properties in Toruń and Czechowice-Dziedzice are used as collateral for loan repayment.

	As at 31.12.2022	As at 31.12.2021
Income from disposal of real estate	24 335	8 181
Revenues from investment property (rental agreements)	19 449	18 576
Maintenance cost of investment property	14 951	10 627

Part of investment properties included in the books of Eastside-Bis Sp. z o.o. is used by Boryszew Capital Group companies. For consolidation purposes, these investments are recorded as fixed assets in 2022 in the amount of PLN 61 225 thousand and in 2021 in the amount of PLN 60 718 thousand, respectively. Rental income from these properties was permanently eliminated from consolidation in 2022 in the amount of PLN 10 460 thousand and in 2021 in the amount of PLN 8 280 thousand, respectively.

The valuation of investment properties in Eastside-Bis was prepared as of 31 December 2022 by an independent expert. The market value of the real property is determined by revenue approach, using the investment method, using simple capitalization method assuming the stable net operating income in the long prospectus and the comparative method was applied using the method of adjusted average price (estimation of the market value at the average prices of the similar real properties at the moment of appraisal). According to the Management Board, no evidence of impairment exists as at the balance sheet date. In accordance with the accounting policy, the Company measures the value of real estate properties once every 3 years.



15. GOODWILL AND ASSET IMPAIRMENT

Accumulated goodwill arisen as a result:	As at 31.12.2022	As at 31.12.2021
Baterpol S.A.	6 418	6 418
Total	6 418	6 418

At the end of 2022 Boryszew Capital Group carried out impairment tests for fixed assets of the following cash-generating units including subsidiaries, using discounted cash flow method.

The reason for the tests was to write off assets in 2021 or failure to meet 2022 forecasts.

The tests were carried out following the value in use assessment method based on five-year discounted projected cash flows, in accordance with the approved plans of the Management Boards of the Group companies.

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

Boryszew Capital Group conducted also the test on the Group level, comparing the sum of net assets of relevant subsidiaries and the parent company, determined based on the impairment tests and financial statements to the value of net assets in the consolidated balance sheet as of 31.12.2022. The test suggested no need for write-off of the book value of Boryszew Group assets except for Boryszew Plastic RUS, based in Nizhny Novgorod (Russia), which was covered by a write-off of fixed assets in the amount of PLN 52.7 million. The creation of the aforementioned write-off is a consequence of the suspension of production by that subsidiary caused by the decisions of automotive concerns to suspend production in Russia. This situation makes it impossible to prepare business forecasts for the aforementioned subsidiary.

Boryszew S.A. also performed the test on the Group level. The reason of the test was the low level of the stock exchange price of Boryszew S.A. shares. The test of the Group was based on a comparison of the recoverable amount calculated, depending on the company, using the income, asset or accounting method compared to the consolidated net assets as of 31.12.2022. The test suggested no need for write-off of the book value of Boryszew Group assets.

Name of entity	Period projections	Value residual	Cash flows real / nominal	Growth rate after forecast period	WACC for the forecast period	WACC for the RV period	Result of the test	Sensitivity analysis 1 bps increase of WACC Growth rate in the residual period + 1% p.p.	Sensitivity analysis EBITDA down 5%
Boryszew Automotive Plastics Group	5 years	Yes	Nominal	2.00%	7.95%	6.59%	No write-off necessary	No write-off necessary	No write-off necessary
ZM Silesia Katowice branch	5 years	Yes	Nominal	2.50%	16.16%	13.29%	No write-off necessary	No write-off necessary	No write-off necessary
ZM Silesia Olawa branch	5 years	Yes	Nominal	2.50%	16.16%	13.29%	No write-off necessary	No write-off necessary	No write-off necessary
Alchemia S.A.	5 years	Yes	Nominal	2.50%	14.05%	11.18%	No write-off necessary	No write-off necessary	No write-off necessary
Huta Bankowa Sp. z o.o.	5 years	Yes	Nominal	2.50%	14.07%	11.20%	No write-off necessary	No write-off necessary	No write-off necessary
Baterpol S.A.	5 years	Yes	Nominal	2.50%	15.48%	12.59%	No write-off necessary	No write-off necessary	No write-off necessary
Maflow Spain Automotive S.L.U	5 years	Yes	Nominal	2.00%	11.56%	10.83%	No write-off necessary	Write-off of PLN 5 433 thousand	Write-off of PLN 6 080 thousand
MAFMEX S.DE R.L.DE C. V	5 years	Yes	Nominal	3.00%	19.21%	15.76%	No write-off necessary	No write-off necessary	No write-off necessary
Maflow Plastics Poland Sp. z o.o. (formerly Boryszew Tehsho)	5 years	Yes	Nominal	2.50%	13.65%	10.67%	No write-off necessary	No write-off necessary	No write-off necessary
Maflow China	5 years	Yes	Nominal	3.00%	11.19%	12.61%	No write-off necessary	No write-off necessary	No write-off necessary
Maflow Branch	5 years	Yes	Nominal	2.50%	13.66%	10.86%	No write-off necessary	No write-off necessary	No write-off necessary



16. INTANGIBLE ASSETS

Intangible assets	As at 31.12.2022	As at 31.12.2021
R&D expenses	18 605	23 675
Patents, licenses, software	22 480	19 711
Perpetual land usufruct right	-	-
Other intangible assets	2 083	2 583
<i>Advances for intangible assets</i>	-	277
Total	43 168	46 246

in the period 01.01.2022 - 31.12.2022	R&D expenses	Patents, concessions, licence, software	Other intangible assets	Total
Gross value at the beginning of the period	52 004	57 405	7 955	117 364
Additions (purchase)	253	6 896	126	7 275
Received as in-kind contribution	-	-	231	231
Liquidation	-	(359)	(10)	(369)
Excluding entities from consolidation	-	-	(653)	(653)
Impact of exchange rate differences	38	465	45	548
Other	526	(2 724)	4	(2 194)
Gross value of intangible assets at the end of the period	52 821	61 683	7 698	122 202
Accumulated depreciation at the beginning of the period	28 329	37 296	5 372	70 997
Scheduled depreciation of intangible assets	5 345	4 041	402	9 788
Decrease due to disposal	-	(1)	-	(1)
Liquidation	-	(357)	(10)	(367)
excluding an entity from consolidation	-	-	(200)	(200)
Impact of exchange rate differences	16	400	40	456
Other	132	(2 574)	2	(2 440)
Accumulated depreciation at the end of the period	33 822	38 805	5 606	78 233
Impairment write-offs at the beginning of the period	-	398	-	398
Write-off provision recognised in the profit/loss for the current period	394	-	9	403
impairment write-offs at the end of the period	394	398	9	801
Net value of intangible assets at the end of the period	18 605	22 480	2 083	43 168



in the period 01.01.2021 - 31.12.2021	R&D expenses	Patents, concessions, licence, software	Other intangible assets	Total
Gross value at the beginning of the period	38 754	59 933	17 744	116 431
Additions (purchase)	16 000	4 225	110	20 335
Disposal	-	(241)	-	(241)
Liquidation	-	(75)	-	(75)
Excluding entities from consolidation	-	(2 641)	(1 314)	(3 955)
Impact of exchange rate differences	3	298	(7)	294
Other	(2 753)	(4 094)	(8 578)	(15 425)
Gross value of intangible assets at the end of the period	52 004	57 405	7 955	117 364
Accumulated depreciation at the beginning of the period	27 588	35 462	6 230	69 280
Scheduled depreciation of intangible assets	3 461	4 248	519	8 228
Decrease due to disposal	-	(3)	-	(3)
Liquidation	-	(244)	-	(244)
excluding an entity from consolidation	-	(2 416)	(912)	(3 328)
Impact of exchange rate differences	1	254	(5)	250
Other	(2 721)	(5)	(460)	(3 186)
Accumulated depreciation at the end of the period	28 329	37 296	5 372	70 997
Impairment write-offs at the beginning of the period	-	398	-	398
Impairment write-offs at the end of the period	-	398	-	398
Net value of intangible assets at the end of the period	23 675	19 711	2 583	45 969



(amounts expressed in PLN '000 unless specified otherwise)

17. RIGHT-OF-USE ASSETS

in the period 01.01.2022 - 31.12.2022	<i>Buildings and structures</i>	<i>Technical equipment and machines</i>	<i>Vehicles</i>	<i>Other tangible fixed assets</i>	<i>Intangible assets - software</i>	<i>Land - SMA</i>	<i>The Lease Agreement</i>	<i>Total</i>
Gross value at the beginning of the period	3 445	217 142	10 807	5 605	2 189	85 127	90 271	414 586
Acceptance for use under new lease agreements signed during the current year	-	8 643	6 384	-	-	1 922	30 508	47 457
Disposal	-	-	-	-	-	(476)	-	(476)
Transfer under leaseback	-	6 371	-	-	-	-	-	6 371
Reduction due to end of lease term	(3 445)	(10 308)	(2 354)	(2 813)	-	-	(6 541)	(25 461)
Excluding an entity from consolidation	-	-	-	-	-	(1 909)	-	(1 909)
Impact of exchange rate differences	-	2 990	251	-	43	-	3 684	6 968
Gross value at the end of the period	-	224 838	15 088	2 792	2 232	84 664	117 922	447 536
Accumulated depreciation at the beginning of the period	1 752	69 963	7 183	2 162	1 085	2 925	35 719	120 789
Planned depreciation of own fixed assets	143	18 883	1 857	422	1 126	710	14 988	38 129
Reduction due to termination of lease	(1 895)	(2 628)	(2 247)	(1 245)	-	-	(4 269)	(12 284)
Disposal	-	-	-	-	-	(12)	-	(12)
Impact of exchange rate differences	-	490	642	-	21	-	801	1 954
Accumulated depreciation at the end of the period	-	86 708	7 435	1 339	2 232	3 623	47 239	148 576
Impairment write-offs at the beginning of the period	-	580	(15)	-	-	519	-	1 084
Reversal of write-downs recognized in the profit/loss for the current period	-	-	-	-	-	(3)	-	(3)
Reduction due to termination of lease	-	(67)	-	-	-	-	-	(67)
Impact of exchange rate differences	-	1	269	-	-	-	-	270
impairment write-offs at the end of the period	-	514	254	-	-	516	-	1 284
Net value of fixed assets at the end of period	-	137 616	7 399	1 453	-	80 525	70 683	297 676

Boryszew Capital Group
Notes to the consolidated financial statements for 2022



(amounts expressed in PLN '000 unless specified otherwise)

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



18. SHARES IN AFFILIATES

	As at 31.12.2022	As at 31.12.2021
Carrying amount of investments in associates - beginning of the year	214	210
Acquisition of shares during the year	227	-
Value at cost at year-end	441	210
Valuation during the year	(227)	-
Share in profit	(214)	4
Carrying amount of investments in associates	-	214

19. FINANCIAL ASSETS

Financial assets	As at 31.12.2022	As at 31.12.2021
Shares at fair value through other comprehensive income	26 003	86 453
Shares at fair value through profit and loss	78	78
Debt instruments (bonds)	21 346	33 749
Loans granted	62 152	47 260
	109 579	167 540
<i>Long-term assets</i>	<i>16 017</i>	<i>1 685</i>
<i>Short-term assets</i>	<i>93 562</i>	<i>165 855</i>

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.

