BORYSZEW

GRUPA BORYSZEW

CONSOLIDATED FINANCIAL STATEMENTS BORYSZEW CAPITAL GROUP FOR THE PERIOD BETWEEN 1 JANUARY AND 31 DECEMBER 2023

Publication date:
17 April 2024

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(amounts expressed in PLN '000 unless specified otherwise)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	01.01.2023 - 31.12.2023	01.01.2022 - 31.12.2022
Continuing operations			
Revenues from sales	6	5 689 005	6 790 515
Prime cost of sale	7	5 190 641	6 190 019
Gross profit on sales		**498 364**	**600 496**
Selling costs		121 689	134 611
General and administrative costs		293 509	289 963
Other operating revenues	8	341 669	295 703
Other operating expenses	9	247 748	254 951
Operating income		**177 087**	**216 674**
Financial revenues	10	60 908	43 092
Financial expenses	11	101 222	83 579
Profit on sales of subsidiary	10	-	8 508
Share in profit of affiliates		(2 258)	(214)
Profit before taxation		**134 515**	**184 481**
Income tax	12	16 966	72 761
Net profit on continuing operations		**117 549**	**111 720**
Net profit/loss on discontinued operations		**12 354**	**1 853**
Net profit on continuing and discontinued operations		**129 903**	**113 573**
including attributable to:			
to shareholders of the parent		*122 055*	*106 626*
non-controlling interests		*7 848*	*6 947*

EARNINGS / DILUTED EARNINGS PER SHARE

Weighted average number of shares	202 000 000	202 000 000
Net profit (loss) per share (in PLN, 100/PLN per share)	0.60	0.53
Earnings per share on continuing operations	0.60	0.53
Earnings per share on discontinued operations	-	-
Diluted net profit (loss) per share (PLN/share)	0.60	0.53
Diluted on continuing operations	0.60	0.53
Diluted on discontinued operations	-	-

	01.01.2023 - 31.12.2023	01.01.2022 - 31.12.2022
Net profit	**129 903**	**113 573**
Earnings recognised in equity		
Earnings recognised in equity, to be transferred to income statement (before tax)	**(6 135)**	**16 382**
Hedge accounting	680	8 823
Exchange differences on translating foreign operations	(6 815)	7 559
Income tax expense (-provision/+asset)	*(129)*	*(1 676)*
Earnings recognised in equity, not to be transferred to income statement (before tax)	**(1 936)**	**6 262**
Gains/losses on valuation and disposal of equity instruments	(1 011)	5 922
Employee benefit capital reserve	(925)	340
Income tax expense (-provision/+asset)	163	(1 190)
Total earnings recognised in equity	**(8 037)**	**19 778**
to shareholders of the parent	*(8 026)*	*19 778*
non-controlling interests	*(11)*	**-**
Total comprehensive income, including attributable:	**121 866**	**133 351**
to shareholders of the parent	114 029	126 404
non-controlling interests	*7 837*	*6 947*

Consolidated profit and loss account – discontinued operations

	01.01.2023 - 31.12.2023	01.01.2022 - 31.12.2022
Revenues from sales	-	8
Prime cost of sale	-	8
Gross profit (loss) from sales		**-**
Selling costs	-	-
General and administrative costs	-	-
Other operating revenue	-	3 148
Other operating expenses	-	1 431
Profit (loss) from operating activity	**-**	**1 717**
Financial income (liquidation of HMN Szopienice S.A. in liquidation)	12 354	338
Financial expenses	-	10
Financial profit/loss	**12 354**	**328**
Profit (loss) before income tax	**12 354**	**2 045**
Income tax	-	*191*
Net profit (loss) on discontinued operations	**12 354**	**1 854**
in the parent company	*12 354*	*4 059*
non-controlling interests	-	*(2 205)*

(amounts expressed in PLN '000 unless specified otherwise)

CONSOLIDATED BALANCE SHEET

ASSETS	Note	Balance on 31.12.2023	Balance on 31.12.2022
Non-current assets			
Tangible fixed assets	13	1 329 473	1 366 664
Investment property	14	178 622	123 259
Goodwill	15	6 418	6 418
Intangible assets	16	38 334	43 168
Lease and right-of-use assets	17	294 272	297 676
Shares in affiliates	18	28 857	-
Financial assets	19	101	16 017
Long-term derivative financial instruments	20	1 183	1 276
Long-term receivables	21	43 712	47 432
Deferred tax assets	12.2	45 066	9 147
Total fixed assets		**1 966 038**	**1 911 057**
Current assets		**1 792 391**	**2 074 617**
Current assets other than assets held for sale		**1 787 044**	**2 073 364**
Inventory	22	886 122	1 034 891
Trade receivables and other receivables	21	633 367	756 089
Short-term financial assets	19	17 064	93 562
Derivative financial instruments	20	22 927	21 620
Current tax receivables		8 305	2 788
Cash and cash equivalents	23	219 259	164 414
Assets classified as held for sale	24	**5 347**	**1 253**
Total assets		**3 758 429**	**3 985 674**

(amounts expressed in PLN '000 unless specified otherwise)

LIABILITIES AND EQUITY	Note	Balance on 31.12.2023	Balance on 31.12.2022
Equity			
Share capital		248 906	248 906
Share premium		114 435	114 435
Own shares		(236 753)	(236 753)
Hedge accounting capital		15 020	14 469
Capital reserve on translating employee payables		(794)	(37)
Revaluation reserve and gain on disposal of financial assets		3 433	27 991
Exchange differences on translating foreign entities		(47 946)	(41 131)
Retained earnings		1 527 419	1 531 738
Total equity		**1 623 720**	**1 659 618**
Equity of non-controlling shareholders		**33 137**	**29 443**
Total equity	25	**1 656 857**	**1 689 061**
Liabilities and long-term provisions			
Bank loans, borrowings	27	249 516	182 574
Lease and right-of-use liabilities	28	224 669	220 613
Deferred tax provision	12.2	76 579	72 406
Employee benefit provisions	29	17 128	15 225
Other provisions	30	48 379	51 377
Other liabilities		110	75
Other long term equity and liabilities	32	60 092	66 596
Liabilities and long-term provisions - total		**676 473**	**608 866**
Bank loans, borrowings	27	420 846	560 960
Lease and right-of-use liabilities	28	35 147	37 962
Trade payables and other liabilities	31	724 315	790 195
Derivative financial instruments	20	4 339	7 594
Current tax liabilities		12 293	34 364
Employee benefit provisions	29	39 220	40 702
Other provisions	30	156 068	174 013
Other short-term liabilities	32	32 871	30 072
Short-term liabilities other than liabilities included in groups held for sale, classified as held for sale		**1 425 099**	**1 675 862**
Liabilities directly associated with assets classified as discontinued operations	24	**-**	**11 885**
Liabilities and short-term provisions - total		**1 425 099**	**1 687 747**
Total liabilities and provisions		**2 101 572**	**2 296 613**
Total equity and liabilities		**3 758 429**	**3 985 674**

(amounts expressed in PLN ‘000 unless specified otherwise)

CONSOLIDATED CASH FLOW STATEMENT

	01.01.2023 - 31.12.2023	01.01.2022 - 31.12.2022
Cash flows from operating activities		
Profit before taxation	**134 515**	**184 481**
Adjustments for	**284 306**	**101 626**
Amortisation/depreciation	158 898	177 876
Gains/losses on financing activities	53 177	94 533
Profit / loss on investment activities	(106 569)	(116 217)
Change in receivables	175 100	200 779
Change in inventories	137 077	(50 346)
Change in liabilities	(73 126)	(119 356)
Provision for employee benefits	421	(5 533)
Changes in provisions	(27 150)	14 027
Other items	32 995	(3 751)
Income tax paid	(66 517)	(90 386)
Net cash from operating activities	**418 821**	**286 107**
Cash flows from investment activities		
Proceeds from disposal of fixed assets	80 918	133 765
Proceeds from disposal of shares and stocks	12 191	102 882
Proceeds from redemption of bonds by issuers	15 924	13 138
Proceeds from repayment of loans granted	45 650	27 732
Expenses on acquisition of fixed assets	(204 240)	(258 753)
Acquisition of shares and stocks	(18 055)	(13 055)
Loans granted	(1 000)	(40 100)
Other investment inflows and expenditure	9 383	4 099
Net cash from investing activities	**(59 229)**	**(30 292)**
Cash flows from financial activities		
Incomes on credit and loan facilities	200 545	377 055
Dividends paid	(153 930)	(190 402)
Repayment of credit and loan facilities	(251 249)	(386 192)
Interest paid on loans, borrowings and leasing	(59 108)	(47 122)
Payments of liabilities under lease agreements	(38 153)	(45 782)
Other financial inflows/expenses	1 082	11 630
Net cash from financing activities	**(300 813)**	**(280 813)**
Net change in cash and cash equivalents (before impact of foreign exchange rates)	**58 779**	**(24 998)**
Translation reserve	(3 934)	1 963
Cash opening balance	164 414	187 724
Cash of units sold/acquired	-	(275)
Net increase/(decrease) in cash and cash equivalents (after impact of foreign exchange rates)	**54 845**	**(23 310)**
Cash closing balance	**219 259**	**164 414**
Including restricted cash	*69 808*	*24 220*

(amounts expressed in PLN ‘000 unless specified otherwise)

CONSOLIDATED STATEMENT ON CHANGES IN EQUITY

	Share capital	Share premium	Treasury shares	Hedge accounting	Profit/Loss on restatement of employee benefits	Revaluation and disposal reserve	Exchange differences on recalculation of overseas controlled entities	Retained earnings	Capital of the controlling entity	Equity of non-controlling interest	Total equity
Balance on 01.01.2023	**248 906**	**114 435**	**(236 753)**	**14 469**	**(37)**	**27 991**	**(41 131)**	**1 531 738**	**1 659 618**	**29 443**	**1 689 061**
Other comprehensive income				551	(757)	(1 005)	(6 815)		**(8 026)**	**(11)**	**(8 037)**
Profit/loss for 2023								122 055	**122 055**	7 848	**129 903**
Total comprehensive income for 2023				**551**	**(757)**	**(1 005)**	**(6 815)**	**122 055**	**114 029**	**7 837**	**121 866**
Dividends paid and declared								(149 927)	**(149 927)**	(4 003)	**(153 930)**
Other changes (*)						(23 553)		23 553			
Change of capital group structure										(140)	**(140)**
Disposal of subsidiary											
Changes in equity.				551	(757)	(24 558)	(6 815)	(4 319)	**(35 898)**	3 694	**(32 204)**
Balance on 31.12.2023	**248 906**	**114 435**	**(236 753)**	**15 020**	**(794)**	**3 433**	**(47 946)**	**1 527 419**	**1 623 720**	**33 137**	**1 656 857**

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

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

(amounts expressed in PLN '000 unless specified otherwise)

NOTES
to the consolidated financial statements for the period between 1 January and 31 December 2023

1. BASIC DATA

Parent Company - Boryszew Spółka Akcyjna

Boryszew Spółka Akcyjna

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

Address: 00-807 Warszawa; ul. Al. Jerozolimskie 92
State of registration: Poland
Description of the nature and core business: Company's business includes manufacturing, services and trade.
Registered office: Poland
Legal form of the entity: joint stock company
Name of the parent: Boryszew S.A.
Entity name: Boryszew S.A.
Name of the ultimate parent company: Boryszew S.A.
Primary place of business: Poland
No changes to entity name occurred.

Classification of the Parent Company on the listing market

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

SUPERVISORY BOARD OF BORYSZEW S.A.

As of 1 January 2023, 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 Siemieniec	– 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.

On 31 December 2023 and 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 Siemieniec	– Member of the Supervisory Board.
Mr Wojciech Zymek	– Member of the Supervisory Board.

(amounts expressed in PLN '000 unless specified otherwise)

MANAGEMENT BOARD OF BORYSZEW S.A.

From 1 January 2023 and on the date of publication of the report, the following persons were members of the Management Board of Boryszew S.A.:

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

COMPOSITION OF THE CAPITAL GROUP

Companies included in the consolidated financial statements

Company name	Seat	share of the parent in share capital (%)	subsidiary of:	Business segment
Head Offices	Warsaw			Unallocated
Elana Branch	Toruń			Chemical products
Boryszew Energy Branch	Toruń			Unallocated
Maflow Branch	Tychy			Automotive
Boryszew ERG Branch	Sochaczew			Chemical products
Elimer Sp. z o.o.	Sochaczew	52.44	Boryszew S.A.	Chemical products
NPA Skawina Sp. z o.o.	Skawina	100.00	Boryszew S.A.	Metals
Boryszew Green Energy & Gas Sp. z o.o. (formerly: 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 SAS.	France	100.00	Boryszew S.A.	Automotive
Maflow do Brasil Ltda	Brazil	100.00	Boryszew S.A. (79%) Maflow Polska Sp. z o.o. (21%),	Automotive
Maflow Components Dalian Co. Ltd.	China	100.00	Maflow Polska Sp. z o.o.	Automotive
Maflow India Private Limited	India	100.00	Boryszew S.A. 99.99% Maflow Polska Sp. z o.o. 0.01%	Automotive
MAFMEX S.DE R.L.DE C. V (*)	Mexico	100.00	Maflow Spain Automotive S.L.U (3,34%), Maflow Polska Sp. z o.o. (96,66%) (*)	Automotive
Boryszew Automotive Mexico S.DE R.L.DE C. V	Mexico	100.00	Maflow Spain Automotive S.L.U (90,00%), Maflow Polska Sp. z o.o. (10,00%)	Automotive
Boryszew Automotive Plastics Sp. z o.o.	Tychy	100.00	Maflow Polska Sp. z o.o.	Automotive
Boryszew Components Poland Sp. z o.o.	Toruń	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

(amounts expressed in PLN '000 unless specified otherwise)

Company name	Seat	share of the parent in share capital (%)	subsidiary of:	Business segment
ICOS GmbH in bankruptcy under self-administration	Germany	100.00	Boryszew Automotive Plastics Sp. z o.o.	Automotive
Theysohn Kunststoff GmbH in bankruptcy under self-administration	Germany	100.00	ICOS GmbH in bankruptcy under self-administration	Automotive
Theysohn Formenbau GmbH in bankruptcy under self-administration	Germany	100.00	ICOS GmbH in bankruptcy under self-administration	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 Plastikářská Technologie Čechy, spol. S.r.o.	The Czech Republic	100.00	Boryszew Automotive Plastics Sp. z o.o.	Automotive
Boryszew Plastic RUS Sp. z o.o.	Russia	100.00	Boryszew S.A. (10,9%), Boryszew Kunststofftechnik Deutschland GmbH (89,1%)	Automotive
Maflow Plastics Poland Sp. z o.o.	Ostaszewo	100.00	Boryszew S.A.	Automotive
Boryszew Inwestycje Sp. z o.o. (formerly: Boryszew Holding Sp. z o.o.)	Warsaw	100.00	Boryszew S.A.	Metals
Boryszew Assets Sp. o.o. (formerly: SPV Lakme Investment Sp. z o.o.	Warsaw	100.00	Boryszew S.A.	Unallocated
Walcownia Metali Dziedzice S.A.	Czechowice-Dziedzice	100.00	Boryszew S.A.	Metals
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.	Metals
Huta Bankowa Sp. z o.o.	Dąbrowa Górnicza	100.00	Alchemia S.A.	Metals
Laboratoria Badań Batory Sp. z o.o.	Chorzów	100.00	Alchemia S.A.	Metals
Polski Cynk Sp. z o.o.	Katowice	100.00	Boryszew S.A.	Metals
Boryszew Property Sp. z o.o. (formerly: Eastside Capital Investments Sp. z o.o.)	Warsaw	100.00	Boryszew S.A.	Unallocated
Baterpol Recycler Sp. z o.o.	Oława	100.00	Polski Cynk Sp. z o.o.	Metals
Metal Zinc Sp. z o.o.	Katowice	100.00	ZM Silesia S.A.	Metals
Boryszew Nieruchomości Sp. z o.o. (formerly: Eastside BIS Sp. z o.o.	Warsaw	100.00	Boryszew Property 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
"onesano" S.A. (***)	Chorzów	42.50	Boryszew S.A.	Unallocated
AGICORP-BOR Sp. z o.o. (****)	Oświęcim	25.00	Boryszew S.A.	Unallocated

(*) Maflow Spain Automotive S.L.-3.34%, 1 share worth 100 MXN 100 votes; Maflow Polska Sp. z o.o.- 96.66%, 1 share worth 2 900 MXN 2 900 votes; Boryszew S.A. - 239 398 865.86 series B shares - without voting rights.

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

(***) "onesano S.A., in which the parent company holds a 42.50% equity interest, is valued in these consolidated financial statements using the equity method.

(****) AGICORP-BOR Sp. z o.o. has not commenced operations.

(amounts expressed in PLN '000 unless specified otherwise)

Companies not included in the consolidated financial statements

Company name	Seat	share of the parent company in capital (%)	share in votes (%)	Core activity
Elana Ukraina Sp. z o.o.	Ukraine	90	90	dormant company
Brasco Inc	the US	100	100	dormant company
Zavod po pererabotke vtorichnykh resursov "Vostochny" Sp. z o. o.	Belarus	30	30	trade, production of secondary raw materials

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

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

Details about subsidiaries with significant NCIs

Subsidiaries of Boryszew CG, which hold non-controlling interest in 2023 are Zakład Utylizacji Odpadów S p. z o.o. and Elimer Sp. z o.o.

Balance on 31.12.2023	Zaklad Utylizacji Odpadów Sp. o.o. Konin	Elimer Sp. z o.o.
non-controlling interest in %	40.03%	47.56%
Fixed assets	14 652	56
Current assets	88 159	1 104
Long-term liabilities	12 707	62
Short-term liabilities	8 512	453
Net assets	**81 592**	**645**
Net assets attributable to non-controlling interests	**32 661**	**476**
Revenues from sales	53 261	3 631
Net profit	19 799	(165)
Other comprehensive income	-	(23)
Comprehensive income attributable to non-controlling interests	**7 926**	**(89)**
Net cash from operating activities	7 744	(128)
Net cash from investing activities	(8 774)	-
Net cash from financing activities	(4 262)	(2)

(amounts expressed in PLN '000 unless specified otherwise)

a. Changes in the Group structure

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

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 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). The merger had no impact on the result of the 2023 consolidated financial statements. The effect of the merger is the recognised merger equity in the amount of PLN 174 473 thousand in the separate statements.

Boryszew Capital Group

NPA Skawina Spółka z o.o.

On 1 January 2023, NPA Skawina Spółka z o.o., separated from Boryszew S.A. under the agreement on the transfer of the organised part of Boryszew S.A. enterprise in the form of the Nowoczesne Produkty Aluminiowe Skawina Branch to NPA Skawina Spółka z o.o., dated 30 December 2022, launched operations. Boryszew S.A. holds 100% of shares in NPA Skawina Spółka z o.o. The spin-off had no effect on the consolidated financial statements for 2023.

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 Boryszew S.A. - PLN 130 million).
On 22 June 2023 the company was deleted from the register of entrepreneurs maintained by the National Court Register.

Huta Metali Nieżelaznych Szopienice S.A. in liquidation exclusion from consolidation

Accumulated gains/(losses) of PLN (158 759) thousand from prior years presented in consolidated retained earnings were excluded through the comprehensive income of discontinued operations in the current period. The exclusion was the result of the actual liquidation of the Company's activities and the transfer of documents that are the basis for deleting the Company from the National Register of Companies.

Exclusion of losses of discontinued operations of HMN Szopienice S.A. in liquidation	158 759
Exclusion of liabilities and adjustments related to discontinued operations	(146 405)
Difference recognised as result from liquidation of the Company in discontinued operations	**12 354**

In these consolidated statements, as at 31.12.2023, HMN SA in liquidation was excluded from consolidation and the effect is presented as result from discontinued operations in the amount of PLN 12 354 thousand.

Change of company names of Group companies

On 10 July 2023 extraordinary general meeting of:
1. Eastside Bis Spółka z o.o. with registered office in Warsaw passed a resolution on changing the company's name to **Boryszew Nieruchomości Sp. z o. o.**
   On 19 July 2023 the District Court for the capital city of Warsaw in Warsaw, 12th Commercial Division of the National Court Register, having reviewed the application of Eastside Bis Spółka z o.o., made an entry in the Register of Entrepreneurs of a change in the name under which the company operates to: Boryszew Nieruchomości Sp. z o.o.,
2. Eastside Capital Investments Sp. z o.o. with registered office in Warsaw passed a resolution on changing the company's name to **Boryszew Property sp. z o.o.**
   On 27 July 2023 the District Court for the capital city of Warsaw in Warsaw, 12th Commercial Division of the National Court Register, having reviewed the application of Eastside Capital Investments Spółka z o.o., made an entry in the Register of Entrepreneurs of a change in the name under which the company operates to: Boryszew Property Sp. z o.o.
3. SPV Lakme Investment Spółka z o.o. with registered office in Warsaw passed a resolution on changing the company's name to **Boryszew Assets Spółka z o. o.**

On 3 August 2023 the District Court for the capital city of Warsaw in Warsaw, 12th Commercial Division of the National Court Register, having reviewed the application of SPV Lakme Investment Spółka z o.o., made an entry in the Register of Entrepreneurs of a change in the name under which the company operates to: Boryszew Assets Sp. z o.o.

