



**Financial statements for Boryszew S.A.
for the period between
1 January and 31 December 2023**

*Publication date:
17 April 2024*



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STATEMENT OF COMPREHENSIVE INCOME

	note	01.01.2023 - 31.12.2023	01.01.2022 - 31.12.2022
Revenues from sales	5	1 815 286	2 913 692
Prime cost of sale	7	1 654 068	2 717 111
Gross profit on sales		161 218	196 581
Selling costs		18 734	41 574
General and administrative costs		109 290	108 526
Other operating revenues	8	142 863	77 787
Other operating expenses	9	50 550	80 901
Operating income		125 507	43 367
Financial revenues	10	108 803	87 946
Financial expenses	11	257 781	108 792
Financial profit/loss		(148 978)	(20 846)
Profit before taxation		(23 471)	22 521
Income tax	12	(12 242)	7 693
Net profit		(11 229)	14 828
Earnings / Diluted earnings per share			
Weighted average number of shares		205 205 000	205 205 000
Earnings / Diluted earnings per share (PLN)		(0,05)	0.07
		01.01.2023 - 31.12.2023	01.01.2022 - 31.12.2022
Net profit		(11 229)	14 828
Earnings recognised in equity			
Hedge accounting (pre-tax)		(4 892)	8 149
Income tax		934	(1 548)
Earnings recognised in equity, to be transferred to income statement		(3 958)	6 601
Gains/losses on valuation and disposal of equity instruments (before tax)		(1 241)	5 922
Income tax		236	(1 125)
Employee benefit capital reserve (before tax)		(546)	340
Income tax		130	(65)
Earnings recognised in equity, not to be transferred to income statement, including:		(1 421)	5 072
<i>Disposal of financial assets through comprehensive income</i>		3 433	23 553
Total earnings recognised in equity		(5 379)	11 673
Total comprehensive income		(16 608)	26 501



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STATEMENT OF FINANCIAL POSITION

ASSETS	Note	Balance on 31.12.2023	Balance on 31.12.2022
Non-current assets			
Tangible fixed assets	13	165 374	250 821
Investment property	14	21 702	19 780
Goodwill		-	-
Intangible assets	15	14 491	32 227
Right-of-use assets	16	114 406	125 281
Shares in subsidiaries and associates	17	886 639	810 578
Financial assets	18	46 576	143 152
Long-term receivables	20	119 100	135 626
Deferred tax assets	12.2	14 002	-
Total fixed assets		1 382 290	1 517 465
Current assets			
		804 517	1 015 236
Current assets other than assets held for sale			
Inventories	21	175 060	298 055
Trade receivables and other receivables	20	266 695	339 217
Short-term financial assets	18	330 142	343 824
Derivative financial instruments	19	3 777	8 022
Current tax receivables		4 032	-
Cash and cash equivalents	22	24 811	26 118
Total current assets		804 517	1 015 236
Total assets		2 186 807	2 532 701



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LIABILITIES AND EQUITY	Note	Balance on 31.12.2023	Balance on 31.12.2022
Equity			
Share capital		248 906	248 906
Share premium		112 346	112 346
Own shares		(182 816)	(182 816)
Hedge accounting capital		(27)	3 931
Capital reserve on translating employee payables		(349)	67
Revaluation reserve and gain on disposal of financial assets		3 433	27 991
Retained earnings		1 029 555	994 609
Total equity	23	1 211 048	1 205 034
Liabilities and long-term provisions			
Bank loans, borrowings	24	92 872	18 391
Lease and right-of-use liabilities	25	76 016	70 107
Deferred tax provision	12.2	-	9 766
Employee benefit provisions	27	3 094	2 576
Other provisions	28	31 916	14 050
Trade payables and other liabilities	26	25 000	2 396
Other long-term liabilities	29	6 085	17 894
Liabilities and long-term provisions - total		234 983	135 180
Short-term liabilities			
Bank loans, borrowings	24	374 912	686 261
Lease and right-of-use liabilities	25	23 086	24 851
Trade payables and other liabilities	26	325 413	422 933
Derivative financial instruments	14	-	5 793
Tax liabilities		3 658	329
Employee benefit provisions	27	9 560	12 297
Other provisions	28	2 346	32 113
Other liabilities and equity	29	1 801	7 910
Liabilities and short-term provisions - total		740 776	1 192 487
Total liabilities and provisions		975 759	1 327 667
Total equity and liabilities		2 186 807	2 532 701