Bonds	As at 31.12.2022	As at 31.12.2021
Unibax Sp. z o.o.	21 346	24 019
including those held by:		
Alchemia S.A.	11 056	12 969
Eastside Bis Sp. z o.o.	10 290	11 050
Impairments	-	-
	21 346	24 019
Skotan S.A. (now "onesano" S.A.)	-	10 163
Impairments	-	(520)
	-	9 643
Other	-	87
	21 346	33 749

Unibax Sp. z o.o. bonds held by Alchemia S.A. are secured, while those held by Eastside Bis Sp. z o.o. are currently unsecured.



Borrowings	As at 31.12.2022	As at 31.12.2021
Unipartner sp. z o.o.	23 420	27 172
Unibax Sp. z o.o.	14 458	18 234
RKKK Investments Sp. z o.o.	9 152	-
Other	15 122	1 854
	62 152	47 260

Change in financial assets from 01.01.2022 to 31.12.2022	Bonds	Borrowings
Carrying amount - beginning of the period	33 749	47 260
Reduction in assets - bought-in / repaid during the year	(11 138)	(27 309)
Bonds purchased / loans granted during the current year	-	40 100
Interest on bonds recognised in P&L during the current year	1 589	4 193
Interest received	(1 404)	(4 171)
Reversal of impairment write-offs recognised in P&L during the year	519	-
Bonds redeemed in the current year	(1 000)	-
Compensations and other non-monetary changes	(1 017)	-
Exchange rate differences	48	2 079
Carrying amount of bonds - end of the period	21 346	62 152

Change in financial assets between 01.01.2021 and 31.12.2021	Bonds	Borrowings
Carrying amount - beginning of the period	34 579	23 560
Bonds purchased / loans granted during the current year	-	23 700
Interest on bonds recognised in P&L during the current year	1 560	1 152
Interest received	(2 391)	(1 152)
Write-offs on bonds + interest recognised in current year P&L	(76)	-
Reversal of impairment write-offs recognised in P&L during the year	55	-
Exchange rate differences	22	-
Carrying amount of bonds - end of the period	33 749	47 260



20. DERIVATIVE FINANCIAL INSTRUMENTS

As at 31.12.2022	assets	liabilities
Cash flows hedging instruments	17 932	7 296
<i>Commodity swaps</i>	3 827	6 937
<i>Foreign exchange contracts</i>	14 105	359
Fair value hedges	2 912	-
<i>Interest rate swaps</i>	1 515	-
<i>Foreign exchange contracts</i>	1 124	-
<i>Commodity swaps</i>	273	-
Instruments held for trading	2 052	298
<i>Foreign exchange contracts</i>	1 963	230
<i>Commodity swaps</i>	89	68
	22 896	7 594
<i>long-term part</i>	1 276	-
<i>short-term part</i>	21 620	7 594
balance	15 302	

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



Presentation of derivative instruments in the income statement	As at 31.12.2022	As at 31.12.2021
Income statement items		
Revenues from sale	(6 448)	(14 201)
Manufacturing cost of products sold	(2 138)	7 977
Other operating expenses	-	-
Financial income, including:	2 057	4 985
<i>profit on trading in derivatives</i>	246	1 602
<i>ineffective portion of cash flow hedges (positive value)</i>	-	-
<i>exchange rate differences - correction by the effective portion</i>	1 811	3 383
Financial expenses, including:	8 283	6 043
<i>loss on trading in derivatives</i>	2 890	380
<i>ineffective portion of cash flow hedges (negative value)</i>	-	-
<i>exchange rate differences - correction by the effective portion</i>	5 393	5 663
Impact on profit/loss	(10 536)	(23 236)

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

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

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

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

Commodity derivatives as at 31.12.2022

currency	<1 month	1-3 months	3-12 months	1-3 years	total
USD	(2 079)	75	1 321		(683)
EUR	(1 108)	(516)	(509)	-	(2 133)
Total	(3 187)	(441)	812	-	(2 816)

Commodity derivatives as at 31.12.2022

currency	<1 month	1-3 months	3-12 months	1-3 years	total
USD	(83)	1 368	4 561	-	5 846
EUR	2 589	3 228	4 209	-	10 026
GBP	378	353	-	-	731
Total	2 884	4 949	8 770	-	16 603

Commodity derivatives as at 31.12.2021

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



Commodity derivatives as at 31.12.2021

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

21. 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	553 469	675 284
Valuation of credit risk	(483)	(278)
Receivables from sale of fixed assets and intangible assets	38	-
Budget receivables	91 068	185 212
Advances on supplies	9 662	-
Other debtors	84 437	68 611
Trade receivables and other receivables	738 191	928 829
Short term prepayments	65 330	79 293
Total	803 521	1 008 122
<i>Trade receivables and other long-term receivables</i>	<i>2 597</i>	<i>1 592</i>
<i>Costs recognised on accrual basis long-term portion</i>	<i>44 835</i>	<i>29 283</i>
	47 432	30 875
<i>Trade receivables and other short-term receivables</i>	<i>735 594</i>	<i>927 237</i>
<i>Costs recognised on accrual basis short-term portion</i>	<i>20 495</i>	<i>50 010</i>
	756 089	977 247
Receivables securing loan repayments	321 904	221 052

Cumulative revaluation write-downs on receivables	As at 31.12.2022	As at 31.12.2021
Write-offs on overdue trade receivables	60 133	80 735
Write-offs for estimated credit risk	483	7 625
Write-offs on other receivables (except trade receivables)	9 289	31 056
Total allowances	69 905	119 416
Gross accounts receivable	808 096	1 048 245



Write-downs on trade receivables

Write-downs on trade receivables	01.01.2022 - 31.12.2022	As at 31.12.2021
Balance as at the beginning	88 360	73 576
Write-offs on overdue receivables	6 637	13 910
Removal of write-off together with the receivable as irrecoverable/overdue	(6 291)	(2 927)
Excluding an entity from consolidation	(36)	(749)
Write-downs derecognized from recovered receivables	(9 939)	(181)
Reversal of write-offs on overdue receivables	(3 278)	(5 075)
Impact of exchange rate differences	(15 320)	2 181
	60 133	80 735
Valuation of credit risk	483	7 625
Write-downs at the end of the period	60 616	88 360

Trade receivables aging

Aging of net trade receivables (sales of products, services, goods, fixed assets)	As at 31.12.2022	As at 31.12.2021
net accounts receivable with the remaining repayment period from the balance sheet date	446 192	603 663
up to 3 months	428 329	604 634
up to 6 months	6 412	4 665
up to 1 year	2 720	-
above 1 year	8 930	1 863
Valuation of credit risk	(199)	(7 499)
overdue accounts receivable	107 277	71 621
up to 3 months	76 905	39 963
up to 6 months	9 376	15 216
up to 1 year	8 238	8 242
above 1 year	13 042	8 326
Valuation of credit risk	(284)	(126)
total trade receivables	553 469	675 284

Accrued costs

Short term prepayments	As at 31.12.2022	As at 31.12.2021
Prepayments - other than financial expenses	4 197	16 378
Prepayments - financial expenses	379	964
Fee settlements	13 423	15 703
Capitalised costs of new projects	47 331	46 248
Total	65 330	79 293

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



22. INVENTORIES

Structure of inventories	As at 31.12.2022	As at 31.12.2021
Materials and raw materials	435 346	420 445
Work in progress	202 382	198 313
Finished products	375 700	339 080
Traded goods	20 826	13 805
Deliveries in transit	-	19 001
Energy certificates	637	1 182
Carrying value of inventories	1 034 891	991 826
Impairments	51 962	41 290
Gross value of inventories	1 086 853	1 033 116
Revaluation write-offs for inventories at the beginning of the period	41 290	36 835
Increase of impairments in the period	23 080	11 551
Inclusion of entities in consolidation	-	-
Reversal of write-downs in the period (-)	(11 956)	(6 567)
Excluding an entity from consolidation	(58)	(467)
Fair value measurement of energy certificates	-	-
FX gains/losses	577	26
Other increases/decreases in write-offs during the period	(971)	(88)
Revaluation write-offs for inventories at the end of the period	51 962	41 290
Impairment write-offs in manufacturing cost	-	26
Impairment write-offs in other operating expenses	23 080	11 551
Write-offs reversed in other operating income	(11 956)	(6 567)

Inventories are used as collateral for the repayment of liabilities in the amount of PLN 459 386 thousand.