4. Boryszew Holding Spółka z o.o. with registered office in Warsaw passed a resolution on changing the company's name to **Boryszew Inwestycje Sp. z o. o,**
   On 27 July 2023, the District Court for the capital city of Warsaw in Warsaw, 12th Commercial Division of the National Court Register, having reviewed the application of Boryszew Holding Spółka z o.o., made an entry in the Register of Entrepreneurs of a change in the name under which the company operates to: Boryszew Inwestycje Sp. z o.o.
5. Elana – Energetyka Spółka z o.o. with registered office in Toruń passed a resolution on changing the company's name to **Boryszew Green Energy & Gas Sp. z o.o**.,
   On 14 July 2023 the District Court in Toruń, 7th Commercial Division of the National Court Register, having reviewed the application of Elana – Energetyka Spółka z o.o., made an entry in the Register of Entrepreneurs of a change in the name under which the company operates to: Boryszew Green Energy & Gas Sp. z o.o.

Merger of Boryszew Automotive Plastics Sp. z o.o. with Boryszew Commodities Sp. z o.o. Boryszew Components Sp. z o.o.

On 7 September 2023 management boards of Boryszew Automotive Plastics Sp. z o.o., Boryszew Commodities Sp. z o.o. and Boryszew Components Poland Sp. z o.o. agreed to proceed with the merger process of Boryszew Automotive Plastics Sp. z o.o. (Acquiring Company) with Boryszew Commodities Sp. z o.o. (Acquired Company 1) and Boryszew Components Poland Sp. z o.o. (Acquired Company 2), involving the acquisition of the Acquired Company 1 and the Acquired Company 2 by the Acquiring Company.
The merger of the companies will be carried out under the provisions of CCC Art. 492 § 1(1) in conj. with CCC Art. 515 § 1 by transferring all assets of the Acquired Company 1 and Acquired Company 2 to the Acquiring Company, without granting the shareholders of Acquired Company 1 and Acquired Company 2 shares in the Acquiring Company. Since the Acquiring Company is the sole shareholder of the Acquired Company 1 and the Acquired Company 2, the merger will be carried out under the simplified procedure in CCC Art. 516 § 5 and 6.

On 21 March 2024, the District Court of Katowice - Wschód in Katowice, 8th Commercial Division of the National Court Register, registered the merger of Boryszew Automotive Plastics Sp. z o.o. (Acquiring Company) with Boryszew Commodities Sp. z o.o. (Acquired Company 1) and Boryszew Components Poland Sp. z o.o. Acquired Company 2).

Reduction of share capital of Alchemia S.A.

On 29 September 2023 the District Court for the capital city of Warsaw in Warsaw, 12th Commercial Division of the National Court Register Economic Department entered in the Register of Entrepreneurs a reduction in the amount of Alchemia S.A.'s share capital from PLN 225 485 000.00 to PLN 207 285 000.00, due to redemption of 14 000 000 own bearer shares of Alchemia S.A., with a nominal value of PLN 1.30 per share, based on Resolution No. 18 of the General Meeting of 6 June 2023 on redemption of own shares and reduction of share capital.
On the date of publication of the report the share capital of Alchemia S.A. is PLN 207 285 000.00, divided into 159 450 000 shares. The sole shareholder of Alchemia S.A. is Boryszew S.A.

Przedsiębiorstwo Usługowo-Handlowe "Hutnik" Spółka z o.o. in liquidation

On 8 December 2023, "Hutnik" Spółka z o.o. in liquidation, based in Konin, was deleted from the register of entrepreneurs maintained by the National Court Register. The deletion decision became final on 11 January 2024.

Alchemia S.A. Oddział Kuźnia Batory in Chorzow

On 19 December 2023, the Management Board of Alchemia S.A., after receiving a positive opinion from the Company's Supervisory Board, decided to liquidate the Company's Division, i.e.. Alchemia S.A. Oddział Kuźnia Batory in Chorzow.

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

2. PLATFORM OF APPLIED IFRS

CHANGES IN ACCOUNTING PRINCIPLES

PLATFORM OF APPLIED IFRS

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

Accounting principles (policy) of applied when drafting these mid-year consolidated financial statements for the fiscal year ended on 31 December 2023 are consistent with those applied when drafting annual consolidated financial statements for the financial year ended on 31 December 2022, except for changes described below.

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

Changes resulting from changes in IFRS

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

- **IFRS 17 Insurance Contracts**
  IFRS 17 defines a new approach to the recognition, measurement, presentation and disclosure of insurance contracts. The main objective of IFRS 17 is to guarantee transparency and comparability of insurers' financial statements. To this end, the entity will disclose a range of quantitative and qualitative information to enable users of financial statements to assess the impact of insurance contracts on the entity's financial position, financial performance and cash flows. IFRS 17 introduces a number of significant changes to the existing requirements of IFRS 4. They cover, among other things: the levels of aggregation on which calculations are made, the method of valuation of insurance liabilities, recognition of profit or loss over time, recognition of reinsurance, separation of the investment component, the presentation of individual items of the balance sheet and profit and loss account of reporting entities, including separate presentation of insurance income, costs of insurance services, and financial income or expenses.
  The new standard was published on 18 May 2017 then amended on 25 June 2020 and applies to annual periods beginning on or after 1 January 2023. Earlier application is permitted (but subject to simultaneous application of IFRS 9 and IFRS 15). The standard supersedes the existing regulations concerning insurance contracts (IFRS 4).
  IFRS 4 was also amended on 25 June 2020 - in terms of extending the exemption for insurers from the application of IFRS 9 Financial Instruments until 1 January 2023.

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

- Amendments to IAS 1 - *Disclosure of Accounting Policies* and IAS 8 - *Definition of Accounting Estimates*
  The amendments to IAS 8 include a definition of accounting estimates, which should help distinguish accounting policies from accounting estimates. IAS 1 expanded and revised accounting policy disclosures. The purpose of these amendments is to place greater importance on the disclosure of significant accounting policies and to clarify the nature of differences between changes in accounting estimates and changes in accounting policies. Amendments to these standards were published on 12 February 2021 and apply to annual periods beginning on or after 1 January 2023.

- **Amendments to IAS 12** *Income Taxes: Deferred tax related to assets and liabilities arising from a single transaction*
  The amendment to IAS 12 was published on 7 May 2021 and applies to annual periods beginning on or after 1 January 2023. The amendments clarify that the exemption regarding initial recognition of deferred tax does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise at the time of initial recognition and entities are required to recognise deferred tax on such transactions, thereby clarifying the doubt as to whether the exemption applies to transactions such as leases and liabilities due to decommissioning.

- **Amendment to IAS 12** *Income Taxes: International tax reform - model principles of Pillar II (global minimum tax)*
  The amendments give companies a temporary exemption from accounting for deferred taxes resulting from the Organisation for Economic Cooperation and Development's (OECD) international tax reform. Companies can apply

the exemption immediately, but disclosure requirements are required for annual periods beginning on or after 1 January 2023. The amendment was published on 23 May 2023.
The group falls under Pillar II of the OECD Model Rules.
The Pillar II regulations are not yet legally or actually in force in Poland.
The Group applied the mandatory exception for the recognition and disclosure of deferred tax assets and liabilities related to income taxes under Pillar II, in accordance with amendments to IAS 12 issued in May 2023.

The above standards and amendments do not affect these consolidated financial statements. The Group decided to implement the standards on a prospective basis.

New standards and interpretations and amendments to standards or interpretations that are not yet effective and have not been earlier applied.

The Group did not choose to early implement, in these financial statements, published standards or interpretations before their effective date.
The following standards and interpretations have been issued by the International Accounting Standards Committee or the International Financial Reporting Interpretations Committee, but have not yet come into effect as at the balance sheet day:

- **Amendment to IAS 1** *Presentation of Financial Statements: Classification of liabilities as short- and long-term liabilities*
  The amendment to IAS 1 was published on 23 January 2020, subsequently modified in July 2020 and finally adopted on 31 October 2022. The amendment is applicable to annual periods beginning on or after 1 January 2024. The amendment redefines the criteria for current liabilities. The change may affect the presentation of liabilities and their reclassification between current and non-current liabilities.
  The Group will apply the amended standards as of 1 January 2024. As of the date of drafting of these financial statements, it is not possible to reliably estimate the impact of application of the new standard.

- **Amendment to IFRS 16** *Leases Lease liability in sale and leaseback transactions*
  The amendments require the seller-lessee to determine "lease payments" or "revised lease payments" in such a way that the seller-lessee recognises no gain or loss that relates to the right of use retained by the seller-lessee. The Group will apply the amended standards as of 1 January 2024. The above change should not affect the financial data.

- **Amendments to IFRS 7** *Financial instruments: disclosures: Supplier finance arrangements* **and IAS 7** *Statement of cash flows*
  The changes are aimed at increasing transparency on supplier finance arrangements and their impact on liabilities, cash flow and liquidity risk exposure. The amendments supplement requirements already included in IFRS and require entities to disclose additional information related to their contracts, including their impact on liquidity risk. The amendments are effective for annual periods beginning on or after 1 January 2024.
  The Group will apply the amendment to the standard in accordance with the date of first application adopted by the EU. The above changes are not expected to affect the financial data.

- **Amendments to IAS 21** *The effects of changes in foreign exchange rates: Lack of exchangeability*
  The changes will require entities to use a consistent approach to assessing whether a currency can be exchanged for another currency and, when this is not possible, to determine the exchange rate to be used and the disclosures to be made. The amendments are effective for annual periods beginning on or after 1 January 2025.
  The Group will apply the amended standard as of 1 January 2025 or later. The above change should not affect the financial data.

IFRS, as approved by the EU, do not differ significantly from the regulations adopted by the International Accounting Standards Board (IASB), except for the following standards, interpretations and amendments to these standards and interpretations, that were not yet effective in EU states as at the date of publication of these financial statements:
- Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial instruments: Disclosures: Supplier finance agreements published on 25 May 2023.
- Amendments to IAS 21 The effects of changes in foreign exchange rates: Lack of exchangeability published on 15 August 2023

3. ACCOUNTING PRINCIPLES APPLIED

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

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

Selected Group companies maintain their books of accounts in accordance with accounting policies (principles) prescribed by local regulations. The consolidated financial statements include adjustments not recognised in the books of the Group's companies, they were included in order to bring the financial statements of these companies into conformity with the Group's policies under IFRS.

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

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

Cash flows from operating activities are determined using the indirect method, cash flows from financing and investing activities - using the direct method.
Most significant accounting principles applied by the Group are presented below.
The presentation currency of these financial statements is PLN.

Consolidation principles

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

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

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

If necessary, the financial statements of subsidiaries are adjusted in order to adjust their accounting policy to the Group's policy,.
All intra-group transactions, mutual balances and income and costs of the intra-group transactions are totally excluded from consolidation.

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

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

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

Principles and methods of valuating assets and liabilities

Model based on purchase price or production cost plus revaluation

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

Revaluation model

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

Fair value

Fair value is the price that would be received for the disposal of an asset or transfer of a liability in a transaction conducted under normal conditions in the primary or most favourable market between willing and knowledgeable unrelated parties regardless of whether that price is directly observable or estimated using another valuation technique.

Purchase price or production cost of an asset item

Purchase cost or cost of manufacturing is the amount of cash or cash equivalents paid or the fair value of other consideration given to acquire an asset at the time of its acquisition or construction. The purchase price covers the amount payable to the seller, without deductible: VAT and excise duty tax, and in case of import - increased by relevant charges and costs directly associated with the purchase and adaptation of the asset item to a condition suitable for use or introduction into trade, along with the costs of transport, loading, unloading, transport insurance, storage or introduction into trade, and decreased by discounts, allowances and other similar decreases or recovery.
Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalised as part of the cost of acquisition or production of such assets. The cost of an entity's own production of an asset includes all layouts that may be directly attributable to creation, production and adaptation of asset for the use intended by the management.

Business combinations

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

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

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

Business combinations can take different forms. They may involve:
• acquisition by one entity of the equity of another entity,
• acquisition of all net assets of another entity, assumption of liabilities of another entity,
• acquisition of certain net assets of another entity.

Combination can be carried out
• to issue equity instruments,
• transferring cash, cash equivalents,
• transferring other assets,
• as combinations of these possibilities.

The parties to the transaction may be
• owners of the merging units,
• unit and owners of another unit.

The merger may involve:
• creation of a new entity controlling the merging entities or transferred net assets,
• restructuring of one or more of the merging entities.

A merger can lead to a parent-subsidiary relationship.

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

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

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

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

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

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

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

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

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

Tangible assets

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

Tangible fixed assets, which are owned or jointly owned by the Group, purchased or produced in-house, under a finance lease and usable on the day of commissioning, with an expected use period longer than one year, used by the Group for the purposes associated with business activity or let to use based on rental, tenancy or lease agreement, are subject to amortisation, if their initial value is equal to or exceeds PLN 3 000. Fixed assets with a unit initial value between PLN 3 000 and PLN 10 000 are generally subject to 100% depreciation in the month they are put into use. Fixed assets with a unit initial value between PLN 3 000 and PLN 10 000, used in the process of manufacturing finished goods for specific groups of customers and projects, may be entered in the fixed asset register and depreciated over their estimated useful lives to increase control over specific assets. Low-value fixed assets with a value below PLN 3 000 are recognised in the cost of consumption of materials in the period of putting them into use and are recorded in off-balance sheet records. The value, which is either a purchase price or cost of production of specific assets, reduced by the final value of this asset, should be amortised. The final value of an asset item is the amount, which according to the forecast the Group could currently obtain taking into consideration the age and state at the end of its life (after deducting the estimated selling costs). Amortisation begins in the month in which the asset is available for use. Amortisation of fixed assets is made on the basis of planned, systematic spread of the depreciable value over estimated life of the specific asset item. Amortisation ends in the month, in which the asset was classified as held for sale or in the month in which the asset is no longer disclosed, taking into consideration the earlier of these dates. Depreciation is recognised as an expense for the period, except when it is included in the value of another asset (such as self-produced fixed asset, development work, finished goods).

Depreciation rates applied for individual groups of tangible fixed assets:

Land	Not depreciated
Buildings, premises, civil and water engineering structures	2 years - 40 years
Technical equipment and machines	2 years - 20 years
Vehicles	3 years - 10 years
Other tangible fixed assets	2 years - 15 years

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

Right-of-use assets and liabilities

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

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

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

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

Leases and rights of use as of 1 January 2019

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

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

The lease liability is initially measured at the present value of the lease payments outstanding at that date. Lease payments are discounted using the lease interest rate, if this rate can be easily determined. Otherwise, the Group, as lessee, applies the marginal interest rate. Variable lease payments are included in the valuation of the lease liability only if they are based on an index or rate. In such cases, the initial measurement of the lease liability assumes that the variable element will remain the same throughout the lease term. Other variable lease payments are charged to costs in the period to which they relate.

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

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

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

- lease payments made at or before inception of the lease;
- initial direct costs incurred; and
- an estimate of the costs to be incurred by the lessee in dismantling and removing the underlying asset, to renovate the site where it was located, or to renovate the asset to the condition required by the terms of the lease.

After the initial valuation, lease liabilities increase as a result of interest on the unpaid balance, decrease as a result of lease payments made. The carrying amount of the liability is updated to reflect any reassessment or modification of the lease or to reflect updated substantially fixed lease payments. Right-of-use assets other than investment property are depreciated on a straight-line basis over the remaining lease term, or over the remaining economic life of the asset if, in rare cases, it is estimated to be shorter than the lease term.
For the right to use an asset being an investment property the subsequent valuation is at fair value, in other words the valuation model adopted by the Group for investment property valuation is applied.
In addition, the right to use an asset is tested for impairment and adjusted for impairment losses, if any, and adjusted for revaluation of the lease liability.

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

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

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

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

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

Intangible assets

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

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

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

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

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

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

Depreciation rates applied for intangible fixed assets:

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

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

Research and development expenditure.

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

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

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

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

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

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

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

REACH

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

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

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

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

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

Impairment loss for tangible and intangible fixed assets.

As on each balance date, the Group reviews the net values of its tangible and intangible fixed assets in order to verify if premises exist that would suggest any loss of value of these assets. Should such premises be found, the retrievable value of an asset is estimated in order to determine a potential write-off. If a given asset does not generate any cash flows which would be substantially independent from cash flows generated by other assets, the analysis is performed for the group of assets generating cash flows to which such asset belongs.
In the case of intangible assets with undefined usability period, the loss of value test is carried out every year and, additionally, if there are any premises that the loss of value could have occurred.
The retrievable value is the higher of the two following values: fair value less sales costs or usable value. The latter corresponds to the current value of the estimated future cash flows expected by the company from the assets, discounted at the discount rate which takes into account the current money value in time and the asset-specific risk.
If the retrievable value is lower than the balance sheet value of an asset (or a cash flow generating unit), the balance sheet value of the asset or unit is written-down to the retrievable value. The amount of impairment loss is immediately recognised as a cost for the period.

At each balance sheet date the entity carries out an assessment to determine whether or not any indications exist that the impairment loss recognised in previous periods for an asset no longer exists or has decreased. If such indications exist, the entity estimates the recoverable amount of the asset.
The carrying amount of an asset that has been increased as a result of the reversal of an impairment loss should not exceed the carrying amount that would have been determined (net of depreciation) if no impairment loss had been recognised for the asset at all in previous years.
Reversal of an asset impairment loss is recognised immediately under other operating income.

Investment property

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

Investment property is initially valued according to its purchase price or construction cost.
Investment property held by the Group, as a lessee, in a form of an asset under the right of use, is recognised in accordance with IFRS 16 "Leases".

After the initial recognition, investment properties are recognised by the Group at fair value and differences of value, both increase and decrease, are recognised directly in the income statement. Fair value of investment property is determined by an expert once every three years or more frequently in case of a significant change in the parameters used in the valuation The fair value of the right to use an asset being an investment property is the sum of all (corresponding to market rates) expected lease payments (including those associated with recognised lease liabilities).

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

If investment property is transferred to owner-occupied property or to inventory, the existing fair value is the initial cost. When real estate is transferred from inventory to investment property, the effects of fair value measurement are recognised under other operating income or expenses.

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

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

Shares in associates and subsidiaries

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

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

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

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

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

Financial instruments and hedge accounting

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

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

- long-term,
- short-term

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

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

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

A **financial asset is measured at amortised** cost if both of the following conditions are met:
1) financial asset is held to generate contractual cash flows;
2) terms of the contract generate cash flows on specific dates that are repayment of the principal amount and interest
The following are recognised by the Group as financial assets at amortised:

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

Financial assets measured at amortised cost are measured at amortised cost using the effective interest rate method, adjusted for any write-offs due to expected credit losses.
A **financial asset is measured at fair value through profit** or loss if both of the following conditions are met:
1) the purpose is to keep it in order to obtain both contractual cash flows as well as to sell it;
2) the terms of the contract generate cash flows on specific dates that are repayment of the principal amount and interest
At the time of initial recognition, the Group recognises equity instruments - shares and interests in other entities – as financial instruments measured at fair value through other comprehensive income.

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

The Group classified as assets measured at fair value through profit or loss those derivatives for which hedge accounting is not applied as well as those hedging instruments that are measured through profit or loss in accordance with hedge accounting principles.
The Group may irrevocably designate a financial asset as at fair value through profit or loss upon initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency (sometimes referred to as an "accounting mismatch") that would otherwise arise from measuring assets or liabilities or recognising the related gains or losses on different basis.
Financial assets measured at fair value through profit or loss are initially recognised at fair value, and on the last day of the reporting period they are measured at fair value with gains/losses on revaluation recognised in the financial result.

The Group classifies financial liabilities into the following categories:
- measured at amortised cost,
- measurement at fair value through profit or loss,
- financial hedging instruments.

The Group classified trade liabilities, credits and loans received as well as bonds as liabilities measured at amortised cost.
The Group classifies liabilities on account of derivatives to which hedge accounting is not applied as measured at fair value through profit or loss.

