



Boryszew S.A.

**REPORT OF THE MANAGEMENT BOARD ON ACTIVITIES OF
BORYSZEW CAPITAL GROUP**

FOR THE FINANCIAL YEAR 2022

**(incorporating disclosure requirements for the Report of the
Management Board on the operations of the Parent Company in the
above mentioned period)**

*Publication date:
18 April 2023*



TABLE OF CONTENTS

1. INTRODUCTION	3
2. PREPARATION OF THE REPORT	3
3. ORGANIZATIONAL STRUCTURE.....	4
4. INFORMATION ON THE ISSUER'S ORGANIZATIONAL OR CAPITAL RELATIONS WITH OTHER ENTITIES AND SPECIFICATION OF ITS MAIN DOMESTIC AND OVERSEAS INVESTMENTS, IN PARTICULAR IN SECURITIES, FINANCIAL INSTRUMENTS, INTANGIBLE ASSETS AND REAL ESTATE, INCLUDING CAPITAL INVESTMENTS OUTSIDE THE GROUP OF RELATED ENTITIES AND DESCRIPTION OF THEIR FINANCING METHODS.....	10
5. SIGNIFICANT EVENTS.....	11
6. CORE BUSINESS, MARKETS, SOURCES OF SUPPLIES AND COMPETITION	15
7. DESCRIPTION OF ASSETS, EQUITY AND LIABILITIES STRUCTURE	43
8. Description of significant off-balance sheet items	49
9. SIGNIFICANT CONTRACTS.....	50
10. SIGNIFICANT CAPITAL INVESTMENTS AND CHANGES IN THE STRUCTURE	52
11. RESEARCH AND DEVELOPMENT	54
12. TRANSACTIONS WITH AFFILIATED ENTITIES	56
13. LOANS AND BORROWINGS	58
14. GUARANTEES AND SURETIES	61
15. OWN SHARES	63
16. ISSUES OF SECURITIES	63
17. DIVIDEND PAID OR DECLARED	63
18. FINANCIAL RESULT FORECAST	64
19. PRINCIPLES OF MANAGEMENT OF FINANCIAL RESOURCES.....	64
20. ASSESSMENT OF POSSIBILITIES OF IMPLEMENTATION OF THE INTENDED INVESTMENTS.....	64
21. FACTORS AND UNUSUAL EVENTS AFFECTING THE RESULT	65
22. INFORMATION ON THE ADOPTED DEVELOPMENT STRATEGY OF THE EMITTER AND EMITTER'S CAPITAL GROUP AND THE ACTIONS TAKEN TO IMPLEMENT THE STRATEGY IN THE REPORTING PERIOD, INCLUDING A DESCRIPTION OF THE PROSPECTS FOR DEVELOPMENT OF EMITTER'S BUSINESS IN THE COMING YEAR.....	65
23. DESCRIPTION OF SIGNIFICANT RISK FACTORS AND HAZARDS.....	67
24. FACTORS WHICH WILL INFLUENCE THE ISSUER'S FINANCIAL PERFORMANCE IN 2023	70
25. EMPLOYMENT.....	71
26. CHANGES IN FUNDAMENTAL PRINCIPLES OF MANAGING THE ENTERPRISE OF THE COMPANY AND OF ITS CAPITAL GROUP.....	72
27. AGREEMENTS CONCLUDED BETWEEN THE COMPANY AND ITS OFFICERS, PROVIDING FOR COMPENSATION IN THE EVENT OF RESIGNATION OR DISMISSAL OF SUCH PERSONS FROM THE POSITIONS HELD WITHOUT CAUSE, OR WHERE SUCH DISMISSAL IS CAUSED BY MERGER OR TAKEOVER.....	72
28. REMUNERATION OF MANAGEMENT BOARD AND SUPERVISORY BOARD	72

29. COMPANY’S SHARES AND SHARES IN SUBSIDIARY ENTITIES HELD BY MEMBERS OF GOVERNING AND SUPERVISORY BODIES73

30. INFORMATION ON AGREEMENTS OF WHICH THE COMPANY IS AWARE AND UNDER WHICH FUTURE CHANGES MAY OCCUR IN THE PROPORTIONS OF SHARES HELD BY THE EXISTING SHAREHOLDERS AND BONDHOLDERS.....74

31. INFORMATION ON THE SYSTEM OF CONTROLLING EMPLOYEE SHARES.....74

32. AGREEMENT WITH INDEPENDENT STATUTORY AUDITOR75

33. LITIGATION UNDERWAY.....75

34. SPONSORING AND CHARITY ACTIVITIES80

35. REMUNERATION POLICY80

36. CORPORATE GOVERNANCE PRINCIPLES STATEMENT81

37. DECLARATIONS OF THE MANAGEMENT BOARD94

38. INFORMATION OF THE MANAGEMENT BOARD ON THE SELECTION OF THE AUDIT FIRM TO CARRY OUT THE AUDIT OF THE ANNUAL FINANCIAL STATEMENTS IN ACCORDANCE WITH THE PROVISIONS, INCLUDING THOSE CONCERNING THE SELECTION AND PROCEDURE FOR THE SELECTION OF THE AUDIT FIRM95

1. INTRODUCTION

COMPANY DATA

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

HISTORY

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

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

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

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

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

The Capital Group employs approximately 9 000 people.

2. PREPARATION OF THE REPORT

This report on the activity of Boryszew S.A. and Boryszew Capital Group in 2022, an integral part of the consolidated financial statements of Boryszew S.A. for 2022, was approved for publication by the resolution of the Management Board of Boryszew S.A. on 18 April 2023 and presents the situation of Boryszew S.A. and Boryszew Capital Group in accordance with legal requirements for the period between 1 January 2022 and 31 December 2022, including any events which occurred by the date of preparation of this report for publication. A significant part of the information contained herein was presented in more detail in the Company's current announcements which are available at Company's website www.boryszew.com.pl, which also contains a great deal of other information on the Company and the Capital Group.

This report contains information the scope of which is specified in § 70 and § 71 of the Regulation of the Minister of Finance of 29 March 2019 on current and interim information to be submitted by issuers of securities and on conditions under which information required by legal regulations of a third country may be recognised as equivalent (Regulation).

Under § 71(8) of the Regulation, this report includes disclosures of information required for the report on the Issuer's activities referred to in § 70 section 1 item 4 of the Regulation, and thus the Issuer did not prepare a separate report on the activities of the Parent Company.

The consolidated annual financial statements of Boryszew Capital Group and the separate annual financial statements of Boryszew S.A. were prepared in accordance with the International Financial Reporting Standards as approved by the European Union.

The Company drafts a separate report on non-financial information referred to in Article 49b section 9 and Article 55 section 2b of the Accounting Act. The statement has been drafted both at the stand alone basis for Boryszew S.A. as well as consolidated basis for Boryszew Capital Group.

The report is available on the Company's website - www.boryszew.com.pl from 18 April 2023.

3. ORGANIZATIONAL STRUCTURE

Boryszew S.A. is the Parent entity of Boryszew Capital Group. The Group features both domestic and overseas subsidiaries, jointly controlled entities, affiliated entities. As the Parent company, it performs management and supervisory functions with regard to other companies of the Group.

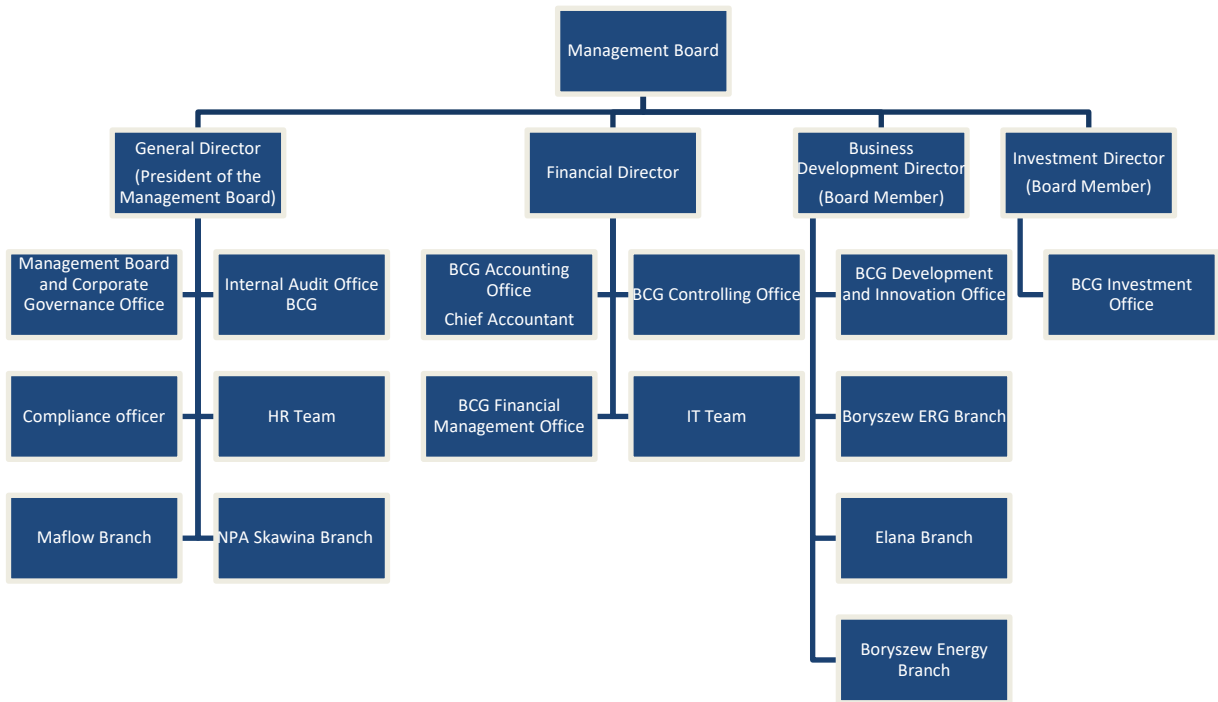
The core business of the Head Office in Warsaw is management of the Capital Group, and its objective is to increase the Company's goodwill in the long run.

In 2022 Boryszew S.A. carries out its activity through the following units:

- Maflow Branch in Tychy – manufacturer of tubes for the automotive industry, including mainly air-conditioning tubes, power steering systems and various rubber components. The Branch's assets, constituting the largest productive assets of Maflow Group, were purchased on 10 August 2010.
- Elana Branch in Torun - manufacturer of polyester fibre and plastics for a wide range of applications. The main products include staples and silicon spheres. Elana Branch was established by merger of Boryszew S.A. and Elana S.A., which took place on 28 January 2005.
- Nowoczesne Produkty Aluminiowe Skawina Branch – operating in the field of manufacturing of aluminium rolled products (rods), wire and cables, including overhead cables of special aluminium alloys with constructions which eliminate the threat of phenomena of the „black-out” type, and supply of energy carries to external customers.
- Boryszew ERG Branch in Sochaczew - manufacturer of chemical and construction products. Company's flagship product in “Borygo” coolant,
- Nylonbor Branch in Sochaczew – production of modern engineering polyamides, which are used for manufacture of machinery and equipment as well as battlefield simulators for military applications (until 30 September 2022; on 1 October 2022, the business of Boryszew S.A. at the Nylonbor Branch was transferred to Nylonbor Spółka z o.o., based in Sochaczew),
- Boryszew Energy Branch in Toruń - involved in sales of energy utilities (electricity, gas) for the companies of Boryszew Capital Group and external customers.

On 30 December 2022 the company 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.

**SIMPLIFIED ORGANISATIONAL CHART OF BORYSZEW S.A.
(WITH RESPONSIBILITIES OF INDIVIDUAL MEMBERS OF THE MANAGEMENT BOARD)
AS AT 31 DECEMBER 2022**



STRUCTURE OF BORYSZEW GROUP

Boryszew Capital Group is one of the largest private industrial groups in Poland.

In 2005 Boryszew SA seized control of Impexmetal S.A., a company listed at the Warsaw Stock Exchange, a parent company of manufacturing enterprises involved in non-ferrous metals and bearing industry.

In 2010, the Company seized control of the Maflow Group, one of the largest manufacturers of air-conditioning tubes, power steering systems and active suspension systems for automotive industry. It was then that the automotive sector became the key segment of the Group's activity.

In the years 2011-2012, the Company continued its development strategy through acquisitions of automotive companies. In July 2011, the Company signed takeover agreements in respect of two German capital groups (AKT/ICOS – Theysohn) in the plastics processing sector, and in March 2012 share acquisition agreement for shares of YMOS Group, leading European producer of plastic, galvanized and chromium-plated components for the automotive industry. In June 2014 Boryszew S.A. assumed control over Tensho Poland Corporation Sp. z o.o. based in Ostaszewo (currently: Maflow Plastic Poland Sp. z o.o.), a manufacturer of high quality plastic products.

In 2019, Boryszew Group assumed control over Alchemia Capital Group and the following Alchemia Group companies: Alchemia S.A., Huta Bankowa Spółka z o.o. and Laboratoria Badań Batory Spółka z o.o.

Impexmetal S.A., based in Warsaw, was sold to a 3rd party investor in 2020

In 2021, Elana PET spółka z o.o., based in Toruń, and FŁT Group companies - FŁT Polska Sp. z o.o., based in Warsaw, along with shares held by FŁT in subsidiaries, i.e.: FLT-Wälzlager GmbH, FLT & Metals s.r.l., FLT Bearings Ltd, FLT France SAS, FLT (Wuxi) Trading Co., FLT USA LLC, were to a 3rd party investor.

Sochaczew-based Nylonbor Spółka z o.o. was to a 3rd party investor in 2022.

BUSINESS SEGMENTS OF THE CAPITAL GROUP BUSINESS (ON 31.12.2022)

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 Plastics 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.

AS AT 31 DECEMBER 2022 THE FOLLOWING COMPANIES WERE 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. Boryszew S.A. 99.99%	Automotive
Maflow India Private Limited	India	100.00	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 Oberflächetechnik 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 Plastičkářská Technologie Čechy, spol. S.r.o.	The Czech Republic	100.00	Boryszew Automotive Plastics Sp. z o.o.	Automotive

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 Plastics 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 Dzierżycze S.A.	Czechowice- Dzierżycze	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.	Oława	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

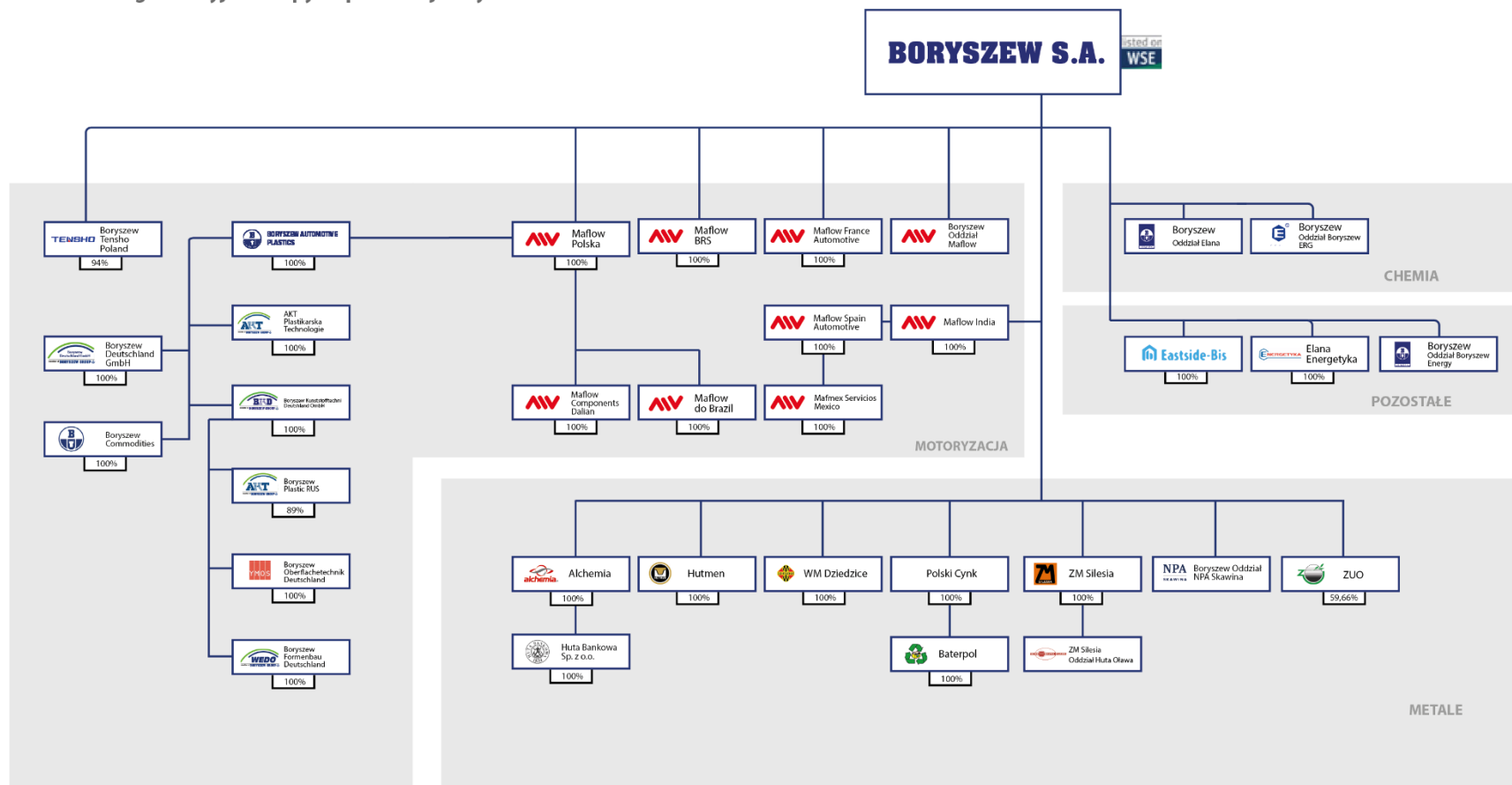
Companies not included in the consolidated financial statements

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
Zavod po pererabotke vtorichnykh resursov "Vostochny" Sp. z o. o.	Belarus	30	30	trade, production of secondary raw materials

Apart from the above-mentioned subsidiaries, subject to the investments described in point 4, the Issuer holds no other significant capital investments.

SIMPLIFIED ORGANISATIONAL CHART OF BORYSZEW GROUP WITH AGGREGATE HOLDINGS IN INDIVIDUAL ENTITIES AS AT 31.12.2022

Struktura organizacyjna Grupy Kapitałowej Boryszew



4. INFORMATION ON THE ISSUER'S ORGANIZATIONAL OR CAPITAL RELATIONS WITH OTHER ENTITIES AND SPECIFICATION OF ITS MAIN DOMESTIC AND OVERSEAS INVESTMENTS, IN PARTICULAR IN SECURITIES, FINANCIAL INSTRUMENTS, INTANGIBLE ASSETS AND REAL ESTATE, INCLUDING CAPITAL INVESTMENTS OUTSIDE THE GROUP OF RELATED ENTITIES AND DESCRIPTION OF THEIR FINANCING METHODS

CAPITAL INVESTMENTS

The list of shares and stocks held by Boryszew Capital Group companies is presented in point 3 of these financial statements.

Significant capital investments outside Boryszew Capital Group

Stocks and shares

On 31 December 2022 Boryszew S.A. held 13 000 000 shares in "onesano" S.A. (former name: Skotan S.A., hereinafter also referred to as "onesano" S.A.), representing approximately 19.73% of the share capital and carrying 13 000 000 votes at the General Meeting, which accounts for approximately 19.73% 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.

Bonds

On 31 December 2022 Boryszew Capital Group had receivables under bonds issued by entities outside the Capital Group.

Bonds issued by Unibax Spółka z o.o. in the total nominal amount of PLN 15 923 500. Bond redemption date was set at 15 June 2023.

LOANS GRANTED

Information on loans granted by other entities of the Capital Group is presented in point 13 of the report.

REAL PROPERTY

EASTSIDE - BIS SPÓŁKA Z O.O.

On 6 April 2022 Eastside-Bis Sp. z o.o. and Unipartner Sp. z o.o. concluded the Final Agreement ("Agreement") for the purchase of an office property located in Warsaw at Foksal street No. 6 (Property), for the net amount of PLN 70 million (the preliminary agreement was concluded on 8 November 2021).

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.

In 2022 Eastside - Bis Spółka z o.o. sold real estate located in Toruń, total surface area of app. 14.07 ha for a total amount of PLN 24.3 million.

Hutmen Spółka z o.o.

On 15 June 2022 the Management Board of Hutmen Sp. z o.o. a subsidiary 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 ap. 19.2 ha, for 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 the day the agreement was signed.

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

TRANSACTION AFTER THE BALANCE SHEET DATE

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 13 000 000 votes at the General Meeting, which accounts for approximately 15.18% of the total number of votes at the General Meeting of "onesano" S.A.

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

Purchase of properties

On 31 March 2023, Eastside - Bis spółka z o.o. acquired an investment property located in Warsaw at Grzybowska street 61 for a net amount of PLN 5 000 000.00.

In 2022 and until the date of publication of the report Boryszew S.A. acquired no other significant real estate.

Boryszew Capital Group holds no other significant investments in securities, financial instruments, intangible assets or real estate outside Boryszew Capital Group, except for those disclosed in the report.

5. SIGNIFICANT EVENTS

BORYSZEW S.A.

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 Mafflow Sp. z o.o. under the agreements on purchase of machinery up to the total amount of EUR 6 700 000. The aforementioned guarantees will automatically expire upon payment in full of each agreement, 60 days following the due date at the latest.

Signing a restructuring agreement with a client of BAP Group

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

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

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

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

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

The basic assumption of the restructuring agreement is that the Company and the Client act jointly and severally. The restructuring process will give BAP Companies operational stability and will improve their market position.

Dividend policy of Boryszew S.A.

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

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

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

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

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

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

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

- 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), under the procedure of art. 492 § 1 item 1 of the Commercial Companies Code, by transferring all 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 the Company and the Group suffered no negative impact of the Covid - 19. The Management Board does not currently identify a material risk associated with the virus in the near future.

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 runs no operations in Belarus and Ukraine.

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

In the consolidated financial statements, a write-off on assets in the form of fixed assets, intangible assets and deferred tax assets in the amount of PLN 52.7 million was recognised for Boryszew Plastic RUS, based in Nizhny Novgorod, Russia. 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.

The Management Board believes that as of the date of publication, no other risks existed associated with the conflict in Ukraine to the operations and continuation of the Boryszew Group's activities.

Restructuring of Maflow/BAP Groups

In 2022, the restructuring of the Maflow Group and the Boryszew Automotive Plastics Group (BAP 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 BAP 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 restructuring of the following companies: Boryszew Kunststofftechnik Deutschland GmbH, Boryszew Oberflächentechnik Deutschland GmbH, AKT Plastičářská Technologie Čechy, spol. S.r.o.

EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

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 13 000 000 votes at the General Meeting, which accounts for approximately 15.18% of the total number of votes at the General Meeting of "onesano" S.A.

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

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 Maflow 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 Maflow 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.

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.

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 ap. 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 at 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 the Borrower and Boryszew S.A. respectively) on submission to enforcement under art. 777 §1 item 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§1 item 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. Other conditions

Information on other important events was provided in the form of current reports of the Company, which are available on the website: www.boryszew.com.pl

6. CORE BUSINESS, MARKETS, SOURCES OF SUPPLIES AND COMPETITION

BORYSZEW S.A.

In 2022, as per IFRS 8, the following four business segments were defined in the Company:

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

The applied principle is that each entity belongs to only one operating segment. Described below are the most significant segments of Boryszew S.A. in terms of business activity, sales, markets, competition and sources of supplies as well as particularly key parameters.

Automotive

- **Scope of business**

This segment includes **Boryszew S.A. Maflow Branch**, the largest entity of the Maflow Group, operating three production facilities:

- Facility in Tychy - Maflow Group's largest plant. Involved in manufacture of aluminium air-conditioning tubes,
- Chełmek 1 facility, which manufactures aluminium air-conditioning tubes and components (endings) for steel and aluminium air-conditioning tubes,
- Chełmek 2 facility, which manufactures preformed rubber for air-conditioning tubes and other tubes for transmission of liquids and gases,
- Production facility in Toruń, similar to the production facility in Tychy, in manufacture of aluminium air-conditioning tubes and installation of steel air-conditioning tubes. This facility is the only installation in the Group that manufactures air conditioning tubes using R744 (CO₂) refrigerant,

- **Sales and Markets**

The table below is a summary of information on the sale of products, goods and services of major business units with the Automotive Segment in 2022 – 2021.

Company	Product range	Value [PLN '000]	
		2022	2021
Boryszew Maflow Branch	Air-conditioning tubes and other*	772 286	628 270
Total - Automotive Segment		772 286	628 270

(*) other products refer mainly to power-steering tubes, rubber tubes, brake tubes and active suspension tubes.

2022 ended for the Automotive Segment with higher revenues from sales mainly coming from the increase in sales of air conditioning and rubber hose parts.