23. CASH

Cash and cash equivalents	As at 31.12.2022	As at 31.12.2021
Cash in hand and at bank	140 194	164 131
Restricted cash	24 220	23 593
Total	164 414	187 724

24. DISCONTINUED OPERATIONS AS WELL AS ASSETS AND LIABILITIES AVAILABLE FOR SALE

Assets held for sale and associated with discontinued operations	As at 31.12.2022	As at 31.12.2021
Property, plant and equipment held for sale	1 228	56 898
Financial assets	-	11
Trade receivables and other receivable	-	330
Other assets	25	-
Cash and cash equivalents	-	2 278
Total assets	1 253	59 517



Property, plant and equipment held for sale	As at 31.12.2022	As at 31.12.2021
Land at Hutmen	-	956
Perpetual usufruct of land at Hutmen	-	13 984
Buildings and structures at Hutmen	-	29 655
Technical equipment at Hutmen	-	11 781
Means of transportation	98	20
Other tangible fixed assets	1 130	391
Advances for fixed assets at Hutmen	-	62
Intangible assets at Hutmen	-	49
Total property, plant and equipment held for sale	1 228	56 898

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

	As at 31.12.2022	As at 31.12.2021
Trade and other liabilities	11 885	16 150
Other provisions	-	187
Right-of-use liabilities on Hutmen assets	-	14 566
Deposit paid at Hutmen	-	10 000
Total liabilities	11 885	40 903

25. 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
Roman Krzysztof Karkosik (*)	156 832 020	65.35%	156 832 020	65.35%
Including:				
Boryszew S.A. (**)	34 795 000	14.50%	34 795 000	14.50%
RKKK Investments Sp. z o.o.	119 998 000	49.99%	119 998 000	49.99%
Unibax Spółka z o.o. (***)	36 879 055	15.37%	36 879 055	15.37%
Others	46 288 925	19.28%	46 288 925	19.28%
Total:	240 000 000	100.00%	240 000 000	100.00%

(*) 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.

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:



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.

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
Number of shares as at the balance sheet date	240 000 000	240 000 000
<i>number of own shares</i>	<i>38 000 000</i>	<i>38 000 000</i>
<i>number of shares entitled to dividend</i>	<i>202 000 000</i>	<i>202 000 000</i>
Share capital at the beginning of the period, including:	248 906	248 906
<i>Paid-up capital</i>	<i>240 000</i>	<i>240 000</i>
<i>Revaluation *)</i>	<i>8 906</i>	<i>8 906</i>
Share capital at the end of the period	248 906	248 906
Share premium at beginning of period	114 435	114 435
Balance as at period end	114 435	114 435
Own shares		
Balance as at the beginning	(236 753)	(236 753)
Balance as at period end	(236 753)	(236 753)
Reserve capital - hedge accounting		
Balance as at the beginning	7 322	(6 250)
Profit/loss for the current period	8 823	16 756
Income tax	(1 676)	(3 184)
Balance as at period end	14 469	7 322
Share revaluation reserve		
Balance as at the beginning	43 699	31 792
Increase/decrease	5 922	14 700
Transfer to reserve capital of profit on disposal of equity instruments	(20 505)	-
Income tax	(1 125)	(2 793)
Balance as at period end	27 991	43 699
Restatement of employee benefits		
Balance as at the beginning	(312)	(1 851)
Profit/loss for the current period	340	1 641
Income tax	(65)	(312)
Change due to change in Capital Group structure	-	210
Balance as at period end	(37)	(312)



Change in equity	As at 31.12.2022	As at 31.12.2021
Exchange differences on recalculation of overseas controlled entities		
Balance as at the beginning	(48 690)	(56 542)
Profit/loss for the current period	7 559	15 314
Change due to change in Capital Group structure	-	(7 462)
Balance as at period end	(41 131)	(48 690)
Retained earnings		
Balance as at the beginning	1 591 598	1 518 803
Result of the current year	106 626	72 795
Disposal of financial assets through comprehensive income/distribution of result 2021	20 505	
Dividend distribution	(186 399)	
Change due to change in Capital Group structure	(589)	
Other	(3)	
Balance as at period end	1 531 738	1 591 598
Total equity of the parent company	1 659 618	1 720 205
Equity of non-controlling interest		
Balance as at the beginning	26 499	21 054
Result of the current year	6 947	9 360
Dividend distribution	(4 003)	(3 915)
Balance as at period end	29 443	26 499
Total equity	1 689 061	1 746 704

(*) 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.

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.

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.

	2022	2021
Dividends recognised as distributions to owners per share	0.92	0.00
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	0.00
Dividends proposed or enacted by the date the financial statements were approved for publication but not recognised as distributed to stockholders	151 852	0



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.

26. COMPANY'S MANAGERS AND SUPERVISORS - CHANGES IN SHARE HOLDING OR SHARE OPTIONS IN THE CURRENT PERIOD SINCE THE SUBMISSION OF THE PREVIOUS QUARTERLY REPORT.

From the date of submission of the report for Q3 '2022 to the date of publication of the annual report for 2022, the managing and supervising persons made no changes in the ownership of shares or options for shares of Boryszew S.A.

List of the number of shares in Boryszew S. A. or rights to them held by the Management Board and Supervisory Board of the Company.

Management Board of Boryszew S.A.	On the publication date of the previous interim report	Change in holding acquisition / (disposal)	On the publication date of the report
Wojciech Kowalczyk	10 000	-	10 000

Supervisory Board of Boryszew S.A.	On the publication date of the previous interim report	Change in holding acquisition / (disposal)	On the publication date of the report
Małgorzata Iwanejko	30 000	-	30 000

Other managing persons and persons supervising Boryszew S. A. do not hold any shares of the Company or any rights to them, and since the day of submitting the previous interim report no changes have occurred in this respect.

27. BANK LOANS, BORROWINGS AND BONDS

External financing liabilities	As at 31.12.2022	As at 31.12.2021
Bank credits	726 978	732 973
Loans received	16 556	26 086
Bonds	-	-
Total loans, including:	743 534	759 059
Long term	182 574	107 964
Short term	560 960	651 095

27.1. Bank credits

Bank credits	As at 31.12.2022	As at 31.12.2021
Investment bank loans	208 981	143 409
Working capital facility	479 637	399 722
Revolving loans (including unpaid interest)	22 386	173 482
Factoring	15 974	16 360
Total loans, including:	726 978	732 973
Long-term	170 076	90 068
Short-term	556 902	642 905



	As at 31.12.2022	As at 31.12.2021
interest expense		
interest expense in P&L	41 302	22 469
interest expense (fixed assets)	910	-
capitalised interest expense (intangible assets)	-	-
capitalised interest expense (shares)	-	-
total interest expenses	42 212	22 469

Change in loans

	As at 31.12.2022	As at 31.12.2021
Change in loans		
balance sheet value of loans at the beginning of the year	732 973	897 260
proceeds (CF) from new loans	376 734	204 510
repayment (CF) of loans (-)	(378 106)	(361 812)
unpaid interest at the end of the period recognised in the balance sheet	101	-
other cash changes	-	(3 387)
total cash change	(1 271)	(160 689)
non-cash changes		
Inclusion of entities in consolidation	-	-
Excluding entities from consolidation	(279)	(14 754)
impact of exchange rate differences	(1 612)	(1 116)
other non-cash changes	(2 833)	12 272
sum of non-cash changes	(4 724)	(3 598)
carrying amount of loans	726 978	732 973

Free credit limits (applicable to overdraft facilities and revolving working capital loans) amounted to PLN 284 948 thousand in 2022 and PLN 156 505 thousand at the end of 2021, respectively

Change in the balance of loans in between 1 January and 31 December 2022

Loan details	Loan liabilities 31.12.2022	Loan liabilities 31.12.2021	Change
ALIOR	83 238	85 950	(2 712)
BANCA BPER	3 189	2 415	774
Banca Intesa SanPaolo	26 399	24 261	2 138
BANK POPULAR	16 866	19 198	(2 332)
BBVA	-	5 501	(5 501)
BGK	71 675	52 058	19 617
BNP	129 504	101 157	28 347
CAIXA	4 877	4 245	632
COFACE	14 693	12 070	2 623
CREDIT AGRICOLE	21 475	35 149	(13 674)
ČSOB	3 705	5 383	(1 678)
HSBC	91 834	38 687	53 147
ING	23 411	65 040	(41 629)
LIBERBANK	3 508	3 740	(232)
mBank	16 893	21 165	(4 272)
MILLENIUM	3 707	27 705	(23 998)



Loan details	Loan liabilities 31.12.2022	Loan liabilities 31.12.2021	Change
Pekao	11 244	13 878	(2 634)
PKO BP	171 467	162 158	9 309
Santander	9 798	26 887	(17 089)
UniCredit Bank	19 495	26 326	(6 831)
Total Boryszew Capital Group	726 978	732 973	(5 995)

Expected discounted cash flows on committed loans

Expected discounted cash flows on committed loans	As at 31.12.2022	As at 31.12.2021
up to 3 months	146 476	137 086
up to 6 months	124 412	136 022
up to 1 year	286 014	369 797
between 1 year and 3 years	117 536	86 711
from 3 years to 5 years	23 715	-
over 5 years	28 825	3 357
Total	726 978	732 973

All loans are secured. Loan collaterals include:

- investment properties, note 14
- fixed assets, note 13
- inventories, note 22
- receivables from customers, note 21
- assignment of rights under insurance policies,
- guarantees and sureties of Boryszew S.A
- loan repayment guarantees from Bank Gospodarstwa Krajowego programs,
- Boryszew S.A. shares (in subsidiaries)

The above loans are based on a variable interest rate.

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.

27.2. Loan liabilities

Loan liabilities	As at 31.12.2022	As at 31.12.2021
Loans from related parties	-	2
Loans from other entities	16 556	26 084
Total loans, including:	16 556	26 086
Long term	12 498	17 896
Short term	4 058	8 190



Change in loans	As at 31.12.2022	As at 31.12.2021
nominal value of loans at the beginning of the year	26 086	26 571
proceeds from loans	321	9 136
repayment of loans	(8 086)	(9 277)
repayment of interest	(240)	-
unpaid interest at the end of the period	(957)	-
other cash changes	-	(64)
total cash change	(8 962)	(205)
non-cash changes		
compensations	(30)	-
impact of exchange rate differences	(538)	(280)
sum of non-cash changes	(568)	(280)
carrying amount of loans	16 556	26 086

interest expenses on loans	As at 31.12.2022	As at 31.12.2021
interest expense in P&L	1 372	2 351
interest expense (fixed assets)	-	-
total interest expenses	1 372	2 351

Expected undiscounted cash flows from borrowings

	As at 31.12.2022	As at 31.12.2021
up to 3 months	873	1 164
up to 6 months	989	1 170
up to 1 year	2 196	5 856
between 1 year and 3 years	12 498	17 896
from 3 years to 5 years	-	-
over 5 years	-	-
Total	16 556	26 086

28. RIGHT-OF-USE LIABILITIES

in the period 01.01.2022 - 31.12.2022	Leasing of tangible and intangible assets	Land - SMA	The Lease Agreement	Total
Balance brought forward of lease liabilities	93 721	113 375	56 527	263 623
new discounted lease liabilities	23 007	-	29 300	52 307
Inclusion of entities in consolidation	-	-	-	-
repayment of capital lease instalments	(39 105)	(230)	(14 340)	(53 675)
interest payment, which was included in the balance brought forward	(1 261)	-	(276)	(1 537)
Excluding an entity from consolidation	-	(1 510)	-	(1 510)
Derecognition due to sale	-	(304)	-	(304)
unpaid interest at the end of the period recognised in the balance sheet	-	-	5	5
Revaluation of lease liabilities	15	-	(431)	(416)
impact of exchange rate differences	624	-	2 978	3 602
disposal during the year	(3 520)	-	-	(3 520)
Carrying value of lease liabilities	73 481	111 331	73 763	258 575



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

The Group's leased assets are mainly machinery, equipment and vehicles.