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

Financial asset impairment loss

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

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

- trade receivables,
- loans granted

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

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

Derivative instruments

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

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

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

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

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

Embedded derivatives

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

Hedge accounting

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

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

Group companies recognised the settlement of forward transactions concluded to hedge foreign exchange risk, the settled transactions relate to the hedging of net foreign exchange exposure. The level of hedging was determined using a forecast of net foreign currency exposure based on the budget of the Company. Exposure to foreign currency risk was determined based on forecast sales revenues in EUR as well as costs and outflows related to sales in EUR. The instruments (forward transactions) concluded by the Company are of a hedging nature for currency risk, transactions settled in 2023 were presented in operating activity as other operating income. The change in valuation of these forward transactions treated as hedging instruments is recognised in financial income/expenses until settled.

Cash flow hedge

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

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

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

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

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

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

The Group in the specifics of its production uses tooling (tools) for production machinery. This is tooling subject to resale to purchasers of products manufactured on the tooling based on a re-invoice - after the purchaser accepts the design of the product manufactured on it. The cost of this tooling is recorded in separated accounts until it is sold, and in the financial statements it is reported in inventory of raw materials.
Due to the fact that the purchase prices of materials and goods fluctuate throughout the fiscal year, issue of materials and goods is recorded according to "first in, first out" (FIFO) method.

Records of goods at retail outlets
Goods - are subject to value records. Records are kept at retail selling prices and therefore include the trade margin and the output VAT. The VAT and margin are posted to the account "Deviations from record prices" and a reconciliation is made for deviations from record prices in the part concerning the margin of goods sold in proportion to goods sold and inventory, and in the part concerning VAT on the basis of cash register reports.
As of the balance sheet date, the valuation of inventory at retail prices and the determination of the amount of margin and VAT is carried out through a physical inventory and the calculation of average margin and VAT deviation ratios.

Products and work in progress
Products are recognised at their cost of manufacture which covers the costs in direct connection with the product plus justified part of costs directly associated with the manufacture of the product.
On the balance-sheet day, the value of the products accounted for in the ledgers at fixed price is adjusted to the effective cost of their manufacture, not higher than the realisable market prices.
The effects of write-offs on the finished products and their reversal, refers to the cost of sales.

If the costs of manufacturing of identical products or products considered as identical due to similarity of nature and purpose, are different then the final value of these assets, depending on the method the Company chose to determine the issue value of particular kind of products, sale or use is measured:
- according to FIFO ("first in, first out") method
- according to average manufacturing costs set by weighted average for a given product.

Various methods of determining the issue in case of inventories with a different nature and purpose are allowed.
Items in the work in progress are measured at the direct manufacturing cost.

Inventory impairment write-offs
The difference between higher purchase price and lower net selling price of materials and goods is written off to other operating expenses. If it is not possible to determine the net selling price of an asset, its fair value should be determined on the balance sheet date by other possible method
The effects of write-offs on the finished products and their reversal, refers to the cost of sales.
Usable waste, or assets that have lost their original use value in the course of operations, are disclosed in the books at net selling prices, and in the absence of such prices - at the value resulting from an estimate that takes into account their suitability for further use.
If it is expected that the selling price of the inventory will cover the purchase price or cost of production then no revaluation write-off is made.
The effects of impairment losses on work in progress (including manufacturing waste) and finished goods, as well as their reversal, are charged to cost of goods sold.
The effects of write-offs on materials and raw materials in stock are charged to other operating expenses (recognition of a write-off) or other operating income (reversal of a write-off).

Trade and other receivables

Trade receivable represent the amounts due from customers for products, goods, materials or services sold as part of the Group's ordinary business. If the due date of trade receivables falls within one year (or within the ordinary cycle of business activity, if it is longer), trade receivables are classified as short-term and are presented as current assets.
Other receivables include amounts owed by customers for sales not related to the company's ordinary operations, prepaid expenses and advances paid by customers for future purchases. These primarily include receivables from the sale of fixed assets and intangible assets, from the sale of shares, profit sharing receivables and receivables state budget, excluding corporate tax receivables which form a separate line item in the statement of financial position and others. Other receivables are presented as current assets if they are due within 12 months or fixed assets if they are due within more than 12 months.

Cash and cash equivalents

Cash is considered as cash in hand, on bank accounts and deposits payable on demand, recognised in nominal value. Cash outflows in foreign currencies are determined according to the FIFO method ("first in - first out").
Bank deposits, bonds, treasury and commercial bills with payment date of up to 3 months from the purchase date are considered by the Group as cash. Cash equivalents are recognised at adjusted cost using the effective interest rate method.
Cash that a Group company can only dispose of to a limited extent (even though it is in its possession) are funds that cannot be freely used by it. This justifies showing in the cash flow statement amounts frozen in bank accounts (for instance to secure operations, blocks to secure loans and credits or other financial contracts, blocked grant funds temporarily), funds of the Company's Social Benefits Fund, the Company's Disabled Persons Rehabilitation Fund, letters of credit or deposits received for a planned tender, taking into account the principle of materiality. It is conventionally assumed that the item concerned shows cash, the ability to dispose of which is limited for more than 3 months from the balance sheet date.

Provisions, contingent liabilities and contingent assets

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

The Group recognises provisions, if:
- legal or customary obligation resulting from past events exists
- likely (>50%) outflow of funds
- possible (5%-50%) reliable estimate

Provisions are measured at least at the balance sheet date in a reasonable, estimated value. The Group discounts a provision when the time value of money significantly affects the amount of such provision.
The financial effects of recognised provisions are included in other operating expenses or financial expenses, respectively, depending on the circumstances of future obligations. Provisions are settled (or reduced) when the liability for which the provision was earlier recognised arises. Provisions not used on the date of cessation or reduction of the risk for which they were recognised are included in other operating income or financial income.
Provisions for future salaries and wages (of management and employees) are made against payroll expenses (by cost type) in the period to which the salary relates.

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

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

Contingent liabilities are not recognised in the statement of financial position or in the statement of income. They should be shown in the notes when the likelihood of an outflow of funds is possible.
One of the main items of contingent liabilities includes financial guarantees, or contracts aimed at compensating other entities for losses caused by the failure of debtors to make payments.

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

Shareholders' equity

Shareholders' equity is measured at least at the balance sheet date in the nominal value and is recognised in the ledgers according to their nature and rules set by law or group's company statute or Articles of Association.

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

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

Profit per share

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

Interest-bearing bank loans, advances and debt securities

Upon initial recognition, all bank loans, advances and debt securities are recognised according to fair value reduced by costs associated with obtaining of a loan or advance.
After initial recognition, interest-bearing loans, advances and debt securities are then measured according to amortised costs, using effective interest rate method. Determination of amortised cost include costs associated with obtaining of a loan or advance and discounts or bonuses obtained on settlement of a liability.
Gains and losses are recognised in the profit and loss account as soon as the liability is removed from the balance sheet, and also as a result of settlement using the effective interest rate method.
Commissions on loans and advances are recognised in financial expenses except when:
- the value of the commission was considered a material amount or
- the amount of cash flowing into the Group company's account is less than the amount due from the commission deducted.

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

Own shares acquired for redemption are reported in the statement of financial position under "Own shares" and the difference between their purchase price and par value, together with acquisition costs, adjusts the supplementary or reserve capital established for this purpose.
Equity arising from the conversion of debt securities, liabilities and loans into shares is reported at their nominal value (of debt securities, liabilities and loans) including unamortised discounts, premiums, accrued but unpaid interest (which will not be paid) until the date of conversion into equity, unrealised exchange differences and capitalised issue costs.

Deferred income and government grants

Accrued income is recognised on a prudent basis and includes, in particular, the equivalent of funds received or due from customers (mainly financial) for services to be provided in future reporting periods (as long as advances received for supplies and services are recognised in the statement of financial position under liabilities). Deferred income also includes government grants, including EU grants from European Union funds.
Subsidies are divided into:
- capital subsidies - for acquisition, financing of fixed tangible and intangible assets
- revenue subsidies - financing costs in specific area.

State subsidies including non-cash subsidies accounted for in their fair value are not recognized unless a reasonable certainty exists that the Group will comply with the subsidy-related conditions and will receive such subsidies.
Revenue from cash subsidies are accounted for in the profit and loss account parallel to the associated subsidy expenses. Costs and subsidies amounts are recognised separately in the income statement. Recognition of government grants in the profit and loss at the time of receipt is permitted if no basis existed for allocating the grant to periods other than those in which it was received.
Revenue from capital grants is accounted for as deferred income in the "State subsidies" section and is settled in line with the associated depreciation of fixed or intangible assets.

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

Revenues

Revenue from contracts with customers

Revenues from sales of products and services and goods and materials are recognised in accordance with IFRS 15. Revenue recognition represents the transaction of transferring goods or services to a customer in an amount reflecting the value of the consideration the Group expects to receive in exchange for those goods or services. The primary criterion for revenue recognition is when the performance obligation is fulfilled, which takes place when control is transferred to the customer. Revenues from the sale of products, goods and materials are recognised by the Group, as a rule, at a specific point in time, consistent with the moment of fulfilment of the performance obligation, based on the terms and conditions established in the contract and all relevant facts and circumstances (in particular, based on INCOTERM - usually at the time of release from the warehouse or at the time of delivery to the point designated by the customer).
As per IFRS 15, revenue is recognised at the amount of remuneration that, as expected by the Company, is payable in exchange for the promised goods or services delivered to the customer, less any expected discounts, customer returns and similar deductions, and any applicable value added tax. The Group estimates the probability of bonuses or customers and provides for their value at the end of each reporting month as an adjustment of sales revenue. The agreed transaction prices do not include variable elements. The Group does not have contracts with benefits fulfilled over time and does not recognise assets or liabilities under the contracts. The Group bears no significant costs of concluding contracts.
The Group provides a warranty for the products sold, which is an assurance to the customer that the product in question conforms to the specifications agreed by the parties. The Group recognises such guarantees in accordance with IAS 37.
Sales revenues are adjusted by the result of settlement of derivative instruments hedging future cash flows, in accordance with the general rule that the valuation of a derivative hedging instrument in the part being an effective hedge is recognised in the same item of the financial result, in which the valuation of the hedged item is recognised at the moment when the hedged item affects the financial result.

Interest, royalties and dividends

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

Other operating revenues

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

Financial revenues

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

Costs

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

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

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

Other operating expenses

These are indirect costs of Group's operations, including in particular:
- recognised provisions for litigation,
- donations made
- accrued or paid penalties and damages,
- losses in tangible current assets or fixed assets,
- losses on disposal of property, plant and equipment and intangible assets,
- the excess of recognised provisions for materials and goods over their release in the period.

Financial expenses include, in particular, interest on borrowings and other sources of financing, including discounting of liabilities, changes in the amount of provisions resulting from approximation of the time of performance of liability (the so-called discount reversal effect) and net foreign exchange losses on receivables and liabilities denominated in foreign currencies. Finance costs also include the cost of commissions on borrowings plus cost of issuing debt securities, for the portion not subject to activation.
Costs arising from the Group's use of the assets of other companies and/or persons, representing interest, are recognised in financial expenses successively as they accrue, according to the effective interest rate method.

Principle of substance over form

For each transaction, the Group analyses whether the transaction raises the economic effects, which would be expected for this kind of transaction. This rule is applied in case of sales, leasing, consignment or sales with recourse to the seller.
To demonstrate the sales, transfer of significant risks and profits for the buyer, the lack of ability to control by the seller and high probability of benefits impact should be taken into account.

Costs of external financing

Costs of external financing include interest and other costs incurred by the Group in connection with borrowing of funds. Costs of external financing include:
- interest on loans and borrowings
- amortisation of discount or bonus related to loans and borrowings
- amortisation of costs associated with obtaining borrowings and loans
- lease finance charges,
- exchange rate differences associated with borrowings and loans in foreign currency, in the interest valuation part

Costs of external financing are recognised as costs of the period, in which they were incurred, excluding the costs of external financing, which can be directly assigned to the adjusted assets. Costs of external financing for the period of adjusting the asset increase the cost of production of fixed assets or real estate investments. Completion of capitalisation of financing costs takes place when all work has been substantially completed. If the funds from a loan for investment are periodically deposited, the interest earned on the deposit also affects the cost of the adjusted asset. Exchange rate differences on foreign currency borrowings affect the initial value of a qualifying asset to the extent that they represent an adjustment to interest expense. The value of exchange rate differences adjusting the interest expense represents the difference between the interest expense on similar financing that the Group would have had in its functional currency and the expense incurred when financing in foreign currency.

Employee benefits

Employee benefits are all the benefits offered in exchange for employees’ work.

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

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

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

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

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

Impact of foreign exchange rate changes

The presentation currency for the Group is PLN.

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

Valuation as at transaction date
Transactions denominated in foreign currencies are translated to functional currency at the moment of initial recognition:
- at the exchange rate actually applied, i.e. at the currency buying or selling rate applied by the bank in which the transaction takes place, in the case of currency selling or buying operations,
- in case of other transactions, including receipt of receivables and payment of liabilities in foreign currencies, at the average exchange rate for relevant currency determined by the national bank as at the date of the transaction.

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

Recognition of exchange rate differences
Exchange rate differences arising from implementation or conversion of monetary items are recognised in the profit and loss account and are presented in net amount (exchange rate profit or loss).
If gains and losses on non-monetary items are recognised in the profit and loss account, the foreign exchange differences related to them are also recognised in the profit and loss account.
If gains or losses on non-monetary items are recognised directly in equity, foreign exchange differences relating to these gains and losses are also recognised directly in equity.
As of the balance sheet date, monetary assets and liabilities denominated in foreign currencies are converted/valued at the average exchange rate of the national bank in effect on that date.
Non-monetary assets and liabilities are measured at fair value and denominated in foreign currency, are valuated according to the average exchange rate set by the national bank on the date of setting the fair value.
Exchange rate differences on receivables and payables denominated in foreign currencies arising at the payment are recognised in financial expenses or financial income respectively.

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

	average EUR exchange rate in the period	EURO exchange rate as at the last day of period
01.01 - 31.12.2022	4.6883	4.6899
01.01 - 31.12.2023	4.5284	4.3480

Estimates of the Management Board

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

- estimated useful life of the asset - the subject matter of the estimation is to determine the estimated useful life, which may be shortened or extended in use. The end value and amortisation/depreciation methods are verified by the Group once per fiscal year. The verification includes among others: economic useful life end value of asset expected method of consuming the economic benefits from an intangible asset expected physical wear and tear estimated on the basis of the present average useful life reflecting the speed of physical wear and tear and intensity of use etc. technical or market obsolescence legal and other limitations to the use of the asset expected use of the asset estimated under the expected production capacity or production size and other circumstances effecting the useful life of assets.
- Impairment losses- are made if there are any external or internal indications of no possible recovery of the carrying amount of the non-current assets. If the carrying amount assets exceeds the recoverable amount of the asset , the value of asset is lowered to the recoverable amount by the appropriate impairment and recognition of the costs in the income statement.
- allowances of current assets (inventories and receivables), for inventories the allowance is estimated on the basis of the difference between net realizable amount and expected amount of future cash-flows. On the other hand estimate of accounts receivable write-off is the difference between the carrying value of given asset item and the current value of future cash flows discounted at the effective interest rate.
- employee benefits and provisions for retirement benefits and similar- the current amount of benefits and provisions depend on many factors determined by actuarial methods. The assumptions adopted to establish the net amount (income) for the retirement benefit include the discount rate. Any and all changes of such assumptions shall affect the amount of the retirement liabilities. The Group determines relevant discount rate at the end of each year. It is the interest rate applied to determine the present value of the estimated future outflows of cash assessed as necessary to meet the liabilities.
- provisions for expected liabilities due to the business activities- they are established in the amount representing the best estimate of the expenditure required to settle the present obligation or substantiation of the future obligation at the end of the reporting period.
- impairment tests of fixed assets and goodwill - impairment tests are carried out on the basis of five-year discounted forecast cash flows consistent with the approved plans of the Management Board. The discount rate is calculated based on WACC. The model uses the CAPM valuation model and the industry average beta value to calculate the cost of equity.

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

Taxes

Current corporate income tax

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

Deferred income tax

The deferred part of income tax presented in the profit and loss account is the difference between the balance of deferred income tax provisions and assets as at the end and beginning of the reporting period, including the case when deferred income tax provisions and assets resulting from operations settled with the Group's equity are transferred to equity.
The Group recognises deferred income tax liabilities and deferred income tax assets as a result of temporary differences between the book value of assets and liabilities and their tax value and tax loss or tax exemption deductible from taxable income in the past.

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

Value added tax
Revenues, costs, assets and liabilities are recognised after deducting the value added tax, except:
when the value added tax paid on the purchase of assets or services is not recoverable from the tax authorities; then it is recognised respectively as a part of the purchase price of an asset or as a part of a cost item, and
for receivables and liabilities, which are recognised inclusive of the value added tax.
The net amount of value added tax recoverable or payable to the tax authorities is recognised in the statement of financial position as part of receivables or payables.

Tax exemptions under the decision on support for the implementation of new investments
Group companies operate in Special Economic Zones and/or under the investment promotion act. New investment support decisions received provide for income tax exemption on income generated from activities specified in individual permits/support decisions up to the state aid limit, which depends on investment expenditure under individual permits/support decisions and the intensity of state aid for the region.
The Group recognises the benefits of the public assistance received based on IAS 12. The Group recognises deferred tax assets at the amount of usable government assistance available to the Group as of the respective balance sheet dates.

Uncertainty over income tax treatments
If, in the Group's opinion, it is likely that the Group's approach to a tax issue or group of tax issues will be accepted by the tax authority, the Group determines taxable income (tax loss), tax base, unused tax losses, unused tax credits and tax rates taking into consideration the approach to taxation planned or applied in its tax return. In assessing this likelihood, the Group assumes that tax bodies with the authority to audit and challenge the tax treatment will conduct such an audit and have access to all information.
If the Group determines that it is not probable that the tax authority will accept the Group's approach to a tax issue or group of tax issues, the Group reflects the effects of the uncertainty in the accounting treatment of the tax in the period in which it determines it. The Group recognises an income tax liability using one of the following two methods, whichever better reflects the way the uncertainty may materialise:
the group determines the most likely scenario - this is a single amount among possible outcomes or the Group recognises expected value - this is the sum of probability-weighted amounts among possible outcomes.

Special funds

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

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

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

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

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

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

Segment reporting

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

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

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

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

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

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

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

Segment revenues do not include:

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

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

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

Segment costs do not include:

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

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

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

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

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

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

A business segment or geographic segment should be included in reportable segments if the majority of its revenues were derived from sales to 3rd party customers and:
a) segment revenues from sales to 3rd party customers or from transactions with other segments represent 10% or more of the total external and internal revenues of all segments or
b) segment result regardless of whether it is profit or loss represents 10% or more of the combined result of all segments that recorded a profit or all segments that incurred a loss, whichever expressed as an absolute value is greater or
c) segment assets represent 10% or more of the total assets of all segments.

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

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

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

Assets held for sale and discontinuation of operations

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

Discontinued operations are a cash-generating component (or group of components) of the Group that can be separated organisationally or for financial reporting purposes from the Group as a whole, that has been disposed of or held for sale and:
- is a separate, important line of business,
- is part of a single, coordinated plan to divest a separate, important line of business of the entity or its geographic business area,
- or is a subsidiary acquired solely with the intention of resale.

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

3.1. Conversion of financial data

The Group did not restate comparative data in the 2023 Consolidated Financial Statements affecting the financial result and consolidated statement of financial position.

4. DECLARATIONS OF THE MANAGEMENT BOARD

Statement by the Management Board on compliance of accounting principles

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

(amounts expressed in PLN '000 unless specified otherwise)

5. OPERATING SEGMENTS (continuing operations)

Continuing operations 01.01.2023 - 31.12.2023	Chemical products	Automotive	Metals	Other non-allocated	Total	exclusions between segments	Total
Revenues from sales	225 430	1 748 872	3 356 059	745 863	6 076 224	(387 219)	5 689 005
Segment costs of sales	190 940	1 599 934	3 056 431	718 654	5 565 959	(375 318)	5 190 641
Result on sales within segment	**34 490**	**148 938**	**299 628**	**27 209**	**510 265**	**(11 901)**	**498 364**
General, administrative and sales expenses	38 375	181 203	172 234	29 778	421 590	(6 392)	415 198
Other operating profit/loss	7 164	21 491	26 204	33 780	88 639	5 282	93 921
Segment profit/loss	**3 279**	**(10 774)**	**153 598**	**31 211**	**177 314**	**(227)**	**177 087**
Amortisation/depreciation	5 621	87 338	62 788	8 795	164 542	(5 644)	158 898
EBITDA *)	*8 900*	*76 564*	*216 386*	*40 006*	341 856	(5 871)	335 985
Segment assets	188 059	1 585 896	2 207 418	1 845 686	5 827 059	(2 073 977)	3 753 082
Segment liabilities	110 122	2 189 547	592 023	293 958	3 185 650	(1 084 078)	2 101 572

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

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

(amounts expressed in PLN '000 unless specified otherwise)

Boryszew Capital Group operates in three industry segments.