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CASH FLOW STATEMENT

	01.01.2023 - 31.12.2023	01.01.2022 - 31.12.2022
Cash flows from operating activities		
Profit before taxation	(23 471)	22 521
Adjustments for	126 246	19 486
Amortisation/depreciation	42 456	56 843
Profit/loss on financial activity (including interest on financial liabilities)	10 601	32 523
Dividends received	(95 053)	(18 009)
Profit / loss on investment activities	72 723	(29 526)
Change in receivables	91 522	63 394
Change in inventories	43 007	(73 937)
Change in liabilities	7 038	4 570
Change in provisions	(37 084)	25 600
Other items	(1 143)	(3 084)
Income tax paid	(7 821)	(38 888)
Net cash from operating activities	102 775	42 007
Cash flows from investment activities		
Proceeds from disposal of fixed assets	2 422	1 766
Proceeds from disposal of shares	12 191	102 882
Proceeds from dividend	95 053	18 203
Proceeds from redemption of bonds by issuers	-	9 096
Proceeds from repayment of loans granted	66 495	18 602
Other proceeds from investment activities	3 254	2 472
Expenses on acquisition of fixed assets	(13 555)	(39 540)
Acquisition of shares and stocks	(18 055)	(13 856)
Long term borrowings granted	(98 274)	(119 989)
Net cash from investing activities	49 531	(20 364)
Cash flows from financial activities		
Incomes on credit and loan facilities	89 871	216 115
Loans received	197 296	436 321
Other inflows	28	4 296
Dividends paid	(151 851)	(188 789)
Loans repaid	(79 106)	(177 601)
Repayment of borrowings	(149 154)	(262 200)
Redemption of bonds	-	(28 000)
Interest paid on loans, borrowings and leasing	(27 545)	(28 516)
Payment of liabilities under finance lease agreements	(26 864)	(23 985)
Net cash from financing activities	(147 325)	(52 359)
Net change in cash	4 981	(30 716)
Cash opening balance	26 118	56 900
Cash as a result of merger with a subsidiary and spin-off of a branch	(6 288)	(66)
Cash closing balance	24 811	26 118
<i>Restricted cash</i>	<i>8 842</i>	<i>12 691</i>



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STATEMENT OF CHANGES IN EQUITY

	Share capital	Share premium	Treasury shares	Hedge accounting	Profit/Loss on restatement of employee benefits	Gains on investments in equity instruments	Retained earnings	Total equity
Balance on 01.01.2023	248 906	112 346	(182 816)	3 931	67	27 991	994 609	1 205 034
Valuation of hedge instruments				(3 958)				(3 958)
Valuation of employee benefits					(416)			(416)
Valuation of financial assets through comprehensive income						(4 438)		(4 438)
Disposal of financial assets through comprehensive income						3 433		3 433
Profit/loss for 2023							(11 229)	(11 229)
Total comprehensive income for 2023	-	-	-	(3 958)	(416)	(1 005)	(11 229)	(16 608)
Merger with subsidiary, merger equity							174 473	174 473
Transfer to reserve capital of profit on disposal of equity instruments						(23 553)	23 553	-
Dividends paid							(151 851)	(151 851)
Balance on 31.12.2023	248 906	112 346	(182 816)	(27)	(349)	3 433	1 029 555	1 211 048

	Share capital	Share premium	Treasury shares	Hedge accounting	Profit/Loss on restatement of employee benefits	Gains on investments in equity instruments	Retained earnings	Total equity
Balance on 01.01.2022	248 906	112 346	(182 816)	(2 670)	(208)	43 699	1 148 068	1 367 325
Valuation of hedge instruments				6 601				6 601
Valuation of employee benefits					275			275
Recognition of financial assets and disposal through comprehensive income in 2022.						(18 756)		(18 756)
Profit on disposal of equity instruments						23 553		23 553
Profit/loss for 2022							14 828	14 828
Total comprehensive income for 2022	-	-	-	6 601	275	4 797	14 828	26 501
Transfer to reserve capital of profit on disposal of equity instruments						(20 505)	20 505	-
Dividends paid							(188 789)	(188 789)
Other							(3)	(3)
Balance on 31.12.2022	248 906	112 346	(182 816)	3 931	67	27 991	994 609	1 205 034



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NOTES

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

1. INTRODUCTION

COMPANY DATA

The head office of Boryszew Spółka Akcyjna is located in Warsaw.