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

Undiscounted finance lease liabilities	As at 31.12.2022	As at 31.12.2021
up to 3 months	6 788	9 925
from 4 to 6 months	6 458	9 271
above 7 month and up to 12 months	16 124	28 327
between 1 year and 3 years	33 009	32 840
from 3 years to 5 years	13 810	17 205
over 5 years	-	-
Total undiscounted payments remaining until the end of the lease term	76 189	97 568
future interest payments	(2 708)	(3 847)
Balance sheet value of lease liabilities	73 481	93 721

Non-discounted liabilities due to SMA	As at 31.12.2022	As at 31.12.2021
annual SMA fee	1 920	2 157
between 1 year and 3 years	4 747	4 814
from 3 years to 5 years	4 747	4 732
over 5 years - up to 10 years	11 202	11 213
over 10 years - up to 20 years	21 421	21 837
over 20 years	90 586	79 145
Total undiscounted lease payments until the end of the lease term	134 623	123 898
future interest payments	(80 338)	(67 580)
Value of lease liabilities	54 285	56 318
Liabilities to SMA recognised as investment property	57 046	57 057
Balance sheet value of lease liabilities	111 331	113 375

Lease interest costs recognised in profit or loss of current period	2 580	2 950
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Liability to SMA - investment property	As at 31.12.2022	As at 31.12.2021
Liability		
long-term liabilities	56 805	56 816
short-term liabilities	241	241
Total liabilities	57 046	57 057
Lease interest costs recognised in profit or loss of current period	62	75

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

Change in liabilities	01.01.2022 - 31.12.2022	01.01.2021 - 31.12.2021
Liabilities at the beginning of the period	57 057	57 067
repayment of capital instalments	(11)	(10)
Carrying value of lease liabilities	57 046	57 057

Undiscounted liabilities under lease agreements	As at 31.12.2022	As at 31.12.2021
monthly undiscounted rent under the agreement	824	4 285
from 2 to 6 months	8 170	4 108
above 7 month and up to 12 months	6 971	5 022
between 1 year and 3 years	30 446	17 586
from 3 years to 5 years	16 537	23 145
over 5 years	27 297	10 603
Total undiscounted payments remaining until the end of the lease term	89 421	60 464
future interest payments	(15 658)	(3 937)
Balance sheet value of lease liabilities	73 763	56 527

29. PENSION AND SIMILAR EMPLOYEE BENEFITS LIABILITIES

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

As at 31.12.2022 for the calculation of provisions for liabilities to employees, the following parameters and assumptions were adopted: the rate of mobility (turnover) of employees at the level of 1-10%, depending on age, the rate of return on investment at 6.9% and wage growth rate at 3.5-20%.

Boryszew Capital Group
Notes to the consolidated financial statements for 2022

(amounts expressed in PLN '000 unless specified otherwise)



Provision for employee benefits	Retirement severance pay	Disability severance pay	Death benefits	Long-service benefits	Provision for payments in lieu of leaves not taken	Bonuses and other benefits	Total
As at 01.01.2022	15 427	841	670	11 239	22 581	10 702	61 460
Movement:	(7 654)	65	73	(2 810)	(367)	5 160	(5 533)
Excluding entities from consolidation	(55)	(36)	(33)	-	(109)	-	(233)
Interest expense	281	19	15	188	(60)	-	443
Current employment costs	449	188	119	267	4 309	14 021	19 353
Past employment costs	-	1	-	-	(1 313)	-	(1 312)
Benefits paid	(8 208)	(69)	(2)	(3 210)	(2 871)	(8 789)	(23 149)
	-	-	-	-	-	-	-
impact of exchange rate differences and other	144	-	-	132	(46)	(72)	158
Actuarial gains and losses - demographic changes	52	(73)	4	(25)	-	-	(42)
Actuarial gains and losses - financial changes	(317)	35	(30)	(162)	(277)	-	(751)
As at 31.12.2022	7 773	906	743	8 429	22 214	15 862	55 927
Change	(7 654)	65	73	(2 810)	(367)	5 160	(5 533)
change recognised in P&L (- cost, + decrease in cost)	(7 389)	103	99	(2 623)	(90)	5 160	(4 740)
Change included in equity (gain+/lose-)	(265)	(38)	(26)	(187)	(277)	-	(793)

long-term provisions	15 225
short-term provisions	40 702

Boryszew Capital Group
Notes to the consolidated financial statements for 2022

(amounts expressed in PLN '000 unless specified otherwise)



Provision for employee benefits	Retirement severance pay	Disability severance pay	Death benefits	Long-service benefits	Provision for payments in lieu of leaves not taken	Bonuses and other benefits	Total
Balance on 01.01.2021	16 908	794	590	11 630	21 772	8 607	60 301
Movement:	(1 481)	47	80	(391)	809	2 095	1 159
Inclusion of entities in consolidation	-	-	-	-	-	-	-
Excluding entities from consolidation	(412)	(66)	-	(292)	(561)	(3 878)	(5 209)
Interest expense	63	6	4	-	-	-	73
Current employment costs	(248)	111	46	38	4 792	9 586	14 325
Past employment costs	11	5	7	-	(1 647)	316	(1 308)
Benefits paid	(521)	43	(24)	(113)	(1 146)	(3 924)	(5 685)
	-	-	-	-	-	-	-
impact of exchange rate differences and other	(25)	-	-	(13)	38	(5)	(5)
Actuarial gains and losses - demographic changes	(279)	(52)	52	-	-	-	(279)
Actuarial gains and losses - financial changes	(70)	-	(5)	(11)	(667)	-	(753)
As at 31.12.2021	15 427	841	670	11 239	22 581	10 702	61 460
Change	(1 481)	47	80	(391)	809	2 095	1 159
change recognised in P&L (- cost, + decrease in cost)	(1 132)	99	33	(380)	1 476	2 095	2 191
Change included in equity (gain+/lose-)	(349)	(52)	47	(11)	(667)	-	(1 032)
long-term provisions	23 788						
short-term provisions	37 672						



30. OTHER PROVISIONS

	As at 01.01.2022	creation of provision	provisions used during the year	reversal of unused provision	exchange differences on translation and other	Provisions of acquired/disposed entities	As at 31.12.2022
Provisions for restructuring costs	13 721	358	(2 533)	(9 890)	223	-	1 879
Provisions for liquidation of fixed assets	5 515	11	(709)	-	-	-	4 817
Provisions for waste disposal and land reclamation	8 383	2 849	(994)	-	-	-	10 238
Provisions for non-execution of contracts	10 911	8 970	(6 166)	(1 622)	40	-	12 133
Provisions for court proceedings	1 863	99	(53)	(322)	52	-	1 639
Provisions for warranty repairs, complaints	14 173	5 425	(10 199)	(1 418)	386	-	8 367
Provision for tax risks and fiscal claims (*)	150 668	33 431	(3 745)	(3 172)	55	-	177 237
Provisions for loss-making contracts (onerous contracts)	9 101	227	-	(413)	165	-	9 080
Total	214 335	51 370	(24 399)	(16 837)	921	-	225 390
long-term provisions	42 852						51 377
short-term provisions	171 483						174 013

(*) Including: an increase of PLN 30 503 thousand relates to tax proceedings at the ERG Branch regarding the correctness of VAT settlements.

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



31. TRADE PAYABLES AND OTHER LIABILITIES

TRADE PAYABLES AND OTHER LIABILITIES	As at 31.12.2022	As at 31.12.2021
Trade liabilities due to purchase of materials, services and goods	633 373	699 596
Trade liabilities accrued on purchase of materials, services and goods	24 141	14 108
Liabilities due to purchase of fixed assets, intangible assets and organised part of an enterprise	3 245	11 158
Liabilities to state budget (excluding income tax)	49 859	93 729
Other liabilities (except for deposits, advance payments listed above)	40 077	39 502
Payroll liabilities	39 566	40 490
Special funds	9	49
In total, including:	790 270	898 632
<i>long-term liabilities</i>	75	9
<i>short-term liabilities</i>	790 195	898 623

32. OTHER LIABILITIES AND EQUITY

DEFERRED INCOME	As at 31.12.2022	As at 31.12.2021
State subsidies	43 133	83 527
Other (deferred revenues)	53 535	11 333
	96 668	94 860
<i>long-term</i>	66 596	59 642
<i>short-term</i>	30 072	35 218

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

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

Major projects left to account for:

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

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

Project of the boiler house replacement (BRS ERG branch)

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

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

Subsidy for the construction of production plant of Boryszew Oberflächentechnik Deutschland GmbH in Prenzlau.

The companies met all the conditions to receive these grants and as of 31.12.2022 no risk existed of their repayment apart from the potential risk of repayment in Boryszew Oberflächentechnik Deutschland GmbH due to the failure to meet one of the conditions regarding the level of employment.