Main directions of sales in the Segment for 2022 - 2021 are shown in the following table:

Sales structure [%]	2022	2021
Domestic	6%	6%
Germany	26%	22%
Sweden	7%	11%
Belgium	7%	4%
Great Britain	7%	8%
The Netherlands	6%	6%
The Czech Republic	6%	6%
France	6%	5%
Spain	5%	7%
Italy	4%	4%
Slovakia	4%	6%
Mexico	3%	4%
Hungary	3%	2%
China	3%	3%
Other	5%	5%
Export sales as % of total sales	94%	94%

The main market for the Maflow Branch is export, which remained at the same level as in 2021 and accounted for 94% of sales. Only some of the export destinations changes. Sales to the German market increased by 4 pp, while sales to the Swedish market decreased by 4 pp.

- **Market share**

The estimated share of Maflow Group on the global market remained on the last year's level of around 7%, despite a slight decline in volume. The production share in Western European markets remained slightly higher than in 2021, at 25%.

The VW Group continues to be the most prominent customer for the Maflow Group. Significant customers with less sales volume are: VCC, BMW i Renault.

On the European market, Maflow Group is the third biggest supplier of air-conditioning tubes, closely following Contitech and Hutchinson.

- **Competition**

Direct competitors in the automotive industry, in which Boryszew entities of the Segment operate, include, respectively: **contitech, Hutchinson, Hanon, TI Fluid Systems, SumiRiko, Xandor, Parker, SAAA, Tenglong, Senstar**. Some of these companies are multinational corporations where production of air-conditioning tubes is neither the only nor primary business.

Maflow Branch operates on the basis of contracts of several years' duration concluded with the world's leading car manufacturers.

- **Sources of supplies**

The Automotive Segment mainly imports its supplies. The largest items of the purchase list include aluminium tubes, aluminium blocks, sensors, rubber hoses.

- **Particularly key parameters for the Segment**

- energy prices and prices of other utilities,
- prices and availability of materials and raw materials,
- delivery cost,
- profitability of acquired contracts,
- operational efficiency of the Segment production plants,
- the automotive industry market situation (detailed description in the financial analysis section).
- labour costs,
- inflation levels,
- stable supply chains (no disruption to logistics processes or restrictions on international trade).

Metal Segment

- **Scope of business**

Metal Segment is the home turf for NPA Skawina Branch, the only manufacturer in Poland of rolled products (rods) made of aluminium and its alloys, used for production of power lines and cables, and as well as non-conductor wire rods, used in the steel industry as a deoxidizer. Apart from aluminium rolled products the branch also manufactures wires for low to high voltage overhead power lines.

- **Sales and Markets**

The table below is a summary of information on the sale of products, goods and services of major business units with the Metal Segment in 2022 – 2021.

Company	Product range	Quantity [T]		Value [PLN '000]	
		2022	2021	2022	2021
Boryszew NPA Skawina Branch					
	Wire rods	34 072	28 689	553 634	338 619
	Alloy rods	2 748	6 270	46 324	48 868
	Non-wire rods	3 191	4 002	56 376	78 622
	Wires and cables	8 989	1 543	163 722	68 674
	Overhead lines	570	3 929	13 467	8 921
	Other (solids, aluminium and alloy tubes)	2 985	2 527	53 521	33 750
	Other (goods, materials, services)	1 009	992	16 419	13 322
	Total	53 564	47 952	903 463	590 776
Total for the Aluminium business		53 564	47 952	903 463	590 776

By volume, 2022 was better for NPA Skawina Branch than 2021. Higher sales volumes were reported for all assortments. The value of sales in 2022 increased by almost 53% against the previous year owing to a 12% increase in sales volume and a 25.9% increase in LME aluminium quotations compared to 2021.

Main directions of sales in the Segment for 2022 - 2021 are shown in the following table:

Sales structure [%]	2022	2021
Domestic	54%	44%
The Czech Republic	16%	11%
Germany	7%	11%
The Netherlands	4%	1%
Sweden	4%	6%
Slovakia	3%	1%
Austria	3%	6%
Luxembourg	2%	5%
Romania	2%	3%
Italy	2%	5%
Other	4%	7%
Export sales as % of total sales	46%	56%

In 2022 the share of exports fell to 46%, down 10 pp. In the structure of export sales, the biggest changes were in the Czech Republic, up 5pp, Germany, down 4pp, and Austria, down 3pp.

- **Market share**

NPA Skawina is the only manufacturer of aluminium and alloy wire rod in Poland. NPA's share of aluminium wire rod and non-wire rod in the domestic market was 42% in 2022, up 4% from 2021. Imports to Poland for aluminium wire rod were mainly from the Russian Federation - 25% of the market (Rusal), Romania - 9% (Alro), Egypt - 8% (Alum), the United Arab Emirates - 7% (Ducab) and Mozambique - 6% (Midal). Overhead conductors on the domestic market outside NPA Skawina are manufactured by FPE Będzin and Eltrim. NPA Skawina does not buy aluminium from the Russian Federation.

NPA Skawina sells its products mainly on the European market. NPA products are rated highly in terms of quality. The main customers are cable and wire manufacturers.

- **Competition**

The largest competitors of NPA Skawina include:

- In rolled products: Alro Vimetco Romania, Rusal Russia, Trimet France, Hydro Aluminium Norway, Inotal Hungary, Alcoa Iceland, Lamifil Belgium, Manfisa Spain, Midal Bahrain Mozal Mozambique, Sural Venezuela and Canada, Has Celik Turkey.

- In processed products: Fabryka Przewodów Energetycznych Będzin, Tele-Fonika Kable S.A., Fux of Hungary, Trefinasa of Spain, Lumpi of Austria, WDI of Germany, Midal Cable of Bahrain and manufacturers from Turkey, China and India.
- **Raw materials and sources of supplies**
The basic raw materials for production at NPA Skawina include aluminium pig sows and blocks, as well as aluminium scraps, which are imported (pure metal, alloys) or purchased at home (scraps).
- **Particularly key parameters for the Segment**
 - the amount of trade bonus that affects revenues and results,
 - scrap price level, which affect production costs.

Chemical products segment

- **Scope of business**

The Chemicals Segment includes the following branches: Elana, Boryszew ERG and Nylonbor (until 29 December 2022). The entities of the Chemicals Segment operate in several sectors:

- staples, continuous filaments – used mainly in textile, furniture and clothing industries,
- chemical (including: plasticizers, stabilizers, grease used for production of plastics),
- automotive (including: engine coolants, brake fluids, installation fluids, de-icing fluids),
- construction (including: wall siding, doors, coffers),
- packaging (including: Styrofoam moulds, polyethylene drums),
- construction polyamides (universal plastics used, in conveyor rolls and stretching rolls, gears, tracks, etc.),
- special products (including: flares, smoke signalling products, white theatrical smoke, smoke hand grenades),
- hand and surface disinfection fluids.

- **Sales and Markets**

The table below is a summary of information on the sale of products, goods and services of major business units with the Chemicals Segment in 2022 – 2021.

Company	Product range	Quantity [T]		Value [PLN '000]	
		2022	2021	2022	2021
Boryszew Elana Branch	Elana (chopped fibre, elball, Artec)	10 526	10 066	74 578	48 884
	Goods and materials	483	624	2 672	2 889
	Artec	121	88	119	75
	Other services (processing)	0	0	2 259	2 047
	Total	11 130	10 778	79 628	53 896
Boryszew ERG Branch	Chemicals	13 395	12 021	129 030	102 404
	Automotive and de-icing fluids	10 543	15 965	41 550	56 671
	Construction materials	0	0	20 649	17 607
	Packaging	0	0	15 098	13 874
	Other (including disinfectant)	0	2 661	15 078	14 993
Total	23 938	30 647	221 405	205 548	
Boryszew Branch Nylonbor	Polyamides	71	82	2 744	2 178
	Special production	0	0	2 551	8 235
	Other	20	31	1 697	2 186
Total	91	113	6 992	12 599	
Exclusions between segments			-1 964	-1 442	
Chemical Segment total		35 159	41 538	306 061	270 601

2022 ended with lower sales by volume for the Chemicals Segment, which is mainly due to lower sales volumes for the automotive product range in Boryszew ERG Branch and higher revenues compared to the previous year in all significant divisions.

Main directions of sales in the Segment for 2022 - 2021 are shown in the following table:

Sales structure [%]	2022	2021
Domestic	63%	75%
Germany	10%	6%
Ukraine	7%	9%
The Czech Republic	6%	2%
Other	13%	8%
Export sales as % of total sales	37%	25%

The domestic market is still the main market for the Chemicals Segment companies, generating 63% of the business (down from 75% in 2021). In 2022, however, export sales increased (up 12 p.p.). In the structure of export sales the largest increases were recorded in Germany and the Czech Republic, up 4 p.p. in all cases.

- **Market share**

The market share in the Chemicals Segment should be analysed by product ranges mainly due to their diverse applications and customer groups.

Product range	Market share % in domestic market
Automotive products:	
Coolants	35%
Installation fluids	45%
De-icing fluids	25%
Chemical market:	
depending on the range	approximately 3%
Construction (wall siding and headliner)	25%
Fibres	below 10%
Packaging (depending on the range)	3-15%

Companies of the Chemicals Segment are minor suppliers on the European market.

- **Competition**

Competitors on the filaments includes:

- **Silon** (Czech Republic): in markets throughout Europe mainly for more qualified fibres for technical and hygienic purposes. Manufacturer of only regenerated fibres in wool assortments.
- **Maerkische Faser** (Germany): in markets throughout Europe mainly for more qualified fibres for technical and hygienic purposes. Manufacturer of virgin and regenerated fibres in cotton and wool assortments.
- **Green Fiber** (Romania): in markets throughout Europe for fibres for furniture and the automotive industry for products with lower quality requirements. Manufacturer of only regenerated fibres in wool and cotton assortments.
- Turkish manufacturers: operation throughout Europe; in fibres for furniture and filling purposes. Manufacturers of only regenerated fibres in wool assortments.
- Far Eastern manufacturers - **Huvis, Far Eastern Textile, Toray, Taekwang, Nan Ya** - South Korea, Taiwan: operations throughout Europe; technical nonwovens, furniture and fillings. Manufacturers of virgin fibres in cotton and wool assortments.

Competitors on the automotive market include:

- **Orlen Oil, Parys, Organika, Autoland** - automotive fluids,
- **Organika GLI Therm, Bio-Chem** - installation fluids,
- **UAB Esspo, UAB STEGA** - de-icing fluids.

Competition for auxiliary products in plastics processing: **ZA Kędzierzyn, Perstorp, DEZA**.

On the siding market, competitors include: **Gamrat S.A., VOX, Kaczmarek, Budmat**.

Competitors on the packaging market are: **Knauf Industries, HSV, Yetico**.

- **Raw materials**

Main raw materials for Chemicals Segment include:

- PET flakes (fibre production),
- octyl and ethyl alcohol (production of chemicals),
- ethylene and propylene glycol (automotive production),
- potassium formate.

Other non-allocated

- **Scope of business**

The Other non-allocated segment includes:

- The Head Office in Warsaw – its activity includes management of the Capital Group (several dozen companies, both domestic and overseas), and its objective is to increase the goodwill of the Company and of the Group in the long run. The Company generates revenues from sale and services, dividend and interest on granted loans and acquired bonds.
- Boryszew S.A. Boryszew Energy branch involved in natural gas and electricity trade,

BORYSZEW CAPITAL GROUP

MAIN ENTITIES OF BORYSZEW GROUP BY OPERATING SEGMENTS

Boryszew Capital Group is one of Poland's largest capital groups. It includes several dozen entities with their registered offices located on four 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:

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

The applied principle is that each entity belongs to only one operating segment. Described below are the most significant segments of Boryszew Capital Group in terms of business activity, sales, markets, competition and sources of supplies .

AUTOMOTIVE SEGMENT

The Automotive Segment within the Boryszew Capital Group includes: Maflow Group and BAP Group (22 subsidiaries under Boryszew S.A. Maflow Branch in Tychy serves as the Headquarters for both Groups.

- **Scope of business**

1. Maflow Group is one of the largest manufacturers of air conditioning tubes and other applications that provide transportation of liquids and gases in cars and vans. One of the departments of Maflow is the rubber department which specializes in the manufacture of flexible rubber connections for fluid and gas transport in every car circuit.

Maflow Group is composed of the following entities:

- Boryszew Maflow Branch - described in the part pertaining to Boryszew S.A.,
- Maflow BRS s.r.l. (Maflow Italy) - manufacturer of rubber tubes, customers include Maflow Group and others,
- Maflow Spain Automotive S.L.U.(Maflow Spain) - installation of air-conditioning tubes,
- Maflow do Brasil Ltda(Maflow Brazil) – manufacturer of air-conditioning tubes,

- Maflow Components Dalian Co. Ltd(Maflow China) - manufacturer of rubber tubes and air-conditioning tubes,
 - Maflow India Private Limited(Maflow India) - manufacturer of air-conditioning tubes,
 - MAFMEX S.DE R.L.DE C.V(Maflow Mexico) - manufacturer of air-conditioning tubes
 - Maflow France Automotive S.A.S. Maflow France – manufacturer of air-conditioning tubes,
 - Maflow Polska Sp. z o.o.
 - BORYSZEW MAFLOW SPÓŁKA Z O.O.
2. The BAP Group covers entities involved in series production of high quality plastic parts for the automotive sector, used in vehicle interior and exterior, including galvanized and varnished plastic parts and injection moulds for the production of these elements.

The BAP Group companies are:

- Companies manufacturing parts:
 - Boryszew Kunststofftechnik Deutschland GmbH (BKD) Gardelegen plant - Production of plastic elements of car equipment (interior, engine accessories), including elements of the dashboard, glove compartments, ventilation nozzles, elements of engine covers, doors etc. and Idar-Oberstein plant - production of ZnAl-based injection parts (handles, door handles, emblems),
 - AKT plastikárská technologie Cechy, spol. s r.o. (AKT) - manufacturer of plastic products for automotive industry (engine compartment hoods, roof boxes) and household equipment industry,
 - Boryszew Oberflächentechnik GmbH (BOD) - manufacturer of galvanized plastic components used in automotive equipment (mainly doorknobs, frames),
 - Maflow Plastics Poland sp. z o.o. - manufacturer of plastic elements (including lacquered ones) to provide for the needs of the automotive and RTV sectors,
 - Theysohn Kunststoff GmbH in bankruptcy under self-administration (TKS) - manufacturer of exterior plastic parts for automotive equipment (wheel arches, chassis covers, etc.)
 - Boryszew Plastic Rus-(BPR) - manufacturer of plastic external car components and accessories.
- Companies manufacturing tools:
 - Boryszew Formenbau Deutschland GmbH-(BFD) - manufacturer of small and large injection moulds,
 - Theysohn Formenbau GmbH in bankruptcy under receivership-(TFB) - production of large injection moulds.
- Companies performing management and service functions (for other BAP Group entities)
 - Boryszew Automotive Plastics Spółka z o.o. – is the holding and parent company in BAP Group,
 - Boryszew Deutschland GmbH - company in liquidation,
 - ICOS GmbH in bankruptcy under self- administration - former head office of the Theysohn Group,
 - Boryszew Components Poland sp. z o. o.
 - Boryszew Commodities sp. z o. o.

• Sales and Markets

In 2022 car sales dropped. According to ACEA (*European Automobile Manufacturers' Association*) the passenger car market in Europe (UE, EFTA i UK) declined by 4.1% compared to the same period of last year. That decrease is mainly caused by the COVID-19 pandemic. The introduction of restrictions, freezing of production facilities and the uncertain situation on the European market affected significantly the volume of car sales throughout Europe.

The main customer for the segment - Volkswagen Group - recorded a decrease in car sales on the European Market of 5.7% in 2022 (compared to the corresponding period of 2020).

The following table presents the initial results of registration of new cars in the territory of the European Union and EFTA states.

	January-December				
	shares in %		Quantity		% change
	2022	2021	2022	2021	22/21
VW Group	24.7	25.1	2 789 828	2 957 738	-5.7%
STELLANTIS	18,2	20.2	2 052 543	2 377 398	-13.7%
RENAULT Group	9.4	9.3	1 061 560	1 093 448	-2.9%
HYUNDAI Group	9.4	8.7	1 060 989	1 018 637	4.2%
BMW Group	7.2	7.3	817 993	859 036	-4.8%
TOYOTA Group	7.1	6.5	805 952	760 071	6.0%
MERCEDES-BENZ	5.8	5.8	655 962	679 822	-3.5%
FORD	4.6	4.4	516 614	518 401	-0.3%
VOLVO	2.2	2.4	247 126	282 524	-12.5%
NISSAN	2.1	2.1	238 017	249 627	-4.7%
MAZDA	1.2	1.3	140 108	155 439	-9.9%
JAGUAR LAND ROVER GROUP	1.1	1.3	119 861	149 784	-20.0%
HONDA	0.6	0.6	67 144	68 346	-1.8%
MITSUBISHI	0.5	0.6	56 918	73 370	-22.4%

An important parameter with an impact on the dynamics and results of Boryszew Capital Group is the sale of cars (the Automotive segment accounts for approximately 25% of Boryszew S.A. turnover).

Revenues from Automotive Segment sales in 2022 and 2021 are presented in the table below:

Company	Product range	Value [PLN '000]	
		2022	2021
BAP Group (Plastics)			
Boryszew Kunststofftechnik Deutschland GmbH	Plastic components	239 966	204 765
Theysohn Kunststofftechnik GmbH - in liquidation	Plastic components	17 065	89 242
AKT Plastikarska Technologie spol.sr.o (AKT Czech Republic)	Plastic components	130 003	119 193
BRS YMOS GmbH	ZnAl components	78 782	76 494
BRS Oberflachetechnik GmbH	Plastic components	70 784	70 440
Theysohn Formenbau GmbH in liquidation	Injection moulds production	13 034	19 841
Boryszew Formenbau Deutschland GmbH (Wedo)	Injection moulds production	13 282	19 051
ICOS GmbH in liquidation	Holding company	9 016	17 961
Boryszew Plastic RUS	Plastic components	19 879	66 824
Maflow Plastics Poland Sp. z o. o.	Plastic components	59 140	41 554
Boryszew Deutschland GmbH in liquidation	Shared service company	0	1 556
Boryszew Automotive Plastics Company z .o.o.	Shared service company	0	7 103
Boryszew HR Service Sp. z o.o.	Outsourcing of employees	11 229	11 069
Boryszew Commodities Sp. z o.o.	Centralised purchase of raw materials	0	1
Total for BAP Group (Plastics)		662 180	745 094
Maflow Group			
Boryszew Maflow Branch	Air-conditioning tubes and other*	779 828	628 270
Maflow Italy	Rubber tubes	156 237	126 355
Maflow France	Air-conditioning tubes and other*	27 248	61 544
Maflow Spain	Air-conditioning tubes and other*	75 693	71 056
Maflow Brazil	Air-conditioning tubes and other*	51 154	42 256
Maflow China	Air-conditioning tubes and other*	73 434	72 053
Maflow Mexico	Air-conditioning tubes and other*	77 770	63 315
Maflow India	Air-conditioning tubes and other*	18 910	14 190
Total for Maflow Group		1 260 274	1 079 039
Consolidation adjustments		-251 476	-245 037
Total - Automotive Segment		1 670 978	1 579 096

(*) other products are mainly power-steering tubes, rubber tubes, brake tubes and active suspension tubes.

In 2022 the Automotive Segment increased its sales revenue; despite a significant decline in the first half of the year, a slight rebound in the Segment was already noticeable in the third quarter of 2022, which was mainly due to an improvement in the situation with the availability of semiconductors and electrical components. The highest revenue growth was reported in the Polish locations of the Maflow Group.

The main sales destinations for in the Automotive Segment for the period 2022 - 2021 are presented in the table below:

Sales structure [%]	2022	2021
Domestic	10%	10%
Germany	29%	31%
The Czech Republic	10%	10%
Spain	7%	7%
China	5%	5%
Mexico	4%	5%
France	4%	4%
Brazil	4%	4%
Great Britain	3%	3%
Sweden	3%	3%
Belgium	3%	3%
Other	18%	14%
Export sales as % of total sales	90%	90%

The main market for the Automotive segment remains the European Union, including almost 30% of products sold on the German market.

- **Market share**

The estimated share of Maflow Group on the global market remained on the last year's level of around 7%, despite a slight decline in volume. The production share in Western European markets remained slightly higher than in 2021, at 24-25%.

NAFTA Maflow identified a number of prospects for business development on the market and is preparing acquisitions of new projects. Pursuing its development plans, the subsidiary in Mexico launched new projects.

The VW Group continues to be the most prominent customer for the Maflow Group. Significant customers also include: BMW, VCC and Renault, Nissan.

On the European market, Maflow Group is the third biggest supplier of air-conditioning tubes, closely following Contitech and Hutchinson.

BAP Group is a significant supplier for the Volkswagen Group, in the case of other customers the sales shares are small, however the BAP Group is undertaking actions aimed at diversifying the client portfolio.

- **Competition**

Direct competitors of Maflow Group include, respectively, players such as **Contitech, Hutchinson, Hanon, TI Fluid Systems, SumiRiko, Xandor, Parker, SAAA, Tenglong, Senstar** Some of these companies are multinational corporations where production of air-conditioning tubes is neither the only nor primary business.

Maflow Group operates on the basis of contracts of several years' duration concluded with the world's leading car manufacturers.

Competitors for BAP Group include: **Plastic Omnium, FORVIA (formerly Faurecia and Hella), Magna International, Dr. Schneider, Lear, Adient, Toyota Gosei Co, Grupo Antolin**. These are global corporations for which the production of car parts made of plastics is neither the sole nor primary activity. These companies are integrators of complete products used in automotive industry, the s called Tier 1. BAP Groups is frequently a sub-supplier for these competitors, for instance Valeo, FORVIA (formerly Faurecia and Hella), Adient).

BAP Group operates on the basis of contracts of several years' duration, which are mostly awarded to one company. This is caused by high cost of the tool/mould, which ultimately belongs to the customer. Competition occurs at the time of tender for contract; also, at times contracts are taken over in their entirety during the project (incidents associated with production problems, bankruptcy of another supplier).

- **Sources of supplies**

For the purpose of production of air-conditioning tubes, companies of Maflow Group purchase mainly such raw materials as: rubber compounds, aluminium tubes and aluminium blocks, sensors, rubber hoses. These are mainly purchased abroad.

Companies of BAP Group purchase pure raw materials and mixes based on polypropylene, ABS, polycarbonate, polyamides etc. Suppliers of the aforesaid raw materials are global chemical corporations or manufacturers of zinc alloys.

- **Particularly key parameters for the Segment**

- energy prices and prices of other utilities,
- rising levels of inflation,
- prices and availability of materials and raw materials,
- delivery cost,
- profitability of acquired contracts,
- operational efficiency of the Segment production plants,
- situation on the automotive market
- labour costs,
- inflation levels,
- stable supply chains (no disruption to logistics processes or restrictions on international trade).

METAL SEGMENT

The Metals Segment comprises: Aluminium, Brass and Copper, Zinc and Lead, Steel, as well as Trade and Other.

ALUMINIUM

- **Scope of business**

The Aluminium business includes NPA Skawina Branch.

Main products of the Aluminium business include:

- aluminium and alloys wire rods, an input product for manufacturing of wires, power cables,
- non-wire rods, which are used in steel-forming as deoxidizers,
- naked aluminium wire and power conductors/cables.

The Group's aluminium products are primarily used in the automotive industry, construction industry, electrical engineering and production of packaging materials.

- **Sales and Markets**

Sales volumes and revenues from sales in the Aluminium business in 2022 and 2021 are presented in the table below:

Company	Product range	Quantity [T]		Value [PLN '000]	
		2022	2021	2022	2021
Boryszew NPA Skawina Branch	Wire rods	34 072	28 689	553 634	338 619
	Alloy rods	2 748	6 270	46 324	48 868
	Non-wire rods	3 191	4 002	56 376	78 622
	Wires and cables	8 989	1 543	163 722	68 674
	Overhead lines	570	3 929	13 467	8 921
	Other (solids, aluminium and alloy tubes)	2 985	2 527	53 521	33 750
	Other (goods, materials, services)	1 009	992	16 419	13 322
	Total		53 564	47 952	903 463
Total for the Aluminium business		53 564	47 952	903 463	590 776

By volume, 2022 was better for NPA Skawina Branch than 2021. Higher sales volumes were recorded mainly for wire rod and extruded products. The value of sales in 2022 increased by almost 53% against the previous year owing to a 12% increase in sales volume and a 25,9% increase in LME aluminium quotations compared to 2021.

Main directions of sales in the Segment for 2022 - 2021 are shown in the following table:

Sales structure [%]	2022	2021
Domestic	54%	44%
The Czech Republic	16%	11%
Germany	7%	11%
The Netherlands	4%	1%
Sweden	4%	6%
Slovakia	3%	1%
Austria	3%	6%
Romania	2%	3%
Italy	2%	5%
Portugal	1%	1%
Other	5%	11%
Export sales as % of total sales	46%	56%

In 2022 the share of exports fell to 46%, down 10 pp. In the structure of export sales, the biggest changes were in the Czech Republic, up 5pp, Germany, down 4pp, and Austria, down 3pp.