The company is registered with the District Court for the capital city of Warsaw, 12th Commercial Division of the National Court Register under KRS number 0000063824.

The Company was assigned statistical number REGON 750010992 and NIP 837-000-06-34.

The company is established for an indefinite period of time.

Classification of the Company on the listing market

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

Company's business includes manufacturing, services and trade.

This report contains cumulative data.

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

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

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

The new shareholder initiated a dynamic growth of the company. Acquisitions of non-ferrous metals, automotive and steel manufacturing companies combined with their restructuring, mergers and organic growth in sales of Group's companies contributed to a significant improvement in the Group's results.

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

The Capital Group employs approximately 8 600 people.

SUPERVISORY BOARD OF BORYSZEW S.A.

As of January 1, 2023, the Supervisory Board of Boryszew S.A. functioned in the composition:

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

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

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 Siemienieć	– Member of the Supervisory Board.
Mr Wojciech Zymek	– Member of the Supervisory Board.



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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

INTERNAL STRUCTURE

In 2023, Boryszew S.A. operated in five branches, preparing separate financial statements:

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

2. BASIS FOR REPORT PREPARATION

FINANCIAL STATEMENTS

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

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

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

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

This report was approved for publication by a resolution of the Management Board on 16 April 2024 and presents the situation of Boryszew S.A. 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.

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

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

STATEMENT BY THE MANAGEMENT BOARD ON COMPLIANCE OF ACCOUNTING PRINCIPLES

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



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REPRESENTATION OF THE MANAGEMENT BOARD ON THE SELECTION OF FINANCIAL STATEMENTS

The Management Board for Boryszew S.A. represents that BDO Spółka z ograniczoną odpowiedzialnością sp. k. based in Warsaw, which audited the financial statements for 2023, was selected in accordance with the provisions of law and that BDO Spółka z ograniczoną odpowiedzialnością sp. k. and its statutory auditors performing this audit met the conditions to issue an impartial and independent opinion on the audit of the financial statements in accordance with applicable regulations and professional standards.

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

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

BDO Spółka z ograniczoną odpowiedzialnością sp. k. based in Warsaw is entered in the list of entities authorised to audit financial statements under the number 3 355, maintained by the National Council of Statutory Auditors.

The Supervisory Board chose the auditor pursuant to its powers stipulated in the Company's Articles of Association, recommendation of the Audit Committee and applicable legal provisions in force (pursuant to Art. 66 item 4 of the Accounting Act) as well as according to internal policies and procedures.

STATEMENT REGARDING THE REPORT ON NON-FINANCIAL DATA

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

DIVIDEND

Dividends paid

The Ordinary General Meeting of Boryszew S.A. held on 22 May 2023 passed a resolution to pay a dividend to shareholders in the amount of PLN 0.74 per one share entitled to dividend, i.e. in total amount of PLN 151 851 700, from the Company's net profit for 2022 in the amount of PLN 38 381 472.38, and from the reserve capital of the Company in the amount of PLN 113 470 227.62 which, according to the provisions of art. 348 § 1 of the Commercial Companies Code may be assigned for distribution among shareholders.

The dividend date was scheduled for 29 May 2023, the date of payment was set for 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.

Dividend policy of Boryszew S.A.

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

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

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

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

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



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Distribution of profit for 2023

The Management Board of the Company recommends that the loss 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 covered the Company's capital reserve of PLN 7 794 237.69.

ACCOUNTING PRINCIPLES

Accounting principles (policy) of applied when drafting these separate financial statements for the period of 12 months ended on 31 December 2023 are consistent with those applied when drafting annual separate financial statements for the financial year ended on 31 December 2022.

Basis for the preparation of the financial statements

These separate financial statements have been drafted in accordance with the historical cost principle, except for financial assets measured at fair value through profit or loss or other comprehensive income, assets measured at amortised cost, and financial liabilities measured at fair value through profit or loss.

The Company 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.

As of 1 January 2023, Nowoczesne Produkty Aluminiowe Skawina Branch was contributed to the Subsidiary, as a result, the comparable data including the Branch's data significantly differs from the current period. As a result, it is not possible to compare data between the current year and the comparable year.

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



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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 Company, as the parent company of Boryszew 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 Company 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 have no impact on these financial statements.

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

The Company did not chose 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 Company will apply the amended standard 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 Company will apply the amended standard as of 1 January 2024. The above change should not affect the financial data of the Company.