33. FINANCIAL INSTRUMENTS

Financial assets per balance sheet on 31.12.2022

	Financial assets measured at amortised cost	Financial assets measured at fair value through profit or loss	Derivatives used for hedges	Financial assets at fair value through other comprehensive income	Carrying value
Shares and stock	-	78		26 003	26 081
Trade receivables, factoring	507 687	45 299			552 986
Derivative financial instruments		2 052	19 568		21 620
Loans granted	62 152				62 152
Bonds	21 346				21 346
Other debtors	94 137				94 137
Cash and cash equivalents	164 414				164 414
Total	849 736	47 429	19 568	26 003	942 736

Financial assets per balance sheet on 31.12.2021

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

Financial liabilities on 31.12.2022

	Financial liabilities measured at amortised cost	Financial liabilities measured at fair value through profit or loss	Derivatives used for hedges	Carrying value
Bank loans, factoring, borrowings	743 534			743 534
Bonds	-			-
Derivative financial instruments			298	7 594
Lease liabilities	73 481			73 481
Liabilities to SMA and due to right-of-use assets	128 048			128 048
Trade and other liabilities	676 620			676 620
Total	1 621 683		298	1 629 277



Financial liabilities on 31.12.2021

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

34. BUSINESS RISKS

The activity of Boryszew Group generates exposure to market risk (including interest rate risk, currency risk and risk of change in prices of raw materials and products), credit risk, liquidity risk and risk of volatility of legal regulations. The fundamental task in the financial risk management process was identification, measurement, monitoring and limitation of primary sources of risk, which include:

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

Capital management, liquidity risk and credit risk

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

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

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

Boryszew Group is exposed to credit risk associated with credit-worthiness of customers being parties to transactions of sale of products and traded goods. The risk is limited by application of internal procedures for setting credit limits of customers and managing trade receivables. Companies monitor the working capital cycle on an on-going basis as well as aim to reduce the collection period of receivables and at the same time to extend the terms for repayment of liabilities. The security level of the Group'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.

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



Net debt to equity ratio	As at 31.12.2022	As at 31.12.2021
Loan, lease, borrowings debt	817 015	852 780
Cash and cash equivalents	(164 414)	(187 724)
Net debt	652 601	665 056
Equity	1 689 061	1 746 704
Net debt to equity	39%	38%

Debt ratio	As at 31.12.2022	As at 31.12.2021
Liabilities	2 296 613	2 465 184
Assets	3 985 674	4 098 778
Debt rate	57%	59%

Liquidity ratios	As at 31.12.2022	As at 31.12.2021
current ratio	1.49	1.46
quick ratio	0.75	0.84
current ratio	0.12	0.12

Cumulative revaluation write-downs on receivables	As at 31.12.2022	As at 31.12.2021
Impairment write-off for receivables		
impairment write-offs on trade receivables	60 133	80 735
impairment write-offs on bonds	-	514
risk related to granting guarantees	3 982	992
doubtful debt allowance on other receivables	9 289	31 056
expected credit loss on trade receivables	410	7 625
Total	73 814	120 922

Liquidity risk

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



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	146 476	124 412	286 014	117 536	23 715	28 825	726 978	726 978
Maturities of borrowings	873	989	2 196	12 498	-	-	16 556	16 556
Maturities of liabilities on issued bonds	-	-	-	-	-	-	-	-
Maturities of leasing liabilities	6 788	6 458	16 124	33 009	13 810	-	76 189	73 481
Maturities of liabilities of leased rental services	824	8 170	6 971	30 446	16 537	27 297	90 245	73 763
Maturity of PMA fees	1 920	-	-	4 747	4 747	123 209	134 623	54 285
Maturity of PMA fees - investment real estate	-	-	-	-	-	-	-	-
payment of trade liabilities and other items	769 584	9 232	11 379	-	-	-	790 195	790 195
Total	926 465	149 261	322 684	198 236	58 809	179 331	1 834 786	1 735 258

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

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

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

Foreign exchange rate change risk

Currency risk is an inevitable element of a business activity denominated in foreign currencies. The sources of currency risk to which companies of Boryszew Group were exposed in 2022 included: transactions of raw materials purchase, transactions of product sales, loans and borrowings incurred and cash denominated in foreign currencies. Adverse changes in exchange rates may lead to decrease in the financial results of Boryszew Group.

Currency	Exchange rate as at 31.12.2022 (PLN)	5% exrate change (PLN)
EUR	4.6899	0.2345
USD	4.4018	0.2201

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



Analysis of sensitivity to risk of foreign exchange rates changes 2022

	Value in currency	effect of increase in exchange rate 5%	effect of decrease in exchange rate 5%
Receivables and payables in EUR			
trade and other receivables	66 586	15 614	(15 614)
borrowings	-	-	-
bonds	-	-	-
other liabilities	59 188	(13 880)	13 880
borrowings and loans	102 382	(24 009)	24 009
bonds	-	-	-
leasing	15 569	(3 651)	3 651
Result		(25 926)	25 926
Receivables and payables in USD			
trade receivables	30 236	6 655	(6 655)
other liabilities	13 612	(2 996)	2 996
loans, borrowings, leasing	-	-	-
Result		3 659	(3 659)

Analysis of sensitivity to risk of foreign exchange rates changes 2021

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

Market risk - metal prices and currency exchange rates

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

Description of exposure

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

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



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

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

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

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

Interest rate risk

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

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

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

Analysis of sensitivity to interest rate changes

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

	As at 31.12.2022	Interest rate increase	Interest rate decrease
		by 0.5 p.p.	by 0.5 p.p.
Interest-bearing (variable %) financial assets	83 498	418	(418)
Loans granted	62 152	311	(311)
Debt instruments	21 346	107	(107)
other		-	-
Interest-bearing (variable %) financial liabilities	817 015	(4 085)	4 085
Loans	711 004	(3 555)	3 555
Factoring	15 974	(80)	80
Borrowings	16 556	(83)	83
Debt instruments	-	-	-
Financial leasing of fixed assets	73 481	(367)	367
Other		-	-
Impact on future profit/loss before tax		(3 667)	3 667
Impact on future net profit/loss		(2 970)	2 970



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

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 Group presents information on pending proceedings below.

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

Tax proceedings in the Capital Group companies

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

Proceedings completed at first instance

ZM SILESIA S.A.

- On 12 March 2018, ZM SILESIA S.A. received a decision of the Head of the Customs and Tax Office (Office) in Opole dated 28 February 2018, determining the outstanding VAT liability for 2012 in the amount of PLN 28.6 million plus interest on outstanding tax liability in the amount of PLN 16.0 million. According to the position of the Office, ZM SILESIA S.A. failed to exercise due diligence in verifying the tax reliability of some of its suppliers, who, as it turned out, failed pay the due VAT to the state budget. As a result, ZM SILESIA S.A. should not have reduced its output tax by the input tax shown on invoices issued by dishonest contractors. Due to its different assessment of the facts from that of the inspection bodies, the company appealed against the decision of the Office. On 26 April 2021 the company received the decision of the Head of the Fiscal Administration Chamber in Katowice of 19 April 2021 determining overdue VAT liability of ZM SILESIA S.A. for 2012 in the amount of PLN 28.6 million, plus interest on outstanding tax liability. To secure tax liabilities for 2012, compulsory mortgages were established on part of the Company's land properties. On 29 April 2021 ZM SILESIA received a notice from the Head of the 2nd Fiscal Office in Katowice on the freezing of ZM SILESIA's bank accounts as a security of claims associated with the execution of the Decision On 7 May 2021, the Company's attorney filed a complaint against the decision of the Head of the Fiscal Administration Chamber in Katowice of 19 April 2021 requesting that the decision be revoked in its entirety, claiming that the tax liabilities for the period between January and November 2012 had become time-barred and requesting that the Court suspend the execution of the decision



appealed against. On 6 August 2021 the Company received a decision of the Provincial Administrative Court in Gliwice of 26 July 2021 on suspending the execution of the decision of the Head of the Fiscal Administration Chamber on determining VAT liability for 2012. On 21 September 2021, the Provincial Administrative Court notified on the scheduled hearing in the case on the complaint of ZM SILESIA SA against the decision of the Head of the Fiscal Administration Chamber in Katowice of 19 April 2021.

On 27 October 2021 the Provincial Administrative Court issued a judgment revoking in its entirety the decision of the Head of the Fiscal Administration Chamber in Katowice of 19 April 2021. The reason why the Provincial Administrative Court revoked the decision challenged by ZM SILESIA was, primarily, the deficiencies of the tax authority involving the lack of a proper justification of the circumstances and legal grounds for a possible suspension of the statute of limitations for tax liabilities for 2012. Given the crucial importance of the issue of the statute of limitations for the possibility and admissibility of proceedings concerning the assessment of tax liabilities, the court found that the examination and resolution of the remaining disputed issues was premature. The judgment is not final. The parties have the right to file a cassation complaint with the Supreme Administrative Court. Until the judgment of the Provincial Administrative Court becomes final, the repealed tax decision will not be enforceable.

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

The Head of the Fiscal Administration Chamber in Katowice, being bound by the assessments and recommendations of the Provincial Administrative Court in Gliwice in the final judgment of 27 October 2021 (case file I SA/GI 791/21), pointed out that it was necessary to re-examine and justify the position of the first instance authority with respect to the tax liability statute of limitations and the circumstances which could possibly extend the statute of limitations, as the previous position of the first instance authority in this respect turned out to be incorrect or incomplete. On 1 June 2022, the tax authority of the first instance - the Customs and Fiscal Office in Opole - reopened audit proceedings in the aforementioned case, which was completed with issuing a tax decision on 29 December 2022 for individual months of 2012 in the unchanged amount of PLN 29 million. On 16 January 2023, the Company's Attorney filed an appeal against the decision concerned with the Head of the Fiscal Administration Chamber in Katowice. On 2 February 2023, the Head of Customs and Fiscal Office in Opole issued a decision correcting their decision of 29 December 2022. On 17 February 2023, the Company's Attorney filed an appeal against the decision to correct the decision. On February 27, 2023, the Head of Customs and Fiscal Office in Opole drafted a position paper on the Company's above appeals. At the time of writing, the reopened appeal procedure was still pending.

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

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

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

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

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

In the judgment of 27 April 2022, the Provincial Administrative Court in Gliwice revoked in its entirety the decision of the Head of the Fiscal Administration Chamber in Katowice of 17 November 2021 on the tax on goods and services for the period between January 2013 and December 2014, and granted the applicant company reimbursement of the costs of the proceedings. On 29 July 2022 the Company received a final ruling with a statement that the ruling of the Provincial Administrative Court in Gliwice became final as of 30 June 2022.



On 9 November 2022 the Company again received a decision from the Director of the Head of Fiscal Administration Chamber in Katowice of 26 October 2022, upholding the appealed decision of the first-instance authority.