- **Market share**

NPA Skawina is the only manufacturer of aluminium and alloy wire rod in Poland. NPA's share of aluminium wire rod and non-wire rod in the domestic market was 42% in 2022, up 4% from 2021. Imports aluminium wire rod to Poland were mainly from the Russian Federation - 25% of the market (Rusal), Romania - 9% (Alro), Egypt - 8% (Alum), the United Arab Emirates - 7% (Ducab) and Mozambique - 6% (Midal). Overhead conductors on the domestic market outside NPA Skawina are manufactured by FPE Będzin and Eltrim. NPA Skawina does not buy aluminium from the Russian Federation.

NPA Skawina sells its products mainly on the European market. NPA products are rated highly in terms of quality. The main customers are cable and wire manufacturers.

- **Competition**

The largest competitors of NPA Skawina include:

- In rolled products: Alro Vimetco Romania, Rusal Russia, Trimet France, Hydro Aluminium Norway, Inotal Hungary, Alcoa Iceland, Lamifil Belgium, Manfisa Spain, Midal Bahrain Mozal Mozambique, Sural Venezuela and Canada, Has Celik Turkey.
- In processed products: Fabryka Przewodów Energetycznych Będzin, Tele-Fonika Kable S.A., Fux of Hungary, Trefinasa of Spain, Lumpi of Austria, WDI of Germany, Midal Cable of Bahrain and manufacturers from Turkey, China and India.

- **Raw materials and sources of supplies**

The basic raw materials for production at NPA Skawina include aluminium pig sows and blocks, as well as aluminium scraps, which are imported (pure metal, alloys) or purchased at home (scraps).

- **Particularly key parameters for the Segment**

- the amount of trade bonus that affects revenues and results,
- the amount of subsidies for the main raw material (aluminium), scrap price level, which affect production costs.

BRASS AND COPPER BUSINESS

- **Scope of business**

In the Brass and Copper business, the Boryszew Group has one key producer: WM Działoszyn S.A. and Hutmen Sp. z o. o., which ceased operations at the end of 2021.

The most important products in the Segment are:

- copper alloy pipes (including capacitor pipes) for the power engineering industry, shipbuilding and heat engineering
- brass and bronze strips – for construction industry, electronics and electrical engineering - WM Dziedzice ceased production of this product,
- coin blanks for coin-making industry - WM Dziedzice ceased production of this product,
- bars and wires of copper alloys – for construction industry, electronics and electrical engineering,

The most important markets for the Brass and Copper Segment products are construction industry, electronics, electrical engineering, metal-forming.

• Sales and Markets

The sales volumes and revenues from sales of the Brass and Copper business in 2022 and 2021 are presented in the table below:

Company	Product range	Quantity [T]		Value [PLN '000]	
		2022	2021	2022	2021
Hutmen					
	Casting alloys	0	1 261	0	34 014
	Copper wire, bars and profiles	0	4 599	0	179 682
	Copper pipes (including plumbing pipes)	0	5 300	0	222 760
	Bronze bars and pipes	0	52	0	2 197
	Materials				7 734
	other				8 078
	Total	0	11 212	0	454 464
WM Dziedzice					
	Brass bars	22 508	25 777	547 827	487 984
	Brass pipes (including capacitor pipes)	5 004	5 819	154 079	113 005
	Strips (steel, bi- and multi-component)	1 389	1 659	37 694	26 555
	Coin blanks	625	1 761	27 518	63 640
	Other	293	267	46 962	31 575
	Total	29 819	30 252	814 079	722 759
Total for the Copper Segment		29 819	41 464	814 079	1 177 223

For the Brass and Copper business 2022 ended with lower volume sales by 28% and lower revenues by 31% compared to 2021. This was mainly caused by termination of Hutmen operations at the end of 2021. For continuing operations (Brass business), 2022 ended with slightly lower volume sales by 1.4% and higher revenues by 12.6% owing to a 9.0% increase in LME copper quotations compared to 2021.

The main sales destinations in the Brass and Copper business in 2022 – 2021 are presented in the table below:

Sales structure [%]	2022	2021
Domestic	37%	45%
Germany	25%	20%
The Czech Republic	9%	8%
Great Britain	6%	3%
Italy	5%	6%
Slovakia	5%	2%
U.S.A.	5%	3%

Canada	3%	1%
Denmark	2%	1%
Finland	1%	1%
Austria	1%	1%
Other	3%	9%
Export sales as % of total sales	63%	55%

The main sales destinations in 2022 for the Brass business are Germany (up 5 p.p.), the United Kingdom (up 3 p.p.), and the Czech Republic (up 1 p.p.). The domestic market remained dominant. An increase in sales was recorded in the US market.

- **Market share**

The market share in the Brass business should be analysed by product ranges mainly due to their diverse applications and customer groups.

European Market:

Product range	shares in %
Brass bars and pipes	2%

Domestic market:

Product range	shares in %
Brass bars and pipes	53%

- **Competition**

The following multinational corporations are examples of strong overseas competitors in the Brass business:

HME - formed after the acquisition of the rod portion of KME by the Hajliang concern. It has manufacturing facilities in Italy, Germany and France,

Wieland AG - a German company with 9 production facilities worldwide, involved in production of non-ferrous metal products.

Diehl - Germany's third-largest manufacturer of high-quality brass bars and pipes, headquartered in Röthenbach; production units are located at 13 locations in Europe, Asia, South America and the US.

Eredi Gnutti S.p.A., Carlo Gnutti, Almag, Metalurgica San Marco - Italian companies, based in Brescia. They produce brass bars and rolled products in the form of strips.

Nordic Brass - a manufacturer of brass bars based in Gusum, Sweden; the products offered are made from recycled material (great concern for the environment).

Garay - a Spanish company, our main competitor for lock bars and profiles.

Domestic competitors include:

Walcownia Metali Nieżelaznych Gliwice – Łabędy – which produces copper, brass and bronze strips and sheets; casting brasses and bronzes. As a result of ceasing company's operations, Hutmen S.A. expects to take over most of the demand for brass and foundry bronze in the domestic market.

- **Raw materials and sources of supplies**

The main raw materials in the Brass business include: copper and brass scraps and copper cathodes. These raw materials are purchased mainly on the domestic market and are supplemented with imported supplies.

- **Particularly key parameters for the Brass business:**

- level of copper and zinc prices, due to the existence of alternative materials for plumbing copper pipes, used in the construction industry,
- repair policy in the energy sector, the main customer of condenser tubes.
- economic situation in Poland and in the world,
- foreign exchange rate trends, in particular the EUR and USD exchange rates,
- interest rate levels.

ZINC AND LEAD BUSINESS

• Scope of business

Zinc and Lead business includes manufacturers: Baterpol S.A., ZM Silesia S.A. and two other non-manufacturing units: Polski Cynk Sp. z o.o. and Baterpol Recycler Sp. z o.o.

Each of the manufacturing companies operates on different product markets. Baterpol S.A. deals in recycling of batteries and lead processing while ZM Silesia S.A. deals in zinc and lead processing.

The basic products from this segment include:

- refined and alloyed lead – mainly used in batteries production,
- zinc and zinc-and-titanium sheets for roof coverings and flashing,
- zinc and zinc-and-aluminium wire used in cold spray coating,
- zinc anodes used in electroplating,
- casting alloys for metal-forming,
- zinc oxides – used in tyre manufacturing, pharmaceutical production and animal feed production,
- lead oxides – used in batteries.

The products of this segment are used mainly for manufacturing of batteries, in construction industry, rubber industry, electroplating and metal-forming.

• Sales and Markets

The sales volumes and revenues from sales of the Zinc and Lead Segment in 2022 and 2021 are presented in the table below:

Company	Product range	Quantity [T]		Value [PLN '000]	
		2022	2021	2022	2021
Baterpol					
	Lead and alloys	34 134	38 805	397 265	361 645
	Lead products	2	37	28	459
	By-products	10 341	9 527	48 916	10 909
	Other			757	719
	Total	44 477	48 369	446 966	373 732
ZM Silesia (Katowice)					
	Metal sheets	3 436	8 345	68 052	120 130
	Anodes	1 151	2 046	21 671	26 400
	Wire	1 536	2 006	32 997	30 276
	Total	6 123	12 397	122 720	176 806
ZM Silesia (Oława Branch)					
	Zinc white	12 862	17 609	213 474	253 480
	Lead tetroxide	5 750	6 601	34 453	209
	Total	18 612	24 210	247 927	253 689
Total for the Zinc and Lead Segment		69 212	84 976	817 613	804 227

In the Zinc and Lead Segment, 2022 was closed sales volumes drop by 18.6% compared to 2021, i.e. by 15.8 thousand tonnes. The sales increase at Baterpol S.A. was the result of a change of situation on the battery scrap market, increased demand for lead and alloys and higher average annual lead quotations on the LME. The decline in sales at ZM Silesia affected all assortments and was mainly related to the strong downturn in the market for manufactured products already noticeable in the second quarter of 2022. The largest decline in sales was in natural sheets and zinc white.

Segment sales (by terms) benefited from rising zinc quotations on the LME.

The main sales destinations in the Zinc and Lead business in 2022 – 2021 are presented in the table below:

Sales structure [%]	2022	2021
Domestic	50%	47%
The Czech Republic	18%	15%
Germany	12%	14%
Luxembourg	10%	5%
France	3%	7%
Austria	1%	3%
Italy	1%	1%
Portugal	1%	0%
Spain	1%	3%
Other	3%	3%
Export sales as % of total sales	50%	53%

In 2022 the sales share in the domestic market increased by 3 p.p. Increases in sales volumes were mainly recorded in export sales to the Czech Republic and Luxembourg.

- **Market share**

The market share in the Zinc and Lead business should be analysed by product ranges mainly due to their diverse applications and customer groups.

European Market:

Product range	shares in %
Lead oxides	16%
Zinc wire	4%
Zinc oxides	7%
Zinc anodes	3%
Zinc-titanium sheets	3%

Domestic market:

Product range	shares in %
Lead oxides	65%
Galvanised wire	40%
Zinc oxides	50%
Zinc anodes	70%
Zinc-titanium sheets	60%

- **Competition**

Foreign competitors in the zinc-titanium sheets and strips market include the five most prominent companies - **RheinZink, VM Zinc, elZinoc, NedZink, Zintek and IEQSA.**

- **Raw materials and sources of supplies**

The Zinc and Lead business procures mainly battery scraps, zinc and lead. The above mentioned raw materials are purchased mostly in Poland.

- **Key parameters of Zinc and Lead business**

- gas and electricity prices,
- price level and availability of battery scrap,

- LME quotation levels for zinc and lead, which significantly determine the demand and competitiveness of the products manufactured by the Company,
- demand of the automotive and construction industry, two main customers of the Zinc and Lead business.

STEEL BUSINESS

• Scope of business

This business includes: Alchemia S.A, Huta Bankowa Sp. z o.o. and Laboratoria Badań Batory Sp. z o.o.

The key products in the Segment are:

- steel pipes and ingots,
- forged products,
- steel processing services,
- long rolled products,
- forged-rolled rings and rims,

• Sales and Markets

The most important markets for the Steel business products are oil, gas, chemical, power, construction, infrastructure, machinery and general engineering sectors.

Revenues from the sale of the Steel business in 2022 - 2021 are presented in the table below:

Company	Product range	Value [PLN '000]	
		2022	2021
Alchemia S.A.			
	Steel pipes and ingots,	916 936	674 508
	Semi-finished steel products	233 056	244 461
	Forged products,	50 183	28 007
	Steel processing services,	840	279
	Other	26 522	20 072
	Total	1 227 537	967 327
Huta Bankowa:			
	Long products	568 091	456 020
	Forged and rolled products	119 611	88 720
	Other	18 651	16 733
	Total	706 353	561 473
Laboratorium Badań Batory			
	Services	6 765	5 961
	Total	6 765	5 961
	Consolidation adjustments	-254 241	-264 059
Total Segment Steel		1 686 414	1 270 702

During 2022, the Steel business recorded an increase in sales revenues as a result of the global situation in the steel market, in particular the pricing of basic raw materials for production.

• Competition

Competitions for the Steel business should be analysed per the target market. The main competitors are players from Europe and China.

Major competitors include:

- Vallourec (including in France, Germany)
- Productos Tubulares/Tubos Reunidos (Spain)
- Dalmine Tenaris (including in Italy, Romania)
- Moravia (Czech Republic)

- Liberty (Czech Republic)
- Chomutov (Czech Republic)
- TMK Group (Russia, Romania)
- Rustavi (Georgia)
- BMZ (Belarus)
- Interpipe (Ukraine)
- Mittala Group (including in Romania).

- **Raw materials and sources of supplies**

The companies of Alchemia Group sourced materials necessary for production mainly on the domestic market. Deliveries included materials (mainly steel semi-finished products), finished products (such as spare parts). Alchemia Group also works with companies that provide services to its subsidiaries, in particular repair or transport services.

TRADE AND OTHER BUSINESS

- **Scope of business**

The Trade and Other business within the Metals Segment included the following companies in 2022: Zakład Utylizacji Odpadów Sp. z o.o., Metal Zinc Sp. z o.o.

CHEMICAL PRODUCTS SEGMENT

- **Scope of business**

The Chemicals Segment includes the following entities: Boryszew S.A. Elana Branch, Boryszew S.A. Boryszew ERG Branch, Boryszew S.A. Nylonbor Branch (Nylonbor Sp. z o.o. as of 1 October 2022) and Elimer Sp. z o.o. On 29 December 2022 Nylonbor was sold. Sp. z o.o.

The entities of the Chemicals Segment operate in the following sectors:

- PET flakes used as a raw material in chemical, textile and packaging industries,
- staple fibres, elball - used mainly in the textile, furniture and apparel industry, chemical industry (including plasticizers, stabilizers, grease used for production of plastics),
- automotive (including: engine coolants, brake fluids, installation fluids, de-icing fluids),
- construction (including: wall siding, doors, coffers),
- packaging (including: Styrofoam moulds, polyethylene drums),
- construction polyamides (universal plastics used in conveyor rolls and stretching rolls, gears, tracks, etc.),
- special products (including: flares, smoke signalling products, white theatrical smoke, smoke hand grenades),
- car cosmetics.

- **Sales and Markets**

Sales volumes and revenues from sales in the Chemical Segment in 2022 and 2021 are presented in the table below:

Company	Product range	Quantity [T]		Value [PLN '000]	
		2022	2021	2022	2021
Boryszew Elana Branch	Elana (staples, elball)	10 526	10 066	74 578	48 884
	Goods and materials	483	624	2 672	2 889
	Artec	121	88	119	75
	Other services (processing)	0	0	2 259	2 047
	Total	11 130	10 778	79 628	53 896
Boryszew Branch RG	Chemicals	13 395	12 021	129 030	102 404
	Automotive and de-icing fluids	10 543	15 965	41 550	56 671
	Construction materials	0	0	20 649	17 607
	Packaging	0	0	15 098	13 874
	Other (including disinfectant)	0	2 661	15 078	14 993
	Total	23 938	30 647	221 405	205 548
Boryszew Nylonbor Branch (Nylonbor Sp. z o.o. as of 1.10.2022)	Polyamides	71	82	4 277	2 178
	Special production	0	0	3 977	8 235
	Other	20	31	2 645	2 186
	Total	91	113	10 899	12 599
Elana Pet	PET flakes	0	5 402	0	19 104
	Repair and maintenance services	0	0	0	3 825
	Other	0	248	0	206
	Total	0	5 650	0	23 135
Consolidation adjustments				-1 520	-7 645
Chemical Segment total		35 159	47 188	310 412	287 533

2022 ended for the Chemicals Segment with lower sales by volume, which is mainly due to lower sales volumes for the automotive product range in Boryszew ERG branch and higher revenues compared to the previous year in almost all companies in the segment (data for Elana PET cover the period until its sale to a 3rd party investor, i.e. until 30 August 2021, data for Nylonbor cover the period until 29 December 2022).

The main sales directions in the Chemicals Segment in years 2022 – 2021 are presented in the table below:

Sales structure [%]	2022	2021
Domestic	64%	74%
Germany	10%	6%
Ukraine	7%	8%
The Czech Republic	6%	3%
Other	13%	9%
Export sales as % of total sales	36%	26%

The domestic market remained the main market for the Chemicals Segment companies, generating 64% of the business. Its share declined by 10 p.p. against 2021. The Ukrainian and German markets are still the main markets for the Chemicals Segment.

- **Market share**

The market share in the Chemicals Segment should be analysed by product ranges mainly due to their diverse applications and customer groups.

The share of the most important product groups on the domestic market in 2021 was as follows:

- products for the automotive industry – cooling liquids approximately 35%, installation liquids approximately 45%, defrosting agents approximately 25%
- chemical products market (auxiliary products for processing) – depending upon product range, app. 3%,
- construction industry – siding and counter ceiling – 25%.
- packages – depending on the assortment – 3%-15.

Companies of the Chemicals Segment are minor suppliers on the European market.

- **Competition**

Competitors on the filaments includes:

- **Silon** (Czech Republic): in markets throughout Europe mainly for more qualified fibres for technical and hygienic purposes. Manufacturer of only regenerated fibres in wool assortments.
- **Maerkische Faser** (Germany): in markets throughout Europe mainly for more qualified fibres for technical and hygienic purposes. Manufacturer of virgin and regenerated fibres in cotton and wool assortments.
- **Green Fiber** (Romania): in markets throughout Europe for fibres for furniture and the automotive industry for products with lower quality requirements. Manufacturer of only regenerated fibres in wool and cotton assortments.
- Turkish manufacturers: operation throughout Europe; in fibres for furniture and filling purposes. Manufacturers of only regenerated fibres in wool assortments.
- Far Eastern manufacturers - **Huvis, Far Eastern Textile, Toray, Taekwang, Nan Ya** - South Korea, Taiwan: operations throughout Europe; technical nonwovens, furniture and fillings. Manufacturers of virgin fibres in cotton and wool assortments.

Competitors on the automotive market include:

- **Orlen Oil, Parys, Organika, Autoland** - automotive fluids,
- **Organika, GLI Therm,-Bio-Chem** - installation fluids,
- **UAB Esspo, UAB STEGA** - de-icing fluids.

Competition for auxiliary products in plastics processing: **ZA Kędzierzyn, Perstorp, DEZA.**

On the siding market, competitors include: **Gamrat S.A., VOX, Kaczmarek, Budmat.**

Competitors on the packaging market are: **Knauf Industries, HSV, Yetico.**

- **Raw materials**

Main raw materials for Chemicals Segment include:

- PET flakes (fibre production),
- octyl and ethyl alcohol (production of chemicals),
- ethylene and propylene glycol (automotive production),
- potassium formate.

OTHER NON-ALLOCATED

- **Scope of business**

Boryszew S.A. – Head Office, Boryszew S.A. Boryszew Energy Branch, Eastside – Bis 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.

Active in the segment is the Head Office in Warsaw, which manages the Capital Group (several dozen companies, both domestic and overseas) and its objective is to increase the value of the Company and of the Group in the long run. The Headquarters generates revenues from sale of traded goods, services, dividend and interest on granted loans and acquired bonds.

Other entities are mainly involved in sale of gas and electrical energy (Boryszew S.A. Energy Branch and Elana Energetyka Sp. z o.o.), rental of office and warehouse space and land (Eastside – Bis Sp. z o.o.).

ANALYSIS OF MARKET SITUATION IN 2022

ECONOMIC SITUATION

Struktura segmentowa przychodów					Struktura geograficzna przychodów				
	2022		2021			2022		2021	
Chemia	310 412	4,6%	287 533	4,6%	Polska	2 737 005	40,3%	2 217 343	35,4%
Motoryzacja	1 670 978	24,6%	1 579 096	25,2%	Niemcy	1 322 213	19,5%	1 308 303	20,9%
Metale	4 278 071	63,0%	4 196 882	67,0%	Pozostałe kraje UE	2 146 554	31,6%	2 127 691	34,0%
Pozostałe*	531 054	7,8%	200 489	3,2%	Pozostałe*	584 743	8,6%	610 663	9,7%
RAZEM	6 790 515	100%	6 264 000	100,0%	RAZEM	6 790 515	100%	6 264 000	100,0%

* this item also includes consolidation exclusions between segments

Key determinants:

Market sentiment - PMI and GDP:

Since more than 95,0% of revenues at Boryszew Capital Group is generated in Europe, then the overall economic situation within the European Union (including in Germany) is critical for Group's performance.

In EU countries as well as in Poland itself, the general macroeconomic sentiment in 2022 was less optimistic than in the period of the previous year.

The reason for this is primarily the ongoing armed conflict in Ukraine. Russian aggression against Ukraine led to increased business uncertainty, disrupted supply chains and caused a sharp rise in energy and gas prices, thereby inflationary pressures around the world, also resulting in slower growth in Polish industry.

The rapid rise in prices has significantly weakened demand, putting a strain on the budgets of both domestic and overseas customers. This was especially evident for export orders, which saw the strongest regression since May 2020.

Added to this is Poland's dispute with the European Commission and the lack of NRP funds to stimulate investment demand.

The average values of the PMI index, which determines the level of activity in industry in the Euro zone, Poland and Germany were at a significantly lower level than in the same period of the previous year.

PMI	2022	2021
EU	52.0	60.2
Poland	47.0	55.1
Germany	51.5	61.7

In Poland PMI was at a level significantly lower than in the corresponding period of the previous year - below the 50-point "crisis" level, i.e. 47.0 points (with the reading of 55.1 points in 2021).

The factors affecting the industrial PMI in the first half of 2022 - the armed conflict in Ukraine, the disruption of supply chains as a result of the pandemic (as well as a renewed increase in sanitary restrictions in China) - also worsened the situation in Q3 '2022. At the end of 2022 the Polish manufacturing sector contracted again, ending the year in recession. Understandably, companies, faced with a further decline in demand and production, with generally uncertain and unpredictable market conditions, continued to optimise their resources, making further reductions in both purchasing and employment.

The effect of the above situation includes rising utility prices, exchange rate volatility and rapidly rising inflation, the rate of which is at similar levels to 1997 and stood at 16.6% in December 2022.

To conclude, 2022 proved to be the most turbulent period since the outbreak of the pandemic mainly due to the war in Ukraine, rapidly rising inflation, further policy tightening by central banks and simultaneous signs of an economic slowdown.

Forecast of GDP growth for Poland	2023	2024
NBP	0.9%	2.1%
World Bank	0.7%	2.6%
European Commission	0.4%	2.5%

The European Commission, in its latest forecast (February 2023), expects Poland's GDP to grow by 0.4% in 2023. This is mainly due to Russia's invasion of Ukraine and rising inflation. Higher economic uncertainty and higher inflation are expected to reduce households' propensity to spend. At the same time, the European Commission predicts that the negative effect may be partially neutralised by the inflow of refugees from Ukraine, which will stimulate consumption. By comparison, the economy of the EU as a whole plans to grow by 0.8% in 2023.

The NBP forecasts GDP growth of 0.9% in 2023.

Market sentiments - significant currency pairs

Due to the fact that transactions are mainly closed in foreign currencies, the impact of foreign exchange rates is of great importance. The level of US dollar rates has an impact on revenues of the Group, as it is linked to metal rates, which are the major component of product price.

In the reviewed period USD strengthened against the PLN by 15.4%, which had an impact on the listings of basic metals expressed in PLN. Average Euro rates decreased by 2.6% against PLN.

The EUR exchange rate level is of importance to the Group due to the predominance of processing margins which are denominated in this currency.

In 2022 the EUR/USD exchange rate was at 1.05, or about 11.1% lower than in 2021.

Another factor that has a significant impact on revenue is metal quotations. The annual average listing prices of the main metals at LME are presented in the table below:

	2022	2021	% change
Aluminium [USD]	2 703	2 480	9.0%
Copper [USD]	8 797	9 317	-5.6%
Zinc [USD]	3 478	3 007	15.7%
Lead [USD]	2 150	2 206	-2.5%
EUR/PLN	4.69	4.57	2.6%
USD/PLN	4.46	3.86	15.4%
EUR/USD	1.05	1.18	-11.1%

	2022	2021	% change
Aluminium [PLN]	12 060	9 583	25.9%
Copper [PLN]	39 248	36 009	9.0%
Zinc [PLN]	15 519	11 623	33.5%
Lead [PLN]	9 593	8 526	12.5%

The metal price listings at the London Metal Exchange (LME) have a decisive impact on revenues from sales due to the fact that nearly 63% of revenue in Boryszew Capital Group is generated by companies operating in the metals sector. The level of metal listings is the primary component of products prices.

In the discussed period the average prices of: zinc (up 16%) and aluminium (up 9%) increased, while the prices of: copper (down 6%) and lead (down 3%) decreased.

The prices of all metals expressed in PLN also increased: zinc by 33%, aluminium by 26%, lead by 9% and copper by 9%.

Important raw materials for the Group are metal and steel scrap and battery scrap, which are the main raw materials for production.