OPERATING SEGMENTS

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., ICOS GmbH in bankruptcy under self-administration, Theysohn Kunststoff GmbH in bankruptcy under self-administration, Theysohn Formenbau GmbH in bankruptcy under self-administration, Boryszew Kunstofftechnik Deutschland GmbH, AKT Plastikářská Technologie Čechy, spol. S.r.o., Boryszew Formenbau Deutschland GmbH, Boryszew Oberflächentechnik Deutschland GmbH, Boryszew Plastic Rus Sp. z o.o., Maflow Plastics Poland Sp. z o.o., 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., NPA Skawina Sp. z o.o., 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.
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. – Head Office, Boryszew S.A. Boryszew Energy branch, Boryszew Green Energy & Gas Sp. z o.o., Boryszew Inwestycje Sp. z o.o., Boryszew Nieruchomości Sp. z o.o., Boryszew Assets Sp. z o.o., Boryszew Property Sp. z o.o., "onesano" S.A.

6. REVENUES

	01.01.2023 - 31.12.2023	01.01.2022 - 31.12.2022
Revenues from sales of products	5 131 485	5 993 243
Revenues from sales of services	75 849	62 528
Revenues from the sale of goods and materials	458 091	693 165
Other revenues from contracts	23 580	41 579
Total (revenues from continuing operations)	**5 689 005**	**6 790 515**

REVENUES FROM SALE BY DESTINATION MARKET

Sales revenues by geographical areas	01.01.2023 - 31.12.2023	01.01.2022 - 31.12.2022
Continuing operations		
Domestic sales	2 015 379	2 737 005
Sales to EU countries	3 099 126	3 468 767
Sales to other European countries	247 039	242 586
Export outside Europe	327 461	342 157
Total (revenues from continuing operations)	**5 689 005**	**6 790 515**

(amounts expressed in PLN '000 unless specified otherwise)

SHARE OF EU MEMBER STATES IN INTRA-COMMUNITY SALES

Share of EU member states in intra-Community sales:	01.01.2023 - 31.12.2023	01.01.2022 - 31.12.2022
Germany	36%	38%
The Czech Republic	19%	19%
Italy	6%	6%
Slovakia	5%	5%

7. OPERATING EXPENSES

Costs of operating activities by type	01.01.2023 - 31.12.2023	01.01.2022 - 31.12.2022
Amortisation/depreciation	158 924	177 815
Consumption of materials and energy	3 757 743	4 516 301
Third party services	353 774	362 806
Taxes and charges	44 272	41 743
Costs of employee benefits, including:	**885 255**	**859 873**
costs of remuneration	710 129	700 951
costs of social insurance	135 208	128 316
other employee benefits	39 918	30 606
Other expenses	64 845	45 275
Value of sold goods and materials	439 549	676 787
Total expenses by type	**5 704 362**	**6 680 600**
Movements in products	(18 406)	(26 256)
Capitalised costs by type, consumption for own needs	(80 117)	(39 460)
Impairment write-offs on inventories in COGS	-	(291)
Total operating expenses	**5 605 839**	**6 614 593**
Selling costs	(121 689)	(134 611)
General and administrative expenses	(293 509)	(289 963)
Cost of sales	**5 190 641**	**6 190 019**

(amounts expressed in PLN ‘000 unless specified otherwise)

8. OTHER OPERATING REVENUES

Other operating revenues	01.01.2023 - 31.12.2023	01.01.2022 - 31.12.2022
Profit on sale of fixed assets and investment property	119 363	146 320
Valuation of assets, including	**62 501**	**30 680**
fair value revaluation of investment real properties	*53 331*	*2 446*
value impairment write-offs for inventories	*8 725*	*11 956*
reversal of revaluation write-offs on fixed assets	445	16 278
Reversal of provisions	18 475	56 114
Dividends and other revenue from capital investments	12	279
Revaluation of trade and other receivables	1 975	4 048
Other income, of which:	125 694	47 006
revenues from compensations	*25 723*	*12 508*
write-off of liabilities	*203*	*159*
white certificates received	*2 038*	*879*
divestment of emission rights	*5 435*	5 435
stock count surplus	*17 945*	*9 311*
gains on hedging instruments	*31 106*	-
aid to energy-intensive sectors	*12 120*	-
reimbursement of costs incurred	*9 878*	-
other	*21 246*	*18 714*
Grants (*)	*13 649*	*11 256*
Total	**341 669**	**295 703**

(*) Group's companies received support from public funds for development investment projects (NCRD), including at WM Dziedzice, Huta Bankowa SA., Boryszew S.A. ERG Branch, NPA Skawina sp. z o.o.

(amounts expressed in PLN '000 unless specified otherwise)

9. OTHER OPERATING EXPENSES

Other operating expenses	01.01.2023 - 31.12.2023	01.01.2022 - 31.12.2022
Loss on sale of fixed assets	**87 969**	**121 179**
Revaluation write-offs on non-financial assets including:	**66 402**	**69 346**
inventory impairment write-offs	20 769	23 080
revaluation write-offs of property, plant and equipment as well as intangible assets	45 633	46 051
fair value revaluation of investment real properties	-	215
Revaluation of trade and other receivables	**5 919**	**6 992**
Provisions, including	**24 751**	**27 964**
provisions for restructuring costs	8 681	47
provisions for disputed claims	332	135
provisions for complaints and guarantees	4 572	3 651
provisions for loss-making contracts	10 360	935
provision for tax claims	806	23 196
Other expenses, including:	**62 707**	**29 470**
cancellation and write-off of receivables	6 908	345
compensations and penalties paid	428	745
development works	-	-
stock count shortage	16 997	15 343
liquidation costs for plant France	9 781	-
donations	1 206	-
stock scrapping costs	7 835	1 059
loss on hedging instruments	1 055	
other expenses	18 497	11 978
Total	**247 748**	**254 951**

10. FINANCIAL REVENUES

Financial revenues	01.01.2023 - 31.12.2023	01.01.2022 - 31.12.2022
Interest income	7 682	8 311
FX gains	46 546	31 741
Revaluation of financial assets	-	519
Profit on derivative financial instruments	4 334	718
Other financial revenues	2 346	1 803
Total	**60 908**	**43 092**
Profit on sales of financial assets	-	8 508
	60 908	**51 600**

Profit on sales of subsidiary	01.01.2023 - 31.12.2023	01.01.2022 - 31.12.2022
Divestment of NYLONBOR Ltd.	-	5 938
Divestment of Gränges Konin S.A.	-	2 570
Total gain/loss on disposal of subsidiaries	**-**	**8 508**

(amounts expressed in PLN ‘000 unless specified otherwise)

11. FINANCIAL EXPENSES

Financial expenses	01.01.2023 - 31.12.2023	01.01.2022 - 31.12.2022
Interest expense	79 091	64 625
Loss on derivative financial instruments	296	4 851
FX losses	13 345	6 936
Charges for guarantees and sureties received	6 166	4 575
Revaluation of financial assets	-	226
Other financial costs	2 324	2 366
Total	**101 222**	**83 579**
Interest expense		
Interest on loans	49 827	41 302
Interests on loans	339	1 372
Interest on lease	11 721	9 837
Interest on treasury liabilities	13 684	9 713
Interest on trade liabilities and other interest	3 520	2 401
Total	**79 091**	**64 625**

12. INCOME TAX

Income tax	01.01.2023 - 31.12.2023	01.01.2022 - 31.12.2022
Current tax	42 268	64 093
Deferred tax	(25 302)	8 668
Total tax	**16 966**	**72 761**

The group has operations in many countries around the world. Tax laws vary, with tax rates ranging between 19-34% per company.
The differences in the effective interest rate in different countries are mainly due to the lack of recognition of a deferred tax asset on tax losses.

(amounts expressed in PLN '000 unless specified otherwise)

12.1. Current corporate income tax

Income tax	01.01.2023 - 31.12.2023	01.01.2022 - 31.12.2022
Gross profit (loss)	**134 515**	**184 481**
Adjustment by expenses non-deductible for tax	384 769	365 511
Adjustment by non-taxable revenues	(431 950)	(275 523)
Income after permanent and temporary differences	**87 334**	**274 469**
Donations	(524)	(116)
Deductions from the tax base (R&D relief)	(11 055)	(12 998)
Deductions from income due to tax losses	(20 524)	(17 742)
Income tax base	**55 231**	**243 613**
Income tax by rates	**45 922**	**69 545**
Effective tax rates	*34%*	*38%*
Tax deductions (additions) (+/-)	(237)	95
Difference on tax settlement of operating or capital part (+) / Minimum tax	2	-
Adjustment of tax of previous years	(3 419)	(5 547)
Current income tax reported in the result	**42 268**	**64 093**
	-	
Income on disposal of shares through comprehensive income	4 238	29 074
Current year income tax reported in comprehensive income	**805**	**5 524**

(amounts expressed in PLN '000 unless specified otherwise)

12.2. Deferred tax

The change in balance reported in the consolidated statement of comprehensive income is consistent with the change in balance reported in the tables on current and deferred taxes.

		Movement in the period			
	Balance on 31.12.2022	Deferred tax in the income statement	Deferred tax in other comprehensive income	Other changes including foreign exchange differences on translation	Balance on 31.12.2023
DEFERRED TAX ASSETS					
Employee benefit provisions	8 685	298	157	83	9 223
Other provisions	6 380	450	-	(239)	6 591
Impairments	24 154	(11 925)	-	(889)	11 340
Unpaid interest on loans and borrowings	2 150	(1 888)	-	-	262
Unrealised currency exchange rate differences	3 021	7 089	-	(150)	9 960
Depreciation (difference between depreciation for tax and balance sheet purposes)	53 270	4 992	-	200	58 462
Right-of-use liabilities	7 081	4 879	-	1	11 961
Valuation of derivative instruments	522	(161)	41	(3)	399
Asset for tax losses	2 157	6 400	-	(146)	8 411
Other	13 485	621	-	779	14 885
Compensation for presentation purposes	*(111 758)*	-	-	*25 330*	*(86 428)*
Deferred tax assets	**9 147**	**10 755**	**198**	**24 966**	**45 066**
DEFERRED INCOME TAX PROVISION					
Measurement of non-current assets	11 766	10 974	1 549	(565)	23 724
Valuation of derivative instruments	3 496	432	(1 138)	1	2 791
Valuation of shares and stocks	1 041	-	(1 041)	-	-
Unrealised currency exchange rate differences	10 101	100	-	(2 313)	7 888
Depreciation (difference between depreciation for tax and balance sheet purposes)	100 505	7 754	-	(147)	108 112
Unpaid interest on loans and borrowings	35 273	(34 652)	-	-	621
Other	21 982	845	(11)	(2 945)	19 871
Compensation for presentation purposes	*(111 758)*	-	-	*25 330*	*(86 428)*
Deferred income tax provision	**72 406**	**(14 547)**	**(641)**	**19 361**	**76 579**
Deferred tax assets/liability	**63 259**	**(25 302)**	**(839)**	**(5 605)**	**31 513**

(amounts expressed in PLN '000 unless specified otherwise)

	Balance on 31.12.2021	Movement in the period: Deferred tax in the income statement	Movement in the period: Deferred tax in other comprehensive income	Movement in the period: Other changes including foreign exchange differences on translation	Balance on 31.12.2022
DEFERRED TAX ASSETS					
Employee benefit provisions	16 365	(9 006)	(39)	1 365	8 685
Other provisions	4 606	1 828	-	(54)	6 380
Impairments	13 565	11 384	-	(795)	24 154
Unpaid interest on loans and borrowings	132	2 018	-	-	2 150
Unrealised currency exchange rate differences	6 429	(3 409)	-	1	3 021
Depreciation (difference between depreciation for tax and balance sheet purposes)	44 121	8 321	-	828	53 270
Right-of-use liabilities	6 546	535	-	-	7 081
Valuation of derivative instruments	1 498	(893)	(85)	2	522
Asset for tax losses	4 902	(2 771)	-	26	2 157
Other	12 639	992	-	(146)	13 485
Compensation for presentation purposes	*(86 630)*	-	-	*(25 128)*	*(111 758)*
Deferred tax assets	**24 173**	**8 999**	**(124)**	**(23 901)**	**9 147**
DEFERRED INCOME TAX PROVISION					
Measurement of non-current assets	11 694	(1)	(2)	75	11 766
Valuation of derivative instruments	2 817	(680)	1 359	-	3 496
Valuation of shares and stocks	5 441	-	(4 400)	-	1 041
Unrealised currency exchange rate differences	8 429	1 671	-	1	10 101
Depreciation (difference between depreciation for tax and balance sheet purposes)	97 089	3 361	-	55	100 505
Unpaid interest on loans and borrowings	26 549	8 929	-	(205)	35 273
Other	17 008	4 387	(5)	592	21 982
Compensation for presentation purposes	*(86 630)*	-	-	*(25 128)*	*(111 758)*
Deferred income tax provision	**82 397**	**17 667**	**(3 048)**	**(24 610)**	**72 406**
Deferred tax assets/liability	**58 224**	**8 668**	**(2 924)**	**(709)**	**63 259**

13. NON-CURRENT ASSETS

Tangible fixed assets (by type groups)	Balance on 31.12.2023	Balance on 31.12.2022
Fixed assets by type:	**1 310 975**	**1 330 447**
land	22 495	49 409
buildings, premises, civil and water engineering structures	400 709	509 471
technical equipment and machines	846 344	735 272
vehicles	9 445	7 289
other tangible fixed assets	31 982	29 006
Advances for tangible fixed assets	**18 498**	**36 217**
Total property, plant and equipment	**1 329 473**	**1 366 664**
Fixed assets provided as collateral to loan repayment	530 661	288 362

(amounts expressed in PLN '000 unless specified otherwise)

in the period 01.01.2023 - 31.12.2023	Land	Buildings, premises, civil and water engineering structures	Technical equipment and machines	vehicles	Other tangible fixed assets	Total
Gross value of fixed assets at the beginning of the period	**49 852**	**851 337**	**2 036 902**	**32 263**	**125 873**	**3 096 227**
Increase due to acquisition	-	20 314	152 979	4 125	10 750	**188 168**
Fixed assets redeemed after lease end	-	-	11 770	900	2 713	**15 383**
Received as in-kind contribution	-	12 367	69 124	149	3 016	**84 656**
Decrease due to disposal	(16 652)	(81 831)	(7 910)	(1 960)	(4 427)	**(112 780)**
Tangible fixed assets under construction	-	(7 877)	65 074	130	1 533	**58 860**
Liquidation	-	(1 268)	(13 470)	(405)	(754)	**(15 897)**
Introduced as in-kind contribution (-)	-	(17 511)	(101 227)	(619)	(7 701)	**(127 058)**
Disposal of subsidiary and others	(8 609)	(29 676)	(1 637)	(74)	2	**(39 994)**
Impact of exchange rate differences	(1 686)	(21 037)	(55 370)	(918)	(6 151)	**(85 162)**
Other	-	60	(9 986)	1 406	(137)	**(8 657)**
Gross value of fixed assets at the end of the period	**22 905**	**724 878**	**2 146 249**	**34 997**	**124 717**	**3 053 746**
Accumulated depreciation at the beginning of the period	**291**	**327 615**	**1 218 588**	**24 482**	**96 035**	**1 667 011**
Planned depreciation of own fixed assets	-	24 202	80 429	2 065	6 480	**113 176**
Decrease due to disposal	-	(25 418)	(2 425)	(1 589)	(505)	**(29 937)**
Liquidation	-	(1 203)	(10 009)	(397)	(1 133)	**(12 742)**
Introduced as in-kind contribution (-)	-	(5 087)	(31 699)	(470)	(5 748)	**(43 004)**
Reclassification to assets held for sale	-	-	-	(74)	-	**(74)**
Sale of fixed assets to lessor - leaseback	-	-	(434)	(16)	-	**(450)**
Disposal of subsidiary and others	-	(23 857)	(243)	-	-	**(24 100)**
Impact of exchange rate differences	(21)	(9 701)	(35 757)	(827)	(4 798)	**(51 104)**
Other	(270)	35	(7 732)	1 840	1 307	**(4 820)**
Accumulated depreciation at the end of the period	**-**	**286 586**	**1 210 718**	**25 014**	**91 638**	**1 613 956**
Impairment write-offs at the beginning of the period	**152**	**14 251**	**83 042**	**492**	**832**	**98 769**
Write-off provision recognised in the profit/loss for the current period	-	27 341	16 864	124	635	**44 964**
Reversal of write-offs recognised in the profit/loss for the current period	-	(108)	(319)	-	(18)	**(445)**
Impact of exchange rate differences	(12)	(3 902)	(10 396)	(78)	(224)	**(14 612)**
Other	270	1	(4)	-	(128)	**139**
Impairment write-offs at the end of the period	**410**	**37 583**	**89 187**	**538**	**1 097**	**128 815**
Net fixed assets as at the end of period	**22 495**	**400 709**	**846 344**	**9 445**	**31 982**	**1 310 975**

(amounts expressed in PLN '000 unless specified otherwise)

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

(amounts expressed in PLN '000 unless specified otherwise)

14. INVESTMENT PROPERTY

Change	Balance on 31.12.2023	Balance on 31.12.2022
Balance at the beginning of the period	**123 259**	**141 760**
Additions	**68 998**	**4 986**
acquisition of investment real estate	200	2 629
valuation to fair value (-)	52 175	2 357
reclassification	14 644	-
other	1 979	-
Reductions	**(13 635)**	**(23 487)**
sale/disposal	(13 595)	(21 435)
valuation to fair value (-)	-	(127)
other	(40)	(1 925)
Balance at period end	**178 622**	**123 259**

Investment properties at fair value are owned by:	Balance on 31.12.2023	Balance on 31.12.2022
Boryszew Nieruchomości Sp. z o.o., (formerly Eastside Bis Sp. z o.o.) in Toruń	100 533	86 785
Boryszew Nieruchomości Sp. z o.o. in Toruń and Konin	21 702	19 780
WM Dziedzice SA	2 377	8 337
ZM Silesia SA	8 019	8 019
Alchemia SA	147	146
Bankowa Steelworks SA	190	192
Maflow France Automotive SAS.	45 654	-
Total	**178 622**	**123 259**

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

	Balance on 31.12.2023	Balance on 31.12.2022
Income from disposal of real estate	83 632	24 335
Revenues from investment property (rental agreements)	20 703	19 449
Maintenance cost of investment property	14 989	14 951

Part of investment properties included in the books of Boryszew Nieruchomości Sp. z o.o. is used by Boryszew Capital Group companies. For the purposes of consolidation, these investment properties were recognised as fixed assets in 2023 in the amount of PLN 61 857 thousand and in 2022 in the amount of PLN 61 225 thousand, respectively. Rental income from these properties was permanently eliminated from consolidation in 2023 in the amount of PLN 11 012 thousand and in 2022 in the amount of PLN 10 460 thousand, respectively.

The valuation of investment properties in Boryszew Nieruchomości Sp. z o.o. was prepared as of 31.12.2022 by an independent expert. The market value of the real property is determined by revenue approach, using the investment method, using simple capitalization method assuming the stable net operating income in the long prospectus and the comparative method was applied using the method of adjusted average price (estimation of the market value at the average prices of the similar real properties at the moment of appraisal). According to the Management Board, no evidence of impairment exists as at the balance sheet date. In accordance with the accounting policy, the Company measures the value of real estate properties once every 3 years.

(amounts expressed in PLN '000 unless specified otherwise)

15. GOODWILL AND ASSET IMPAIRMENT

Accumulated goodwill arisen as a result:	Balance on 31.12.2023	Balance on 31.12.2022
Baterpol S.A.	6 418	6 418
Total	**6 418**	**6 418**

As at 31 December 2023, Boryszew Capital Group identified indications for asset impairment testing in accordance with IAS 36 "Impairment of assets" related to:

- changes in the macroeconomic environment in 2023,
- change in discount rates following a reduction in reference interest rates,
- failure in implementation of 2023 projections.