On 28 November 2022 the Company's Attorney filed a complaint with the Provincial Administrative Court in Gliwice. On 10 January 2023, the Provincial Administrative Court in Gliwice issued a decision to suspend implementation of the contested decision of the Head of Fiscal Administration Chamber in Katowice. The company waits for the hearing date to be set before the Provincial Administrative Court.

- On 19 April 2022, ZM SILESIA S.A. received a decision from the Head of the Małopolska Customs and Fiscal Office (Office) in Kraków of 6 April 2022 determining the outstanding VAT liability of ZM SILESIA S.A. (ZM SILESIA) for the first half of 2015 in the amount of PLN 34.9 million, plus interest due for outstanding tax liability. As argued by the Office, ZM SILESIA should not have reduced its output tax by the input tax shown on invoices issued by some contractors who were alleged to have been involved in a chain of transactions with the aim of effecting tax evasion. At the same time, the Office stated that ZM SILESIA had not acted with the so-called 'good faith', which would nevertheless help them maintain the right to deduct input tax despite the occurrence of tax irregularities at earlier stages of the disputed supplies. The decision in question is non-final and not enforceable. Due to different assessment of the above circumstances, on 29 April 2022 the Company filed an appeal against the Decision of the Head of Małopolska Customs and Fiscal Office. To date, the appeal has not been processed. By the decision of the Head of the Małopolska Customs and Fiscal Office in Krakow, another new deadline was set for the completion of the case, that is 31 May 2023.

HUTMEN Spółka z o.o.

(The company merged with Boryszew S.A. on 31 January 2023)

- On 14 February 2018 Hutmen Sp. z o. o. (currently Boryszew S.A.) filed a cassation complaint against the judgment of the Provincial Administrative Court in Warsaw dismissing the company's complaint against the decision of the Director of the Tax Chamber in Warsaw concerning VAT settlement for November 2012. The subject of the dispute is the amount of PLN 548 thousand, which the Company paid and recognised in the result for 2018. On 08 March 2022, a hearing was held before the Supreme Administrative Court, which returned the case to the Provincial Administrative Court for re-examination. On 21 November 2022, the Provincial Administrative Court revoked the decision of the appeal body, the ruling is not yet final.
- On 3 April 2019, Hutmen Sp. z o. o. (currently Boryszew S.A.) received the decision issued on 26 March 2019 by the Head of the Lower Silesian Tax and Customs Office, which sets out company's VAT arrears for Q4 of 2014 at PLN 3.04 million plus interest on outstanding tax liability. As claimed by the Office, Hutmen Sp. z o. o. failed to observe due diligence in verifying the tax reliability of some of its contractors, and consequently had no right to apply the VAT rate of 0% for the intra-Community supply of goods. Due to its different assessment of the facts from that of the inspection bodies, Hutmen Sp. z o. o. appealed with the Tax Chamber against the decision of the Office. The appeal was recognised and the case was referred back to the Director of the Tax Administration Chamber in Wrocław for further consideration. On 16 November 2020, the company received a decision of the Head of the Lower Silesian Customs and Tax Office in Wrocław, determining again the outstanding VAT liability for Q4 '2014 in the amount of PLN 3.04 million plus interest on outstanding tax liability. On 29 June 2021, the Director of the Fiscal Administration Chamber in Wrocław repealed the decision of the 1st Instance Body in its entirety and referred the case for re-examination. On 16 November 2021, the Fiscal Administration Chamber issued a decision securing the amount of the tax liability. On 2 December 2021, a security deposit was placed in the Office's account. On 20 December 2021, the company again received a decision on the validity of the tax liability. On 3 January 2022, the company filed an appeal against the aforementioned decision. On 2 January 2023 the company received the decision of the Head of the Fiscal Administration Chamber in Wrocław of 28 December 2022 determining overdue VAT liability of Hutmen for Oct-Dec 2015 in the amount of PLN 3.0 million, plus interest on outstanding tax liability. The company filed a complaint with the Provincial Administrative Court against the above decision.
- On 10 September 2018 Hutmen Sp. z o. o. (currently Boryszew S.A.) received a decision of the Tax Administration Chamber in Wrocław of 4 September 2018 determining the outstanding VAT liability of Hutmen for October and December 2012 in the amount of PLN 1.14 million plus interest on outstanding tax liabilities. As claimed by the Office, Hutmen failed to observe due diligence in verifying the tax reliability of some of its contractors, and as a consequence did not have the right to deduct input VAT. The claim amount was paid in September 2018 and recognised in the company's 2018 results. Due to its different assessment of the facts from that of the inspection bodies, the company appealed against the decision of the Office to the Provincial Administrative Court in Wrocław. On 13 March 2019 the Provincial Court ruled in favour of Hutmen, the judgment is final. On 3 September 2019 the Director of the Fiscal Administration Chamber in Wrocław revoked fully the decision of the 1st Instance Body in its entirety and referred the case for re-examination by that Body. On 11 December 2019 Hutmen received a refund of the entire amount of the tax in question together with interest. On 12 April 2021, the company received the decision issued on 8 April 2021 by



the Head of Mazowiecki Tax and Customs Office, which again sets out company's outstanding VAT for October and December of 2012 at PLN 1.14 million plus interest on overdue tax liability. The decision is not final and is not enforceable. Hutmen appealed against the decision of the Tax Chamber. On 7 October 2021 the company received a decision of the Director of the Fiscal Administration Chamber in Wrocław repealing the appealed decision and transferring the case for reconsideration. As of the date of publication of the report, no renewed decision was issued by the authority.

- On 16 December 2020 Hutmen Sp. z o. o. (currently Boryszew S.A.) received a decision of the Head of the Małopolska Customs and Fiscal Office in Kraków determining the outstanding VAT liability of company in the first half of 2015 in the amount of PLN 7.8 million plus interest on outstanding tax liability. As claimed by the Office, the company failed to observe due diligence in verifying the tax reliability of some of its contractors, and consequently had no right to apply the VAT rate of 0% for the intra-Community supply of goods. Due to its different assessment of the facts from that of the inspection bodies, Hutmen Sp. z o. o. appealed with the Tax Chamber against the decision of the office. The Director of the Fiscal Administration Chamber in Wrocław repealed the decision of the 1st Instance Body in its entirety and referred the case for re-examination. On 14 October 2021, Hutmen received a decision of the Head of the Małopolska Customs and Fiscal Office in Kraków ("Decision") on the correctness of VAT settlements of Hutmen for the period January 2015 - June 2015 in the total amount of PLN 11.7.

On 22 October 2021 a security deposit in the amount of PLN 11 723 thousand was established on the account of the Fiscal Office following the decision of 14 October 2021 on Hutmen assets the state budget liabilities associated with pending customs and fiscal proceedings. On 23 December 2021, the Head of the Małopolska Customs and Fiscal Office in Kraków again issued a decision on the validity of the tax liability, which was appealed by the company. On 2 January 2023 the company received the decision of the Head of the Fiscal Administration Chamber in Wrocław of 28 December 2022 determining overdue VAT liability of Hutmen for H1 '2015 in the amount of PLN 7.8 million, plus interest on outstanding tax liability. The company filed a complaint with the Provincial Administrative Court against the above decision.

Baterpol S.A.

- On 3 October 2016, a VAT tax inspection by the Head of the First Silesian Tax Office in Sosnowiec began in Baterpol SA, based on Article 79 section 2 item 2 of the Act on freedom of economic activity. The inspection was concluded with a protocol (of 26 October 2018), on the basis of which the Company recognised a provision in the results for 2018. Following the aforementioned tax inspection, on 20 March 2019, the Head of the First Silesian Tax Office in Sosnowiec initiated VAT proceedings for the period December 2013 to December 2015. On 17 January 2023, the decision issued in the case of 4 January 2023, determining the amount of tax liability for the months of March to October 2014, December 2014, January to March 2015, May 2015 and June 2015, and determining the amount to be paid under Art. 108(1) of the VAT Act for the months of April to August 2014, October 2014, December 2014, January to March 2015 and June 2015, was delivered. The procedure involving the remaining issues was discontinued. The company made a payment of PLN 3 335 216.00 to the tax authority, following the decision. At the same time, the Company's attorney filed an appeal against the decision to the extent where it determines the Company's tax liabilities and the amount to be paid under Art. 108 (1) of the VAT Law. The case is still pending.

Other significant pending VAT proceedings in the Capital Group companies

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

Litigations underway:

- Baterpol S.A. received a VAT audit protocol - audited period: July 2013 - December 2015. Based on that protocol, the Company estimated the risk of questioning the deductible VAT to be PLN 3.2 million plus interest as at 30 September 2022 of PLN 2.1 million. The audit was conducted by the First Silesian Tax Office in Sosnowiec. Following the aforementioned tax inspection, on 20 March 2019, the Head of the First Tax Office in Sosnowiec initiated VAT proceedings for the period December 2013 to December 2015. On 4 January 2023 the aforementioned tax proceedings ended and a decision was issued by the Head of the First Silesian Tax Office in Sosnowiec. The decision was delivered to the Company on 17 January 2023. As per the decision the Company transferred the amount of PLN 3.3 million to the Authority's account on 19 January 2023. The Company recognised a provision in its 2018 result for potential tax liabilities related to the aforementioned proceedings, which amounted to PLN 5.4 million as of 31 December 2022 (principal plus interest). At the same time, the Company's attorney filed an appeal against the decision to the extent where it determines the Company's tax liabilities and the amount to be paid under Art. 108 (1) of the VAT Law. The case is still pending.
- On 12 March 2019 the Head of the Lower Silesian Tax Office in Wrocław sent Baterpol Recycler Sp. z o.o. a notice of initiation of an investigation by the Regional Prosecutor's Office in Katowice, on 1 April 2016, into a tax



offence suspending the period of limitation of company's tax liabilities for the period between January 2014 and June 2015.

- 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 Boryszew 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 tax for the above transactions is PLN 22 253 018 plus interest due.

Despite the entitlement of Boryszew 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.

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

1. On 22 October 2020 the President of the Office of Competition and Consumer Protection initiated proceedings against Boryszew S.A. due to the company's excessive delays in meeting its cash obligations in the period June-August 2020. By the date of publication of the financial statements, the company has not received the audit protocol. The anticipated completion date of the proceedings - 22 September 2023.
2. Mafrow BRS s.l.r. (Italy) is currently audited and the audit covers the tax for 2017. The audit was initiated in 2021. Amount subject to verification: EUR 2 468 517 of income re-estimation for. The audit is at the stage of providing documents and explanations to the office.