BORYSZEW SA

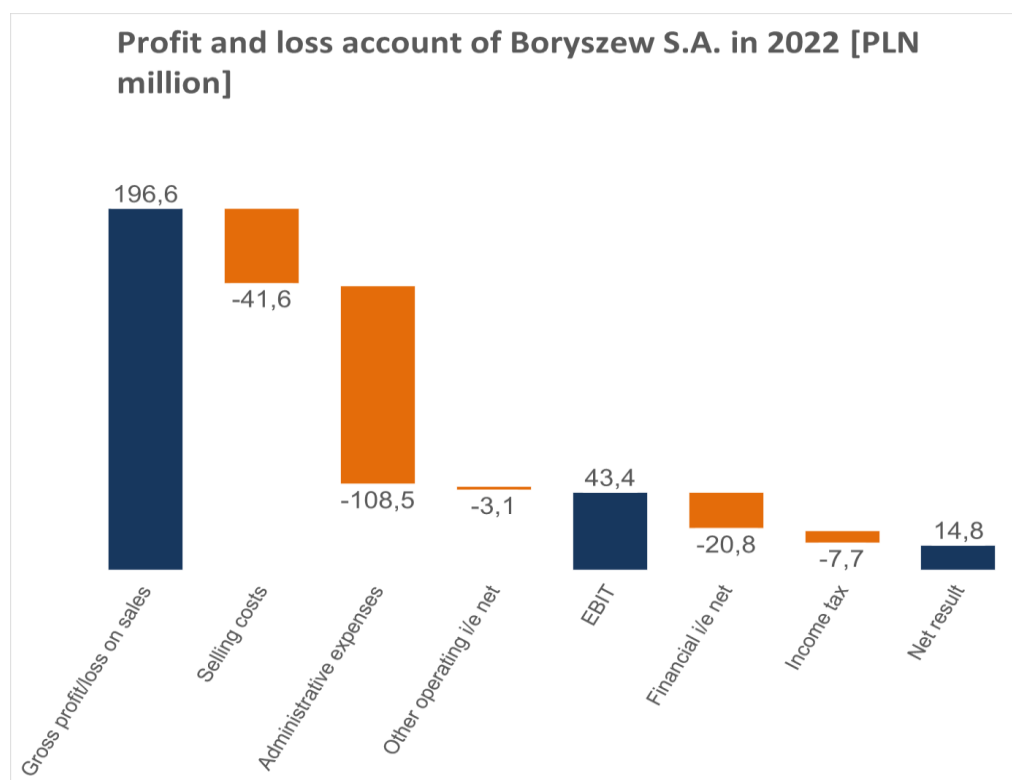
ANALYSIS OF SELECTED ITEMS OF INCOME STATEMENT

Selected items of the income statement of Boryszew S.A. for 2022, as compared to 2021, are presented in the table below:

in PLN million	2022	2021
Revenues from sale	2 913.7	1 917.7
Gross profit on sales	196.6	174.1
Profit on sales	46.5	37.6
EBITDA ¹⁾	100.2	137.7
Operating profit	43,4	71.2
Gross profit	22.5	-227.0
Total net profit	14.8	-259.8

¹⁾ Operating profit (loss) + depreciation, respectively

The following chart presents the impact of individual components of the income statement on the net result for 2022.



REVENUES

in PLN million	2022	2021
Revenues from sale, including:	2 913.7	1 917.7
Automotive Segment	772,3	628.3
Metals Segment	903.5	590.8
Chemicals segment	306.1	270.6
Other	935.2	472.3
Intercompany Corrections	-3.4	-44,2
Export sales as % of total sales	43%	52%

In 2022 revenues amounted to PLN 2 913.7 million, up 51.9%, owing to the following factors:

- increased selling prices in the Metals segment with increase of sales volumes,
- higher average annual aluminium quotations on the LME,
- significant increase in the level of sales of electricity and natural gas (Other),
- growth in sales volumes for companies in the Automotive and Chemicals segments.

OPERATING RESULTS

The gross sales in 2022 increased by PLN 22.5 million to attain the level of PLN 196.6 million. The costs of sales increased slightly by PLN 0.6 million, while general and administrative expenses were up by PLN 13.0 million. The balance of other operating income/expenses amounted to PLN -3.1 million and was lower by PLN 36.7 million against previous year. The aforementioned decrease was mainly due to recognition of a provision in Boryszew ERG Branch related to the ongoing tax proceedings in the amount of PLN 22.2 million.

EBITDA for major operating segments was as follows:

in PLN million	2022	2021
EBITDA, including:	100.2	137.7
Automotive Segment	64.6	88.1
Metals Segment	45,7	19.0
Chemicals segment	-12.4	-0.1
Other	2.3	30.7

The change in EBITDA of 2022 as compared to the previous year in individual segments was a consequence of:

- lower results in the **Automotive Segment** - as a result of negative increases in the prices of utilities and production components,
- higher results in the **Metals Segment** - Boryszew S.A. NPA Skawina Branch reported better results in 2022 compared to 2021 due to more than doubled sales, as well as higher raw material prices on the LME market and a higher processing premium,
- lower results in the **Chemicals Segment** - Boryszew ERG Branch and the tax risk provision primarily contributed to the decline in results.
- significantly lower comparable result of the **Other operations** due to the sale of the Impexmetal trademark in 2021.

FINANCIAL REVENUES AND COSTS, NET RESULT

The balance of financial income/expenses amounted to PLN -20.8 million and was PLN 277.4 million higher as compared to previous year. This result is mainly the effect of one-time events involving write-offs on financial assets in the form of bonds held and loan receivables granted to subsidiaries Boryszew Automotive Plastics Spółka z o.o. and Maflow Plastics Poland Spółka z o.o. (formerly Boryszew Tensho Plastics) in the amount of PLN 270.2 million. Net profit from continuing operations in 2022 amounted to PLN 14.8 million, up 274.6 million against the same period last year.

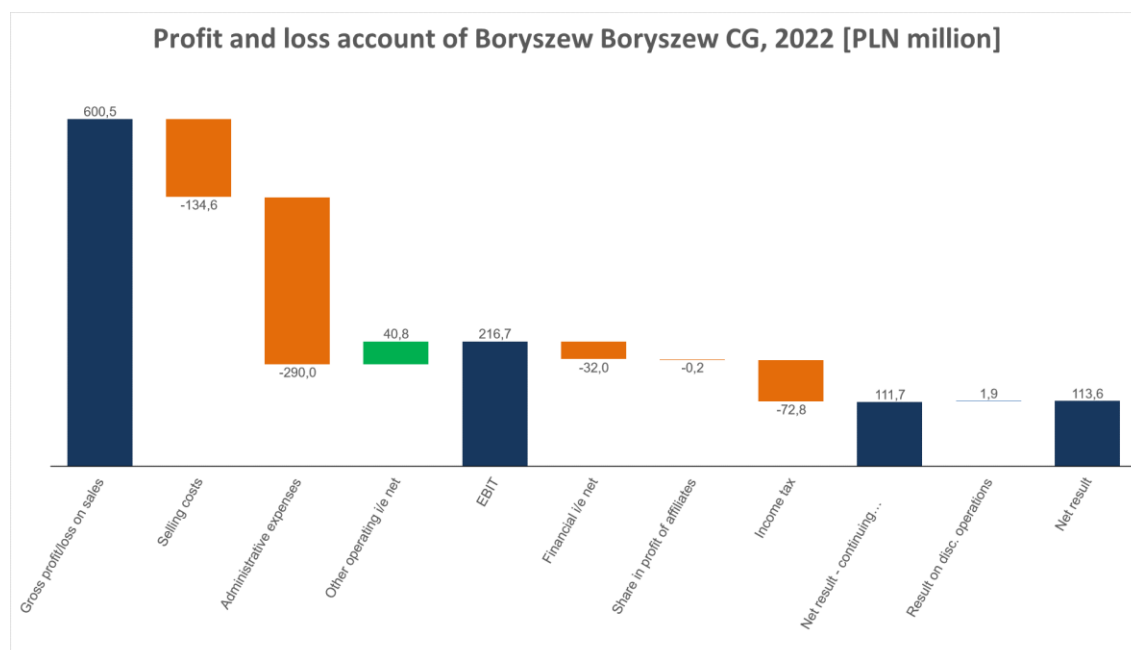
BORYSZEW CAPITAL GROUP

Selected items of the income statement of Boryszew Capital Group for 2022, as compared to 2021, are presented in the table below:

ANALYSIS OF SELECTED ITEMS OF INCOME STATEMENT

in PLN million	2022	2021
Revenues from sale	6 790.5	6 264.0
Gross profit on sales	600.5	565.8
Profit on sales	175.9	138.2
EBITDA	394.6	344.4
EBITDA (without one-off events)	387.4	375.3
Operating profit	216,7	170.2
Gross profit	184.5	152.2
Net profit on continuing operations	111.7	78,9
Net profit on discontinued operations	1.9	3.2
Total net profit	113.6	82.2

The following chart presents the impact of individual components of the income statement on the consolidated net result for 2022.



SALES REVENUES BY SEGMENTS

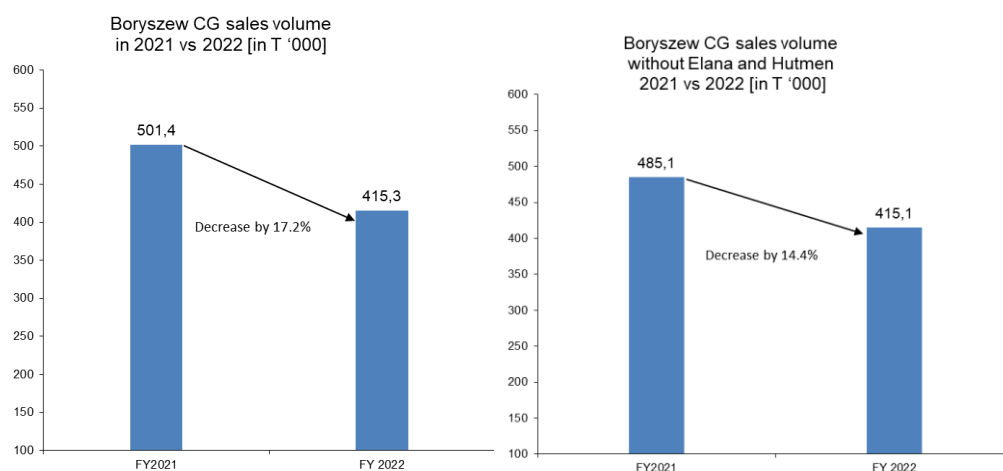
in PLN million	2022	2021
Revenues from sale, including:	6 790.5	6 264.0
Automotive Segment	1 671.0	1 579.1
Metals Segment	4 278.1	4 196.9
Chemicals segment	310.4	287.5
Other non-allocated*	531.1	200.5
Export sales as % of total sales	60%	65%

* including consolidation adjustments

Income from sales increased in 2022 by 8.4%, to PLN 6 790.5 million. The highest growth was recorded in the Chemicals segment (up 8.0%), Automotive (up 5.8%) and Other Segment (up more than 2 times from 2021). Revenue growth in the Metals Segment, despite the sale of FŁT Group companies and the discontinuation of Hutmen operations, was influenced by price increases (expressed in PLN) for most of the products offered (linked to LME metal prices). In the Other Segment the increase of revenues was generated mainly by Boryszew Energy branch, coming from the increase of prices of utilities (gas and electric energy).

VOLUME OF SALES

Boryszew Capital Group suffered a decrease in sales volumes compared to the corresponding period of the previous year as a result of a decline in volumes in all Segments.



Almost all of the Group's companies recorded a decline in sales volumes. The decline in volumes is mainly due to lower sales volumes of Alchemia CG as a result of slowing demand for steel products.

in thousand tonnes	FY 2022	FY2021	difference
Volume of sales, including:	415.3	501.4	-86,1
Metals Segment	379.2	454,9	-75,7
Chemicals segment	36.1	46.5	-10.4

2022 saw a decrease in the sales volume of the Metal Segment compared to the previous year (75.7 thousand tonnes), mainly due to Hutmen and Alchemia group companies (a decrease of 60.2 thousand tonnes in total). The negative effect was partially neutralised by increased sales volume at NPA Branch (in total by 5.6 thousand tonnes). The increase in volumes at NPA Skawina Branch was mainly in wire rod and wire.

The decrease in volumes in the Chemicals Segment was recorded in almost all production facilities and amounted to 10.4 thousand tonnes - Elana Pet sales also contributed to the decline. Elana Branch was the only one to see a slight increase in sales volume of 0.4 thousand tonnes.

ACHIEVED FINANCIAL RESULTS

The gross sales in 2022 increased by PLN 34.7 million to attain the level of PLN 600.5 million.

The costs of sales as well as general and administrative expenses dropped by PLN 2.9 million in total against the previous year.

The balance of other operating income/expenses was 40.7 million, up by 8.8 million from 2021.

OPERATING RESULT

- **Consolidates figures:**

In 2022, EBITDA excluding non-recurring events on continuing operations amounted to PLN 387.4 million, compared to PLN 375.3 million in the same period last year. In relevant operating segments, the EBITDA result was as follows:

in PLN million	2022	2021
EBITDA (excluding non-recurring events), including:	387.4	375.3
Automotive Segment	31.0	55.2
Metals Segment	340.4	303.6
Chemicals segment	10.3	1.7
Other non-allocated*	5.6	14.9

in PLN million	2022	2021
EBITDA, including:	394.6	344.4
Automotive Segment	-10.6	55.2
Metals Segment	411.7	272.7
Chemicals segment	-12.2	1.7
Other non-allocated*	5.6	14.9

* including consolidation adjustments

- **Automotive Segment**

Despite a decrease in the level of new car registrations in 2022 compared to 2021, Maflow Group recorded an increase in sales with decrease in EBITDA in 2022 versus 2021. The main reason influencing such a large decrease in EBITDA in the Segment was recognition of a write-off of fixed assets in the amount of PLN 41.6 million in Boryszew Plastic RUS, based in Nizhny Novgorod (Russia). The recognition of the aforementioned write-off is a consequence of the suspension of production by that company caused by the decisions of automotive concerns to suspend production in Russia.

The decline was caused by a number of external factors, such as the current situation in Europe, the ongoing armed conflict in Ukraine as well as the sanctions and restrictions introduced with it, the general situation in the automotive market, the ever-increasing cost of production, including the ever-increasing level cost of materials, components and raw materials used in the production process, the drastic increase in energy and gas cost, the rising cost of transportation, the progressive upward trend in labour costs.

- **Metals Segment**

The segment recorded an increase of result in 2022 compared to 2021. EBITDA growth was recorded in almost all companies of this Segment.

The Alchemia CG and NPA Skawina Branch recorded the largest growth.

The result of Alchemia CG in 2022 was affected by the market situation in the steel industry and the outbreak of war in Ukraine. Alchemia Group companies operate in the European market area and primarily whatever happens in this market directly affects performance of these companies. The outbreak of war had very significant consequences in changing the supply chain as well as very significant changes in the European economy following the outbreak of the energy crisis.

The performance of NPA Skawina Branch in 2022 is the result of a change in commercial strategy (initiated in 2020) to diversify customers and significantly increase sales of more processed products (wires and cables). Implementation of the strategy led to a significant increase in margins on all products including leading aluminium wire rod. In 2022, despite the difficult market situation (high energy and oil prices), the company greatly improved its results. The outlook in the coming years will be favourable for the company, as, in line with the EU's directions on energy policy changes and electromobility, demand for all products in NPA Skawina portfolio is expected to increase significantly.

- **Chemical products segment**

The decrease in EBITDA of the Segment is mainly attributable to the recognising a provision for tax risk at Boryszew S.A. Boryszew ERG Branch.

- **Other non-allocated**

Segment Other recorded worse results than in the corresponding period of the previous year as a result of the volatility of utility prices (gas, energy).

FINANCIAL REVENUES AND COSTS, NET RESULT

The balance of financial income/expenses was PLN -32.0 million, down PLN 14.0 million from last year's figure, mainly due to higher interest on loan liabilities.

Net income from continuing operations amounted to PLN 111.7 million, up by PLN 32.8 million against the 2021 result.

7. DESCRIPTION OF ASSETS, EQUITY AND LIABILITIES STRUCTURE

BORYSZEW S.A.

ANALYSIS OF SELECTED BALANCE SHEET ITEMS

Selected items of Boryszew S.A. separate balance sheet are presented in the table below:

in PLN million	2022	2021
Non-current assets	1 517.5	1 399.6
including:		
tangible assets	250.8	257.8
investment property	19.8	21.6
intangible assets	32.2	35.2
right-of-use assets	125.3	117.9
shares in related parties	810.6	804.0
financial assets	143.2	41.3
other	135.6	121.8
Current assets	1 015.2	1 113.8
including:		
inventory	298.1	242.2
trade receivables and other receivable	339.2	322.7
cash and cash equivalents	26.1	56.9
other	351.8	492.1
Total assets	2 532.7	2 513.5
Equity	1 205.0	1 367.3
Total liabilities	1 327.7	1 146.1
including:		
Long-term liabilities, including:		
financial obligations	135.2	135.5
financial obligations	52.2	38.0
Short-term liabilities, including:		
trade liabilities	1 192.5	1 010.7
trade liabilities	381.7	389.4
financial obligations	699.6	515.9
Balance sheet total	2 532.7	2 513.5

Fixed asset increase was primarily due to:

- PLN (101) million - increase in financial assets - long-term loans granted to subsidiaries,

Current asset decrease was primarily due to:

- PLN (98.6) million - decrease in trade receivables,
- PLN 55.9 PLN million - increase in stocks
- PLN (77.9) million - decrease in other current assets (sale of Granges shares).

The increase in current liabilities and provisions was primarily due to:

- PLN 181.8 million - increase in short-term financial liabilities, loan from Hutmen.

ANALYSIS OF WORKING CAPITAL

in PLN million	2022	2021
Working capital (PLN million)	204.9	191.6
Inventory turnover (in days)	37	46
Receivables turnover (in days)	41	73
Liabilities turnover ratio in days	53	83
Working capital turnover (in days)	26	36

Working capital = inventories + trade and other receivables - short-term trade and other payables as of the end of the period

Turnover ratios are calculated based on revenues

Working capital at the end of 2022 amounted to PLN 204.9 million and increased by 6.9% or PLN 13.3 million against the end of 2021. The increase in working capital was primarily due to a decline in accounts payable relative to a decline in accounts receivable and inventory.

The decrease in working capital turnover was primarily due to a 19.0% decrease in inventory turnover. Trade receivables and trade payables turnover decreased by 43.7% and 36.2%, respectively, compared to the same period in 2021. The real level of working capital in Boryszew S.A., calculated as the turnover ratio (calculated to revenues) in days, decreased by 10 days.

ANALYSIS OF INTEREST BEARING DEBT

The main ratios of interest liabilities in Boryszew S.A. are presented in the table below:

in PLN million	2022	2021
Interest liabilities, including:	751,8	553.9
Long-term interest liabilities	52.2	38.0
including: bonds	0.0	0.0
including: loans, borrowings, leases	52.2	38.0
Short-term interest liabilities	699.6	515.9
including: bonds	0.0	28.0
including: loans, borrowings, leases	699.6	487.9
Cash and cash equivalents	26.1	56.9
Interest payable to related parties	319.2	154.9
Net debt	406.5	342.2
LTM EBITDA	100.2	137.7
Net debt/EBITDA	4.1	2.5
Value of gross (total) debt to assets*	17.1%	15.9%

Interest-bearing liabilities = long-term liabilities + short-term liabilities (from loans, credits, leases)

Net debt = interest liabilities – cash and cash equivalents - loans granted to Capital Group companies (Boryszew S.A. is provides funds to subsidiaries)

Net interest-bearing debt of Boryszew S.A. (less cash and cash equivalents and liabilities related entities) at the end of 2022 amounted to PLN 406.5 million, which was PLN 64.3 million higher than at the end of 2021. The gross (total) debt to assets ratio was 17.1% at the end of 2022 compared to 15.9% at the end of 2021.

ANALYSIS OF LIQUIDITY

Liquidity ratios are presented in the table below:

in PLN million	2022	2021
Current ratio	0.9	1.2
Quick ratio	0.6	0.9

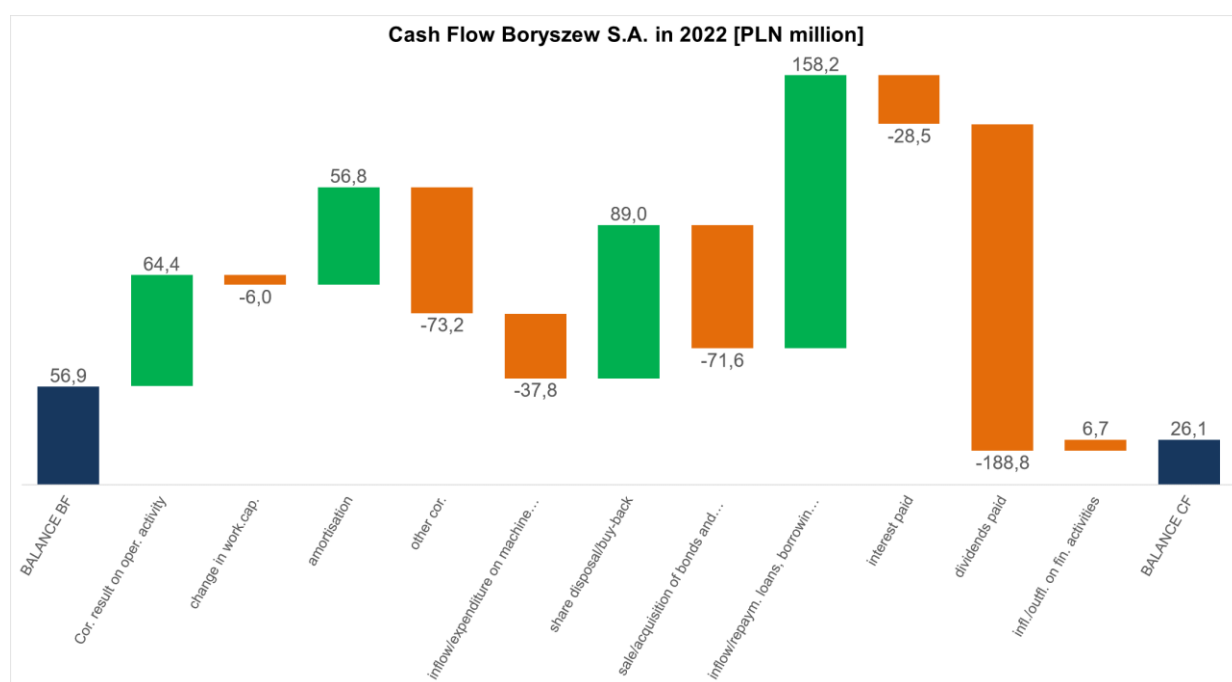
Current ratio = current assets / short-term liabilities

Quick ratio = (current assets – inventories) / short-term liabilities

In 2022, the current ratio and quick ratio were at a lower level compared to 2021. This is a result of a higher increase in short-term liabilities by PLN 181.8 million, decrease in current assets by PLN 98.6 million (including inventories by PLN 55.9 million).

ANALYSIS OF SELECTED ITEMS OF CASH FLOW AND CAPITAL EXPENDITURE

The main items of separate statement of cash flows for Boryszew S.A. in 2022 are presented in the chart below:



The above graph shows main factors that determined the cash flows of Boryszew in 2022.

in PLN million	2022	2021
Net cash flow from operating activities	42.0	112.2
Net cash flow from investment activities	-20.4	-57.6
Net cash flow from financial activities	-52.4	-32.6
Total cash flow	-30.7	22.0

Investments in fixed assets and intangible assets took place mainly Maflow Branch (modernisation and automation), NPA Skawina Branch (mainly replacement investments) and Boryszew ERG Branch (mainly gas boiler room).

Boryszew Capital Group

Selected items of the consolidated balance sheet of Boryszew Capital Group are presented in the table below:

in PLN million	2022	2021
Non-current assets	1 911.1	1 820.7
including:		
tangible assets	1 366.7	1 276.6
investment property	123.3	141.8
intangible assets	43.2	46.2
right-of-use assets	297.7	292.9
shares and stocks	0.0	0.2
financial assets	16.0	1.7
other	64.3	61.3
Current assets	2 073.4	2 340.4
including:		
inventory	1 034.9	991.8
trade receivables and other receivable	756.1	977.2
cash and cash equivalents	164.4	187.7
other	118.0	183.6
Assets held for sale	1.3	59.5
Equity	1 689.1	1 746.7
Total liabilities	2 296.6	2 473.9
including:		
Long-term liabilities	608.9	527.2
Short-term liabilities	1 687.7	1 946.7
Balance sheet total	3 985.7	4 220.6

ANALYSIS OF INTEREST BEARING DEBT

in PLN million	2022	2021
Interest liabilities, including:	817.0	852.8
Long-term interest liabilities	226.8	155.2
including: bonds	0.0	0.0
including: loans, borrowings, leases	226.8	155.2
Short-term interest liabilities	590.2	697.6
including: bonds	0.0	0.0
including: loans, borrowings, leases	590.2	697.6
Cash and cash equivalents	164.4	187.7
Net debt	652.6	665.1
EBITDA	394.6	344.4
EBITDA (without one-off events)	387.4	375.3
Net debt/EBITDA	1.7	1.9
Net debt/EBITDA (excluding one-off events)	1.7	1.8

Interest-bearing liabilities = long-term liabilities + short-term liabilities (from loans, credits, leases)

Net debt = interest liabilities – cash and cash equivalents - loans granted to Capital Group companies (Boryszew S.A. is provides funds to subsidiaries)

Relative debt, as measured by the ratio of net debt to EBITDA (excluding non-recurring events), was 1.7 and decreased against the previous year.