At the end of 2023 Boryszew Capital Group carried out impairment tests for fixed assets of the following cash-generating units including selected subsidiaries, using discounted cash flow method.
Based on the analysis performed as at the balance sheet date, no impairment of goodwill occurred. The tests were carried out following the value in use assessment method based on five-year discounted projected cash flows, in accordance with the approved plans of the Management Boards of different Group companies.
For the purposes of the tests, Boryszew determines discount rates individually for each defined cash-generating unit using the Capital Asset Pricing Model.
As of the date of impairment testing, i.e., 31 December 2023, the following were considered for each CGU:

- market risks specific to the country and business segment to reflect the current market assessment of the time value of money at the balance sheet date and the risks associated with the asset group corresponding to the return;
- the sources of the macroeconomic indicators needed to estimate the cost of capital and debt were publications by Aswath Damodran (http://pages.stern.nyu.edu);

For the residual value, the risk-free rate was estimated as the sum of the country's inflation target and the 2012-21 average of the difference between the historical 10-year bond yield and historical inflation for the country, respectively.
The tests proved that no accounting write-offs were necessary in the Issuer's consolidated financial statements to adjust the value of the assets being used.
Boryszew S.A. also conducted a test at the Group level. The reason of the test was the low level of the stock exchange price of Boryszew S.A. shares. The test was based on a comparison of the sum of assets and NSB - Net Working Capital of relevant subsidiaries and the parent company, determined based on the impairment tests and financial statements to the value of net assets and NSB in the consolidated balance sheet on 31 December 2023. The test suggested no need for write-off of the book value of Boryszew Group assets.
In addition, Boryszew S.A. recognised a write-off of fixed assets in Boryszew Oberflächentechnik Deutschland GmbH in the total amount of PLN 44.3 million. The creation of the aforementioned write-off is a result of the company's financial situation.

Name of entity	Projection period	Residual value	Actual / nominal cash flow	Growth rate after the forecast period	WACC for the forecast period	WACC for the RV period	Result of the test	Sensitivity analysis 1 bps increase of WACC Growth rate in the residual period + 1% p.p.	Sensitivity analysis EBITDA down 5%
Boryszew Automotive Plastics Group	5 years	Yes	Nominal	2.00%	6.99%	6.06%	No write-off necessary	No write-off necessary	No write-off necessary
ZM Silesia Katowice branch	5 years	Yes	Nominal	2.50%	12.99%	11.66%	No write-off necessary	No write-off necessary	No write-off necessary
ZM Silesia Oława branch	5 years	Yes	Nominal	2.50%	12.99%	11.66%	No write-off necessary	No write-off necessary	No write-off necessary
Alchemia	5 years	Yes	Nominal	2.50%	11.54%	10.20%	No write-off necessary	Write-off on assets PLN 9 242 thousand	Write-off on assets PLN 14 334 thousand
Huta Bankowa	5 years	Yes	Nominal	2.50%	10.89%	9.56%	No write-off necessary	No write-off necessary	Write-off on assets PLN 4 605 thousand

(amounts expressed in PLN '000 unless specified otherwise)

Name of entity	Projection period	Residual value	Actual / nominal cash flow	Growth rate after the forecast period	WACC for the forecast period	WACC for the RV period	Result of the test	Sensitivity analysis 1 bps increase of WACC Growth rate in the residual period + 1% p.p.	Sensitivity analysis EBITDA down 5%
Mexico	5 years	Yes	Nominal	3.00%	16.99%	13.56%	No write-off necessary	No write-off necessary	No write-off necessary
Maflow Division	5 years	Yes	Nominal	2.50%	10.39%	9.08%	No write-off necessary	No write-off necessary	No write-off necessary
Maflow Plastics Poland	5 years	Yes	Nominal	2.50%	11.15%	9.83%	No write-off necessary	No write-off necessary	No write-off necessary

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16. INTANGIBLE ASSETS

Intangible assets	Balance on 31.12.2023	Balance on 31.12.2022
R&D expenses	15 418	18 605
Patents, licenses, software	21 032	22 480
Other intangible assets	1 884	2 083
Total	**38 334**	**43 168**

in the period 01.01.2023 - 31.12.2023	R&D expenses	Patents, concessions, licence, software	Other intangible assets	Total
Gross value at the beginning of the period	**52 821**	**61 683**	**7 698**	**122 202**
Additions (acquisition) (+)	849	3 401	178	**4 428**
Received as in-kind contribution	15 079	70	9	**15 158**
Liquidation	(3 562)	(2 241)	-	**(5 803)**
Introduced as in-kind contribution (-)	(31 163)	-	(246)	**(31 409)**
Impact of exchange rate differences	(7)	(1 079)	(174)	**(1 260)**
Other	132	(1 032)	4	**(896)**
Gross value of intangible assets at the end of the period	**34 149**	**60 802**	**7 469**	**102 420**
Accumulated depreciation at the beginning of the period	**33 822**	**38 805**	**5 606**	**78 233**
Scheduled depreciation of intangible assets	4 033	4 761	329	**9 123**
Liquidation	(3 562)	(236)	-	**(3 798)**
Introduced as in-kind contribution (-)	(16 084)	(1 532)	(238)	**(17 854)**
Impact of exchange rate differences	(4)	(994)	(158)	**(1 156)**
Other	132	(1 034)	37	**(865)**
Accumulated depreciation at the end of the period	**18 337**	**39 770**	**5 576**	**63 683**
Impairment write-offs at the beginning of the period	**394**	**398**	**9**	**801**
Write-off provision recognised in the profit/loss for the current period	-	-	4	**4**
other	-	(398)	(4)	**(402)**
impairment write-offs at the end of the period	**394**	**-**	**9**	**403**
Net value of intangible assets at the end of the period	**15 418**	**21 032**	**1 884**	**38 334**

(amounts expressed in PLN '000 unless specified otherwise)

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

(amounts expressed in PLN '000 unless specified otherwise)

17. RIGHT-OF-USE ASSETS

in the period 01.01.2023 - 31.12.2023	Buildings and structures	Technical equipment and machines	Vehicles	Other tangible fixed assets	Intangible assets - software	Land - SMA	The Lease Agreement	Total
Gross value at the beginning of the period	**-**	**224 838**	**15 088**	**2 792**	**2 232**	**84 664**	**117 922**	**447 536**
Acceptance for use under new lease agreements signed during the current year (+)	-	13 113	3 318	-	-	17 988	19 793	**54 212**
Disposal						(536)		**(536)**
Reduction du to end of lease term	-	(28 342)	(2 970)	(2 713)	-	(111)	(9 485)	**(43 621)**
Impact of exchange rate differences	-	(5 612)	(270)	-	(163)	-	(5 004)	**(11 049)**
Gross value at the end of the period	**-**	**203 997**	**15 166**	**79**	**2 069**	**102 005**	**123 226**	**446 542**
Accumulated depreciation at the beginning of the period	**-**	**86 708**	**7 435**	**1 339**	**2 232**	**3 623**	**47 239**	**148 576**
Planned depreciation of own fixed assets	-	17 095	2 290	117	-	502	14 089	**34 093**
Reduction due to termination of lease	-	(12 111)	(2 178)	(1 406)	-	(8)	(6 822)	**(22 525)**
Disposal						(51)		**(51)**
Impact of exchange rate differences	-	(7 056)	(299)	-	(163)	-	(2 400)	**(9 918)**
Accumulated depreciation at the end of the period	**-**	**84 636**	**7 248**	**50**	**2 069**	**4 066**	**52 106**	**150 175**
Impairment write-offs at the beginning of the period	**-**	**514**	**254**	**-**	**-**	**516**	**-**	**1 284**
Write-off provision recognised in the profit/loss for the current period		834	-	-	-	-	-	**834**
Reversal of write-offs recognised in the profit/loss for the current period	-	-	-	-	-	(65)	-	**(65)**
Impact of exchange rate differences	-	-	42	-	-	-	-	**42**
impairment write-offs at the end of the period	**-**	**1 348**	**296**	**-**	**-**	**451**	**-**	**2 095**
Net value of fixed assets at the end of period	**-**	**118 013**	**7 622**	**29**	**-**	**97 488**	**71 120**	**294 272**

(amounts expressed in PLN '000 unless specified otherwise)

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

(amounts expressed in PLN '000 unless specified otherwise)

18. SHARES IN AFFILIATES

	Balance on 31.12.2023	Balance on 31.12.2022
Carrying amount of investments in associates - beginning of the year	**-**	**214**
Acquisition of shares during the year (+)	31 115	227
Value at cost at year-end	**31 115**	**441**
Cumulative valuation of associates acquired	-	(227)
Share in profit	(2 258)	(214)
Carrying amount of investments in associates	**28 857**	**-**

19. FINANCIAL ASSETS

Financial assets	Balance on 31.12.2023	Balance on 31.12.2022
Shares at fair value through other comprehensive income	23	26 003
Shares at fair value through profit and loss	79	78
Debt instruments (bonds)	-	21 346
Loans granted	17 063	62 152
	17 165	**109 579**
Long-term assets	*101*	*16 017*
Short-term assets	*17 064*	*93 562*

Bonds	Balance on 31.12.2023	Balance on 31.12.2022
Unibax Sp. z o.o.	-	21 346
including those held by:		
Alchemia S.A.	-	11 056
Eastside Bis Sp. z o.o.	-	10 290
Impairments	-	-
	-	**21 346**

Borrowings	Balance on 31.12.2023	Balance on 31.12.2022
Unipartner sp. z o.o.	-	23 420
Unibax Sp. z o.o.	-	14 458
RKKK Investments Sp. z o.o.	-	9 152
Elkard Sp. z o.o.	1 047	-
Other	16 016	15 122
	17 063	**62 152**

(amounts expressed in PLN ‘000 unless specified otherwise)

Change in financial assets from 01.01.2023 to 31.12.2023	Bonds	Borrowings
Carrying amount - beginning of the period	**21 346**	**62 152**
Reduction in assets - bought-in / repaid during the year	(15 924)	(45 650)
Bonds purchased / loans granted during the current year	-	1 000
Interest on bonds recognised in P&L during the current year	484	3 119
Interest received	(5 906)	(3 733)
Compensations and other non-monetary changes	-	(31)
Exchange rate differences	-	206
Carrying amount of bonds - end of the period	**-**	**17 063**

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

20. DERIVATIVE FINANCIAL INSTRUMENTS

Balance on 31.12.2023	assets	liabilities
Cash flows hedging instruments	**21 839**	**3 629**
Commodity swaps	*5 681*	*3 089*
Foreign exchange contracts	*16 158*	*540*
Fair value hedges	**1 183**	**446**
Interest rate swaps	*1 183*	*81*
Foreign exchange contracts	*-*	*-*
Commodity swaps	*-*	*365*
Instruments held for trading	**1 088**	**264**
Foreign exchange contracts	*1 088*	*-*
Commodity swaps	*-*	*264*
	24 110	**4 339**
long-term part	*1 183*	*-*
short-term part	*22 927*	*4 339*
balance	**19 771**	

(amounts expressed in PLN '000 unless specified otherwise)

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

Presentation of derivative instruments in the income statement	Balance on 31.12.2023	Balance on 31.12.2022
Income statement items		
Revenues from sale	**22 549**	**(6 448)**
Manufacturing cost of products sold	**(8 246)**	**(2 138)**
Other operating revenues	**31 106**	**-**
Other operating expenses	**1 055**	**-**
Financial income, including:	**4 340**	**2 057**
derivative instruments	418	246
ineffective portion of cash flow hedges (positive value)	12	-
exchange rate differences - correction by the effective portion	3 910	1 811
Financial expenses, including:	**1 034**	**8 283**
derivative instruments	555	2 890
exchange rate differences - correction by the effective portion	479	5 393
Impact on profit/loss	**64 152**	**(10 536)**

When applying hedge accounting, changes in the fair value of derivatives for cash flow hedging in such part in which they operate as effective hedge are recognized in equity while in such part in which they do not operate as effective hedge are recognized as financial income or expenses of the reporting period. At the moment of realisation and recognition in the income statement of the hedged item, the effective part of the hedge corrects its value, e.g. sales revenues or costs of production. The amount representing the ineffective part of the hedge is recognized as financial income or expense.
Changes in the fair value of derivatives for fair value hedging in such part in which they operate as effective hedge are recognised in the profit and loss account with an offset against valuation of the hedged item, while in such part in which they do not operate as effective hedge are recognized as financial income or expenses of the reporting period. At the moment of realisation and recognition in the income statement of the hedged item, the effective part of the hedge corrects its value in the same position. The amount representing the ineffective part of the hedge is recognized as financial income or expense.
Commercial instruments are instruments designed for hedging against specific risks that do not feature formally established hedging relationships. Effects of changes in their fair value are recognised in the income statement and disclosed in financial income and expenses.
In 2023 Group companies recognised the settlement of forward transactions concluded to hedge foreign exchange risk, the settled transactions relate to the hedging of net foreign exchange exposure. The level of hedging was

(amounts expressed in PLN '000 unless specified otherwise)

determined using a forecast of net foreign currency exposure based on the budget of the Company. Exposure to foreign currency risk was determined based on forecast sales revenues in EUR as well as costs and outflows related to sales in EUR. The instruments (forward transactions) concluded by the Company are of a hedging nature for currency risk, transactions settled in 2023 were presented in operating activity as other operating income. The change in valuation of these forward transactions treated as hedging instruments is recognised in financial income/expenses until settled.

Commodity derivatives as at 31.12.2023

currency	<1 month	1-3 months	3-12 months	1-3 years	total
USD	(7)	(2 513)	(74)		(2 594)
EUR	545	3 361	651	-	4 557
Total	**538**	**848**	**577**	**-**	**1 963**

Commodity derivatives as at 31.12.2023

currency	<1 month	1-3 months	3-12 months	1-3 years	total
USD	904	(40)	1 111	-	1 975
EUR	4 447	5 651	4 544	-	14 642
GBP	(31)	93	-	-	62
Total	**5 320**	**5 704**	**5 655**	**-**	**16 679**

Commodity derivatives as at 31.12.2022

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

Commodity derivatives as at 31.12.2022

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

(amounts expressed in PLN ‘000 unless specified otherwise)

21. TRADE AND OTHER RECEIVABLES

Trade receivables and other receivable	Balance on 31.12.2023	Balance on 31.12.2022
Trade receivables from sale of products, goods and services	414 029	553 469
Valuation of credit risk	(568)	(483)
Receivables from sale of fixed assets and intangible assets	37 027	38
Budget receivables	86 807	91 068
Advances on supplies	1 535	9 662
Other debtors	60 530	84 437
Trade receivables and other receivables	**599 360**	**738 191**
long-term	*8 564*	*2 597*
short-term	*590 796*	*735 594*
Trade receivables and other long-term receivables	*8 564*	*2 597*
Costs recognised on accrual basis long-term portion	*35 148*	*44 835*
Long-term receivables	**43 712**	**47 432**
Trade receivables and other short-term receivables	*590 796*	*735 594*
Costs recognised on accrual basis short-term portion	*42 571*	*20 495*
Trade receivables and other receivables	***633 367***	***756 089***

Receivables securing loan repayments	182 403	321 904

Cumulative revaluation write-offs on receivables	Balance on 31.12.2023	Balance on 31.12.2022
Write-offs on trade receivables	53 696	60 133
Write-offs for estimated credit risk (IFRS 9)	568	483
Write-offs on other receivables (except trade receivables)	9 361	9 289
Total allowances	**63 625**	**69 905**
Gross accounts receivable	**662 985**	**808 096**

(amounts expressed in PLN '000 unless specified otherwise)

Write-offs on trade receivables and expected credit loss

Write-offs on trade receivables and expected credit loss	01.01.2023 - 31.12.2023	01.01.2022 - 31.12.2022
Write-offs on trade receivables and expected credit loss at beginning of period	**60 616**	**88 843**
of which:		
write-offs on trade receivables	*60 133*	*88 360*
expected credit loss	*483*	*483*
movement in the period	**(6 352)**	**(28 227)**
write-offs on trade receivables	*(6 437)*	*(28 227)*
- write-offs on overdue receivables	5 633	6 637
- reversal of write-off together with the receivable as irrecoverable/overdue	(4 585)	(6 291)
- exclusion of the branch	-	(36)
Write-offs derecognized from recovered receivables	(5 277)	(9 939)
Reversal of write-offs on overdue receivables	(1 721)	(3 278)
- impact of exchange rate differences	(487)	(15 320)
expected credit loss	85	-
Write-offs on trade receivables and expected credit loss at period end	**54 264**	**60 616**
of which:		
write-offs on trade receivables	*53 696*	*60 133*
expected credit loss	*568*	*483*

Trade receivables aging

Aging of net trade receivables	Balance on 31.12.2023	Balance on 31.12.2022
net accounts receivable with the remaining repayment period from the balance sheet date	**337 813**	**446 391**
up to 3 months	326 444	428 329
up to 6 months	4 344	6 412
up to 1 year	4 291	2 720
above 1 year	2 734	8 930
overdue accounts receivable	**75 648**	**106 595**
up to 3 months	57 371	76 905
up to 6 months	5 704	9 376
up to 1 year	6 165	7 755
above 1 year	6 976	13 042
Valuation of credit risk	(568)	(483)
total trade receivables	**413 461**	**552 986**

(amounts expressed in PLN '000 unless specified otherwise)

Accrued costs

OTHER ASSETS	Balance on 31.12.2023	Balance on 31.12.2022
Prepayments	16 606	4 197
Prepayments - financial expenses	1 002	379
Fee settlements	18 272	13 423
Capitalised costs of new projects	41 839	47 331
Total	**77 719**	**65 330**
Long-term part	*35 148*	*44 835*
Short-term part	*42 571*	*20 495*

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

Structure of inventories	Balance on 31.12.2023	Balance on 31.12.2022
Materials and raw materials	352 176	435 346
Work in progress	176 998	202 382
Finished products	339 146	375 700
Traded goods	15 344	20 826
Energy certificates	2 458	637
Carrying value of inventories	**886 122**	**1 034 891**
Impairments	62 302	51 962
Gross value of inventories	**948 424**	**1 086 853**
Revaluation write-offs for inventories at the beginning of the period	**51 962**	**41 290**
Increase of impairments in the period	20 769	23 080
Reversal of write-offs in the period	(8 725)	(11 956)
Excluding an entity from consolidation	-	(58)
Impact of exchange rate differences	(1 297)	577
Other reduction in write-offs during the period	(407)	(971)
Revaluation write-offs for inventories at the end of the period	**62 302**	**51 962**
Impairment write-offs in manufacturing cost	-	-
Impairment write-offs in other operating expenses	20 769	23 080
Deferred tax assets on inventory write-offs	(8 725)	(11 956)

Inventories are used as collateral for the repayment of liabilities in the amount of PLN 446 622 thousand.

(amounts expressed in PLN '000 unless specified otherwise)

23. CASH

Cash and cash equivalents	Balance on 31.12.2023	Balance on 31.12.2022
Cash in hand and at bank	149 451	140 194
Restricted cash	69 808	24 220
of which: Cash in transit	*2 927*	*2 256*
Total	**219 259**	**164 414**

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

Assets held for sale and associated with discontinued operations	Balance on 31.12.2023	Balance on 31.12.2022
Property, plant and equipment held for sale	239	1 228
Financial assets	5 108	-
Other assets	-	25
Total assets	**5 347**	**1 253**

Property, plant and equipment held for sale	Balance on 31.12.2023	Balance on 31.12.2022
Vehicles	-	98
Other tangible fixed assets	239	1 130
Total property, plant and equipment held for sale	**239**	**1 228**

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

Liabilities associated with assets for sale (discontinued operations)	Balance on 31.12.2023	Balance on 31.12.2022
Trade and other liabilities	-	11 885
Total liabilities	**-**	**11 885**

(amounts expressed in PLN ‘000 unless specified otherwise)

25. RESERVES

The table below presents Shareholders holding more than 5% of the share capital and of the total number of votes as at 31.12.2023 and the date of submitting the report for publication:

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

(*) Mr Roman Krzysztof Karkosik with subsidiaries (as per notification of 1 October 2018).
(**) As per the notification of Boryszew S.A. of 30 October 2020
(***) Unibax Spółka z o.o. as per notification of 3 June 2022.

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

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

The Company has no information on other such agreements.