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

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

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

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

The balance of provisions in the consolidated financial statement of Boryszew S.A. amounts to PLN 177 237 thousand (high risk). In addition, the Parent Company increased its contingent liabilities to PLN 87 787 thousand (medium or low risk).

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

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



Fair value

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

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

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

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

	Fair value as at		Hierarchy of fair value
	As at 31.12.2022	As at 31.12.2021	
Financial assets			
Listed shares	26 003	86 433	Level 1
Derivative financial instruments	21 620	12 434	Level 2
Financial obligations			
Derivative financial instruments	7 594	2 915	Level 2

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

	Fair value as at		Hierarchy of fair value
	As at 31.12.2022	As at 31.12.2021	
Financial assets			
Shares and stock	78	98	Level 3
Bonds	21 346	33 749	Level 3
Borrowings	62 152	47 260	Level 3
Trade and other receivables	647 123	743 617	Level 3
Cash and cash equivalents	164 414	187 724	Level 1
Financial obligations			
Borrowings and loans	743 534	759 059	Level 2
Trade and other liabilities	676 620	750 247	Level 3
Lease liabilities	73 481	93 721	Level 2
Liabilities to SMA and due to right-of-use assets	128 048	112 845	Level 2
Liabilities to SMA - investment property	57 046	57 057	Level 2

Climate risks and issues.

Boryszew Capital Group 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 Group 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 Group 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 Group 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 Capital Group, while assessing the impact of identified climate risks on the Group'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 Group's detailed analysis as of 31.12.2022, no significant indication of negative climate impacts on the areas listed above was recognised.

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

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

35. OFF-BALANCE SHEET RECEIVABLES AND LIABILITIES

CONTINGENT RECEIVABLES

CO2 emission rights - EUA units

Information on the allocation of free emission rights

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



	As at 31.12.2022	As at 31.12.2021	change
Contingent receivables			
CO2 emission rights	34 220	45 006	(10 786)

The decrease in contingent assets as at 31.12.2022 against 2021 is due to remeasurement on the reporting date, disposal of emission rights held, redemption of emission for 2021 and allocation of allowances for 2022. The market value of CO2 emission rights held on 31.12.2022 is PLN 34.2 million [91 896 units x EUR 79.40 (average quotations for CO2 emission futures contracts) x 4.6899 (average exchange rate of the National Bank of Poland on 30.12.2022)]. The fair value of EUA units received free of charge (on the reporting date) as of the date of acquisition is PLN 35.0 million.

CONTINGENT LIABILITIES

Guarantees and sureties as at 31.12.2022

Entity for which guarantee or surety was issued	Subject of liability	Surety value in PLN '000	Expiry date of guarantee
Boryszew Plastic RUS	Guarantee granted to Volvo Group Trucks Operations	23 450	indefinite validity
MAFMEX S. de R.L. de C.V.	Mafmex's performance bond for AB Volvo	23 450	term of the agreement
MAFMEX S. de R.L. de C.V.	Mafmex's rent payment bond to Innova Dintel	11 728	01.01.2030
MAFMEX S. de R.L. de C.V.	BMW AG performance bond	28 139	contract period + 15 years
Maflow Components (Dalian) Co. Ltd.	BMW AG performance bond	28 139	contract period + 15 years
Total		114 906	

Guarantees and sureties as at 31.12.2021

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



Contingent items	As at 31.12.2022	As at 31.12.2021	change
Contingent liabilities	114 906	85 831	29 075
resulting from granted guarantees, sureties and other liabilities	114 906	85 831	29 075
- guarantees and sureties associated with performance of contracts	114 906	85 831	29 075
- guarantees and sureties in favour of financial institutions	-	-	-
Increases / decreases in the period of 12 months ended on 31.12.2022, including:			29 075
Additions			
- Increase due to valuation of sureties			1 449
- Increase in surety amount			28 139
Reductions			
- Reduction due to valuation of sureties			(513)
- Decrease in the amount of existing sureties due to expiration, reduction			-

The increase in value is due to a guarantee issued in July 2022 in favour of BMW AG to secure the obligations of Maflow Components (Dalian) Co. Ltd.

	As at 31.12.2022	As at 31.12.2021
Guarantees granted to subsidiaries and jointly-controlled companies and guarantees for repayment of financial liabilities	114 906	85 831
Liability for tax risks on proceedings in Silesia SA	87 787	78 304
	202 693	164 135

36. TRANSACTIONS WITH AFFILIATED ENTITIES AND BENEFITS FOR KEY PERSONNEL

Transactions between subsidiaries mainly include commercial transactions concluded between companies of the Capital Group with regard to sale or purchase of traded goods and products of typical, conventional nature for the Group's operations. Also, standard liquidity management measures at the level of the Capital Group involved cash loan agreements between Group's companies. These transactions were intra-group in nature and are excluded from the process of consolidation of financial statements.

Transactions and balances of payables and receivables with personally related entities

	01.01.2022 - 31.12.2022	01.01.2021 - 31.12.2021
Revenues from sales (of products, services, goods)	12 230	5 653
Interest income	6 006	2 383
Purchase of goods and services	4 172	5 019
Interest expense	28	27

	As at 31.12.2022	01.01.2021 - 31.12.2021
Trade receivables	2 074	11 094
Loans granted	62 152	50 660
Bonds purchased	21 346	33 662
Other receivables (advances, deposits)	-	60 000
Trade liabilities	648	404



Remuneration paid to the Management Board and Supervisory Board	01.01.2022 - 31.12.2022	01.01.2021 - 31.12.2021
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

Other non-commercial transactions concluded between related parties (outside Boryszew Capital Group)

Boryszew S.A.

Loan granted to "onesano" S.A. with registered office in Chorzów

On 10 February 2022 Boryszew S.A. granted a cash loan to "onesano" S.A. in the amount of PLN 500 000.00 with repayment on 10 August 2022. The interest on the above mentioned loan was determined on the arm's length basis. WIBOR 3M + margin

On 2 August 2022, Annex No. 1 to the Loan agreement was signed, where the Parties agreed that the loan will be settled immediately after the issue of D-series shares of "onesano" S.A. is finalised, but in any case by or on 31 December 2022, which is the deadline for the final repayment of the loan.

On 18 August 2022, "onesano" S.A. repaid the aforementioned loan.

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- On 14 April 2022 Eastside - Bis Spółka z o.o. granted a cash loan to a natural person related to the Issuer in the amount of PLN 10 000 000.00 with repayment on 31 December 2022. The interest on the above mentioned loan was determined on the arm's length basis. WIBOR 3M + margin The loan was repaid on 6 October 2022.
- On 1 July 2022 Eastside - Bis Spółka z o.o. granted a cash loan to a natural person related to the Issuer in the amount of PLN 15 000 000.00 with repayment on 31 July 2023. The interest on the above mentioned loan was determined on the arm's length basis. WIBOR 3M + margin
- By 20 March 2023, an individual affiliated with the Issuer partially repaid the loan in the amount of PLN 900 000.00.
- On 26 October 2022, Eastside - Bis Spółka z o.o. granted a cash loan to RKK Investments Spółka z o.o. in the amount of PLN 9 000 000.00, with repayment due by 31 December 2023. The interest on the above mentioned loan was determined on the arm's length basis. WIBOR 3M + margin

Loan granted to Unibax Spółka o.o., based in Toruń

On 2 December 2022, Eastside - Bis Spółka z o.o. granted a cash loan to Unibax Spółka z o.o. in the amount of PLN 400 000.00, with repayment due by 31 December 2023. The interest on the above mentioned loan was determined on the arm's length basis. WIBOR 3M + margin

Alchemia S.A.

Agreement on establishing a freeze on securities account

On 28 April 2022 Alchemia S.A. (creditor) signed an agreement with Unibax Sp. z o.o. (blocking party) on establishing a freeze on securities account in order to secure Alchemia receivables from Unibax Sp. z o.o. for purchase of registered bonds of the total nominal value of PLN 12.8 million, i.e. 9 AL2 series bonds of the total nominal value of PLN 9 million and 4 AL3 series registered bonds of the total nominal value of PLN 3.8 million, issued by Unibax in 2018. As a collateral of above liabilities Unibax Ltd. established a freeze on 4 000 000 Boryszew S.A. shares in favour of Alchemia S.A.

"onesano" S.A., based in Chorzów

Redemption of bonds

In August 2022 "onesano" S.A. made an early redemption of bonds:

1. subscribed by Boryszew S.A., total nominal value of PLN 9.1 million,
2. subscribed by Laboratorium Badań Batory Sp. z o.o., nominal value of PLN 1.0 million.

Unibax Sp. z o.o., based in Toruń

Redemption of bonds

On 15 June 2022, Unibax Sp. z o.o. redeemed 1 bond subscribed by Alchemia S.A., nominal value of PLN 1 000 000.00.



On 22 August 2022, Unibax Sp. z o.o. redeemed 1 bond subscribed by Alchemia S.A., nominal value of PLN 1 000 000.00.

On 28 November 2022, Unibax Sp. z o.o. redeemed bonds subscribed by Eastside - Bis Spółka z o.o., nominal value of PLN 953 000.00.

37. 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
Total	PLN 607 000

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

38. EMPLOYMENT

	As at 31.12.2022	As at 31.12.2021
Employment structure (in full-time equivalents)		
Blue-collar workers	6 851	6 992
White-collar workers	1 771	1 985
Total	8 622	8 977

39. SIGNIFICANT EVENTS

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 echy, 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 Agreement will become effective upon signing by all parties.

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:

- 1) continued development of the most profitable products by expanding into new markets and diversifying end customer sectors,
- 2) 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,
- 3) ensuring the required liquidity in Boryszew Capital Group through optimisation of resources used,
- 4) new product development through the use of research and development (R&D) centres,
- 5) active participation in the green energy transition,
- 6) 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.

Merger of Boryszew SA and Hutmen Spółka 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 shares of "onesano" S.A.

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.

Impact of the Covid-19 pandemic on the operations of BORYSZEW S.A. and the Capital Group

During the reporting period, no negative impact of the Covid - 19 pandemic on the results of the Capital Group was found.