By contrast, the gross (total) debt to assets ratio stood at 20.5% at the end of 2022, compared to 20.2% at the end of 2021.

The interest debt of Boryszew Capital Group (less cash and cash equivalents) as at the end of 2022 amounted to PLN 652.6 million and was lower by PLN 12.5 million than that at the end of 2021.

ANALYSIS OF WORKING CAPITAL

in PLN million	2022	2021
Working capital (PLN million)	980.3	1 020.5
Inventory turnover (in days)	56	58
Receivables turnover (in days)	40	54
Liabilities turnover ratio in days	42	52
Working capital turnover (in days)	53	59

Working capital = inventory + trade receivables - trade liabilities.

*Turnover ratios calculated based on revenues, i.e. the level of inventories at the end of the period/revenues from sale * 365 days.*

Demand for working capital as at the end of 2022 amounted to 980.3 million PLN and dropped as compared to the end of 2021 by PLN 40.2 million.

The actual level of working capital in Boryszew Capital Group, computed as a turnover ratio (calculated based on revenues) expressed in days was 53 days.

ANALYSIS OF LIQUIDITY

Liquidity ratios are presented in the table below:

in PLN million	2022	2021
Current ratio	1.5	1.5
Quick ratio	0.7	0.8

Current ratio = current assets / short-term liabilities

Quick ratio = (current assets – inventories) / short-term liabilities

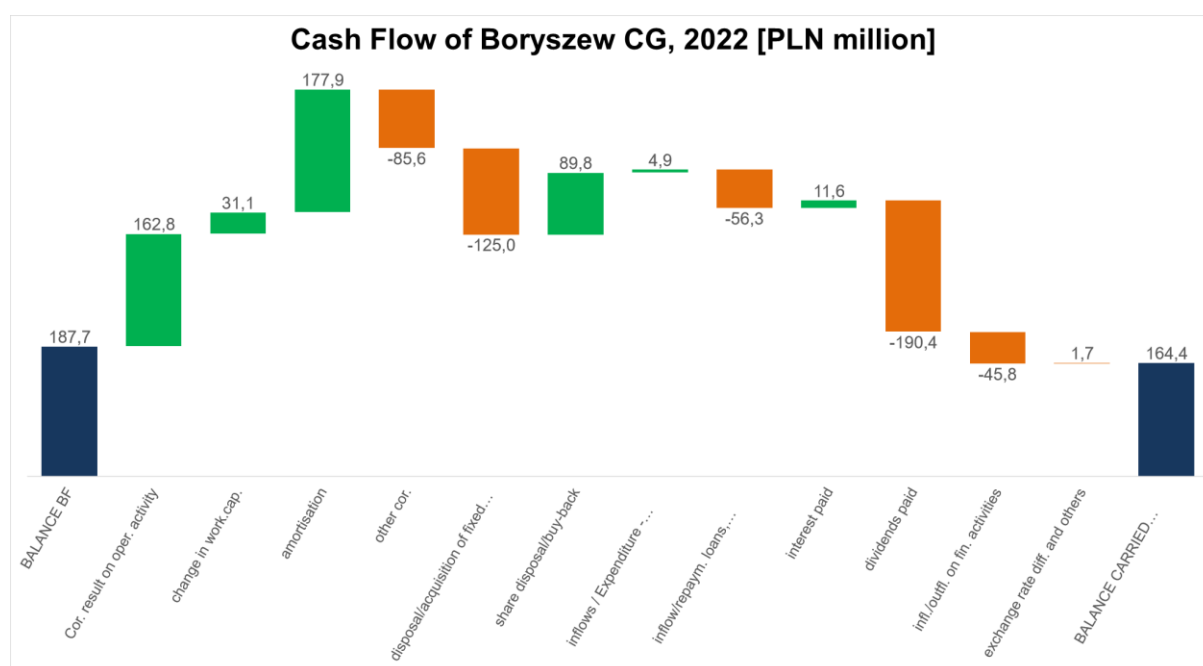
In 2022 the current ratio remained at the same level as in 2021, while the quick ratio declined slightly. The above ratios confirm that the Group has sufficient financial liquidity to pay current and future liabilities.

ANALYSIS OF SELECTED ITEMS OF CASH FLOW AND CAPITAL EXPENDITURE

Main items of the consolidated cash flow statement of Boryszew Capital Group in 2022, as compared to the corresponding period of previous year, are presented in the table below:

in PLN million	2022	2021
Net cash flow from operating activities	286.1	152.8
Net cash flow from investment activities	-30.3	104.6
Net cash flow from financial activities	-280.8	-222.5

The following chart presents the main factors shaping the cash flow of Boryszew Capital Group in 2022:



In 2022 the Group generated positive cash flows from operations and investing activity, which were allocated mainly to service debt (payment of loans and borrowings, payment of interest).

The total value of investment expenditure in 2022 amounted to PLN 258.8 million. The table below presents the division of investment expenditure into segments:

in PLN million	2022
CAPEX, including:	258.8
Automotive Segment	163.5
Metals Segment	58.1
Chemicals segment	15.2
Other Operations Segment	21.9

The largest investments in fixed assets in 2022 took place in the Automotive Segment.

Automotive Maflow Mexico app. PLN 60 million, Maflow Poland app. PLN 75 million, Maflow China - PLN 14 million.
Metals: Huta Bankowa - PLN 32 million.

Other: Eastside Bis Sp. z o.o. - PLN 21 million.

8. DESCRIPTION OF SIGNIFICANT OFF-BALANCE SHEET ITEMS

Guarantees and sureties on 31 December 2022

Entity for which guarantee or surety was issued	Subject of liability	Value of guarantee 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 on 31 December 2021

Entity for which guarantee or surety was issued	Subject of liability	Value of guarantee 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			-

	As at 31.12.2022	As at 31.12.2021
Guarantees and sureties for repayment of financial liabilities granted to subsidiaries and jointly-controlled companies	114 906	85 831
Liability for tax risks on proceedings at ZM SILESIA S.A.	87 787	78 304
	202 639	164 135

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.

9. SIGNIFICANT CONTRACTS

Companies of Boryszew Capital Group conduct their business on the basis of several cooperation agreements, one-off, yearly or multi-year trade contracts concluded with raw material suppliers and with customers for the manufactured products. These are usually traditional transactions covering purchase (domestic or overseas) of raw materials and materials for production and sale of manufactured products on the domestic and foreign market.

In 2022 the following entities accounted for more than 10% of sales revenue generated by Boryszew S.A.:

Company	Conclusion date	Subject matter of the agreement	Value of the agreement in 2022	Share [%]	Ties with the issuer
PGNiG Supply & Trading GmbH	10.12.2020	Purchase of gas fuel	PLN 292.6 million	10%	none

In 2022 the following entities account for more than 10% of sales revenue generated Boryszew Capital Group:

Company	Conclusion date	Subject matter of the agreement	Value of the agreement in 2022	Share [%]	Ties with the issuer
VW Group	Orders (nominations)	delivery of air-conditioning tubes and plastic parts for cars	PLN 842.6 million	11.63%	none

The value of purchase or sale contracts from other contractors of the Company or the Capital Group in 2022 remained below 10% of revenues from sales of Boryszew S.A. or Boryszew Capital Group respectively.

Other important agreements in Boryszew S.A.

BORYSZEW S.A. BORYSZEW ENERGY BRANCH

Conclusion date	Subject matter of the agreement	Estimated value of the contract in 2022
22.07.2021	Purchase of electricity	PLN 244.1 million
17.05.2021	Purchase of gaseous fuel	PLN 222.4 million

24.08.2020 18.12.2018	Sales of electricity and gaseous fuel	PLN 234.8 million
31.08.2020 22.11.2017	Sales of electricity and gaseous fuel	PLN 190.1 million

BORYSZEW S.A. NOWOCZESNE PRODUKTY ALUMINIOWE SKAWINA BRANCH

Conclusion date	Subject matter of the agreement	Estimated value of the contract in 2022
20.12.2021	sale of cables made of aluminium and its alloys	PLN 183.5 million
02.12.2021	sale of cables made of aluminium and its alloys	PLN 122.9 million
05.11.2021 03.12.2021	purchase of raw materials	PLN 157.4 million
10.11.2021 30.11.2021 06.12.2021	purchase of raw materials	PLN 136.8 million

BORYSZEW S.A. MAFLOW BRANCH

Conclusion date	Subject matter of the agreement	Estimated value of the contract in 2022
Multi-year contracts	delivery of air-conditioning tubes	PLN 209.9 million

SIGNIFICANT AGREEMENTS OF THE CAPITAL GROUP

BORYSZEW AUTOMOTIVE PLASTICS GROUP

Name of the party to the contract	Conclusion date	Subject matter of the agreement	Value of the agreement in 2022
VW Group	orders	sale of parts to automotive	PLN 463.5 million

MAFLOW GROUP

Name of the party to the contract	Conclusion date	Subject matter of the agreement	Contract value in 2022
VW Group	orders	sale of parts to automotive	PLN 379.1 million

Other agreements material for the operations of the Capital Group companies

(criterion: contract value exceeding 2% of sales revenues of Boryszew Capital Group)

ZM SILESIA S.A.

Conclusion date	Subject matter of the agreement	Estimated value of the contract in 2022
01.2022	delivery of raw materials (zinc and lead)	PLN 150.4 million

ALCHEMIA GROUP

Conclusion date	Subject matter of the agreement	Estimated value of the contract in 2022
Multi-year contract	purchase of raw materials	PLN 427.9 million

WM DZIEDZICE S.A.

Conclusion date	Subject matter of the agreement	Estimated value of the contract in 2022
2022	supply of raw materials (scrap metal)	PLN 214 million

INSURANCE CONTRACTS

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:

1. Boryszew Group property
2. profit lost due to all risks
3. machine damage
4. loss of profit due to damage to machinery and equipment
5. electronic equipment
6. business activity and property owners civil liability insurance
7. tax risks,
8. 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.

10. SIGNIFICANT CAPITAL INVESTMENTS AND CHANGES IN THE STRUCTURE

Boryszew S.A.

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.

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

On 4 July 2022, the Extraordinary Meeting of Shareholders, 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. (now Boryszew S.A.) - 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.

11. RESEARCH AND DEVELOPMENT

Companies of the Capital Group carry out research and development works in order to advance the technologies employed.

MAFLOW GROUP

In 2022 Maflow Group conducted works to develop new technologies for fluid and gas transmission lines in electric cars and in fuel cell (hydrogen) cars.

Optimisation activities included development work associated with the implementation of laser welding for the Maflow Group main customers and the sequence of technology implementation for different projects starting in 2024 - 2025.

Prototypes of cables using the laser welding process were delivered to major customers for testing under operational conditions.

BORYSZEW ERG BRANCH OF BORYSZEW S.A. IN SOCHACZEW

Significant R&D achievements of the Branch in 2022 include:

- completion of the project Nanoborygo Ecological nanofluid for car radiators with innovative performance POIR.01.02.00-00-0031/117.
- development of AluClean ERG G, Alu Clean ERG T, AluClean ERG NF, AluEtching ERG aluminium cleaning formulations.
- development of a formulation of coolants with reduced content of sodium tetraborate.
- development of optimised formulation and production methods for 2-ethylhexyl terephthalate.

WM DZIEDZICE S.A.

In 2022 WM Dziejdzice S.A. continued implementation of the project "H-tech ($\alpha+\beta$) Brass - New generation of super-precision drawn products from biphasic brass for applications in highly advanced processing technologies". The project is carried out in collaboration with the Non-ferrous Metals Department of the AGH University of Science and Technology in Krakow.

Recipes were developed for new, never yet produced brass grades with reduced lead content or eliminating this element from the chemical composition altogether. The result of these activities is:

- introduction of a new alloy resistant to dezincification, CW625N, which is an alternative to both lead alloys used in contact with drinking water and the CW626N alloy introduced earlier, with higher Cu and Al content.
- tests were carried out for the production of drawn profiles in the low-lead CW510L grade while maintaining its machinability.
- tests were carried out with two more alloy grades: CW708R and CW709R.

The Company also implemented projects to improve the quality and profitability of its products.

ALCHEMIA S.A.

In 2022, as in 2021, all subsidiaries of Alchemia were involved in activities aimed at optimising the production process in terms of technology and quality of manufactured products.

In 2022 Walcownia Rur Batory branch in Chorzów continued works launched in 2020 on the modification of the forging mill. Three different upgrade concepts were developed, which will result in a significantly improved product with lower dimensional tolerances and increased yield. Pipes in the range of new outer diameters, i.e. $\phi 368$ and $\phi 419$ mm, were also developed and put into production. The program to improve the surface finish of oil and gas transfer, structural and boiler pipes continued in 2022. In an earlier stage, a pipe blasting machine and a belt grinder for external surface grinding were installed and commissioned. In late 2022/early 2023 a state-of-the-art grinding machine was installed and commissioned for grinding the inner surface of pipes. The grinder makes it possible to grind two pipes at the same time while being several times more efficient than those already used so far.

In 2022, Stalownia Batory Branch conducted the following R&D work and implementation of solutions in production:

- carrying on activities and work on vacuum generation system based on modern vacuum pumps and completion of activities by signing a contract for reconstruction and modernisation of the processing system for vacuum treatment of steel at the VAD by using an efficient vacuum generation system with modern vacuum pumps,
- direct cooperation with a manufacturer of ceramic high-temperature refractory materials for the lining of ceramic electric arc furnace and ceramic materials for installation in casting ladles in the bottom, metal and slag zones.

In 2022 no R&D tasks based on cooperation with third parties were undertaken by Kuźnia Batory Branch. In-house activities carried out, as in the previous year 2021, focused on optimising different production processes mainly in the technological field that improved the quality of manufactured products. This work, as in the previous two years, was carried out by the department themselves as well as maintenance personnel. The Heat Treatment department launched and carried out works on raising the concentration of polihartenol-E8 in the polymer quenching bath. This modification helped continue with good results the thermal improvement of materials, mainly the 34CrNiMo6 grade. This made it possible to avoid "double" hardening of this grade in two media, i.e. water-oil, while improving not only the achieved hardness of the products, but also improved the OHS conditions of the personnel.

HUTA BANKOWA

In 2022 the company implemented projects financed from ERDF.

1. project No. 0143/16 "Designed rolling of large size long bars with non furnace treatment - a new technology for the production of quality long rolled bars made of alloy steel with designed properties for the engineering industry" was implemented with delay, causing the long rolled products department's production to stop for more than two months. In the same project the supplier of components for the construction of a new cold

storage facility for products has still not been selected in a tender. Given the above, despite the postponement of the project's completion date until the end of 2023, a real risk exists that the project will not be implemented as planned and will have to be closed.

2. project - No. POIR 01.01.01-00-208/17-02 - "Automated line for quality control and examination of for rings and rims with intelligent system for identification and measurement of internal defects using the PA method, form measurements by means of 3D measurement heads and the SMART-HARD mechanical properties measurement station - all suppliers are selected and relevant Agreements signed. Technical design work was underway in 2022 and installation of the shot blasting machine and UT station had already begun in Q4. These stations are currently awaiting final acceptance tests. Two more stations - geometry testing of forged-rolled products and hardness testing together with a transport and control system - will be completed by the end of April 2023. The project is scheduled to be completed and settled by the end of June 2023.

Following the launch of the new European Funds for a Modern Economy program, the Company plans to apply for funding in the SMART Path for projects related to the launch of production of large-size machined rings and the construction of a modern universal ultrasonic testing line for long-rolled products.

As part of investment activities a decision was also made to build a new furnace for tempering long products. This investment will significantly increase production capacity for bar heat treatment and will enable the company to increase sales volumes of heat-treated bars by about 6 000 Mg per year.

NOWOCZESNE PRODUKTY ALUMINIOWE BRANCH/NPA SKAWINA SPÓŁKA Z O.O.

The main areas of the company's development include the implementation and commercialisation of the completed POIR project involving the development of technology for production of 2xxx, 5xxx, 7xxx series aluminium alloy wire rod, as well as the development, implementation and certification of new designs of overhead conductors for the markets in the Czech and Slovakia.

Other entities of the Group did not implement significant projects within the scope of research and development.

12. TRANSACTIONS WITH AFFILIATED ENTITIES

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.

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.

EASTSIDE - BIS SPÓŁKA Z O.O.

Loan granted to a related party

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.

Loan granted to a related party

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.

Loan granted to a related party

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 subscribed by Alchemia S.A.

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 31 December 2022 Alchemia S.A. holds bonds issued by Unibax Spółka z o.o. with a total face value of PLN 10 800 000.

Redemption of bonds subscribed by Eastside-Bis Spółka z o.o.

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.

On 31 December 2022 Eastside-Bis Spółka z o.o. holds bonds issued by Unibax Spółka z o.o. with a total face value of PLN 5 123 500.

13. LOANS AND BORROWINGS

Boryszew S.A.

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	Loan repayment date as per agreement	interest rate (%)	Loan collateral
ALIOR	14 261	14 261	–	11.09.2023	WIBOR + margin	crisis guarantee fund guarantee, transfer of receivables, mortgage, pledge
ALIOR	4 375	4 375	–	11.09.2023	WIBOR + margin	crisis guarantee fund guarantee, transfer of receivables, mortgage, pledge
ALIOR	30 672	30 555	117	18.09.2023	WIBOR + margin	mortgage, transfer of receivables
ALIOR	18 760	–	18 760	18.09.2023	EURIBOR + margin	crisis guarantee fund guarantee, pledge
BGK	-	12 683	(12 683)	31.12.2022	EURIBOR + margin	
BGK	60 077	22 997	37 080	30.06.2024	EURIBOR + margin	mortgage, pledge
BNP	481	20 490	(20 009)	01.07.2023	WIBOR + margin	mortgage, pledge, transfer of receivables
BNP	-	29 084	(29 084)	10.01.2022	WIBOR + margin	
BNP	15 850		15 850	unspecified	WIBOR/EURIBIR/LIBOR + margin	
CREDIT AGRICOLE	4 343	9 369	(5 026)	19.10.2023	EURIBOR + margin	pledge, transfer of receivables
COFACE	14 693	12 070	2 623	02.04.2023	WIBOR/EURIBIR/LIBOR + margin	liquidity guarantee by BGK
HSBC	30 637	31 604	(967)	31.12.2025	WIBOR/EURIBOR + margin	mortgage, pledge
HSBC	16 699		16 699	31.08.2023	WIBOR/EURIBIR/LIBOR + margin	
ING	11 016	21 381	(10 365)	30.08.2023	WIBOR/EURIBIR/LIBOR + margin	pledge, transfer of receivables

Loan details	Loan liabilities 31.12.2022	Loan liabilities 31.12.2021	Change	Loan repayment date as per agreement	interest rate (%)	Loan collateral
PKO BP	148 374	27 277	60 770	31.12.2023	WIBOR/EURIBOR + margin	mortgage, pledge, transfer of receivables
PKO BP		53 000		31.12.2023	WIBOR/EURIBOR + margin	mortgage, pledge, transfer of receivables
PKO BP		7 327		31.12.2023	WIBOR/EURIBOR + margin	mortgage, pledge, transfer of receivables
PKO BP	1 409	23 720	(22 311)	31.12.2023	WIBOR + margin	mortgage, pledge, transfer of receivables
SANTANDER	-	41	(41)	26.08.2022	WIBOR + margin	
SANTANDER	-	90	(90)	25.02.2022	WIBOR + margin	
SANTANDER	-	11 167	(11 167)	26.08.2022	WIBOR + margin	
SANTANDER	-	15 589	(15 589)	11.10.2022	WIBOR + margin	
SANTANDER	9 798		9 798	07.03.2024	WIBOR/EURIBOR/LIBOR + margin	liquidity guarantee by BGK
	381 445	347 080	34 365			

Boryszew Capital Group

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)

Loan details	Loan liabilities 31.12.2022	Loan liabilities 31.12.2021	Change
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)
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)

All loans are secured. Loan collaterals include:

- investment real estate
- tangible fixed assets
- stocks: Boryszew S.A. (in subsidiaries)
- inventories,
- receivables from customers,
- bills of exchange;
- assignment of rights under insurance policies,
- guarantees issued by Capital Group companies.
- loan repayment guarantees from Bank Gospodarstwa Krajowego programs,

LOANS RECEIVED BY BORYSZEW S.A. IN 2022

The summary of liabilities under received loans is presented in the Financial Statement of Boryszew S.A. for 2022 in item 24.2

Termination of credits or loans

None occurred.

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.

LOANS GRANTED BY BORYSZEW S.A. IN 2022

The summary of claims due to loans granted is presented in the Financial Statement of Boryszew S.A. for 2022 in point 18.

14. GUARANTEES AND SURETIES

Guarantees and sureties granted by Boryszew S.A. as at 31.12.2022

Entity for which guarantee or surety was issued	Subject of liability 2022	Surety value in PLN	Expiry date of guarantee
Boryszew Oberflächentechnik Deutschland GmbH	Guarantee granted to Bank Gospodarstwa Krajowego	11 598	31.12.2028
Boryszew Plastic RUS	Guarantee granted to Volvo Group Trucks Operations	23 450	indefinite validity
	Payment guarantee granted to Engel Austria	4 466	25.08.2023
Maflow Plastics Poland Sp. z o.o.	Guarantee granted to HSBC Bank Polska S.A.	6 866	31.01.2026
	Endorsement of lease agreement for mLeasing	294	15.12.2024
	Endorsement of lease agreements for mLeasing	571	15.12.2024
	Endorsement of lease agreements for mLeasing	292	15.12.2024
	Endorsement of lease agreement for mLeasing	292	15.12.2024
	Endorsement of lease agreements for mLeasing	546	15.12.2024
	Endorsement of lease agreements for mLeasing	414	15.02.2025
	Guarantee granted to PKO Leasing Sp. z o.o.	1 264	23.04.2023
Theysohn Formenbau GmbH	Guarantee granted to akf Leasing GmbH	921	31.08.2023
1) Maflow Plastics Poland Sp. z o.o., 2) Boryszew Kunststofftechnik Deutschland GmbH, 3) AKT Plastikarska Technologie Czechy Spol. S.R.O.	Guarantee granted to Borealis AG for commercial liabilities	4 690	31.12.2023
1) Maflow Plastic Poland Sp. z o.o., 2) Boryszew Kunststofftechnik Deutschland GmbH, 3) AKT Plastikarska Technologie	Guarantee granted to Basell Sales & Marketing Company B.V.	9 380	31.12.2022

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

The increase in the value of sureties granted compared to 2021 (balance of sureties on 31.12.2021: PLN 229 329 thousand) is mainly due to:

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

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

Significant sureties granted by Boryszew Capital Group companies

Surety entity	Entity for which guarantee or surety was issued	Subject of liability 2022	Expiry date of guarantee
Eastside-Bis Spółka z o.o.	PKO BP SA	Surety for repayment of the loan granted to Boryszew S.A. up to PLN 118.6 million	until loan repayment

Boryszew Group companies did not grant or receive any significant sureties or guarantees other than those described above and related to their core operations (in particular guarantees related to the performance of contracts).

15. OWN SHARES

In 2022 Boryszew S.A. did not purchase own shares.

On 31 December 2022 and the publication date of the Financial Statements Boryszew S.A. holds directly and indirectly through subsidiaries shares of Boryszew S.A.:

- Boryszew S.A. - 34 795 000 treasury shares, representing 34 795 000 votes at the General Meeting, which accounts for approximately 14.498 % share in the share capital and total number of votes at the General Meeting of Boryszew S.A.,
- Alchemia S.A. - 3 200 000 shares of Boryszew S.A., representing 3 200 000 votes at the General Meeting, which accounts for approximately 1.333 % share in the share capital and total number of votes at the General Meeting of Alchemia S.A.,
- Polski Cynk Sp. z o.o. - 5.000 shares of Boryszew S.A., representing 5 000 votes at the General Meeting, accounting for 0.002% of share capital and the total number of votes at the General Meeting of Boryszew S.A.

16. ISSUES OF SECURITIES

ISSUES OF BONDS

In 2022 and until the date of publication of the report the Company issued no debt securities.

REDEMPTION OF BONDS ISSUED BY BORYSZEW S.A.

On 31 March 2022 Boryszew S.A. redeemed the following bonds held by Hutmen Sp. z o.o.