- **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 Company will apply the amendment to the standard in accordance with the date of first application adopted by the EU. The above change should not affect the financial data of the Company.

- **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.



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The Company will apply the amended standard as of 1 January 2025 or later. The above change should not affect the financial data of the Company.

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

RESTATEMENT OF COMPARABLE DATA AND CORRECTION OF ERRORS OF PREVIOUS YEARS

The Company has not restated the comparatives in these Separate Financial Statements.

OPERATING HEDGING INSTRUMENTS

The Company 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 budgets. 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.

3. ACCOUNTING PRINCIPLES APPLIED

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

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

Principles and methods of valuating assets and liabilities

Model based on purchase price or production cost plus revaluation

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

Revaluation model

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

Fair value

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

Purchase price or production cost of an asset item

Purchase cost or cost of manufacturing is the amount of cash or cash equivalents paid or the fair value of other consideration given to acquire an asset at the time of its acquisition or construction. The purchase price covers the amount payable to the seller, without deductible: VAT and excise duty tax, and in case of import - increased by relevant charges and costs directly associated with the purchase and adaptation of the asset item to a condition



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suitable for use or introduction into trade, along with the costs of transport, loading, unloading, transport insurance, storage or introduction into trade, and decreased by discounts, allowances and other similar decreases or recovery.

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

Tangible fixed assets

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

Tangible fixed assets, the value of which has been determined as at the day of transition to IFRS, that is 01.01.2004 by fair value, after this date will be measured by the valuation model based on purchase price or production cost and the revaluation for impairment loss.

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

Depreciation rates applied for individual groups of tangible fixed assets:

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

Investment outlays

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

Right-of-use assets and liabilities

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

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

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

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



Leases and rights of use as of 1 January 2019

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

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

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

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

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

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

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

After the initial valuation, lease liabilities increase as a result of interest on the unpaid balance, decrease as a result of lease payments made. The carrying amount of the liability is updated to reflect any reassessment or modification of the lease or to reflect updated substantially fixed lease payments. Right-of-use assets other than investment property are depreciated on a straight-line basis over the remaining lease term, or over the remaining economic life of the asset if, in rare cases, it is estimated to be shorter than the lease term.

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

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

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

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

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



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

Leaseback

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

Intangible assets

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

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

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

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

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

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

Depreciation rates applied for intangible fixed assets:

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

Investment property

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

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

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

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

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

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

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



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

Impairment loss for tangible and intangible fixed assets.

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

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

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

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

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

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

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

Shares in associates and subsidiaries

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

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

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

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

Financial instruments and hedge accounting

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

Financial assets

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

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

- long-term,
- short-term

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



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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The Company classifies financial liabilities into the following categories:

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

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

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

Financial asset impairment loss

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

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

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

- trade receivables,



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- loans granted

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

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

Derivative instruments

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

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

The Company defines certain derivatives as:

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

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

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

Embedded derivatives

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

Fair value hedge

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

Hedge accounting

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

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

Cash flow hedge

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

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

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



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Inventories

Acquired inventory items are recorded as follows:

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

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

Goods and materials

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

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

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

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

Records of goods at retail outlets

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

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

Products and work in progress

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

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

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

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

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

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

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

Inventory impairment write-offs

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

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

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

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

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



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

Trade and other receivables

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

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

Cash and cash equivalents

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

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

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

Provisions, contingent liabilities and contingent assets

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

The Company recognises provisions, if:

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

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

The financial effects of recognised provisions are included in other operating expenses or financial expenses, respectively, depending on the circumstances of future obligations. Provisions are settled (or reduced) when the liability for which the provision was earlier recognised arises. Provisions not used on the date of cessation or reduction of the risk for which they were recognised are included in other operating income or financial income.

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

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

Contingent assets

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

Shareholders' equity

Shareholders' equity is measured at least at the balance sheet date in the nominal value and is recognised in the ledgers according to their nature and rules set by law or the Company's statute or agreement. As per IAS 29 section 24 items of equity (except retained earnings and capital from revaluation of assets) were calculated at the date of transition to IFRS that is 01.01.2004 by applying a general price index from the dates the components were contributed or otherwise arose. The amount arising from the hyperinflation revaluation increased share capital and the issue premium.

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



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

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

Deferred income and government grants

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

Subsidies are divided into:

- capital subsidies - for acquisition, financing of fixed tangible and intangible assets
- revenue/cost subsidies - for financing of expenses in a given area.