(amounts expressed in PLN '000 unless specified otherwise)

Change in equity	Balance on 31.12.2023	Balance on 31.12.2022
Number of shares as at the balance sheet date	**240 000 000**	**240 000 000**
number of own shares	*38 000 000*	*38 000 000*
number of shares entitled to dividend	*202 000 000*	*202 000 000*
Share capital at the beginning of the period, including:	**248 906**	**248 906**
Paid-up capital	*240 000*	*240 000*
*Revaluation *)*	*8 906*	*8 906*
Share capital at the end of the period	**248 906**	**248 906**
Share premium at beginning of period	**114 435**	**114 435**
Balance at period end	**114 435**	**114 435**
Own shares		
Balance at period beginning	**(236 753)**	**(236 753)**
Balance at period end	**(236 753)**	**(236 753)**
Reserve capital - hedge accounting		
Balance at period beginning	**14 469**	**7 322**
Profit/loss for the current period	680	8 823
Income tax	(129)	(1 676)
Balance at period end	**15 020**	**14 469**
Share revaluation reserve		
Balance at period beginning	**27 991**	**43 699**
Increase/decrease	(1 011)	5 922
Transfer to reserve capital of profit on disposal of equity instruments	(23 553)	(20 505)
Income tax	6	(1 125)
Balance at period end	**3 433**	**27 991**
Restatement of employee benefits		
Balance at period beginning	**(37)**	**(312)**
Profit/loss for the current period	(914)	340
Income tax	157	(65)
Balance at period end	**(794)**	**(37)**
Exchange differences on recalculation of overseas controlled entities		
Balance at period beginning	**(41 131)**	**(48 690)**
Profit/loss for the current period	(6 815)	7 559
Balance at period end	**(47 946)**	**(41 131)**
Retained earnings		
Balance at period beginning	**1 531 738**	**1 591 598**
Result of the current year	122 055	106 626
Dividends paid and declared	(149 927)	(186 399)
Transfer to reserve capital of profit on disposal of equity instruments	23 553	20 505
Change due to change in Capital Group structure	-	(589)
Other	-	(3)
Balance at period end	**1 527 419**	**1 531 738**
Total equity of the parent company	**1 623 720**	**1 659 618**
Equity of non-controlling interest		

Change in equity	Balance on 31.12.2023	Balance on 31.12.2022
Balance at period beginning	**29 443**	**26 499**
Result of the current year	7 848	6 947
Dividend distribution	(4 003)	(4 003)
Valuation of employee benefits	(11)	-
Change due to change in Capital Group structure	(140)	-
Balance at period end	**33 137**	**29 443**
Total equity	**1 656 857**	**1 689 061**

(*) As per IAS 29 section 24 items of equity (except retained earnings and capital from revaluation of assets) were calculated at the date of transition to IFRS that is 01.01.2004 by applying a general price index from the dates the components were contributed or otherwise arose. The amount of the hyperinflationary revaluation increased the share capital and the issue premium while the value of the retained earnings was reduced.

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Distribution of profit for 2023

The Management Board of the Company recommends that the net profit for 2023 of PLN 11 227 299.43, less the gain on disposal of financial assets through comprehensive income in the amount of PLN 3 433 061.74 be allocated to cover the loss for 2023 from the Company's capital reserve of PLN 7 794 237.69.

Dividend

On 22 May 2023, the Ordinary General Meeting of Boryszew S.A. passed a resolution based on which it was decided to:

1) distribute the net profit for 2022 in the amount of PLN 14 828 086.50 and the profit on disposal of financial assets through comprehensive income in the amount of PLN 23 553 385.88 in such a way the aforementioned profit was fully allocated for distribution to shareholders, i.e. for the payment of dividend to shareholders, and
2) allocate for distribution to shareholders the amount of PLN 113 470 227.62 from the supplementary capital, which, according to Art. 348 of the Commercial Companies Code, may be allocated for distribution.

Following the allocation of the aforementioned amounts for distribution to shareholders, the Ordinary General Meeting of Shareholders of Boryszew S. A. decided:

- to allocate a total of PLN 151 851 700.00 for distribution to shareholders, i.e. decided to pay dividends to shareholders in the amount of PLN 0.74 per share entitled to dividends,
- to set the dividend date as 29 May 2023 and the dividend payment date as 5 June 2023.

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 was paid in accordance with the resolution of the Ordinary General Meeting of Boryszew S.A.
Part of the dividend paid by Boryszew S. A. remained in the Group, the value of the dividend paid outside the Group amounts to PLN 149 930 thousand. The dividend was paid in accordance with the resolution of the Ordinary General Meeting of Boryszew S.A.

	2023	2022
Dividends recognised as distributions to owners per share	0.00	0.92
Dividends proposed or enacted by the date the financial statements were approved for publication but not recognised as distributed to shareholders, per share	0.00	0.74
Dividends proposed or enacted by the date the financial statements were approved for publication but not recognised as distributed to stockholders	0.00	151 852

(amounts expressed in PLN '000 unless specified otherwise)

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

From the date of submission of the report for Q3 '2023 to the date of publication of the annual report for 2023, the managing and supervising persons made no changes in the ownership of shares or options for shares of Boryszew S.A.
List of the number of shares in Boryszew S. A. or rights to them held by the Management Board and Supervisory Board of the Company.

Management Board of Boryszew S.A.	On the publication date of the previous interim report	Change in holding acquisition / (disposal)	On the publication date of the report
Wojciech Kowalczyk	20 000	-	20 000

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

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

27. BANK LOANS, BORROWINGS AND BONDS

External financing liabilities	Balance on 31.12.2023	Balance on 31.12.2022
Bank credits	660 245	726 978
Loans received	10 117	16 556
Bonds	-	-
Total loans, including:	**670 362**	**743 534**
Long-term	*249 516*	*182 574*
Short-term	*420 846*	*560 960*

27.1. Bank credits

Bank credits	Balance on 31.12.2023	Balance on 31.12.2022
Investment bank loans	211 542	208 981
Working capital facility	402 771	479 637
Revolving loans (including unpaid interest)	35 249	22 386
Factoring	10 683	15 974
Total loans, including:	**660 245**	**726 978**
Bank loans - long-term	*239 643*	*170 076*
Bank loans - short-term	*420 602*	*556 902*

(amounts expressed in PLN '000 unless specified otherwise)

	Balance on 31.12.2023	Balance on 31.12.2022
interest expense		
interest expense in P&L	49 827	41 302
interest expense (fixed assets)	-	910
capitalised interest expense (intangible assets)	-	-
capitalised interest expense (shares)	-	-
total interest expenses	**49 827**	**42 212**

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Change in loans

Change in loans	Balance on 31.12.2023	Balance on 31.12.2022
nominal value of loans at the beginning of the year	**726 978**	**732 973**
proceeds from new loans received	198 732	376 734
repayment of loans	(246 906)	(378 106)
repayment of interest	(29 563)	-
unpaid interest at the end of the period	-	101
total cash change	**(77 737)**	**(1 271)**
non-cash changes		
excluding an entity from consolidation	-	(279)
impact of exchange rate differences	(18 858)	(1 612)
unpaid interest at the end of the period recognised in the balance sheet	32 347	-
other non-cash changes	(2 485)	(2 833)
sum of non-cash changes	**11 004**	**(4 724)**
carrying amount of loans	**660 245**	**726 978**

Free credit limits (refers to overdrafts and revolving working capital loans) amounted in 2023 to PLN 356 957 thousand and PLN 284 948 thousand at the end of 2022, respectively.

Change in the balance of loans in between 1 January and 31 December 2023

Loan details	Loan liabilities 31.12.2023	Loan liabilities 31.12.2022	Change
ALIOR	50 929	83 238	(32 309)
BANCA BPER	4 983	3 189	1 794
BANCA INTENSA SANPAOLO	19 036	26 399	(7 363)
BANK POPULAR	11 466	16 866	(5 400)
BBVA	709	-	709
BGK	61 293	71 675	(10 382)
BNP	183 165	129 504	53 661
BOŚ	5 244	-	5 244
CAIXA	2 504	4 877	(2 373)
COFACE	13 313	14 693	(1 380)
CREDIT AGRICOLE	2 044	21 475	(19 431)
ČSOB	1 800	3 705	(1 905)
HSBC	76 072	91 834	(15 762)

Loan details	Loan liabilities 31.12.2023	Loan liabilities 31.12.2022	Change
ING	8 400	23 411	(15 011)
LIBERBANK	957	3 508	(2 551)
MBANK	-	16 893	(16 893)
MILLENIUM	25 995	3 707	22 288
PEKAO	4 011	11 244	(7 233)
PKO BP	165 644	171 467	(5 823)
SANTANDER	9 953	9 798	155
UNICREDIT	12 727	19 495	(6 768)
Total Boryszew Capital Group	***660 245***	***726 978***	***(66 733)***

Loan interest rates based on a variable rate.

Currency structure of loan liabilities

balance on 31.12.2023 original currency '000		balance on 31.12.2023 in PLN '000	% share in 2023	balance on 31.12.2022 original currency '000		balance on 31.12.2022 in PLN '000	% share in 2022
170 019	PLN	170 019	25.8%	169 010	PLN	169 010	23,2%
87 654	EUR	381 118	57.7%	99 155	EUR	465 028	64.0%
23 719	USD	93 334	14.1%	17 280	USD	76 064	10.5%
28 501	CNY	15 773	2.4%	26 585	CNY	16 876	2.3%
Total		**660 245**				**726 978**	

Expected discounted cash flows on committed loans

	Balance on 31.12.2023	Balance on 31.12.2022
up to 3 months	104 222	146 476
up to 6 months	103 720	124 412
up to 1 year	212 660	286 014
between 1 year and 3 years	150 892	117 536
from 3 years to 5 years	87 407	23 715
over 5 years	1 344	28 825
Total	**660 245**	**726 978**

All loans are secured. Loan collaterals include:

- investment properties, note 14
- fixed assets, note 13
- inventories, note 22
- receivables from customers, note 21
- assignment of rights under insurance policies,
- guarantees and sureties of Boryszew S.A, note 35
- loan repayment guarantees from Bank Gospodarstwa Krajowego programs,
- Boryszew S.A. shares (in subsidiaries)

The above loans are based on a variable interest rate.

(amounts expressed in PLN '000 unless specified otherwise)

Information on breach of material provisions of credit or loan agreements

As at 31 December 2023 no overdue liabilities occurred due to borrowings and loans and no breach occurred of material provisions of borrowing and loan agreements.

27.2. Loan liabilities

Loan liabilities	Balance on 31.12.2023	Balance on 31.12.2022
Loans from other entities	10 117	16 556
Total loans, including:	**10 117**	**16 556**
Long-term loans	*9 873*	*12 498*
Bank loans - short-term	*244*	*4 058*

Change in loans	Balance on 31.12.2023	Balance on 31.12.2022
nominal value of loans at the beginning of the year	**16 556**	**26 086**
proceeds from loans	1 813	321
repayment of loans	(4 343)	(8 086)
repayment of interest	(702)	(240)
unpaid interest at the end of the period	-	(957)
other cash changes	(4 696)	-
total cash change	**(7 928)**	**(8 962)**
non-cash changes		
compensations	-	(30)
impact of exchange rate differences	(1 281)	(538)
valuation at amortised cost	1 696	-
other non-cash changes	2 634	-
sum of non-cash changes	**3 049**	**(568)**
carrying amount of loans	**11 677**	**16 556**

interest expenses on loans	Balance on 31.12.2023	Balance on 31.12.2022
interest expense in P&L	339	1 372
total interest expenses	**339**	**1 372**

Expected undiscounted cash flows from borrowings

	Balance on 31.12.2023	Balance on 31.12.2022
up to 3 months	63	873
up to 6 months	61	989
up to 1 year	120	2 196
between 1 year and 3 years	8 101	12 498
from 3 years to 5 years	1 772	-
over 5 years	-	-
Total	**10 117**	**16 556**

(amounts expressed in PLN '000 unless specified otherwise)

28. RIGHT-OF-USE LIABILITIES

in the period 01.01.2023 - 31.12.2023	*Leasing of tangible and intangible assets*	*Land - SMA*	*The Lease Agreement*	*Total*
Balance brought forward of lease liabilities	**73 481**	**111 331**	**73 763**	**258 575**
Transfer of leased fixed assets		1 922		1 922
new discounted lease liabilities	13 613	17 709	18 756	50 078
Inclusion of entities in consolidation	-			-
repayment of capital lease instalments	(25 102)	(206)	(8 838)	(34 146)
interest payment, which was included in the balance brought forward	(873)		(951)	(1 824)
Derecognition due to sale	-	(3 021)		(3 021)
unpaid interest at the end of the period recognised in the balance sheet	-	-	7	7
Revaluation of lease liabilities	43	-	(3 807)	(3 764)
impact of exchange rate differences	(2 927)		(2 782)	(5 709)
disposal during the year	(2 195)	(107)		(2 302)
Carrying value of lease liabilities	**56 040**	**127 628**	**76 148**	**259 816**

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

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

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

Undiscounted finance lease liabilities	Balance on 31.12.2023	Balance on 31.12.2022
3 months	6 641	6 788
from 4 to 6 months	6 205	6 458
above 7 month and up to 12 months	9 985	16 124
between 1 year and 3 years	28 378	33 009
from 3 years to 5 years	8 987	13 810
over 5 years	-	-
Total undiscounted lease payments until the end of the lease term	**60 196**	**76 189**
future interest payments (-)	(4 156)	(2 708)

(amounts expressed in PLN '000 unless specified otherwise)

Balance sheet value of lease liabilities	**56 040**	**73 481**

Non-discounted liabilities due to SMA	Balance on 31.12.2023	Balance on 31.12.2022
annual SMA fee	2 539	1 920
between 1 year and 3 years	6 355	4 747
from 3 years to 5 years	6 886	4 747
over 5 years - up to 10 years	16 215	11 202
over 10 years - up to 20 years	27 300	21 421
over 20 years	133 073	90 586
Total undiscounted lease payments until the end of the lease term	**192 368**	**134 623**
future interest payments	(119 292)	(80 338)
Value of lease liabilities	**73 076**	**54 285**
Liabilities to SMA recognised as investment property	54 552	57 046
Balance sheet value of lease liabilities	**127 628**	**111 331**

Lease interest costs recognised in profit or loss of current period	2 175	2 580

Liability to SMA - investment property	Balance on 31.12.2023	Balance on 31.12.2022
Liability		
long-term liabilities	54 298	56 805
short-term liabilities	254	241
Total liabilities	**54 552**	**57 046**
Lease interest costs recognised in profit or loss of current period	118	62

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

Change in liabilities	01.01.2023 - 31.12.2023	01.01.2022 - 31.12.2022
Liabilities at the beginning of the period	**57 046**	**57 057**
repayment of capital instalments	(1)	(11)
decrease in liabilities due to disposal of investment property	(2 493)	-
Carrying value of lease liabilities	**54 552**	**57 046**

Undiscounted liabilities under lease agreements	Balance on 31.12.2023	Balance on 31.12.2022
monthly undiscounted rent under the agreement	1 373	824
from 2 to 6 months	8 444	8 170
above 7 month and up to 12 months	9 208	6 971
between 1 year and 3 years	35 977	30 446
from 3 years to 5 years	22 790	16 537
over 5 years	20 421	27 297
Total undiscounted payments remaining until the end of the lease term	**96 840**	**89 421**
future interest payments	(20 692)	(15 658)
Balance sheet value of lease liabilities	**76 148**	**73 763**

29. PENSION AND SIMILAR EMPLOYEE BENEFITS LIABILITIES

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

On 31.12.2023 for the calculation of provisions for liabilities to employees, the following parameters and assumptions were adopted: the rate of mobility (turnover) of employees at the level of 1-5%, depending on age, the rate of return on investment at 5.2% and wage growth rate at 3.7-20%.

(amounts expressed in PLN '000 unless specified otherwise)

Provision for employee benefits	Retirement severance pay	Disability severance pay	Death benefits	Long-service benefits	Provision for payments in lieu of leaves not taken	Bonuses and other benefits	Total
Balance on 01.01.2023	**7 773**	**906**	**743**	**8 429**	**22 214**	**15 862**	**55 927**
Movement:	**2 090**	**189**	**80**	**(228)**	**(22)**	**(1 688)**	**421**
Inclusion of entities in consolidation	*192*	*97*	192	-	1 011	777	***2 269***
Excluding entities from consolidation	-	-	-	-	-	-	**-**
Interest expense	*408*	*42*	41	224	-	-	***715***
Current employment costs	*879*	*121*	45	349	5 980	10 597	***17 971***
Past employment costs	-	-	-	-	(1 146)	-	***(1 146)***
Benefits paid	*(1 142)*	*(67)*	(126)	(598)	(4 099)	(11 818)	***(17 850)***
	-	-	-	-	-	-	**-**
impact of exchange rate differences and other	*(340)*	*(97)*	(192)	(350)	(1 768)	(1 244)	***(3 991)***
Actuarial gains and losses - demographic changes	*279*	*(25)*	(75)	(31)	-	-	***148***
Actuarial gains and losses - financial changes	*1 814*	*118*	195	178	-	-	***2 305***
Balance on 31.12.2023	**9 863**	**1 095**	**823**	**8 201**	**22 192**	**14 174**	**56 348**

long-term provisions	17 128
short-term provisions	39 220

(amounts expressed in PLN '000 unless specified otherwise)

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

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

(amounts expressed in PLN '000 unless specified otherwise)

30. OTHER PROVISIONS

Change in provisions 01.01.2023 - 31.12.2023	Balance on 01.01.2022	*creation of provision*	provisions used during the year	reversal of unused provision	exchange differences on translation and other	Provisions of acquired/disposed entities	Balance on 31.12.2023
Provisions for restructuring costs	**1 879**	*8 122*	-	-	(843)	-	**9 158**
Provisions for liquidation of fixed assets	**4 817**	*436*	-	(31)	-	-	**5 222**
Provisions for waste disposal and land reclamation	**10 238**	*1 859*	(193)	-	-	-	**11 904**
Provisions for non-execution of contracts	**12 133**	6 598	(1 598)	(268)	(558)	261	**16 568**
Provisions for court proceedings	**1 639**	3 383	(200)	(36)	(45)	-	**4 741**
Provisions for warranty repairs, complaints	**8 367**	2 603	(2 004)	(455)	(131)	-	**8 380**
Provision for tax risks and fiscal claims	**177 237**	*5 478*	(35 065)	(1 421)	(42)	-	**146 187**
Provisions for loss-making contracts (onerous contracts)	**9 080**	4 221	(2 311)	(8 026)	(677)	-	**2 287**
Total	**225 390**	**32 700**	**(41 371)**	**(10 237)**	**(2 296)**	**261**	**204 447**

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

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

(amounts expressed in PLN '000 unless specified otherwise)

31. TRADE PAYABLES AND OTHER LIABILITIES

	Balance on 31.12.2023	Balance on 31.12.2022
Trade liabilities due to purchase of materials, services and goods	574 555	633 373
Trade liabilities accrued on purchase of materials, services and goods	19 213	24 141
Liabilities due to penalties and damages	-	-
Liabilities due to purchase of fixed assets, intangible assets and organised part of an enterprise	2 062	3 245
Liabilities due to purchase of shares and stocks	-	-
Settlements with shareholders (dividends payable, capital contributions payable)	-	-
Liabilities to state budget (excluding income tax)	54 445	49 859
Other liabilities (except for deposits, advance payments listed above)	36 339	40 077
Payroll liabilities	37 802	39 566
Other	9	9
In total, including:	**724 425**	**790 270**
long-term liabilities	*110*	*75*
short-term liabilities	*724 315*	*790 195*

32. OTHER LIABILITIES AND EQUITY

DEFERRED INCOME	Balance on 31.12.2023	Balance on 31.12.2022
Grants and other deferred income	**92 963**	**96 668**
long-term	*60 092*	*66 596*
short-term	*32 871*	*30 072*

The Group received grants in the form of cash as subsidies for fixed assets (project funding from NCRD fund) and government funding in Germany.
Group companies will recognise the amount of grants in proportion to the depreciation of the fixed assets financed by it.
Major projects left to account for:

- Demonstrator project PLN 11 421 thousand (NPA Skawina Sp. z o.o.) - development of high-strength alloy technology,
- The projects covered by grant from Huta Bankowa SA, amounting to PLN 32 100 thousand, mainly involve the construction of continuous casting, the construction of P3 rolling mill and the inspection testing line,
- Subsidy in the amount of PLN 14 279 thousand for the construction of production plant of Boryszew Oberflächentechnik Deutschland GmbH in Prenzlau,
- Subsidised investment in drawn products of WM Dziedzice PLN 10 609 thousand.

The companies met all the conditions to receive these grants and as of 31.12.2023 no risk existed of their repayment apart from the potential risk of repayment in Boryszew Oberflächentechnik Deutschland GmbH due to the failure to meet one of the conditions regarding the level of employment.