- 20 registered bonds, P-series, with nominal value of PLN 1 000 000 each and total nominal value of PLN 20 000 000, acquired on 31 October 2018 by Hutmen Spółka z o.o. with registered office in Wrocław, with the redemption date of 31 March 2022.
- 8 registered bonds, A34-series, with nominal value of PLN 1 000 000 each and total nominal value of PLN 8 000 000, acquired on 31 October 2018 by Hutmen Spółka z o.o. with registered office in Wrocław, with the redemption date of 31 March 2022.

On 31 December 2022 Boryszew S.A. had no liabilities under bond issues.

EQUITY SECURITIES

In 2022 and until publication of the report the Company did not issue any equity securities.

17. DIVIDEND PAID OR DECLARED

Coverage of net loss for 2021

On 27 May 2022 the Ordinary General Meeting of Boryszew S.A. passed a resolution to cover the net loss for 2021 in the amount of PLN (259 762) thousand from the Company's supplementary capital and that the profit on disposal of financial assets through comprehensive income of PLN 20 505 thousand be allocated to the Company's supplementary capital.

Payment of dividend from reserve capital of Boryszew S.A.

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

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

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

The dividend was paid on time in accordance with the decision of the Annual General Meeting.

Dividend policy of Boryszew S.A.

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

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

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

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

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

Distribution of profit for 2022

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

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.

18. FINANCIAL RESULT FORECAST

In 2022 the Management Board of Boryszew S.A. published no forecasts of the financial result for the current year.

19. PRINCIPLES OF MANAGEMENT OF FINANCIAL RESOURCES

BORYSZEW S.A.

Boryszew S.A. follows an active policy of financial resources management. The organisational structure of financial departments at divisions is closely adapted to the specific nature of individual entities within the Group. The company cooperates with several banks, but also holds talks with other financial institutions to optimize costs in terms of financing the operational activity.

Boryszew S.A. and its branches service interest debt, both in terms of principal amount and interest repayments. The company and each of its branches monitor receivables overdue and undertake to shorten the receivables payment deadlines and extend repayment deadlines. Due to the financial risk arising in its operating activity, the metals segment branch pursues an active policy for financial risk management and aluminium price volatility under the policy adopted by the Management Board and the Supervisory Board.

BORYSZEW CAPITAL GROUP

Boryszew Group follows an active policy of financial resources management. The organizational structure of the financial divisions of the Group companies is tailored to the specifics of each company. The Group pursues a strategy of continuous improvement of its financing structure, it cooperates with several Polish and overseas banks, but also holds talks with other financial institutions to optimize costs in terms of financing the operational activity.

Group's entities show no arrears in servicing their interest debt, both in terms of principal amounts as well as interest. 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. Companies follow an active policy regarding financial risk management and raw materials price variability risk. The majority of companies of the metal segment of the Group has introduced a risk management policy accepted by the Supervisory Board. The policy governs the use of metal price hedging

20. ASSESSMENT OF POSSIBILITIES OF IMPLEMENTATION OF THE INTENDED INVESTMENTS

The companies of the Capital Group finance their investments from own resources and foreign resources (loans, advances and leasing). Prior to implementation, each investment is assessed by the statutory bodies of the Companies and in case of investments of considerable value – by the Management Board of Boryszew S.A.

Investment activities in Boryszew Group can be divided into two kinds:

- 1) Activities of holding companies include acquisitions of other entities,
- 2) The production activity of the companies includes investment tasks aiming to maintain the ability of fixed assets to support on-going contracts. Another group of investments comprises expenditure ensuring the maximum economic life of fixed assets in order to achieve additional return on the assets held. If new contracts are concluded (such as a successful tender for long-term deliveries of components to car manufacturers), investments are implemented to enable these contracts to generate maximum return while at the same time maintaining superior quality of products and security of deliveries.

In terms investment expenditure for maintaining or expanding the production capacity, Boryszew Group aims to ensure financing with the term and parameters as close to the economic life of the production assets as possible.

21. FACTORS AND UNUSUAL EVENTS AFFECTING THE RESULT

BORYSZEW S.A.

Significant non-recurring factors that affected 2022 results are disclosed in comments to relevant segments.

BORYSZEW CAPITAL GROUP

Major one-off factors and unusual events having a significant impact on the results 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 and semiconductors resulting in reduced orders from OEMs.

22. INFORMATION ON THE ADOPTED DEVELOPMENT STRATEGY OF THE EMITTER AND EMITTER'S CAPITAL GROUP AND THE ACTIONS TAKEN TO IMPLEMENT THE STRATEGY IN THE REPORTING PERIOD, INCLUDING A DESCRIPTION OF THE PROSPECTS FOR DEVELOPMENT OF EMITTER'S BUSINESS IN THE COMING YEAR

Implementation of Boryszew Group strategy for 2022 - 2026

According to the Boryszew Group Strategy for 2022 - 2026, adopted and published on 17 May 2022 we want to be a strong leader in the global automotive and metal sectors with an innovative product offer and a diversified group of customers.

The main assumptions of Boryszew Group Strategy include:

- continued development of the most profitable products by expanding into new markets and diversifying end customer sectors,
- new product development through the use of research and development (R&D) centres,
- active participation in the green energy transition,
- optimisation of low-margin assets in the Chemicals and Metals Segments.
- installation of 5MW RES by 2023,
- potential entry into a new business segment,
- reduction of CO₂ emissions (per tonne of production) by 10% by 2026.

The value of Boryszew Group will be based on profitable investments, products, utilisation of synergies and stable balance sheet. Optimising the non-current asset base will increase ROA in 2026 from 4.95% to 5.5%. The financial effect of the strategy will be an increase in EBITDA to over PLN 600 million in 2026.

The Group achieved the main financial parameters (revenue and EBITDA) in 2022, despite significant fluctuations and volatility in the prices of utilities, production components and inflation as a result of the war in Ukraine.

BORYSZEW AUTOMOTIVE PLASTICS (“BAP”) GROUP

Boryszew Automotive Plastics Group plans to implement solutions in technology and product management that will help increase the level of competitiveness, including measures increasing innovation of production plants. The Group plans to introduce automatic inspection of finished products, boosting factory automation while reducing manual labour. Additional activities in product technology and optimisation of tool manufacturing costs will result in more efficient management of Group companies. These measures will help explore new projects, increase the profitability of Group's plants and operations.

In product development Boryszew Automotive Plastics Group will launch development works on using technologies available within the Group for other products and extending the existing product portfolio.

The BAP Group will continue to focus on achieving the milestones of the restructuring plan and reducing production costs. The next steps of the plan will include cost-saving investments and measures to optimise the use of space, machinery and resources.

Other pending projects are those on exploring the use of recycled materials for manufactured products.

The coming months will see measures aimed at implementing pilot lines for vision control of manufactured parts.

An increase in product offerings dedicated to the electric car segment is anticipated.

MAFLOW GROUP

Maflow Group expects the increase of automation and robotisation of processes together with the improvement of currently used technology. In order to increase competitiveness, lower production costs and ensure less shortages, the Group intends to implement a number of new technologies, including laser welding.

Manufacturing facilities are involved in implementing a number of measures to better manage high-volume production. These activities include the upgrade of machinery and collaboration with leading suppliers of automatic production lines. Maflow Group will also still be involved in activities in development of product and process. The measures involving product lines dedicated to the transmission of liquids and gases will focus on development of technologies used for components dedicated to electric cars and further technical solutions dedicated to R744 refrigerant.

Development work is also underway to implement alternatives to currently used materials that will help meet product requirements using more cost-effective materials.

The Group also works on standardisation and automation of manufacturing processes, with a particular focus on inspection processes automation.

Maflow Group anticipates higher orders for electric cars in the coming years, which will result in increased production of wires dedicated to electric platforms. Considering rubber product projects, activities of Maflow Group will also be aimed at increasing production at the new plant in China and increasing activity at current plants in Europe (Ascoli and Chelmek 2).

Key planned activities include:

1. Finalising the commissioning of an automated air conditioning duct production line for a key customer in the electric car industry.
2. Work involving commissioning of a new plant in San Luis Potosi, Mexico, dedicated to BMW North America.
3. Completion of the liquidation process of Maflow France Automotive S.A.S
4. Completion of the liquidation of ICOS Group Companies.
5. Continuing to acquire new projects at Maflow Plastics Poland Spółka z o.o. and increasing the scale of operations by acquiring new contracts.

NOWOCZESNE PRODUKTY ALUMINIOWE BRANCH/NPA SKAWINA SPÓŁKA Z O.O.

The company's planned direction of development will be to increase the degree of processing of the aluminium wire rod produced in order to maximise margins and develop new markets. The main area of development at the company will be the Wire Department, where a significant increase in production capacity is planned. The planned direction of development involves current and prospective investment plans of transmission and distribution system operators in Poland, the Czech Republic, Slovakia, Germany for the construction of new high-voltage and highest-voltage lines.

WM DZIEDZICE S.A.

The action plan for 2023 - 2027 of the Company was based on an increase in sales volume similar to the planned increase in production capacity, including due to ongoing and commercialised projects subsidized by EU funds “BRASS CAST&DRAW® Tech - Innovative technology for manufacturing products of copper alloys featuring a new standard of geometric quality intended for material removal machining on high-speed cutting machines; and “H-tech ($\alpha+\beta$) Brass - New generation of super-precision drawn products from biphasic brass for applications in highly advanced processing technologies”.

The main objectives in the long-term plan of the company for 2023 - 2027: an increase in the production capacity of long products and sales volumes by approximately 37.5 thousand tonnes in 2027.

ZM SILESIA S.A.

The Company's roadmap for 2023 - 2027 was drafted mainly based on the increase in sales volume resulting from the planned expansion and modernisation of the zinc white and lead tetroxide facilities. In addition, the company set a goal of rebuilding the market for sales of zinc sheets, wires and anodes to 2017-2021 levels. The forecast increase in sales volume for 2023 compared to 2022 is about 5.8 thousand tonnes mainly in the zinc sheets assortment, or an assortment in which achieved sales in 2022 were significantly lower compared to the period 2017 - 2021.

The main assumptions of the company's long-term plan for 2023 - 2027:

- increase in production capacity and sales volume in the 2027 target year by approx. 44.5 tonnes/year,
- increase in net profit to about PLN 16.3 million in 2027.

The largest planned investment tasks for 2023 - 2027 include:

- installation of a crucible furnace for ZnO production with a filter - the investment will lead to a reduction in gas and energy consumption, an increase in production capacity and a reduction in emissions to the environment;
- modernisation of the process filter - which will ensure an increase in production capacity, improve product quality and improved energy efficiency.

ALCHEMIA S.A./ALCHEMIA CAPITAL GROUP

The operating strategy of Alchemia S.A. is consistent with that of the Alchemia Group. All measures are aimed at strengthening the market position of Alchemia Group as the only domestic manufacturer of seamless pipes and railway rims as well as other specialist steel products.

The aim of the business is to use the increased scale of operations to improve profitability while taking advantage of the synergy effects and to increase sales of products with added value, mainly for the energy and OCTG industries as well as for the engineering industry.

Alchemia Capital Group member companies intend to continue and expand their offer in production of seamless pipes, rods and head shapes, forged-rolled rings, railway and tram rims and forging-grade products, using their assets:

- a large and diversified base of regular customers who are leaders in their industries,
- staff experienced in steel processing technology,
- high potential for modernisation and development,

The key challenge and objective for Alchemia Capital Group is to search for and implement modern and effective processes and process solutions, and consequently to increase its competitiveness and the level of innovation of the offered products.

The main focus of the Capital Group's research projects will be processes to reduce energy consumption of the technologies used and obtain technologically advanced, innovative products with better utility properties, as well as direction in which the products should be developed.

In cooperation with domestic and foreign scientific and research institutions and based on the knowledge and experience of our process staff, we intend to conduct research programs and implement modernization projects.

ZAKŁAD UTYLIZACJI ODPADÓW SPÓŁKA Z O.O.

Given the increasing demand for hazardous waste management in recent years, the Management Board of Zakład Utylizacji Odpadów Spółka z o.o. decided in 2021 to build an additional line for thermal treatment of hazardous waste featuring a capacity of 10 000 Mg/year. The scheduled commissioning date of the installation is Q3 '2025. The estimated cost of the investment is ap. PLN 60 million. Implementation of the additional hazardous waste thermal treatment line will improve the environment through controlled and safe thermal management of hazardous waste. It will also improve the competitive position of the company, impact its business performance in subsequent years of operation, and contribute to a significant increase in its valuation. The process of thermal conversion of waste at the new installation will generate heat and electricity.

Work is currently underway to obtain the required permits to launch works.

OTHER COMPANIES OF BORYSZEW CAPITAL GROUP

Other Capital Group companies do not plan any significant development investments, except for modernisation of the existing production capacities.

23. DESCRIPTION OF SIGNIFICANT RISK FACTORS AND HAZARDS

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 Company/Group. Growth is the absolute priority for the Management Board and it is for this purpose that the Group first and foremost seeks to allocate funds, thus building long-term value for shareholders through acquisitions and new projects. The Management Board strives to ensure the proper proportion of stable financing with equity of undertaken projects. Credit risk is understood as the risk of a counterparty failing to fulfil their contractual obligations, thus exposing the lender to financial loss.

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

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

Boryszew Group is exposed to credit risk associated with credit-worthiness of customers being parties to transactions of sale of products and traded goods. The risk is limited by application of internal procedures for setting credit limits of customers and managing trade receivables. 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 Company's trade receivables is significantly improved by cooperation with Insurance Companies, the use of different types of collateral, the use of services of credit bureau and law firms.

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.

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.

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.

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.

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

Interest rate risk

There is a risk that future cash flows related to a financial instrument will be subject to fluctuations due to changes in the interest rates. The exposure 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.

Refer to the Consolidated Financial Statements, Note 34 for detailed description of the aforementioned business risks.

Other risks identified by Boryszew Capital Group

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.

Personnel rotation risk

The main identified hazards related to HR issues in the Boryszew Group companies are: problem with acquisition of qualified staff, migration of qualified staff and increasing demands as regards remuneration. In order to counteract these phenomena, it is crucial to provide the employees with stable forms of employment with a satisfactory level of remuneration. The Boryszew Group identifies also the need to ensure safe work environment, minimising the risk of

injuries and accidents. Limitation of this category of risk is achieved through a series of activities, both of preventive nature (e.g. ensuring an adequate level of training) as well as follow-up activities (analysis of incidents and correction of procedures).

Risk associated with the use of environment (including excessive environment contamination and lack of energy efficiency)

Another area is responsible use of the environment, ensuring energy-efficient production as well as maintenance of the legally admissible level of pollution and waste emission. The Group regularly monitors the consumption of energy supplied in the form of electric power and gas. Water consumption as well as generated waste are analysed in the same degree. Special attention is given to the opportunities related to recycling in the scope of metal scrap plastic waste processing.

Process changes and product innovations

In order to reduce the negative impact on the environment, the Group introduces also product innovations (e.g. lighter aluminium elements, new alloys of non-ferrous metals, waste management) resulting in indirectly reduced consumption of energy among the end recipients. Focus on the aforementioned risks aims at maintaining reputation in the eyes of key business partners, thus ensuring the continuity and repetitiveness of production orders. A simultaneous goal is to maintain the good reputation of Group's enterprises which are perceived as attractive employment places by present and potential employees.

Risk of significant industrial failure

The Capital Group Companies identify the risks related to the possibility of an industrial failure resulting in stoppage or limitation of production in their facilities. In order to reduce the related risks, the company perform periodical inspections of the technical condition of machines and devices used and if needed, their repair and overhaul.

Risks associated with increased competition

In the light of continuously growing competition, the most important factor that could have a significant effect on development and revenues earned by the companies of the Capital Group, is the ability to obtain current and acquire new customers. The Capital Group Companies operate on the competitive metal, automobile and chemicals markets which forces conducting a price and quality competitive business. The Group improves its competitiveness through extension of its product offer, timeliness of supplies and decrease of costs which, in consequence, translate into the price of offered products.

Risk of change in law and their interpretation

A threat for the operation of the Companies of the Capital Group are changing legal regulations and interpretations. Frequent amendments, inconsistency and lack of interpretations of the legal regulations in particular the tax law, entail a significant risk related to the legal surrounding in which the Companies of the Capital Group conduct their activities. When combined with the relatively long period of prescription of tax liabilities and immediate enforceability of decisions issued by tax authorities, estimation of tax risk is particularly difficult. The Companies of the Capital Group have contractor reliability verification procedures in place, also in terms of clearance of tax liabilities.

Risks associated with vendor dependency

The Companies of the Capital Group follow a policy of supplier diversification to remain independent from a single supplier which allows to obtain competitive prices for the purchased raw materials.

Risks associated with customer dependency

The Companies of the Capital Group operate on a broad, both domestic and international, market of products offered by them. The Companies of the Capital Group make all effort to eliminate risk of dependency on the main recipients, entering in cooperating with multiple customers. In selection of recipients, the companies of the Capital Group mainly consider the reliability of a potential recipient.

24. FACTORS WHICH WILL INFLUENCE THE ISSUER'S FINANCIAL PERFORMANCE IN 2023

External factors that will affect the consolidated results of 2023 include:

- availability and cost of key energy carriers and gas, particularly in the energy-intensive metal processing industry and in chemistry,
- the duration and scale of the armed conflict in Ukraine,

- global economic situation, especially in the key sectors (motorization and construction) as well as in the main sales markets (the European Union, including Germany).
- monetary policy of the National Bank of Poland, which has an impact on inflation and rules of granting financing by the banking sector,
- availability of feedstock,
- demand for new cars, especially for products of the VW Group, which is the most important customer of the Boryszew Capital Group,
- supply chain disruptions,
- legislation in energy prices (in the European Union and in Poland),
- costs of adapting production processes to the environmental requirements of the European Union (particularly the non-ferrous metals industry),
- the level of metal quotations and currencies determining the amount of working capital and effectiveness of export and domestic sales.
- higher economic protectionism in international trade, resulting in restrictions to access markets,
- costs of raw materials, including in particular scrap prices and the amount of the metal premium,
- PLN exchange rate against foreign currencies; due to the significant share of export sales, which in effect affects the level of margins earned in PLN,
- prices of crude oil and, as a consequence, prices of organic chemicals derivatives - plastics and components for the production of plastic parts for cars in injection moulding technology,
- volatility of tax law regulations and stricter attitude of fiscal authorities during tax audits.
- a change in consumer sentiment that could curb household demand for durable goods,
- Poland's receipt of funds from the National Recovery Plan.

Internal factors significant for the Group's performance in future periods include the following:

- the effect of obtaining new contracts in the Automotive Segment,
- the effect of optimisation of manufacturing processes in all market segments,
- increase in the efficiency of the Automotive Segment operations as a result of BAP Group restructuring,
- availability of employees on the labour market, especially in the Silesian agglomeration.

25. EMPLOYMENT

EMPLOYMENT AT BORYSZEW S.A

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

EMPLOYMENT AT BORYSZEW CAPITAL GROUP

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

26.CHANGES IN FUNDAMENTAL PRINCIPLES OF MANAGING THE ENTERPRISE OF THE COMPANY AND OF ITS CAPITAL GROUP

In 2022, no other significant changes occurred in the basic principles of management of the Issuer enterprise and its Capital Group.

27.AGREEMENTS CONCLUDED BETWEEN THE COMPANY AND ITS OFFICERS, PROVIDING FOR COMPENSATION IN THE EVENT OF RESIGNATION OR DISMISSAL OF SUCH PERSONS FROM THE POSITIONS HELD WITHOUT CAUSE, OR WHERE SUCH DISMISSAL IS CAUSED BY MERGER OR TAKEOVER.

According to the managerial contract, in case of its termination before the end of the Management Board term of office as a result of dismissal from the Management Board, the Management Board member is entitled to a severance pay equivalent to 3 times monthly remuneration.

The Management Board member is not entitled to the severance pay if their dismissal from the Management Board resulted from a material breach of the duties on the position held or of applicable laws, or in the event of their resignation from the Management Board or if their dismissal is due to a merger by acquisition.

28.REMUNERATION OF MANAGEMENT BOARD AND SUPERVISORY BOARD

Gross remuneration of the Management Board of the Parent Company (in PLN '000)

2022	Paid out	Potentially due*
<u>Wojciech Kowalczyk - President of the Management Board</u>	<u>1 308.60</u>	<u>1 200</u>
including:		
fixed remuneration	1 206.00	0
variable remuneration	100.00	1 200
other/additional pay	2.60	0
<u>Mikołaj Budzanowski – Member of the Management Board</u>	<u>1 004.80</u>	<u>350</u>
including:		
fixed remuneration	<u>700.00</u>	0
variable remuneration	300.00	350
other/additional pay	4.80	0
<u>Łukasz Bubacz – Member of the Management Board</u>	<u>113.10</u>	<u>48</u>
including:		
fixed remuneration	96.00	0
variable remuneration	0.00	48
other	17.10	0
<u>Total</u>	<u>2 426.5</u>	<u>1 598.0</u>

*remuneration potentially payable includes the variable remuneration payable for serving as a Member of the Management Board in 2022.

The Supervisory Board may grant to the Management Board members additional variable remuneration in the form of an annual bonus. The variable remuneration depends on the performance of the Capital Group or the Company and the achievement of quantitative and qualitative management objectives assigned to each members of the Management Board or the entire Management Board.

Gross remuneration of the Members of the Supervisory Board for the Parent Company (in PLN '000)

	2022
Małgorzata Waldowska - Chairperson of the Supervisory Board	111.50
Mirosław Kutnik - Vice Chairman of the Supervisory Board	- 101.10
Damian Pakulski - Secretary of the Supervisory Board	- 77,00
Jarosław Antosik – Member of the Supervisory Board	- 78,40
Janusz Siemieniec - Member of the Supervisory Board	- 66.00
Total	434,0

Gross remuneration for members of subsidiaries' bodies (in PLN '000)

Members of the Supervisory Board

TOTAL: 298.30

Parent Company

including:

Małgorzata Iwanejko	140.80
Mirosław Kutnik	48.00
Jarosław Antosik	22.70
Damian Pakulski	38.80
Janusz Siemieniec	48.00

Members of the Management Board

TOTAL: 21.00

Parent Company

including:

Łukasz Bubacz	21.00
---------------	-------

The company has no obligations arising from pensions and similar benefits for former managers, supervisors or liabilities incurred in connection with these pensions.

29. COMPANY'S SHARES AND SHARES IN SUBSIDIARY ENTITIES HELD BY MEMBERS OF GOVERNING AND SUPERVISORY BODIES

The Company's shares held by members of the Management Board and Supervisory Board as at 31.12.2022 and as at the date of this report

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 on 31 December 2022 and on the date of this report.

Management Board of Boryszew S.A.	On 31.12.2022 [pieces]	Nominal value of shares [PLN]	Changes in ownership [acquisition/disposal]	On the date of publication of the report	Nominal value of shares [PLN]
Wojciech Kowalczyk	10 000	10 000	-	10 000	10 000

Supervisory Board of Boryszew S.A.	On 31.12.2022 [pieces]	Nominal value of shares [PLN]	Changes in ownership [acquisition/disposal]	On the date of publication of the report	Nominal value of shares [PLN]
Małgorzata Iwanejko	30.000	30.000	-	30.000	30.000

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;

The criterion for the acquisition of shares is the achievement of the market target which is:

Market objective I - Company's share price calculated as the average of the closing prices on the Warsaw Stock Exchange over consecutive 7 (seven) trading days shall, by 31 December 2023, reach PLN 10.00;

Market objective II - Company's share price calculated as the average of the closing prices on the Warsaw Stock Exchange over consecutive 7 (seven) trading days shall, by 31 December 2025, reach PLN 20.00;

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

Shares in Entities affiliated with the Issuer, held by the Management Board and the Supervisory Board members as at 31.12.2022 and as at the date of drafting this report.

On 31 December 2022 and on the day of submitting the report for publication the managing and supervising persons hold no shares of affiliated entities.

30. INFORMATION ON AGREEMENTS OF WHICH THE COMPANY IS AWARE AND UNDER WHICH FUTURE CHANGES MAY OCCUR IN THE PROPORTIONS OF SHARES HELD BY THE EXISTING SHAREHOLDERS AND BONDHOLDERS

Registered pledges on shares of Boryszew S.A. concluded by Boryszew Capital Group member companies following concluded loan agreements

Registered pledge agreement

Shareholder	Number of shares	% of share capital of Boryszew S.A.	Pledgee
Alchemia S.A.	3.200.000*)	1.33	Alior Bank S.A.

Pledge established under the registered pledge agreement on shares of Boryszew S.A. concluded on 5 February 2020.

Freeze agreement on securities account

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

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.

The Company has no information on other such agreements.

31. INFORMATION ON THE SYSTEM OF CONTROLLING EMPLOYEE SHARES

In the reporting period concerned, the Company did not offer employee stock programmes.

32. AGREEMENT WITH INDEPENDENT STATUTORY AUDITOR

On 25 July 2022 the Management Board of Boryszew S.A. signed an Agreement on audit services for 2022 - 2024 with BDO Spółka z o.o. sp. k. ("Parties") The remuneration for audit services for 2022, as per the Agreement, is 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 Company had used the services of the aforesaid auditor with respect to audit and review of financial statements pertaining to years 2018 – 2021.