Restructuring of Maflow/BAP Groups

In 2022, the restructuring of the Maflow Group and the Boryszew Automotive Plastics Group was underway. Operations of Maflow Group are affected by the ongoing liquidation process of Maflow France Automotive S.A.S., based in Chartes, France.

On the other hand the results of Boryszew Automotive Plastics Group were affected by the restructuring processes initiated to reorganise the ICOS Group, including bankruptcy proceedings against: ICOS GmbH, THEYSOHN Kunststoff GmbH, and THEYSOHN Formenbau GmbH, which, when carried out under self-administration enable a slow, targeted and controlled restructuring, providing the opportunity to reduce the cost of extinguishing unprofitable areas of the Automotive Plastics Group's business, while maintaining production and continuing timely deliveries to major customers.

In addition, member companies of the BAP Group covered by the restructuring agreement with a major Group customer concluded in April 2002 are undergoing restructuring. The agreement is on the support of restructuring of the following companies: Boryszew Kunststofftechnik Deutschland GmbH, Boryszew Oberflächentechnik Deutschland GmbH, AKT Plastičkářská Technologie Čechy, spol. S.r.o. ("BAP Companies").

HUTMEN SPÓŁKA Z O.O.

Conclusion of an agreement for the sale of real estate

On 28 March 2022 the Management Board of Hutmen Sp. z o.o. a subsidiary based in Wrocław (Hutmen), concluded a preliminary agreement with MS Inwestment Sp. z o.o. based in Warsaw on the sale of the real estate of Hutmen, located in Wrocław at Grabiszyńska street No. 241, surface area of app. 19.2 ha, for PLN 95 million net. The final agreement will be concluded by 31 July 2022 and will be preceded by a number of formal and technical actions typical for this type of transaction.

As at 28 February 2022, the book value of the aforementioned property along with buildings and structures located on it amounted to PLN 44.5 million.

On 15 June 2022 the Management Board of Hutmen Sp. z o.o. based in Wrocław (Hutmen), concluded a final agreement with MS Inwestment Sp. z o.o. based in Warsaw on the sale of the real estate of Hutmen, located in Wrocław at Grabiszyńska street No. 241, surface area of app. 19.2 ha, for the gross amount of PLN 116 850 000.00 (that is including the applicable tax on goods and services).

Payment of a portion of the price net price, i.e. the amount of PLN 95 000 000 was made on 17 June 2022. The remainder of the price, i.e. the amount of PLN 21 850.000, was paid on 25 July 2022. The property was released on 15 June 2022.

The remaining terms of the final agreement are consistent with the standards generally applied in such agreements.



EASTSIDE BIS SPÓŁKA Z O.O.

Conclusion of the final real estate purchase agreement

On 6 April 2022 Eastside-Bis Sp. z o.o. and Unipartner Sp. z o.o. concluded the Final Agreement ("Agreement") for the purchase of an office property located in Warsaw a Foksal street No. 6 (Property), for the net amount of PLN 70 million. The transaction price was determined on an arm's length basis according to a valuation performed by an independent appraiser. Eastside - Bis Spółka z o.o. made an advance payment of ap. 85% towards the price at the conclusion of the preliminary agreement. The transfer of the ownership title to the real estate and the payment of the balance of the price was made on the date of the Agreement. The remaining terms of the Agreement are consistent with the standards generally applied in such agreements.

BORYSZEW MAFLOW SPÓŁKA Z O.O.

Conclusion of loan agreements

I. On 29 April 2022, Boryszew Maflow Spółka z o.o., a subsidiary, (Borrower) signed a non-revolving loan agreement with BNP Paribas Bank Polska S.A. for the amount of approx. EUR 19 500 000 to be used for the purchase of machines and equipment necessary for execution of contracts with customers in the automotive industry.

The collateral for repayment of the aforementioned loan includes:

- 1) Insurance guarantee from KUKE S.A. up to 80% of the loan amount;
- 2) Registered pledge on machinery and equipment subject to financing up to the maximum security amount of EUR 24 400 000 million.
- 3) Declarations (of Borrower and Boryszew S.A. respectively) on submission to enforcement under art. 777 sec. 1 point 5 of the Code of Civil Procedure up to the amount of EUR 29 300 000 and corporate guarantee of Boryszew S.A. up to the amount of EUR 24 400 000.

The agreement will remain in force until end of June 2028.

The loan interest rate was determined at EURIBOR 3M plus the Bank's margin. The remaining terms of the Agreement are not different from standard provisions in this type of agreements.

II. On 28 June 2022, Boryszew Maflow Spółka z o.o. (the "Borrower") signed an overdraft agreement with BNP Paribas Bank Polska S.A. in the amount of EUR 3 800 000.

The collateral for repayment of the aforementioned loan includes:

1. Corporate guarantee issued by Boryszew S.A. up to a maximum amount of EUR 4 750 000.
2. Borrower's statement of submission to execution under Art. 777 §1(5) of the Code of Civil Procedure regarding the repayment of obligations under the Agreement, up to the amount of EUR 5 700 000.00, with the deadline for filing an enforcement clause application of 28 June 2026, with wording acceptable to the Bank,
3. Loan repayment guarantee provided by Bank Gospodarstwa Krajowego ("BGK") under PLG FGP's portfolio guarantee line, in the amount of 80.00 percent of the granted Loan, that is up to PLN 14 317 184.00. The guarantee is valid from 28 June 2022 to 28 June 2023,

The agreement will remain in force until 28 June 2023.

The loan interest rate was determined at EURIBOR 1M plus the Bank's margin. The remaining terms of the Agreement are not different from standard provisions in this type of agreements.

BORYSZEW MAFLOW SPÓŁKA Z O.O. I MAFMEX S de R.L. de C.V.

Conclusion of loan agreement

On 23 May 2022 Boryszew Maflow Spółka z o.o., a subsidiary, and Mafmex S de R.L. de C.V. (Borrowers) signed non-revolving loan agreement with BNP Paribas Bank Polska S.A. for the amount of approximately USD 21 600 000 to be used for the purchase of machines and equipment necessary for execution of contracts with customers in the automotive industry in Mexico.

The collateral for repayment of the aforementioned loan includes:

- 1) Insurance policy of KUKE S.A. up to 100% of the loan amount;
- 2) Assignment of receivables under concluded contracts;
- 3) Declarations (of Borrowers and Boryszew S.A. respectively) on submission to enforcement under art. 777 sec. 1 point 5 of the Code of Civil Procedure up to the amount of USD 32 400 000 and corporate guarantee of Boryszew S.A. up to the amount of USD 27 000 000.

The agreement will remain in force until end of June 2028.

The loan interest rate was determined at SOFR 3M plus the Bank's margin.



IMPACT OF WAR IN UKRAINE ON SITUATION OF BORYSZEW CAPITAL GROUP

Following the invasion of Ukraine by the Russian Federation on 24 February 2022 and the sanctions against the Russian Federation and Belarus by the EU and the U.S., Boryszew S.A. identified key risks of operating activities related to the war in Ukraine in 2022:

- availability constraints as well as the cost of energy carriers and gas,
- increase in inflation and interest rates,
- volatility in the raw materials and materials market and exchange rates,
- logistical disruptions affecting the supply of raw materials and components for production.
- increase in prices of services, financing as well as energy carriers

The Company has no operations in Belarus or Ukraine.

The current situation meant better business performance in the Metals segment and a temporary slowdown in the Automotive segment.

The Management Board believes that on the day of publication no risk exists of significant impact of the conflict on operating activity and going concern of the Company. No adjustments have been made to reflect this in this report.

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.

IMPACT OF OTHER FACTORS ON THE SITUATION OF BORYSZEW CAPITAL GROUP

Major one-off factors and unusual events having a significant impact on the results of all quarters of 2022 should include:

- higher average annual LME metal quotations,
- invasion on Ukrainian territory,
- significant increases in electricity and natural gas prices,
- exchange rate volatility and rising inflation,
- global shortage of electrical wire harnesses resulting in reduced orders from OEMs,
- change in demand.

40. SIGNIFICANT EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

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 S.A. based in Warsaw and Hutmen Spółka z o.o. based in Wrocław

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 merger plan for the two companies was approved and published on 27 July 2022. The purpose of the merger of Boryszew S.A., based in Warsaw, and Hutmen Spółka z o.o. is a more effective use of the potential of the merged companies and to achieve economic and financial effects of direct and indirect synergies, including:

- more efficient use of assets of the merged companies,
- better allocation of cash resources,
- more rational cash flows – the use of economies of scale as regards external financing,
- reduction of operating costs,
-

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 shares of "onesano" S.A.

In Q1 2023 Boryszew S.A. acquired a total of 10 000 000 shares of "onesano" S.A., representing approximately 15.18% of the share capital and carrying 10 000 000 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.

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.

BORYSZEW CAPITAL GROUP

BORYSZEW PLASTICS RUS SPÓŁKA Z O.O.

Suspension of production of Boryszew Plastics Rus, a subsidiary based in Russia

On 3 March 2022 the Management Board of Boryszew S.A. received information about temporary suspension of activity of Boryszew Plastics Rus a subsidiary based in Russia as of 14 March 2022.

Temporary suspension of Boryszew Plastics Rus business is primarily the consequence of the decision of foreign automotive corporations to suspend until further notice production in facilities located in Russia due to the armed aggression of Russia on Ukraine.

On 24 March 2023, Boryszew S.A. recognised a write-off in the consolidated financial statements for 2022, updating the value of assets in the form of fixed assets, intangible assets and deferred tax assets in the amount of PLN 52.7 million.



The creation of the aforementioned write-off is a consequence of the suspension of production by that subsidiary caused by the decisions of automotive concerns to suspend production in Russia. This situation makes it impossible to prepare business forecasts for the aforementioned subsidiary.

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.

41. STATEMENT BY THE MANAGEMENT BOARD

The report presents the situation of Boryszew Capital Group for the period between 1 January 2022 and 31 December 2022, in accordance with legal requirements, taking into consideration the events that occurred until the date of preparing this report.

The financial statements were prepared on a going concern basis.

The report was approved for publication on 18 April 2023.

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.

42. APPROVAL OF THE FINANCIAL STATEMENTS

This report was approved for publication by a resolution of the Management Board on 18 April 2023 and presents the situation of the Company 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 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