(amounts expressed in PLN '000 unless specified otherwise)

33. FINANCIAL INSTRUMENTS

Financial assets per balance sheet on 31.12.2023

	Financial assets measured at amortised cost	Financial assets measured at fair value through profit or loss	Derivatives used for hedges	Financial assets at fair value through other comprehensive income	Carrying value
Shares and stock	-	79	-	23	102
Trade receivables, factoring	398 633	14 828	-	-	413 461
Derivative financial instruments	-	1 088	23 022	-	24 110
Loans granted	17 063	-	-	-	17 063
Bonds	-	-	-	-	-
Other debtors	99 092	-	-	-	99 092
Cash and cash equivalents	219 259	-	-	-	219 259
Total	**734 047**	**15 995**	**23 022**	**23**	**773 087**

Financial assets per balance sheet on 31.12.2022

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

Financial liabilities on 31.12.2023

	Financial liabilities measured at amortised cost	Financial liabilities measured at fair value through profit or loss	Derivatives used for hedges	Carrying value
Bank loans, factoring, borrowings	670 362			670 362
Bonds	-			-
Derivative financial instruments		264	4 075	4 339
Lease liabilities	56 040			56 040
Liabilities to SMA and due to right-of-use assets	149 224			149 224
Trade and other liabilities	612 846			612 846
Total	**1 488 472**	**264**	**4 075**	**1 492 811**

(amounts expressed in PLN ‘000 unless specified otherwise)

Financial liabilities on 31.12.2022

	Financial liabilities measured at amortised cost	Financial liabilities measured at fair value through profit or loss	Derivatives used for hedges	Carrying value
Bank loans, factoring, borrowings	743 534			743 534
Bonds	-			-
Derivative financial instruments		298	7 296	7 594
Lease liabilities	73 481			73 481
Liabilities to SMA and due to right-of-use assets	128 048			128 048
Trade and other liabilities	676 620			676 620
Total	**1 621 683**	**298**	**7 296**	**1 629 277**

34. BUSINESS RISKS

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

• market risks, including, but not limited to:
  - foreign exchange rate risk (change in the exchange rate of PLN to other currencies),
  - interest rate risk (increase in interest rates),
  - risk of change in prices of primary raw materials and products,

• risks associated with the stability of debt and financial flows:
  - liquidity risk,
  - credit risk.

• risk of volatility of legal regulations

Capital management, liquidity risk and credit risk

The policy of the Management Board focuses on maintaining a solid capital standing in order to retain the trust of investors, lenders and the market and ensure future economic growth of the Group. Growth is the absolute priority for the Management Board and it is for this purpose that the Group first and foremost seeks to allocate funds, thus building long-term value for shareholders through acquisitions and investment projects that are in line with the current strategy and yield a return above weighted average cost. The Management Board strives to ensure the proper proportion of stable financing with equity of undertaken projects. Credit risk is understood as the risk of a counterparty failing to fulfil their contractual obligations, thus exposing the lender to financial loss.
From the perspective of Boryszew Group, credit risk is associated with:
- trade receivables from business partners,
- loans granted,
- guarantees and sureties granted,
- cash and bank deposits.

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

(amounts expressed in PLN '000 unless specified otherwise)

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

Net debt to equity ratio	Balance on 31.12.2023	Balance on 31.12.2022
Loan, lease, borrowings debt	726 402	817 015
Cash and cash equivalents	(219 259)	(164 414)
Net debt	**507 143**	**652 601**
Equity	**1 656 857**	**1 689 061**
Net debt to equity	31%	39%

Debt ratio	Balance on 31.12.2023	Balance on 31.12.2022
Liabilities	2 101 572	2 296 613
Assets	3 758 429	3 985 674
Debt rate	55%	57%

Liquidity ratios	Balance on 31.12.2023	Balance on 31.12.2022
current ratio	1.51	1.49
quick ratio	0.76	0.75
current ratio	0.19	0.12

Cumulative revaluation write-offs on receivables	Balance on 31.12.2023	Balance on 31.12.2022
Impairment write-off for receivables		
impairment write-offs on trade receivables	53 696	60 133
risk related to granting guarantees	3 982	3 982
doubtful debt allowance on other receivables	9 361	9 289
expected credit loss on trade receivables	568	410
Total	**67 607**	**73 814**

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.

(amounts expressed in PLN '000 unless specified otherwise)

Analysis of contractual maturity dates of undiscounted cash flows due to financial liabilities as at 31.12.2023

	1-3 months	4-6 months	7-12 months	1-3 years	3-5 years	>5 years	Total	Carrying value
Bank loans maturities	104 222	103 720	212 660	150 892	87 407	1 344	660 245	**660 245**
Maturities of borrowings	63	61	120	8 101	1 772		10 117	**10 117**
Maturities of liabilities on issued bonds	-	-	-	-			-	**-**
Maturities of leasing liabilities	6 641	6 205	9 985	28 378	8 987		60 196	**56 040**
Maturities of liabilities of leased rental services	1 373	8 444	9 208	35 977	22 790	20 421	98 213	**76 148**
Maturity of PMA fees	2 539			6 355	6 886	176 588	192 368	**73 076**
Maturity of PMA fees - investment real estate							-	
payment of trade liabilities and other items	713 193	9 563	1 559	110			724 425	**724 425**
Total	**828 031**	**127 993**	**233 532**	**229 813**	**127 842**	**198 353**	**1 745 564**	**1 600 051**

Analysis of contractual maturity dates of undiscounted cash flows due to financial liabilities as at 31.12.2022

	1-3 months	4-6 months	7-12 months	1-3 years	3-5 years	>5 years	Total	Carrying value
Bank loans maturities	146 476	124 412	286 014	117 536	23 715	28 825	726 978	**726 978**
Maturities of borrowings	873	989	2 196	12 498	-		16 556	**16 556**
Maturities of liabilities on issued bonds	-	-	-	-			-	**-**
Maturities of leasing liabilities	6 788	6 458	16 124	33 009	13 810		76 189	**73 481**
Maturities of liabilities of leased rental services	824	8 170	6 971	30 446	16 537	27 297	90 245	**73 763**
Maturity of PMA fees	1 920			4 747	4 747	123 209	134 623	**54 285**
Maturity of PMA fees - investment real estate							-	
payment of trade liabilities and other items	769 584	9 232	11 379	-			790 195	**790 195**
Total	**926 465**	**149 261**	**322 684**	**198 236**	**58 809**	**179 331**	**1 834 786**	**1 735 258**

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

Foreign exchange rate change risk

Currency risk is an inevitable element of a business activity denominated in foreign currencies. The sources of currency risk to which companies of Boryszew Group were exposed in 2023 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, accordingly, the companies entered into transactions in 2023 to hedge the aforementioned risks.

Currency	Exchange rate as at 31.12.2023 (PLN)	**5% exrate change (PLN)**
EUR	4.3480	0.2174
USD	3.9350	0.1968

(amounts expressed in PLN '000 unless specified otherwise)

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

Analysis of sensitivity to risk of foreign exchange rates changes 2023

Receivables and payables in EUR	Value in currency	effect of increase in exchange rate 5%	effect of decrease in exchange rate 5%
trade and other receivables	44 464	9 666	(9 666)
borrowings	-	-	-
bonds	-	-	-
other liabilities	18 883	(4 105)	4 105
borrowings and loans	82 094	(17 847)	17 847
bonds	-	-	-
leasing	5 470	(1 189)	1 189
Result		**(13 475)**	**13 475**
Receivables and payables in USD			
trade receivables	36 798	7 242	(7 242)
other liabilities	7 838	(1 543)	1 543
loans, borrowings, leasing	-	-	-
Result		**5 699**	**(5 699)**

Analysis of sensitivity to risk of foreign exchange rates changes 2022

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

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 as well as operating level.
Operational risk in terms metal prices was identified at: NPA Skawina Sp. z o.o., Baterpol S.A., Walcowania 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: NPA Skawina Sp. z o.o., Baterpol S.A., Walcownia Metali Dziedzice S.A., ZM SILESIA S.A., Alchemia S.A, Huta Bankowa Sp. z o.o. In case of currency operational risk, the risk source is mainly the operating metal, so to obtain the full effect of hedging it is also necessary to determine the currency exposure. In addition, some operational risk exists from the time the fixed price for sale or purchase is determined (e.g. sales invoice issue) until the moment of making or receiving the payment.
Strategic and operational risk in individual companies is closely related to their business activities. In case of metal the companies determine the so-called net exposure i.e. the sale based on the LME listed prices is set-off by cost items, which are also based on the same base, the difference is the net exposure that is hedged. In case of operational risk, it arises mainly as a result of the mismatch between bases for purchase of raw materials and sales of products. Strategic exposure to currencies associated with the achieved output bonus is calculated by multiplying the output bonus by the sales of finished products.

Interest rate risk

There is a risk that future cash flows related to a financial instrument will be subject to fluctuations due to changes in the interest rates. The exposure group companies to interest rate risk is mainly caused by the fact that the business operations are financed with the use of variable interest debt. The profile of the interest rate risk in group companies shows an adverse impact of increased interest rates on the level of cost of interest.
Changes in interest rates affect the amount of future cash flows associated with assets and liabilities.
The Group has identified and monitors the interest rate risk, however, in the opinion of the Management Board the risk of interest rates changes does not constitute the main risk from the perspective of its influence on the volume of cash flows and on profit/loss.

Analysis of sensitivity to interest rate changes

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

(amounts expressed in PLN '000 unless specified otherwise)

	Balance on 31.12.2023	Interest rate increase	Interest rate decrease
		by 0.5 p.p.	by 0.5 p.p.
Interest-bearing (variable %) financial assets	**17 063**	**85**	**(85)**
Loans granted	17 063	*85*	*(85)*
Debt instruments	-	-	-
other			
		-	-
Interest-bearing (variable %) financial liabilities	**726 402**	**(3 632)**	**3 632**
Loans	649 562	(3 248)	3 248
Factoring	10 683	(53)	53
Borrowings	10 117	(51)	51
Debt instruments	-	-	-
Financial leasing of fixed assets	56 040	(280)	280
Other		-	-
Impact on future profit/loss before tax		**(3 547)**	**3 547**
Impact on future net profit/loss		**(2 873)**	**2 873**

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

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

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 S.A. 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 was not final. The parties had 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/Gl 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 30 March 2023, the Director of the Fiscal Administration Chamber in Katowice declared a lack of jurisdiction to consider the appeals and forwarded them, according to jurisdiction, to the Director of the Fiscal Administration Chamber in Warsaw. On 15 June 2023, the Director of the Fiscal Administration Chamber in Warsaw sent the Company's appeals again to the Director of the Fiscal Administration Chamber in Katowice for handling according to jurisdiction. Ultimately, the existing competency dispute was resolved by the Head of the National Tax Administration. In a letter dated 20 December 2023, ZM SILESIA SA was advised that the Director of the Tax Administration Chamber in Warsaw is competent to hear the appeal. As of the date of publication, the tax proceedings had not been completed.

- On 24 September 2020 ZM SILESIA S.A. received the decision of the Head of the Małopolska Customs and Fiscal 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, 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 Director 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 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 Director of the Fiscal Administration Chamber in Katowice.
  On 20 June 2023 the Provincial Administrative Court in Gliwice issued a judgment revoking in its entirety the decision of the Director of the Fiscal Administration Chamber in Katowice of 26 October 2022 and the preceding decision of the Head of the Małopolska Customs and Fiscal Office in Kraków of 24 September 2020 on the tax on goods and services for the period between January 2013 and December 2014, and also discontinued the tax proceedings in entirety, finding that the statute of limitations had expired for all tax liabilities covered by the proceedings concerned.
  The court questioned the correctness and effectiveness of the tax authorities' efforts to possibly suspend or interrupt the course of the disputed tax liabilities. The court pointed out, among other things, that the initiation, just before the expiry of the statute of limitations for the earliest tax obligations, of criminal tax proceedings, in which no one was charged, and which ultimately ended in dismissal due to the lack of a criminal act, was instrumental and aimed only at suspending the course of tax obligations, and not at realistically achieving the goals of criminal tax proceedings. Since the statute of limitations on tax liabilities automatically renders further tax proceedings groundless, the Court decided to discontinue the proceedings, since it would be pointless for the tax authorities to review the case again.
  On 10 July 2023, the Company received a ruling from the Provincial Administrative Court in Gliwice of 20 June 2023, along with a substantiation. The ruling is not final, the parties have filed cassation complaints with the Supreme 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. In a decision of 27 December 2023, the Head of Małopolska

Customs and Fiscal Office in Krakow upheld the decision, against which ZM SILESIA SA filed an appeal. Having disagreed with the above ruling, the Company filed a complaint of 26 January 2024 with the Provincial Administrative Court in Krakow. The case is still pending.

Given that the decision of the second instance authority was final on 31 January 2024, and on 21 February 2024, the Company received enforcement titles used in the enforcement of receivables together with notices of seizure of receivables from bank accounts, the Company immediately filed objections to the enforcement proceedings and motions to rescind enforcement actions. As of 12 February 2024 the first and 1 March 2024 the second, enforcement actions in the form of seizures of receivables from bank accounts were rescinded by the Head of the Second Tax Office in Katowice.

Boryszew S.A. (before merger with Hutmen Spółka z o.o.)

- 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. The Director of the Fiscal Administration Chamber in Warsaw by the decision of 15 May 2023 repealed the decision of the 1st instance body in its entirety and referred the case for re-examination. As of the date of publication of the report, the tax proceedings had not been completed.
- 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 27 December 2022, upholding the decision of the 1st instance body, determining overdue VAT liability of Hutmen for Oct-Dec 2014 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. As of the date of publication of the report, the Provincial Administrative Court had not ruled on the case.
- 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, upholding the decision of the 1st instance body, 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 filed a complaint against the decision of the Office to the Provincial Administrative Court in Wrocław. On 13 March 2019 the Provincial Administrative Court issued a decision in favour of Hutmen. The judgement 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 Fiscal Administration 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 by the 1st instance body. As of the date of publication of the report, no renewed decision was issued by the authority.
- On 28 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 of 16 December 2020 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 Fiscal Administration 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") securing future VAT liabilities for the period January 2015 - June 2015.
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. On 29 February 2024, the Provincial Administrative Court revoked the appealed decision and the preceding decision of the first instance authority. The ruling is not final.

Boryszew S.A. Branch Boryszew ERG

- 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 questioned, in the Audit Result submitted to the Company, the right to apply 0% rate in intra-Community deliveries of goods to foreign entities and indicated 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 was 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 challenged 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.
  On 10 November 2023, the Company received a decision of the Head of the Mazovian Customs and Fiscal Office ("Office") in Warsaw, of 27 October 2023, determining the Company's outstanding VAT liability for the period December 2015 to March 2016 in the amount of PLN 23.03 million plus interest due for overdue tax. According to the position of the Office, the Company 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 Company 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.
  In addition, the Office questioned the Company's right to apply a 0% VAT rate to intra-Community supply of goods transactions, resulting in these transactions being subject to a 23% VAT.
  For the tax risk arising from the aforementioned proceedings the Company recognised a provision in 2022 in the amount of PLN 30.3 million.
  The decision in question is non-final and not enforceable. Given the different assessment of the above circumstances, the Company filed an appeal against the above decision of the Authority.
  On 20 December 2023, the Company paid the principal amount of the liability, i.e. PLN 23 034 553, together with interest in the amount of PLN 18 964 384, to the account of the relevant tax office, resulting from the decision of the Head of the Mazovian Customs and Fiscal Office in Warsaw of 27 October 2023.
  As of the date of publication of the report, the Company had not received a decision from the appeals authority.

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 3.3 million to the tax authority, following the decision, at the same time releasing the provision for this purpose in full. 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 VAT Act Art. 108(1) On 29 November 2023 the higher-instance authority (Head of the Fiscal Administration Chamber in Katowice) issued a decision upholding the decision of the first-instance authority in the appealed part. A complaint was filed with the Provincial Administrative Court against the decision in January 2024. 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:
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.

- On 3 August 2023, the Head of the Tax Office in Olawa forwarded a notice to Baterpol Recycler Sp. z o.o. that, due to the initiation of proceedings in a fiscal offence case, on 15 February 2023 the statue of limitations for VAT liabilities for the period between 01 October 2013 and 30 September 2016 was suspended.

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. On 20 July 2023, the Company received a notice of completion of the evidence hearing in the case, along with the preliminary position of the President of the office, but not yet being a decision on the merits of the case. On 25 August 2023, the Company received a decision imposing a fine for late payment of monetary dues in the amount of PLN 2 832 593.77. The Company's Attorney filed an appeal against the decision of the Office of Competition and Consumer Protection. The anticipated date of closing the case: 28 June 2024.
- The corporate tax audit for 2017 at Maflow BRS S.L.R. (Italy) was completed. The audit was initiated in 2021. Amount subject to verification: EUR 2 468 517 of income upward adjustment for 2017. As a result of the audit, Maflow BRS filed a CIT adjustment for 2017 resulting in a tax surcharge of €11 836.65.
- The Economic Crime Department of the Regional Police Headquarters in Krakow is conducting pre-trial proceedings for an act under PC Art. 286 and others, supervised by the Regional Prosecutor's Office in Krakow file ref. RP 1 Ds 9.2018 upon notification of Boryszew S.A. against Tacon Sp. z o.o. and Q 77 s.r.o. filed on 17 January 2018. The case is pending.
- Boryszew S.A. (cases concerning the former NPA Branch):
  - a lawsuit by SILKADA LTD, Cyprus for the payment of $333 988.93 with incidental receivables. The case concerns the collection of receivables under purchase agreements that the company then Nowoczesne Produkty Aluminiowe "Skawina" Sp. z o.o., whose legal successor is Boryszew, concluded in 2009 with SH TRADE, s.r.o., Košice. It is essential to determine whether or not payment of receivables was satisfied, following transfers to the bank account of Komerční banka Bratislava, a.s. under the registered pledge of receivables. The court of first instance dismissed the lawsuit.
  - lawsuit by Boryszew S.A. for payment of USD 462 802.52 with incidental receivables from Komerční banka, a.s., for possible unjust enrichment, conducted in the Second District Court in Košice.

  Both cases involve claims associated with collaboration with SH Trade s.r.o, based in Slovakia.

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. **possible risk** (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.

(amounts expressed in PLN '000 unless specified otherwise)

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 relevant 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 relevant company's net assets lost as a result of bankruptcy and the equivalent of the sureties granted to that company.
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 2023 is PLN 146 187 thousand (high risk). In addition, the Group recognises contingent liabilities of PLN 35 551 thousand (medium or low risk).
The Management Board of Boryszew S.A. estimated the provisions considering the probability of cash outflow from the Group and chose leave such provisions out in cases where the probability of cash outflow is low.

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

Fair value

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

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

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

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

	Balance on 31.12.2023	Balance on 31.12.2022	of fair value
Financial assets			
Listed shares	-	26 003	Level 1
Derivative financial instruments	24 110	21 620	Level 2
Financial obligations			
Derivative financial instruments	4 339	7 594	Level 2

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

	Fair value as at		Hierarchy
	Balance on 31.12.2023	Balance on 31.12.2022	of fair value
Financial assets			
Shares and stock	102	78	Level 3
Bonds	-	21 346	Level 3

(amounts expressed in PLN '000 unless specified otherwise)

Borrowings	17 063	62 152	Level 3
Trade and other receivables	512 553	647 123	Level 3
Cash and cash equivalents	219 259	164 414	Level 1
Financial obligations			
Borrowings and loans	670 362	743 534	Level 2
Trade and other liabilities	612 846	676 620	Level 3
Lease liabilities	56 040	73 481	Level 2
Liabilities to SMA and due to right-of-use assets	149 224	128 048	Level 2
Liabilities to SMA - investment property	54 552	57 046	Level 2

Climate and energy transition risks and issues

Boryszew Capital Group consciously and responsibly participates in the energy transition and considers as key both 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. These issues are described in detail in the Non-Financial Report of Boryszew Capital Group, which covers the entire ESG area (E - Environment, S - Social Responsibility, G - Corporate Governance).

Climate change in negative terms is considered via two risk classifications: physical and related to adaptation to the changes that occur in the economy due to the climate.
Changes in the economy involve both to the necessity of the Group's internal operations due to legal requirements introduced by the EU and to adapt to changes in the market. These changes include both the direct impact on the value chain (availability, price and type of products and services, type of transportation) and the changing financial markets, which see climate issues as important in assessing the financial situation of companies and the investments they make. The majority of Boryszew Group companies are subject to all EU climate regulations, but also in companies located outside Europe, the Group ensures a high standard of environmental standards.

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 the possibility of quick modernisation of machinery towards the most low-carbon economy possible.

Boryszew Capital Group is an active participant in energy transition, as a manufacturer of wires for the power industry and components for electric vehicles, and through investments in its own RES and conclusion of a long-term PPA contract. At the same time, climate change is seen by the Group as a major determinant of future decisions both in terms of business strategy, operational activities and planned investments (both developmental and those involving modernisation of machinery park).

In its day-to-day operations, the Group reduces its negative impact on the environment by choosing environmentally friendly investments and improving its production processes (modernisation of machinery park, sustainable energy purchase, automation of production, use of modern technologies, implementation of closed-loop systems), which is linked to the implementation of the strategic goals set for the next years of operations, in which a commitment to reduce CO_2 emissions was created.