33. LITIGATION UNDERWAY

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 tax arrears 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 8 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, 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 8 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 repealed fully the decision of the 1st Instance Body in its entirety and referred the case for re-examination by that Body. On 11 December 2019 Hutmen received a refund of the entire amount of the tax in question together with interest. On 12 April 2021, the company received the decision issued on 8 April 2021 by the Head of Mazowiecki Tax and Customs Office, which again sets out company's outstanding VAT for October and December of 2012 at PLN 1.14 million plus interest on overdue tax liability. The decision is not final and is not enforceable. Hutmen appealed against the decision of the Tax Chamber. On 7 October 2021 the company received a decision of the Director of the Fiscal Administration Chamber in Wrocław repealing the appealed decision and transferring the case for reconsideration. 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's assets the state budget liabilities associated with pending customs and fiscal proceedings. On 23 December 2021, the Head of the Małopolska Customs and Fiscal Office in Kraków again issued a decision on the validity of the tax liability, which was appealed by the company. 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 the 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

- 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.
- Maflow BRS s.l.r. (Italy) is currently audited and the audit covers corporate tax for 2017. The audit was initiated in 2021. Amount subject to verification: EUR 2 468 517 of income re-estimation for 2017. The audit is at the stage of providing information 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 for all tax risks in the consolidated financial statement of Boryszew S.A. on the balance sheet date ended on 31 December 2022 is PLN 177 237 thousand (high risk).

Furthermore, the Group recognises contingent liabilities in the amount of PLN 78 304 thousand (medium or low risk).

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

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

34. SPONSORING AND CHARITY ACTIVITIES

The sponsoring activity of Boryszew S.A. is primarily focused on promoting the image of the Company and Boryszew Capital Group. The activities carried out are aimed at supporting the organization of cultural events, including exhibitions, concerts and festivals, primarily on the local level, at the operation locations of the Group and its members. The Group has also supported medical facilities through donations and helps local communities with charitable activities. The Group companies also support institutions hosting conferences on the Boryszew Capital Group activity area. In 2022 employees and Group companies also supported Ukrainian citizens fleeing the war.

Expenses*) incurred by Boryszew Capital Group in 2021 - 2022

- 2021 - PLN 1 765.1 thousand,
- 2022 - PLN 1 078.0 thousand.

*) in-kind and cash expenditure that can be estimated

35. REMUNERATION POLICY

Boryszew Capital Group

The remuneration policies at Boryszew Capital Group are aimed at increasing the human capital management efficiency through effective employee engagement, supporting the implementation of the assumed strategic and business objectives and increasing the competitive advantage of the Boryszew Capital Group.

The remuneration rules are implemented by defining a remuneration and incentive system for employees, including defining the goals the Capital Group sets in the area of remuneration and financial and non-financial incentives, motivating people to increase engagement and improve work efficiency by combining motivational elements with employee effectiveness and ensuring a remuneration system corresponding to the type of work performed, competences, skills and the market remuneration levels.

Internal regulations defining the remuneration rules applicable in the Boryszew Capital Group Companies/Branches are the Remuneration Rules and the Collective Labour Agreements in individual Capital Group Companies/Branches, defining the principles of remuneration for work, remuneration and benefits related to work as well as remuneration rules. The Rules and Corporate Collective Labour Agreement contain the following remuneration rules:

- a. employees are entitled to remuneration appropriate to the type of work and qualifications held,
- b. the remuneration received for full-time employment cannot be lower than the minimum wage applicable for a given year – as defined in the national regulations,
- c. part-time employees receive the reference salary and other remuneration components for work proportional to the working time determined in the employment contract,
- d. remuneration is payable for work actually performed. The employees retain the right to remuneration for the period of non-performed work only when the labour law regulations provide so.

The remuneration policy of the Management and the Supervisory Board of Boryszew S.A.

The Ordinary General Meeting of the Company, by Resolution No. 26 of 27 May 2022, adopted amendments to the Remuneration Policy against the original wording adopted in Resolution No. 24 of the Ordinary General Meeting of the Company held on 23 July 2020.

The adopted changes include the entitlement of a member of the Management Board to participate in the share incentive program, adopted by Resolution No. 25 of the Ordinary General Meeting of Boryszew S.A. on 27 May 2022, under the rules set in that resolution.

The Policy is available on Boryszew S.A. website [www.boryszew.com.pl/polityka-wynagrodzen/..](http://www.boryszew.com.pl/polityka-wynagrodzen/)

Management Board of Boryszew S.A.

According to the Policy the following rules apply to the remuneration of the Boryszew SA Management Board management members:

1. the Management Board members are employed under management or employment contracts,
2. contracts/agreements with the Management Board members are concluded on behalf of the Company by the Chairman of the Supervisory Board or another representative of the Supervisory Board, based on the authorization granted by way of a resolution,
3. when determining the remuneration amount for Management Board members, the Supervisory Board takes into account the experience, workload necessary to properly perform the duties of a Management Board member, the scope of duties and responsibilities related to the function of Management Board members and the level of remuneration in a similar position offered by other entities operating on the market,
4. the remuneration of Management Board members consists of the following elements:
 - a) fixed remuneration,
 - b) variable remuneration, depending on the performance of the Capital Group and achievement of quantitative and qualitative management objectives assigned to each members of the Management Board,
 - c) the terms of the variable remuneration component payment for Management Board members are determined annually by the Supervisory Board by setting short-term and long-term goals,
 - d) additional benefits for Management Board members include a company car, technical equipment and tools necessary to perform official duties, covering travel and representation expenses in the scope and amount appropriate to the functions entrusted.

Supervisory Board of Boryszew S.A.

In accordance with the Remuneration Policy, members of the Supervisory Board are entitled to Fixed Remuneration and Additional Benefits (i.e. other allowances and benefits, including other than in cash).

The fixed remuneration of members of the Supervisory Board is determined by the General Meeting of Shareholders of the Company in a resolution, the amount is limited to PLN 5 000. The fixed remuneration of a member of the Supervisory Board should be differentiated with respect to the functions performed, in particular the chairman and the deputy chairman of the Supervisory Board, its secretary, a member of the Audit Committee and the Remuneration Committee. Remuneration of Supervisory Board members meeting the independence criterion should guarantee the status."

A member of the Supervisory Board is entitled to fixed remuneration irrespective of the frequency of meetings of the Supervisory Board.

Members of the Supervisory Board delegated to permanent individual supervision are entitled to a separate remuneration, the amount of which is determined by the General Meeting. However, the General Meeting may delegate this power to the Supervisory Board in a resolution. To determine the amount of such remuneration, the provisions of § 5 and § 7 shall apply accordingly. Members of the Supervisory Board who are employees of a Subsidiary are not entitled to any remuneration for performing their functions in the Supervisory Board.

As per the resolution of the General Meeting the monthly remuneration of the members of Boryszew Supervisory Board is:

1. Chairman of the Supervisory Board - PLN 10 000,
2. Deputy Chairman of the Supervisory Board - PLN 8 000,
3. Supervisory Board Members - PLN 6 000.

Members of the Supervisory Board who perform functions in the Audit Committee receive additional monthly remuneration in the amount of PLN 1 000.

In the opinion of the Boryszew Management Board, the remuneration policies applied in the Group contributes to the long-term growth of the Company's value for shareholders and the stability of the company's operations.

36. CORPORATE GOVERNANCE PRINCIPLES STATEMENT

As per § 70 sec. 6 item 5 let. a and b of the Regulations of the Finance Minister and § 29 section 3 of the Regulations of the Warsaw Stock Exchange S.A., the Management Board of Boryszew S.A submits its Statement on application of corporate governance rules in 2021.

Boryszew Spółka Akcyjna listed on the Warsaw Stock Exchange was bound to observe in 2022 the rules of corporate governance specified in the "Code of Best Practice for WSE Listed Companies 2021" (attachment to Resolution No 13/1834/2021 of the Warsaw Stock Exchange Supervisory Board of 29 March 2021.)

The set of corporate governance rules to which the Issuer is currently subject is available on the website of the Warsaw Stock Exchange at www.gpw.pl/dobre-praktyki2021

The Company is making every effort to follow the corporate governance principles in all aspects of its activity. Moreover, in order to pursue a clear and efficient information policy, it ensures its shareholders, analysts and investors a fast and secure access to information, utilising both the traditional as well as modern technologies for publishing information on the Company to the widest possible extent.

THE CORPORATE GOVERNANCE RULES WHICH APPLY TO BORYSZEW S.A., WHERE THESE RULES ARE AVAILABLE, THE EXTENT OF THE COMPANY'S DEPARTURE FROM THE SET OF CORPORATE GOVERNANCE RULES AND THE REASONS FOR THIS.

The Company observed all corporate governance principles in "Code of Best Practice of WSE Listed Companies in 2021", with the exception of those indicated below.

Detailed information on the withdrawal from use are described in a dedicated statement available on the Company's website www.boryszew.com.pl.

	Principle	Explanation of non-compliance with specific rules in 2022
1.3	The company also includes ESG topics in its business strategy, in particular covering:	
1.3.1	The company also includes ESG topics in its business strategy, in particular covering environmental issues, including metrics and risks associated with climate change and sustainability issues;	Business strategy of Boryszew Group formally includes no ESG issues, but the Company appreciates that business should be conducted up to ethical standards, natural environment and the needs of communities. Hence the Company respects and considers it desirable to observe all requirements and laws that relates to environmental and sustainability issues. Measures in this area are presented in the annual non-financial report.
1.3.2	The company also includes ESG topics in its business strategy, in particular covering social and labour matters, concerning, inter alia, measures taken and planned to ensure gender equality, sound working conditions, respect for employees' rights, dialogue with local communities, customer relations;	
1.4	In order to ensure proper communication with stakeholders regarding the business strategy adopted, the company publishes on its website information on the assumptions of its strategy, measurable objectives, including in particular long-term objectives, planned activities and progress in its implementation, defined by means of metrics, financial and non-financial. Information on ESG strategies should, inter alia:	
1.4.1	explain how climate change considerations are integrated into the decision-making processes of the company and its group entities, highlighting the resulting risks	The Company presents information on the assumptions of its strategy and its implementation in periodic reports; in addition, climate-related issues are presented in the annual non-financial statements. The company posted the Business Strategy for the Boryszew Group on 17 May 2022.
1.4.2	present the value of the pay equity ratio paid to its employees, calculated as a percentage of the difference between the average monthly pay (including bonuses, prizes and other allowances) of women and men for the last year, and present	

	information on the actions taken to eliminate possible inequalities in this respect, together with a presentation of the risks involved and the time horizon over which equality is planned to be achieved.	
2.1	The company should have a diversity policy for the management board and the supervisory board, adopted by the supervisory board or the general meeting respectively. The diversity policy sets out diversity objectives and criteria in areas such as gender, field of study, specialist knowledge, age and work experience, among others, and indicates when and how the achievement of these objectives will be monitored. In terms of gender diversity, the condition for ensuring the diversity of the company's bodies is that the minority participation in the respective body is no less than 30%.	No formal document has been drafted by the Company on its diversity policy in relation to the management body and management team. Recruitment of Management Board members and key managers is based on experience, qualifications and competences of candidates, in line with legislation on equal treatment of employees. The Company is committed to ensure diversity of gender, education, age, professional experience for all its employees, with particular emphasis on senior management and key managers. However, the composition of the Company's governing bodies does not provide 30% gender diversity.
2.2	The persons deciding on the election of the members of the company's management or supervisory board should ensure the comprehensiveness of these bodies by selecting diversity in their composition, making it possible, inter alia, to achieve the target ratio of a minimum minority shareholding set at not less than 30%, in line with the objectives set out in the adopted diversity policy referred to in principle 2.1.	
4.1	The company should enable shareholders to participate in a general meeting using electronic means of communication (e-meeting) if this is justified by the expectations of shareholders communicated to the company, as long as it is able to provide the technical infrastructure necessary for holding such a general meeting.	The Company does not currently apply this principle, but does not rule out the possibility of implementing it in the future. The Company believes that implementation of this principle involves risks, including the quality of transmission, delays in data transmission, etc., as well as legal risks of undermining the effectiveness of the Resolutions adopted by the General Meeting.
4.3	The company provides a publicly available real-time broadcast of the general meeting.	Following the principle of transparency, the Company pursues a transparent information policy ensuring communication with market participants using traditional methods. The Company has not yet applied this principle, but does not rule out the possibility of implementing it in the future.
4.8	Draft resolutions of the general meeting on items on the agenda of the general meeting should be tabled by shareholders at least 3 days before the general meeting.	With respect to the shareholders' exercise of their corporate rights, the Company observes the principles arising from the provisions of applicable laws, according to which a shareholder or shareholders representing at least one-twentieth of the share capital may, prior to the date of a general meeting, submit draft resolutions to the company concerning the matters on the agenda or matters that are to be added to the agenda, and, in addition, each shareholder may, during a general meeting, propose draft resolutions concerning the matters on the agenda. The Company has no control over the actions of shareholders; however, the Company encourages shareholders to submit resolutions well

		in advance in conformity with this rule.
4.9	Where the subject of the general meeting is to be an appointment to the supervisory board or the appointment of a new supervisory board:	With respect to the shareholders' exercise of their corporate rights, the Company observes the principles arising from the provisions of applicable laws, according to which a shareholder or shareholders representing at least one-twentieth of the share capital may, prior to the date of a general meeting, submit draft resolutions to the company concerning the matters on the agenda or matters that are to be added to the agenda, and, in addition, each shareholder may, during a general meeting, propose draft resolutions concerning the matters on the agenda. The Company has no control over the actions of shareholders; however, the Company encourages shareholders to submit nominations well in advance in conformity with this rule.
4.9.1	nominations for supervisory board members should be made in sufficient time to enable the shareholders attending the general meeting to take a decision with due deliberation, but no later than 3 days before the general meeting; the nominations, together with a set of materials concerning them, should be published on the company's website without delay;	

THE MAIN CHARACTERISTICS APPLIED IN THE COMPANY'S INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS IN RELATION TO THE PROCEDURE OF COMPILING FINANCIAL REPORTS AND CONSOLIDATED FINANCIAL REPORTS

As the binding procedures in Boryszew Capital Group relating to the capital market and publishing information must be adapted in line with the current legal provisions, that is new regulations on disclosure duties for companies listed at the Warsaw Stock Exchange introduced on 3 July 2016, the Management Board of Boryszew S.A. adopted resolution on 27 June 2016 on the matter of accepting: "The regulations for cooperation in fulfilling information obligations within the Boryszew Capital Group", specifying:

- requirements regarding the scope and form of fulfilling information obligations by Boryszew SA with the participation of companies from the Boryszew Capital Group,
- correct process of identification, circulation and protection of information as part of fulfilment of information obligations required by the MAR Regulation, Act on Public Offering and other regulations, in particular by defining the rules of conduct for entities obliged to apply the Regulations in connection with the possession of information subject to reporting; dates of performing information obligations,
- model of cooperation between the companies from the Boryszew Capital Group and all organizational units of Boryszew S.A., including the bodies of the companies from the Boryszew Capital Group and the Boryszew S.A. management Board Office,
- duties of managing and supervising persons as well as persons having access to confidential information related to access to confidential information and transactions on Boryszew S.A. securities and related financial instruments.

Also the Regulations define in a transparent manner the responsibility of persons who are involved in compiling and verification of the Company's financial report.

Responsibility for preparation of financial statements and formal verification of the same lies with the Financial Director (CFO).

The manner and schedule of preparation of financial statements are each and every time defined in a separate document drafted by the Chief Accountant.

Works on preparation of financial statements are supervised by the Chief Accountant.

The various Department Managers in Boryszew S.A. are responsible for submitting information which is the subject of financial reports to the Chief Bookkeeper on time and reliably.

The Presidents of affiliated and jointly controlled companies, Branch Managing Directors are responsible for designating persons responsible (entrusted persons) for ensuring that information which is the subject of financial reports is submitted to the Chief Bookkeeper on time and reliably.

The Company's annual and six-monthly financial reports are subject to independent examination and review as appropriate by a chartered accountant.

The Company manages risk involved in the process of compiling financial reports also by at all times keeping abreast of the changes in provisions and internal regulations relating to the reporting requirements of companies and prepares their implementation well in advance of time.

The Company updates the accountancy rules on an on-going basis, based on which it prepares financial reports.

In order to ensure the stability of Boryszew Capital Group, the Company co-ordinates and influences the activities of its subsidiaries through representatives of the Company in statutory bodies of companies

SHAREHOLDERS WHO, DIRECTLY OR INDIRECTLY, HOLD SUBSTANTIAL PACKETS OF SHARES WITH INDICATION OF THE NUMBER OF SHARES HELD BY SUCH PARTIES, THEIR PERCENTAGE SHARE IN THE SHARE CAPITAL, THE NUMBER OF VOTES RESULTING FROM THE SHARES AND THEIR PERCENTAGE SHARE IN THE OVERALL NUMBER OF VOTES AT THE GENERAL MEETING.

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:				
<i>Boryszew S.A. (**)</i>	<i>34 795 000</i>	<i>14.50%</i>	<i>34 795 000</i>	<i>14.50%</i>
<i>RKKK Investments Sp. z o.o.</i>	<i>119 998 000</i>	<i>49.99%</i>	<i>119 998 000</i>	<i>49.99%</i>
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.

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

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

LIMITATIONS ON VOTING RIGHTS ON SECURITIES ISSUED BY BORYSZEW S.A.

No statutory restrictions exist regarding exercise of voting rights attached to securities such as restrictions on exercise of voting rights by holders of any particular part or number of votes, timing restrictions regarding exercise of the voting rights or provisions under which, with the Company's co-operation, equity rights attached to securities are separated from the holding of securities.

Boryszew S.A. and subsidiaries do not exercise voting rights from the shares held in Boryszew S.A.

LIMITATIONS ON TRANSFER OF PROPRIETARY RIGHTS TO SECURITIES ISSUED BY BORYSZEW S.A.

Company's shares are transferable. No limitations exist on the transfer of proprietary rights to securities issued by Company.

PRINCIPLES OF APPOINTMENT AND DISMISSAL OF MEMBERS OF THE MANAGEMENT BOARD AND THEIR POWERS

Pursuant to the Company's Articles of Association, duties of the Supervisory Board include appointing and recalling from office the Management Board Members. the Supervisory Board first appoints a President and on his proposal the remaining Management Board Members.

The term of office of the Management Board is three years and is common for all members of the Management Board. The Management Board, under the chair of the President, manages the Company's affairs and represents the Company.

The powers of the Management Board include all matters which are not reserved either by law or by provisions of the Company's Articles of Association.

The Management Board of the Company has no special rights to make decisions on the issue or redemption of shares.

RULES ON AMENDING ARTICLES OF ASSOCIATION

Amendments to the Company's Articles of Association require a resolution of the General Meeting and an entry in the Register of Entrepreneurs of the National Court Register.

In order to amend the Articles of Association, the Management Board quotes, in the notification on General Meeting of the Company's Shareholders, the provisions then in force and the proposed amendments. If the intended amendments are extensive, the Management Board must also include the proposed consolidated text of the entire Articles of Association in the notification along with a list of its new or amended provisions.

Any amendment to the Articles of Association must be adopted by the General Meeting with the majority of $\frac{3}{4}$ of votes. An amendment to the articles of association becomes effective upon its entry in the National Court Register. The responsibility for registration of any such amendments lies with the Company's Management Board. The Management Board is obliged to file an amendment to the Articles of Association within 3 months after adoption of relevant resolution. If an amendment to the Articles of Association consists in increase in the Company's share capital, it may be filed within 6 months of resolving to increase the Company's share capital, and in the event that the consent has been granted to the introduction of a new issue to public trading – within 6 months of the date of such consent being granted, provided that the application for granting of the same is filed no later than four months after resolving to increase the Company's share capital. A resolution on reduction of the share capital should be filed with the National Court Register no later than 6 months after adoption of the same.

While filing an amendment with the registration Court, the Management Board must include the full consolidated text of the Articles of Association.

DESCRIPTION OF THE MANNER IN WHICH THE GENERAL MEETING ACTS, AS WELL AS OF ITS PRINCIPAL POWERS AND THE MANNER OF EXERCISING THE SAME

General Meeting of Shareholder is the ultimate body of the Company.

The General Meeting acts pursuant to the provisions of the Commercial Companies Code and of the Company's Articles of Association. The Company's Articles of Association provide that the General Meeting of Shareholders may adopt the General Meeting Regulations, which stipulate the principles of its functioning. The Regulations of the General Meeting were adopted in the Company. The Company's Articles of Association and the Regulations of the General Meeting are to be found on the corporate web site at www.boryszew.com.

The General Meeting is convoked by the Management Board. The Supervisory Board may convoke an Ordinary General Meeting in the event that the Management Board should fail to convoke the same at the prescribed time, and an Extraordinary General Meeting where they deem it appropriate. Shareholders representing at least half of the share capital or at least half of all votes in the Company may convoke an Extraordinary Meeting of Shareholders. Shareholders appoint the chairman of the Meeting. A Shareholder or Shareholders representing at least $\frac{1}{20}$ th of the share capital may demand convocation of an Extraordinary Meeting of Shareholders and placement of specific matters on the agenda of that Meeting.

The General Meeting convoked by the Management Board as an Ordinary General Meeting takes place once per year, no later than in June. In 2022 the Ordinary General Meeting of Boryszew S.A. took place on 27 May 2022.

The agenda of the General Meeting is determined by the Management Board. A Shareholder or Shareholders representing at least $\frac{1}{20}$ (one-twentieth) of the share capital may demand placement of specific matters on the agenda of the next General Meeting. Such request should be submitted to the Management Board no later than twenty-one days prior to the date of the Meeting.

The General Meeting is convoked by way of notification published on the Company's website and in the manner prescribed for passing current information according to the provisions of law. Such notification must be published at least twenty-six days before the date of the General Meeting.

The General Meeting of Shareholders is valid regardless of the number of shares represented and resolutions of the General Meeting are adopted with absolute majority of votes cast, unless the Commercial Companies Code or the Articles of Association provide otherwise.

Pursuant to the Articles of Association of Boryszew S.A., apart from other matters stipulated by the Commercial Companies Code, the following matters require a resolution of the General Meeting of Shareholders:

- considering and approval of the Management Board's report on the Company's activities and financial statements for the previous year,
- adopting a resolution on distribution of profit or covering of loss,
- acknowledgement of fulfilment of duties by member of the Company's governing bodies,
- amending the Company's Articles of Association, including increasing and decreasing the share capital and changing the object of the Company's activities,
- decisions concerning claims to remedy a loss inflicted upon incorporation of the Company or upon exercising management or supervision of the same.

- appointment and dismissal of members of the Supervisory Board,
- determining the principles of remuneration for members of the Supervisory Board and the amount of their remuneration,
- redemption of shares or determining terms of such redemption,
- issue of senior bonds or convertible bonds,
- disposal or lease-out of the enterprise or of an organized part of the same, and establishing a limited right in rem on the same,
- dissolution of the Company and appointment of liquidators,
- establishing the record date for the purposes of dividend and the date of dividend payment.

The General Meeting of Shareholders may resolve to refrain from considering a matter placed on the agenda only for important reasons. Resolutions on removal of a matter from the agenda or on refraining from consideration of any matter placed on the agenda at the request of Shareholders require the majority of 75% of votes cast, provided that those Shareholders present at the General Meeting who petitioned that the matter be placed on the agenda have already granted their consent to removal of the same from the agenda or to refraining from consideration of the same. All matters raised at the General Meeting are first presented to the Supervisory Board for consideration.

Shareholders participate in the General Meeting in person or by a proxy.

The power of attorney to participate in the General Meeting and to exercise the voting right must be made in writing to be valid.

The power of attorney to participate in the General Meeting of a public corporation and to exercise the voting right must be granted in writing or in an electronic form. Power of attorney granted in an electronic form does not require confirmation with a secure electronic signature having a valid qualified certificate.

A member of the Management Board and an employee of the Company may serve as proxies at the General Meeting of a public corporation.

If a member of the Management Board, a member of the Supervisory Board, a liquidator, an employee of a public corporation, or a member of governing bodies or an employee of a company or a cooperative being a subsidiary of that corporation serves as a proxy at the General Meeting, the power of attorney may authorise such person to participate in only one General Meeting. The proxy is obliged to disclose to the Shareholder any circumstances indicating existence of a possible conflict of interests. Granting of a further power of attorney shall be excluded.

The proxy votes in accordance with instructions given by the Shareholder.

The principles of participation in General Meetings and of exercising the voting rights are regulated by the Rules of the General Meeting of Shareholders of Boryszew S.A.

Voting at the General Meeting of Shareholders is open. A secret ballot is to be ordered at elections of and upon voting upon motions to dismiss members of the Company's governing bodies or liquidators of the Company, or on holding them accountable, as well as in personnel matters. Also, a secret ballot is to be ordered when requested by at least one of the Shareholders present or represented at the General Meeting.

Resolutions of the General Meeting of Shareholders are passed with simple majority of votes, unless provisions of the Commercial Companies Code stipulate otherwise.

As per the practice implemented at the Company, all relevant materials for the General Meeting of Shareholders are made available to the shareholders in accordance with the applicable provisions of Polish Commercial Companies Code and of the Regulation of the Council of Ministers dated 19 February 2009 on current and periodical information to be provided by issuers of securities and on conditions under which information required by laws of another state, other than a Member State, can be considered equivalent (Journal of Laws No. 33, item 259 of 2009 with subsequent amendments)

Pursuant to the Rules of the Sessions of General Meeting of Shareholders, the Chairperson oversees proper and efficient proceedings of the Meeting. Chairperson of the General Meeting of Shareholders also ensures that rights and interests of all Shareholders are respected. The Chairperson must not resign the position without important reason.

The shareholders of Boryszew S.A. are entitled to no rights other than those resulting from generally applicable laws.

PERSONAL COMPOSITION AND PRINCIPLES OF FUNCTIONING OF MANAGING AND SUPERVISORY BODIES AND THEIR COMMITTEES

SUPERVISORY BOARD

Pursuant to the Company's Articles of Association, the Supervisory Board is composed of at least five members. Members of the Supervisory Board are appointed and dismissed by the General Meeting of Shareholders. Any member of the Supervisory Board whose mandate expired during the Board's term of office must be compulsorily replaced by the Supervisory Board with another person appointed to hold the position. Appointment of members of the Supervisory Board during the Supervisory Board's term of office must be approved by the next General Meeting of Shareholders.

Should the General Meeting of Shareholders refuse to approve any of the new members of the Supervisory Board appointed during the Supervisory Board's term of office, the General Meeting will elect a new member of the Supervisory Board to replace the person who was not approved.

The term of office of a member of the Supervisory Board is three years and is common for all members of the Supervisory Board.

The Supervisory Board, on its first meeting, elects its Chairperson, Deputy Chairperson and Secretary from among its members, in secret ballot.

The Supervisory Board exercises continuous supervision over the Company's operation in all fields of its activity. Members of the Supervisory Board when performing their functions have regard to the interests of the Company. The emphasis of the Supervisory Board includes measures to improve the efficiency of management of the Company to obtain maximum financial performance of the Company as well as increase its stock market value and ensure its long-term development.

The tasks of the Supervisory Board include:

- approving annual business plans of the Company and long-term Company's growth plans,
- assessment of the Management Board's report and financial statements for previous financial year in terms of compliance with books, documents and facts as well as proposals of the Management Board on distribution of profit or coverage of loss and submitting annual written report to the General Meeting of Shareholders on the results of the assessment,
- determining the number of the Management Board members, appointing and dismissing any or all Members of the Company's Management Board,
- suspending from service, for important reasons, of any or all Members of the Company's Management Board
- determining the remuneration for Management Board members,
- delegating Members of the Supervisory Board, for a period not longer than three months, to temporarily perform duties of Members of the Management Board who have been dismissed, resigned or are unable to perform their duties for other reasons.
- selecting statutory auditors for conducting the audit of the financial statements,
- approving proposals of the Management Board to establish and discontinue branches and other organized units of the Company,
- approving acquisition and disposal of real estate property, perpetual usufruct or share in real estate,
- approving transactions concerning subscribing to, disposal or acquisition of shares and stocks where the transaction value exceeds 1/20th of the Company's share capital,
- approving acquisition and disposal of fixed assets the value of which exceeds 1/20th of the Company's share capital,
- approving conclusions by the Company of loan, borrowing agreements, grating guarantees and sureties if the value exceeds in each case 1/20th of the Company's share capital,
- adopting the consolidated text of the Company's Articles of Association for internal purposes of the Company,
- approving draft resolutions submitted by the Management Board to the General Meeting of Shareholders,
- determining the issue price of new shares approving proposals of the Management Board on concluding an agreement with a sub-issuer,
- adoption of the Regulations of Management Board and Company's Organizational Rules,

The Supervisory Board holds its meetings as required, but not less than three times a year. Meetings of the Supervisory Board are convened by its Chairman on his or her own initiative or at the request of the authorised persons. Should a meeting be requested by the Management Board or a member of the Supervisory Board, the Chairman of the Supervisory Board is obliged to convene a meeting within two weeks of receipt of such request. Should the Chairman fail to convene a meeting of the Supervisory Board, the applicant may convene it individually, stating the date, time and proposed agenda.

Validity of resolutions of the Supervisory Board requires proper notice of the meeting of all the members of the Supervisory Board and presence of at least half of the members of the Supervisory Board, including the Chairman or Vice-Chairman.

The agenda of the meeting of the Supervisory Board is determined 5 days before the scheduled date of the meeting and approved by the Chairman and then submitted to the members of the Supervisory Board along with other materials, unless extraordinary circumstances exist justifying shortening of this period. The agenda may be amended or supplemented if all members of the Supervisory Board are present and express consent.

In emergency, the Chairman of the Supervisory Board may order another way to notify members of the Board on the date of the meeting.

In order to enable the Supervisory Board to exercise constant supervision over the Company, the Management Board provides basic financial information on the Company and Boryszew Capital Group as well as information on any events that could significantly affect the results of operations or the state of the Company's assets.

Management Board members are invited to attend meetings of the Supervisory Board and in the case of discussing matters concerning them directly, in particular: removal, responsibilities and remuneration of the Management Board Members, Supervisory Board meetings held without participation of the Management Board members. Meetings of the Supervisory Board may also be held without formal convocation if all members of the Supervisory Board were notified and agree to hold a meeting and include specific items on the agenda. The Supervisory Board adopts resolutions only on matters included in the agenda. The Chairman administers and leads the work of the Supervisory Board and represents it to other bodies of the Company and other parties.

At each meeting of the Supervisory Board the Management Board reports on all relevant matters associated with Company's operations.

In urgent matters the members of the Supervisory Board are notified by the Management Board by circulation. The President may, on their own initiative or upon a written motion of Management Board or members of the Supervisory Board, invite other persons to the meeting, in particular employees of the Company, who are responsible for the issues discussed.

The Supervisory Board may - without prejudice to the competences of other bodies of the Company - express opinions on all matters of the Company, including motions and proposals to the Management Board, which, in such case, is obliged to submit to the Chairman information on the intended use of these motions and proposals within twenty one days from the date of submission.

Members of the Supervisory Board may exercise their rights and carry out their duties in person.

Supervisory Board resolutions are adopted by an absolute majority of votes, i.e. with the number of votes exceeding half of valid votes when at least half of the Supervisory Board members are presents and all members were invited.

In the event of a tie in the voting the Chairman has the casting vote.

The Supervisory Board may pass resolutions in writing or using direct means of distance communication. The resolution is valid if all member of the Supervisory Board have been notified of the contents of the draft resolution.

Members of the Supervisory Board may participate in adopting resolutions by casting their votes in writing, acting through another Member of the Supervisory Board who attends the meeting.

The procedure of casting a vote in writing cannot be applied with respect to matters added to the agenda in the course of the given meeting of the Supervisory Board. The voting is open.

Meetings of the Supervisory Board are recorded. The minutes are to be signed by all members present during the meeting. List of attendance at the meeting is attached to the minutes.

The administrative and technical support for the Supervisory Board is provided by the Management Board, by appointing from employees of the Company the person directly responsible for handling and documentation of meetings of the Board.

Members of the Management Board must notify the Supervisory Board on any existing conflict of interest resulting from their performed functions. Statement format is determined by the Regulations of the Supervisory Board.

Remuneration of the members of the Supervisory Board is determined by the General Meeting, subject to the remuneration of Supervisory Board members, delegated to temporarily perform the duties of a member of the Management Board, being determined by resolution of the Supervisory Board.

The total remuneration of all members of the Supervisory Board, as well as each of individual members of the Board, is disclosed in the annual report.

Detailed principles of operation of the Supervisory Board are determined in the Rules for Supervisory Board of Boryszew S.A.

Supervisory Board Committees

The Audit Committee operates in the structure of the Supervisory Board.

In accordance with the Rules of the Supervisory Board, adopted on 18 August 2020, the Supervisory Board may also appoint a Remuneration Committee if necessary. The Remuneration Committee was not appointed in 2022.

Audit Committee

In 2022, the Audit Committee had the following members:

Mr Jarosław Antosik - Chairman

Mr Mirosław Kutnik

Mr Damian Pakulski

On 22 March 2023, Mr Damian Pakulski handed in his resignation as a member in the Audit Committee of the Supervisory Board of Boryszew S.A. On 23 March the Supervisory Board appointed Mr Wojciech Zymek to the Audit Committee.

Members of the Audit Committee of the Supervisory Board of Boryszew S.A. since 23 March 2023:

Mr Jarosław Antosik,
Mr Mirosław Kutnik,
Mr Wojciech Zymek.

The Audit Committee operates on the basis of applicable laws and regulations, including but not limited to the Act of 11 May 2017 on statutory auditors, audit firms and public supervision (the Act), Regulation (EU) No 537/2014 of the European Parliament and of the Council of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities and repealing Commission Decision 2005/909/EC (the Regulation), the Company's Articles of Association and the Regulations of the Supervisory Board of Boryszew S.A.

The Audit Committee meets the independence criteria and other requirements set forth in Article 128 and Article 129 of the above mentioned Act, i.e.

- 1) at least one member of the audit committee has knowledge and skills in terms of accounting or auditing financial statements.
 - a. Mr Jarosław Antosik is a graduate of the Warsaw School of Economics, Higher School of Finance and Banking (1997). In 1998 he graduated a post graduate program with the French Institute of Management earning his International Management Diploma. In 2002 he became a certified tax advisor (member of the Audit Committee between 1 January and 31 December 2020).
 - b. Mr Wojciech Zymek has served as a member of the supervisory board of many entities, including a listed company, for more than a dozen years. He is an active attorney and restructuring consultant and has received a number of training courses in this field in his professional practice. As a restructuring consultant, he managed large entities with multimillion-dollar turnovers, which required in-depth knowledge in accounting and taxation.
- 2) at least one member of the Audit Committee has knowledge and skills in the industry in which the Company or its individual members operate; in accordance with certain rules, this knowledge and these skills are:
 - a. Mr Damian Pakulski has knowledge and skills in the industry in which the Company operates gained during his long years in commercial law companies, including public companies (member of the Audit Committee as of 11 December 2020).
 - b. Mr Wojciech Zymek is a long-time member of the Supervisory Board of Alchemia S.A. in Warsaw, a subsidiary of Boryszew S.A. in Warsaw, where he acquired knowledge and experience in the seamless pipe industry, production of rings, rims and long products. In addition, when participating in the restructuring process of Maflow Polska sp. z o.o. in Tychy, he acquired knowledge and experience in the production of air conditioning ducts. For many years he has served as a member of the Supervisory Board of Andoria sp. z o.o. in Andrychów and Zugil S.A. in Wieluń. Also, as an attorney, he has been handling large commercial law entities in the broader steel industry for many years.
- 3) The majority of the members of the Audit Committee, including the Chairman, are independent of the Company:
 - a. Mr Jarosław Antosik - Chairman of the Audit Committee, according to the statement submitted to the Company, meets the independence criteria in the Act of 11 May 2017 on certified auditors, audit firms and public supervision.
 - b. Mr Damian Pakulski - until 16 January 2023 met the independence criteria in the Act of 11 May 2017 on certified auditors, audit firms and public supervision.
 - c. Mr Wojciech Zymek - according to the statement submitted to the Company, met the independence criteria in the Act of 11 May 2017 on certified auditors, audit firms and public supervision.

The Audit Committee is an advisory and consultative body of the Supervisory Board for the correct financial reporting, internal control and internal audit principles applied in the Company as well as the risk management system. The Audit Committee cooperates with the Management Board and employees of the Company and the certified auditor for a good understanding of the company's operating principles and to form its own opinion on the Company's financial statements integrity.

The tasks of the Audit Committee include:

- 1) monitoring:
 - financial reporting process,
 - effectiveness of internal control and risk management systems as well as internal audit, including financial reporting,
 - performing financial auditing activities, in particular audits by an audit company, including all conclusions and findings of the Polish Financial Supervision Authority resulting from inspections carried out in the audit firm;
- 2) controlling and monitoring the independence of the statutory auditor and the audit firm, in particular when the audit firm provides services to the public interest entity other than audit of financial statements;
- 3) notifying the supervisory board or other supervisory body or control body of public interest entity about the results of the audit and explaining how this audit contributed to the reliability of financial reporting in the public interest entity, and what was the role of the audit committee in the audit process;
- 4) evaluating the independence of the auditor and consenting to the provision by the auditor of permitted non-audit services to the public interest entity;
- 5) drafting a policy of selecting an audit firm to conduct the audit;
- 6) drafting a policy on provision of permitted non-audit services by the audit company engaged to carry out audits of financial statements, by economic operators associated with that audit firm as well as by a member of the audit firm's network;
- 7) determining the procedure for selecting an audit firm by a public interest entity;
- 8) presenting to the supervisory board or other supervisory or control body, or to the body referred to in art. 66 par. 4 of the Accounting Act of 29 September 1994, recommendation referred to in art. 16 sec. 2 of Regulation No. 537/2014, in accordance with the policies referred to in points 5 and 6;
- 9) submitting recommendations aimed at ensuring the reliability of the financial reporting process in a public interest entity.

The Committee holds its meetings as required, but not less than once every quarter. The meetings of the Audit Committee shall be convened by its Chairman and in his absence – by the Vice-Chairman or another Committee member indicated by the Chairman. The Meetings of the Audit Committee may also be convened by the Chairman of the Supervisory Board.

The Audit Committee has access to all Company documents and is entitled to request specific information and explanations from the Company and its employees.

The Audit Committee may conduct or commission (with the consent of the Supervisory Board) the execution of specific assessments or monitoring activities within the scope of its responsibility.

The Audit Committee shall submit the following to the Supervisory Board:

- annual reports on its activities in a given financial year and a situation assessment for the Company and the Capital Group in areas within its competence,
- the conclusions, positions and recommendations developed in relation to the performance of the Audit Committee functions in a timely manner enabling the Supervisory Board to take appropriate actions.

Audit firm selection policy

The Audit Committee of the Supervisory Board for Boryszew S.A. recommends an entity authorised to audit financial statements of Boryszew S.A. on the basis of adopted policies and procedures. The auditor is selected by the Supervisory Board on the basis of a recommendation by the Audit Committee.

In the course of preparing recommendations for the Supervisory Board by the Audit Committee, the following is considered:

- whether the auditing firm meets the independence requirements referred to in Articles 69-73 of the Act on certified auditors;
- the existence of threats to the independence of the audit firm and the application of safeguards to minimise them;
- knowledge of the industry in which the Company operates;
- the price conditions of the offer,
- whether the audit firm has competent staff, time and other resources at its disposal to conduct the audit properly;
- whether the person designated as the key auditor has the qualifications to carry out mandatory audits, obtained in the European Union member state where the audit is required, including whether that person is registered in the relevant registers of auditors maintained of the European Union member state where the audit is required.
- independence of the audit firm and persons involved in financial audit activities in the light of Articles 69-73 of the Act on certified auditors;

- statutory restrictions on providing services to the Company, possible conclusions and guidelines contained in the annual audit report issued by the Audit Supervision Committee, referred to in Article 90 section 5 of the Act on certified auditors that may influence the appointment of an audit firm.

The selection is made from any audit firms which submitted a bid to provide the statutory audit service in accordance with accepted procedures, provided that:

- the audit firm that audited the Financial Statements of the Company after the expiry of the maximum duration of the mandate may not undertake the audit of the Company's financial statements within four consecutive years,
- the organisation of the procurement procedure may not exclude from participation in the selection procedure companies which have received less than 15% of their total audit fees from public-interest entities in the European Union member state concerned, in the previous calendar year, included on the list of audit firms,

Restrictions on choice

- the maximum continuous duration of statutory audit engagements carried out by an audit firm or any member of the network established in the European Union to which these audit firms belong may not exceed 10 years, subject to the limitations in applicable laws;
- The key certified auditor may not conduct an audit of the annual financial statements in the Company for a period longer than 5 years;
- The key certified auditor may again perform audits of the Company's annual financial statements after at least 3 years from the end of the last audit.
- the first agreement on auditing the Financial Statements is concluded with the Eligible Entity for a period of not less than two years with the possibility of extension for further periods of at least two years.

Remuneration rules:

Remuneration for the audit work received by the audit firm, its statutory auditors and subcontractors acting in their name and on their behalf may not be:

- dependent on any conditions, including the result of the audit;
- shaped or dependent on the provision to the Company or its related entities of additional services which are not audited by an Entitled Entity or any entity related to an audit firm or belonging to a network.

The audit fees must reflect the workload and complexity of the work and the qualifications required.

Selection of an audit firm to audit the financial statement of for 2022 – 2024

The Audit Committee during its meeting on 29 March 2022 recommended to the Supervisory Board to appoint BDO Sp. z o. o. sp. k. to audit the financial statements for 2022 - 2024.

The recommendation of an entity authorised to audit financial statements was prepared in accordance with the requirements of the Act of 11 May 2017 on certified auditors, audit firms and public supervision, Company's policy and procedure on selection of an entity authorised to audit financial statements in Boryszew S.A.

The Supervisory Board, having reviewed of the recommendation of the Audit Committee, on 29 March 2022 appointed BDO Sp. z o. o. sp. k. based in Warsaw to conduct the audit of the separate financial statements of Boryszew S.A. and the consolidated financial statements of Boryszew Capital Group for 2022 and 2024.

Services allowed

Policy on provision of permitted non-audit services by the audit company engaged to carry out audits of financial statements, by economic operators associated with that audit firm as well as by a member of the audit firm's network;

The policy of providing permitted services was prepared by the Audit Committee operating within the Supervisory Board of the Company. In accordance with the policy adopted by the Company, the provision of permitted services is possible only after the Audit Committee has carried out an assessment of threats and safeguards of independence referred to in Articles 69-73 of the Act on certified auditors.

The Audit Committee of Boryszew S.A., following appropriate assessment of risks and independence safeguards as per Art. 5 sec. 4 of the Regulation (EU) No 537/2014 of the European Parliament and of the Council of 16 April 2014 on the detailed requirements for statutory audits of public interest entities, consented to the performance by BDO Spółka z ograniczoną odpowiedzialnością Spółka komandytowa the following additional services:

- verification of the electricity consumption intensity factor.

- BDO's assessment of the Supervisory Board's report on the implementation of the remuneration policy for the Management Board and Supervisory Board.

Audit Committee meetings

In 2022 the Audit Committee held 5 meetings, the main topics of which were associated with the fulfilment of its statutory duties.

CHANGES IN THE COMPOSITION OF THE SUPERVISORY BOARD

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 THE COMPANY

Pursuant to the Company's Articles of Association of Boryszew S.A., the Company's Management Board is composed of one to five persons, including: President of the Management Board, up to two Vice-Presidents and members of the Management Board. The term of office of the Management Board is three years and is common for all members of the Management Board. The Management Board, under the chair of the President, manages the Company's affairs and represents the Company.

The Board is responsible for the fair conduct of the Company's affairs and implementation of its statutory functions, in accordance with law and good practice. All matters that are not reserved for the competence of the General Meeting of Stockholders and the Supervisory Board fall within the competence of the Management Board. The Management Board prepares the strategy of the Company and is responsible for its implementation and execution. The strategy is subject to approval by the Supervisory Board. The Management Board of the Company carefully analyses all actions and decisions.

A resolution of the Management Board is required in matters falling beyond the scope of ordinary management, in particular on:

- incurring loans,
- issuing sureties and guarantees
- disposal and acquisition of fixed assets,
- approval for publication of midyear and annual Management Board's reports on the activities of the Company and of the Capital Group, as well as financial statements of the Company and consolidated statements of the Capital Group,
- proposals for profit distribution or loss coverage,
- adoption of the growth programme for the Company and for the Capital Group,
- adoption of the budget of the Company and of the Capital Group,
- establishing of proxies,
- appointing, on the basis of civil law, representatives to perform certain tasks within the limits of their authorisation (with the exception of one-time power of attorney to perform certain legal actions and powers of attorney to sign the papers and documents that do not result in incurring liabilities by the Company or disposing property rights of the Company as well as power of attorney ad litem)

- approving the remuneration system and work regulations based on agreements with the trade unions,
- taking a position on issues commissioned by the Supervisory Board in the form of a resolution.

Subject to the pending share buyback, the Management Board holds no individual rights to buy back own shares. The Management Board may not resolve on share issue.

The Board recommends to the Supervisory Board the appointment of an auditor, upon analysis of the tenders submitted.

Authorized to make declaration of will and sign documents on behalf of the Company are: the President of the Management Board acting independently or two members of the Management Board acting jointly, or a member of the Management Board acting jointly with a commercial proxy.

The Management Board convenes on as-needed basis. Management Board meeting can be participated by employees of the Company or other persons, competent for the matters discussed.

Resolutions of the Management Board are adopted by an absolute majority of votes. In case of a tied vote, the President has the casting vote.

A member of the Management Board, absent during a meeting, shall acknowledge and follow, on the first day at work after absence, resolutions passed during his or her absence, confirming it with a signature on the original copy of the minutes.

Meetings of the Management Board are recorded and signed by members of the Management Board present during the meeting.

Members of the Management Board must notify the Supervisory Board on any existing or potential conflict of interest resulting from their performed functions.

The principles of remuneration of the Management Board members are determined by the Supervisory Board of the Company, considering the responsibilities and function as well as the economic and financial situation of the Company.

The aggregate remuneration of all members of the Management Board and of individual members of the Management Board, with details on individual elements of remuneration, is disclosed in the annual report.

The Management Board makes every effort to ensure that the Company conducts an effective economic activity, respecting the interests of all groups of shareholders and other groups associated with the Company's interest.

CHANGES IN THE COMPOSITION OF THE MANAGEMENT BOARD

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.

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

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

No changes in the composition of the Management Board occurred between 31 December 2022 and the date of submission of the financial statements for publication.

DESCRIPTION OF DIVERSITY POLICY

No formal document has been drafted by the Company on its diversity policy in relation to the management body and management team. Recruitment of Management Board members and key managers is based on experience, qualifications and competences of candidates, in line with legislation on equal treatment of employees. The Company is committed to ensure diversity of gender, education, age, professional experience for all its employees, with particular emphasis on senior management and key managers. In 2021, the Management Board was composed exclusively of men and the Supervisory Board had one woman.

37. DECLARATIONS OF THE MANAGEMENT BOARD

The Management Board of Boryszew S.A. represent hereby that:

- a) to the best of their knowledge the annual financial statements of Boryszew S.A. and the comparable data were compiled as per the binding accounting principles and truly, accurately and clearly reflect the actual and financial condition as well as the financial result Boryszew S.A.

- b) the annual consolidated financial statements of Boryszew Capital Group for the first six months and the comparable data were compiled as per the binding accounting principles and truly, accurately and clearly reflect the actual and financial condition as well as the financial result of Boryszew Capital Group.
- c) this annual report on operations presents a true view of development, accomplishments and situation Boryszew S.A. and Boryszew Capital Group, including a description of fundamental risks and threats.

38. INFORMATION OF THE MANAGEMENT BOARD ON THE SELECTION OF THE AUDIT FIRM TO CARRY OUT THE AUDIT OF THE ANNUAL FINANCIAL STATEMENTS IN ACCORDANCE WITH THE PROVISIONS, INCLUDING THOSE CONCERNING THE SELECTION AND PROCEDURE FOR THE SELECTION OF THE AUDIT FIRM

The Management Board for Boryszew S.A. based on the statement of the Supervisory Board for Boryszew S.A. of 13 April 2023 on the selection of BDO Spółka z ograniczoną odpowiedzialnością sp. k., based in Warsaw, to audit the annual financial statements in accordance with the regulations, including the selection and selection procedure of the auditing firm, declares that:

- a) BDO Spółka z ograniczoną odpowiedzialnością Sp.k. and members of the team auditing the separate and consolidated financial statements for 2022 met the conditions for the preparation of an impartial and independent report on the audit of the annual financial statements in accordance with the applicable regulations, professional standards and rules of professional ethics,
- b) Boryszew S.A. observes the applicable regulations on the rotation of the audit firm and the key statutory auditor as well as on the mandatory grace periods,
- c) The Company pursues the "Policy for selection of the entity authorized to audit financial statements of Boryszew S.A." and the "Policy for the provision of permitted non-audit services by the auditing firm conducting the audit, by entities affiliated with the auditing firm and by a member of the auditing firm's network"

Visit www.boryszew.com.pl for all corporate documents of the Company, as well as current and periodical information. The Company also runs its website in English.

SIGNATURES OF THE PERSONS REPRESENTING THE COMPANY AND APPROVING THIS REPORT FOR PUBLICATION:

Wojciech Kowalczyk - President of the Management Board

Łukasz Bubacz – Member of the Management Board

Mikołaj Budzanowski – Member of the Management Board

Warsaw, 18 April 2023