The Group's broadly diversified operations include companies that are typically engaged in environmental activities, namely the disposal of hazardous waste and the purchase and processing of battery scrap.
Group companies in the Metal Segment use recycled raw materials in production and continuously improve production efficiency, which leads to a reduction in waste and, in turn, a reduction in emissions. At the same time, using research and development centres, innovative product solutions are being developed that also reduce the energy consumption of end users, which shows care for the entire value chain.

Group companies in the Chemical Segment confirm the quality of their products with approvals and certificates.
The Group conducts monitoring of the level and type of air emissions, groundwater abstraction, the amount of surface water used, the amount of wastewater discharged, noise and technological processes.
All Group companies maintain legally permissible levels of emissions and waste.

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,
- temperature rise
- need to invest in RES
- regulatory risks, which involve not only the requirements to adapt operations to changing regulations as well as the need for monitoring and reporting
- technological progress resulting from environmental regulations and climate change and the need to adapt complex production processes to it
- revaluation of financial assets including loans granted,
- update of reserves related to decommissioning of production sites,
- liabilities due to potential environmental fines and penalties.
- CO_2 emission costs (allocated emission allowances were sufficient in 2023, but the Group recognises the possibility of incurring this cost in the future)
- ability to raise financing.

During the Group's detailed analysis as of 31 December 2023, no significant indication of a negative climate impact (in particular, the areas indicated above) on business operations was recognised.

Insurance of risks

Boryszew S.A. and subsidiaries had insurance policies for 2023 within the framework of general agreements concluded by the Parent Company with several insurance companies for the entire Boryszew Group.

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

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

IMPACT OF WAR IN UKRAINE ON SITUATION OF BORYSZEW CAPITAL GROUP

The invasion of the Russian Federation in Ukraine, which began on 24 February 2022, and the resulting sanctions introduced by the EU and the US against the Russian Federation and Belarus are assessed by Boryszew Capital Group as significant developments for the current macroeconomic situation in the country and the world.
Poland's location as a neighbouring country to Ukraine additionally affects the current situation in the country also due to direct and close economic contacts, the nature of which has changed due to the ongoing war.

The conflict in Ukraine is affecting changes in the prices of raw materials, products and services; disrupting the supply chain and limiting the market for sales. A summary of the total impact of the war in Ukraine and its effects on the economy will only be possible over a longer time horizon, but after two years of conflict, it can be summarised that the violent behaviour of the markets after the outbreak of the conflict has been extinguished to some extent.

On 24 March 2023 the Management Board of Boryszew S.A. decided to recognise a write-off on tangible assets, intangible assets and deferred tax assets of its indirect subsidiary Boryszew Plastic Rus Sp. z o.o., based in Nizhny Novgorod (Russia). The above event was of an accounting nature and recognition of the write-off did not affect

Company's liquidity. The value of the write-off was charged to the consolidated financial results presented in the Issuer's 2022 financial statements.
The creation of the aforementioned write-off is a consequence of the suspension of production by that subsidiary caused by the decisions of automotive concerns to suspend production in Russia. This situation makes it impossible to prepare business forecasts for the aforementioned subsidiary. Boryszew S.A. announced the suspension of production at the Russian-located plant in current report No. 5/2022 of 3 March 2022 and in recent interim reports.

The situation in the energy market has been calmed down, supplies from the Russian Federation have been replaced by other alternatives (new suppliers and increasing our own power generation capacity, which correlates with the EU's Green Deal policy). However, the effects of the surge in energy prices are being borne so far, as can be clearly seen in the higher level of inflation, which has exceeded the inflation targets of the central banks of the various European countries.
Due to the sanctions imposed, trade with the Russian Federation almost froze.
Spending on the defence industry has increased, and further increases are expected in this sector, which could also be an opportunity for the industry in the long term.

Boryszew Capital Group identified the following key risks in 2023, resulting directly or indirectly from the current situation in Ukraine, which are also likely to be significant in the following year:

- elevated levels of inflation, which affects the prices of services and products,
- high level of interest rates, which affects external financing prices,
- logistical disruption of the supply of raw materials and components for production,
- unfavourable changes in currency exchange rates,
- increase in the price of CO_2 emission rights,
- lower level of profitability of the investments made,
- uncertainty about price changes.

In 2023 no disruptions to the Group's operations occurred resulting from the war in Ukraine; the risks described above were mitigated by the proactive actions of Group companies and decisions of the Board of Directors. In addition, by active participation in Green Deal activities, the Group seeks to guide companies through the energy transition, which will allow for greater independence from the availability and price of energy resources, which, with an undoubtedly positive impact on the environment, will further decouple the Group from the negative impact of some of the risks described above.
At the same time, importantly, the Group's asset is its diversification, both in terms of geography (production plants are located on different continents), product range, customers and supply chain. With this structure, the Group has greater flexibility to the volatility of the global situation.

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

35. OFF-BALANCE SHEET RECEIVABLES AND LIABILITIES

CONTINGENT RECEIVABLES

CO2 emission rights - EUA units

Information on the allocation of free emission rights

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

(amounts expressed in PLN ‘000 unless specified otherwise)

Contingent items	Balance on 31.12.2023	Balance on 31.12.2022	change
Contingent assets/ CO_2 emission rights	**33 843**	**40 441**	**(6 598)**

The decrease in contingent assets as at 31.12.2023 against 2022 is due to remeasurement on the reporting date, disposal of emission rights held, redemption of emission for 2022 and allocation of allowances for 2023. The market value of CO_2 emission rights held as at 31.12.2023 is PLN 33,9 million [99 814 units x EUR 77.98 (average quote for CO_2 emission futures) x 4.3480 (average NBP exchange rate as at 29.12.2023)]

The fair value of EUA units received free of charge (remaining as of the reporting date) as at the acquisition date is PLN 39.8 million.

CONTINGENT LIABILITIES

Guarantees and sureties as at 31.12.2023

Entity on whose behalf the surety or guarantee was issued	Entity for which guarantee or surety was issued	Value of guarantee	Expiry date of guarantee
MAFMEX S. de R.L. de C.V.	Mafmex's performance bond for AB Volvo	21 740	term of the agreement
MAFMEX S. de R.L. de C.V.	Mafmex's rent payment bond to Innova Dintel	9 300	01.01.2030
MAFMEX S. de R.L. de C.V.	BMW AG performance bond	26 088	contract period + 15 years
Maflow Components (Dalian) Co. Ltd.	BMW AG performance bond	26 088	contract period + 15 years
Total		**83 216**	

Guarantees and sureties as at 31.12.2022

Entity on whose behalf the surety or guarantee was issued	Entity for which guarantee or surety was issued	Value of guarantee	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**	

(amounts expressed in PLN ‘000 unless specified otherwise)

Contingent items	Balance on 31.12.2023	Balance on 31.12.2022	change
Contingent liabilities	**83 216**	**114 906**	**(31 690)**
resulting from granted guarantees, sureties and other liabilities	**83 216**	**114 906**	**(31 690)**
- guarantees and sureties associated with performance of contracts	83 216	114 906	(31 690)
- guarantees and sureties in favour of financial institutions	-	-	-

Increases / decreases in the period of 12 months ended on 31.12.2023, including:	**(31 690)**
Additions	
- Increase due to valuation of sureties	-
- Increase in surety amount	-
Reductions	
- Reduction due to valuation of sureties	(5 812)
- Decrease in the amount of existing sureties due to expiration, reduction	(25 878)

The decrease in the value of warranties issued is mainly due to expiry of the guarantee issued in favour of Volvo Group Trucks Operations to secure the commercial obligations of Boryszew Plastic RUS LLC (23.45 million).

	Balance on 31.12.2023	Balance on 31.12.2022
Guarantees granted to subsidiaries and jointly-controlled companies and guarantees for repayment of financial liabilities	83 216	114 906
Liability for tax risks on proceedings in Silesia SA	35 551	87 787
Potential liability under concluded contract	15 218	-
	133 985	**202 693**

36. TRANSACTIONS WITH AFFILIATED ENTITIES AND BENEFITS FOR KEY PERSONNEL

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

Transactions and balances of payables and receivables with personally related entities

	01.01.2023 - 31.12.2023	01.01.2022 - 31.12.2022
Revenues from sales (of products, services, goods)	8 768	12 230
Interest income	2 303	6 006
Purchase of goods and services	4 369	4 172
Share acquisition	325	-
Interest expense	-	28
Other transactions	325	-

(amounts expressed in PLN '000 unless specified otherwise)

	Balance on 31.12.2023	Balance on 31.12.2022
Trade receivables	1 440	2 074
Loans granted	-	62 152
Bonds purchased	-	21 346
Trade liabilities	573	648

Remuneration paid to the Management Board and Supervisory Board	01.01.2023 - 31.12.2023	01.01.2022 - 31.12.2022
Remuneration of the Management Board for the Parent Company	3 735	2 427
Remuneration for the Supervisory Board of the Parent Company	515	434

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

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

Boryszew S.A.
On 5 June 2023, Unibax Spółka z o.o. repaid loan in the amount of PLN 10 400 000 (with repayment due by 31 December 2023).
On 14 June 2023, Unipartner Spółka z o.o. repaid loan in the amount of PLN 22 500 000 (with repayment due by 31 December 2023).

Alchemia S.A.
On 5 June 2023, Unibax Sp. z o.o. redeemed bonds subscribed by Alchemia S.A., nominal value of PLN 10 800 000. (maturity date December 31, 2023).

Boryszew Nieruchomości Sp. z o.o.,
On 5 June 2023, Unibax Spółka z o.o. repaid in full a cash loan in the amount of PLN 400 000, granted based on the agreement of 2 December 2022, with repayment due by 31 December 2023.
On 6 June 2023, RKK Investments Spółka z o.o. repaid in full a cash loan in the amount of PLN 9 000 000, granted based on the agreement of 26 October 2022, with repayment due by 31 December 2023.
On 5 June 2023, Unibax Sp. z o.o. redeemed bonds subscribed by Boryszew Nieruchomości Sp. z o.o., total nominal value of PLN 5 123 500.

37. REMUNERATION OF THE AUDITOR

According to the Agreement, the amount of remuneration for audit services for 2023 of the key auditor is as follows:

Activity	Net amount
Remuneration for the review of separate financial statements as at 30.06.2023.	80 000 PLN
Remuneration for the review of consolidated financial statements as at 30.06.2023.	128 000 PLN
Remuneration for the audit of separate financial statements as at 31.12.2023.	181 000 PLN
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 2023 in the European Single Electronic Format (ESEF/XBRL format)	103 000 PLN
Total	**492 000 PLN**

(amounts expressed in PLN ‘000 unless specified otherwise)

Remuneration for non-research services

Evaluation of the report on remuneration of Boryszew Management Board and Supervisory Board for 2023	13 000 PLN
Assessments of beneficiary reports related to support for energy-intensive industries due to increases in natural gas and electricity prices in 2022 and 2023.	175 800 PLN
Total	**188 800 PLN**

Auditor's fees for audit services to subsidiaries:

Audit activities

Remuneration for the review of the reporting package prepared as of 30.06.2023	38 000 PLN
Remuneration for the audit of the financial statements as of 31.12.2023	620 690 PLN
Total	**658 690 PLN**

The auditor was selected by the Supervisory Board in accordance with the Company's Articles of Association. The Group had used the services of the aforesaid auditor with respect to audit and review of financial statements pertaining to years 2018 – 2021, another contract has been concluded for 2022-2024

38. EMPLOYMENT

	Balance on 31.12.2023	Balance on 31.12.2022
Employment structure (in full-time equivalents)		
Blue-collar workers	6 831	6 851
White-collar workers	1 723	1 771
Total	**8 554**	**8 622**

39. SIGNIFICANT EVENTS

Acquisition of "onesano" S.A. shares.

In 2023, Boryszew S.A. acquired a total of 15 000 000 shares of "onesano" S.A., representing approximately 22.77% of the share capital and carrying 15 000 000 votes at the General Meeting, which accounts for approximately 22.77% 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 28 000 000 shares of "onesano" S.A., representing approximately 42.50% of the share capital and carrying 28 000 000 votes at the General Meeting, which accounts for approximately 42.50% of the total number of votes at the General Meeting of "onesano" S.A.
As a result of the acquisition of shares of Onesano S.A., Boryszew S.A. gained a significant influence and presents the Company as an affiliate in Boryszew S.A.'s report starting from 27 January 2023.
In the consolidated financial statements of the Group, "onesano” S.A. is consolidated using the equity method.
On 31.12.2023, Boryszew S.A. holds 28 000 000 shares of onesano S.A., accounting for 42.50% of the Company's share capital.

Value of shares at the balance sheet date disclosed using the equity method (*)	28 832
Value of shareholding on 31.12.2023 at purchase price	31 090
Value of share in net assets on 1.02 2023 at fair value on the date of acquisition	15 490
Goodwill on the date of significant influence	15 600

(*) The value of the block of shares held, calculated according to the stock price (Warsaw Stock Exchange) on the balance sheet date, is PLN 33 740 thousand.

Signing a contract for the purchase of real estate

On 19 June 2023 Boryszew S.A. signed a preliminary agreement with Boryszew Nieruchomości Spółka z o.o. for the sale of real estate at M. Skłodowska-Curie street No. 73in Toruń, for a net price of PLN 50 000 000.00. The transfer agreement will be signed by 31 December 2025.

Conclusion of significant agreements of Maflow Group

On 15 March 2023 Boryszew S.A. 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.
On 30 May 2023, the Company's Supervisory Board approved Maflow Group's capital expenditure of approximately €20 million. The planned investments are related to an agreement with one of the leading manufacturers in the automotive industry for the supply by Boryszew Group companies of hoses for the air conditioning system for the plants of the aforementioned customer, for installation in cars (mainly electric cars), years 2025-2034. The estimated value of deliveries during this period amounts to around €280 million. Following the conclusion of the agreement, plans are made to expand the production facilities of the Boryszew Group with locations in China and Mexico.
The agreements 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.

Boryszew S.A. Oddział Maflow w Tychach

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 Maflow branch as an in-kind contribution to the SPV. The spin-off of Maflow branch is planned for 2024.

Write-offs of the value of financial assets of Boryszew S.A. in separate financial statements and consolidated financial statements for 2023

On 20 March 2024 the Management Board of Boryszew S.A. decided to recognise a write-off on financial assets in the form of loans and trade receivables granted by the Issuer to indirect subsidiaries Boryszew Oberflächentechnik Deutschland GmbH and Boryszew Formenbau Deutschland GmbH in the total amount of about PLN 72.8 million.
In addition, the Company's Management Board decided to recognise a write-off on fixed assets in Boryszew Oberflächentechnik Deutschland GmbH in the total amount of PLN 42.5 million in the consolidated financial statements for 2023.

BORYSZEW CAPITAL GROUP

Construction of installation for the thermal treatment of municipal waste

On 20 October 2023, Boryszew Nieruchomości Sp. z o.o. signed an agreement with the National Fund for Environmental Protection and Water Management on a funding for an investment involving the construction of an installation for thermal transformation of municipal waste in Toruń.
Funding will be provided in the form of a loan (PLN 63 954 thousand) and a non-refundable grant (PLN 63 954 thousand)
Basic assumptions of the installation:

1st. Total construction cost: PLN 166 million,
2nd. The capacity of the processing line in the new plant will be sufficient to process more than 23 000 tonnes of waste per year. The installation will be constructed as a combined heat and power plant, generating electricity and heat through the thermal conversion of high-calorie fraction of municipal waste (pre-RDF/RDF fuels). It will generate electricity and heat in high-efficiency cogeneration with a total capacity of more than 7 MW.
3rd. The planned (average annual) gross CHP electrical capacity will be 0.59 MWe, and CHP heat capacity will be 6.88 MWt. The surplus electricity will be sold to the local distribution network, while the heat will feed the public district heating networks: on the site of ELANA Industrial Park and the municipal district heating network of the city of Toruń.
4th. The plant will be constructed based on proven grate furnace technology with a water (or steam) boiler featuring an efficient flue gas cleaning system, with the necessary infrastructure.
5th. Commencement of the installation: 01.01.2027

As per the agreement, should a finale environmental decision on the planned subsidised investment be not submitted within 12 months of the date of signing the agreement, the agreement is terminated by mutual consent of the parties.

On the date of publication of the report, Boryszew Nieruchomości is in the process of obtaining the required decisions and permits necessary to start the investment. The installation is scheduled to be commissioned in 2027

ZAKŁAD UTYLIZACJI ODPADÓW SPÓŁKA Z O.O.

The company is in the midst of an investment process for construction of an additional hazardous waste thermal processing line with a capacity of 12 000 Mg/year.
On the date of publication of the report, ZUO is in the process of obtaining the required decisions and permits necessary to start the investment.
The installation is scheduled to be commissioned in 2027.

Boryszew Green Energy&Gas Spółka z o.o.

Renewable energy purchase agreement
Boryszew Green Energy & Gas Spółka z o.o. entered into a 10-year power purchase agreement (PPA) with GoldenPeaks Capital on 21 December 2023. Under the agreement, GoldenPeaks Capital will supply about 24 GWh of renewable electricity per year, sourced from a photovoltaic farm with a capacity of about 21 MWp. The above agreement will satisfy 11.3% of Boryszew Group's current electricity consumption and will reduce the carbon footprint of Group's facilities in Poland by about 15 000 tons of CO2 y/y.

Aid for energy-intensive enterprises
Boryszew Group companies are beneficiaries of the government program "Aid to energy-intensive industry related to natural gas and electricity prices in 2023", which is operated by the National Fund for Environmental Protection and Water Management, receiving a total amount of PLN 44.2 million. According to the requirements of the regulations, in order for the subsidy to be maintained, the Companies are required to invest 30% of the aforementioned amount in energy efficiency improvement projects between 2024 and 2028.

40. SIGNIFICANT EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

Capital investment of Boryszew SA

The Management Board of Boryszew S.A. decided on an equity investment in shares of Repono AB. Repono is a European energy storage operator based in Sweden. According to its investment plans, Repono intends to be an operator of energy storage systems(ESS) with a target capacity of 100 GWh in Europe. Purchase of shares in Repono by Boryszew is related to Boryszew Group's plans to develop its activities in the energy sector and is an important element of the company's active green transformation.

Signing of a new restructuring agreement with a key client of BAP Group

On 14 March 2024 Issuer's subsidiaries of the automotive segment received a signed agreement ("Agreement") with an important client of Boryszew Capital Group ("Client").
The agreement is for the Client to support the restructuring of the following companies between 2024 and 2026: Boryszew Kunststofftechnik Deutschland GmbH, Maflow Plastics Poland Spółka z o.o. and AKT Plastikářská Technologie Čechy spol. S.r.o. ("BAP Companies").
According to the Agreement, during the restructuring period, i.e. until the end of 2026, the client will contribute to the costs associated with the restructuring through an agreed price increase on the BAP Companies products.
The Issuer believes that the conclusion of the Agreement will have a significantly positive impact on the results of BAP Companies and Boryszew Capital Group and will enable BAP Companies to achieve a positive operating result on the EBITDA level during the Agreement period.
The agreement is effective as of 1 January 2024 and the condition for the BAP Companies to receive support is timely implementation of restructuring measures in accordance with a plan.
The basic assumption of the Agreement is that BAP Companies and the Client act jointly and severally. The restructuring process will give BAP Companies operational stability and will improve their market position.

Conclusion of an investment loan agreement with Bank Gospodarstwa Krajowego

On 27 March 2024, Boryszew S.A. and Maflow Components Dalian Co. Ltd. ("Maflow China") concluded an investment and working capital loan agreement with Bank Gospodarstwa Krajowego ("BGK") with a total value of EUR 8.5 million, of which EUR 6.5 million is an investment loan and EUR 2 million is a working capital loan. Maflow China plans to use

the funds raised from BGK to expand its facilities in China in connection with the development of rubber hoses for electric, hybrid and conventional vehicles.
Group's investment is part of its strategy to actively participate in the energy transition as a supplier of components for electromobility development. The financing was insured by the Export Credit Insurance Corporation ("ECI").

41. STATEMENT BY THE MANAGEMENT BOARD

The report presents the situation of Boryszew Capital Group for the period between 1 January 2023 and 31 December 2023, in accordance with legal requirements, taking into consideration the events that occurred until the date of preparing this report.
The financial statements were prepared on a going concern basis.

The report was approved for publication on 16 April 2024.

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

42. APPROVAL OF THE FINANCIAL STATEMENTS

This report was approved for publication by a resolution of the Management Board on 16 April 2024 and presents the situation of the Company pursuant to the legal requirements for the period between 1 January 2023 and 31 December 2023, including any events which occurred by the date of approval of this report for publication.

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

SIGNATURES:

Wojciech Kowalczyk - President of the Management Board

Łukasz Bubacz – Member of the Management Board

Mikołaj Budzanowski – Member of the Management Board

Radosław Szorc - Chief Financial Officer

Agata Kęszczyk-Grabowska - Chief Accountant