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

Revenue from cash subsidies are accounted for in the profit and loss account parallel to the associated subsidy expenses. Costs and subsidies amounts are recognised separately in the income statement. Recognition of government grants in the profit and loss at the time of receipt is permitted if no basis existed for allocating the grant to periods other than those in which it was received.

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

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

Revenues

Revenue from contracts with customers

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

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

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

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

Interest, royalties and dividends

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

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

Other operating revenues

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



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

Financial revenues

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

Costs

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

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

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

Other operating expenses

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

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

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

Costs of external financing

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

Costs of external financing include:

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

Costs of external financing are recognised as costs of the period, in which they were incurred, excluding the costs of external financing, which can be directly assigned to the adjusted assets. Costs of external financing for the period of adjusting the asset increase the cost of production of fixed assets or real estate investments. Completion of capitalisation of financing costs takes place when all work has been substantially completed. If the funds from a loan for investment are periodically deposited, the interest earned on the deposit also affects the cost of the adjusted asset.

Exchange rate differences on foreign currency borrowings affect the initial value of a qualifying asset to the extent that they represent an adjustment to interest expense. The value of exchange rate differences adjusting the interest



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expense represents the difference between the interest expense on similar financing that the Company would have had in PLN and the expense incurred when financing in foreign currency.

Employee benefits

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

Bonus:

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

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

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

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

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

Restructuring provision

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

Impact of foreign exchange rate changes

The functional and presentation currency of the Company is the Polish currency.

Valuation as at transaction date

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

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

Valuation as at balance sheet date

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

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

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

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

Disclosure of exchange rate differences

Exchange rate differences arising from implementation or conversion of cash items are recognised in the profit and loss and are presented as surplus of positive/negative exchange rate differences.

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

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



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

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

	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

Income tax

Current corporate income tax

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

Deferred income tax

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

The Company recognises deferred income tax liabilities and deferred income tax assets as a result of temporary differences between the book value of assets and liabilities and their tax value and tax loss or tax exemption deductible from taxable income in the past.

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

Value added tax

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

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

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

Special funds

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

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

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

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

Non-adjusting events after the balance sheet date- those that are indicative of conditions that arose after the balance sheet date. If they are significant, the Company discloses them in the additional information, giving the nature of the event and its financial effect or stating that the determination of such an effect is impossible or unreliable.

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



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basis, if management determines after the balance sheet date either that it intends to liquidate the Company or to cease trading, or that it has no realistic alternative but to do so.

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

Assets held for sale and discontinuation of operations

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

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

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

If discontinued operations exist, the Company discloses:

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

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

Refer to Note 38 of these annual separate financial statements for a description of the accounting policies for drafting the financial statements in accordance with the provisions of the Energy Law.

FINANCIAL STATEMENTS

Statement of comprehensive income

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

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

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

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

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

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

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

Statement of financial position

In the statement of financial position, the Company recognizes the state of assets and liabilities as at the last day of the current and previous reporting period. The value of particular groups of assets recognized in the balance sheet assets results from their net book value adjusted by depreciation, the effects of revaluation and write-offs revaluating the value of assets due impairment loss. Financial assets and liabilities are recognized in the report as net amount if



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the Company has an unconditional right to the compensation of assets and liabilities of a given type and intends to settle them on a net basis or simultaneously spend a financial asset and settle a financial liability.

Other financial statements applicable to the Company

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

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

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

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

Report on Company's activities

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

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

4. BASIC ACCOUNTING JUDGMENTS AND THE BASIS FOR ESTIMATING UNCERTAINTY

Basic accounting judgments and the basis for estimating uncertainty

Estimates of the Management Board

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

The main accounting estimates and the assumptions adopted refer to:

- estimated useful life of the asset - the subject matter of the estimation is to determine the estimated useful life, which may be shortened or extended in use. The end value and amortisation/depreciation methods are verified by the Company once per fiscal year. The verification includes among others: economic useful life end value of asset expected method of consuming the economic benefits from an intangible asset expected physical wear and tear estimated on the basis of the present average useful life reflecting the speed of physical wear and tear and intensity of use etc. technical or market obsolescence legal and other limitations to the use of the asset expected use of the asset estimated under the expected production capacity or production size and other circumstances effecting the useful life of assets.
- Impairment losses- are made if there are any external or internal indications of no possible recovery of the carrying amount of the non-current assets. If the carrying amount assets exceeds the recoverable amount of the asset, the value of asset is lowered to the recoverable amount by the appropriate impairment and recognition of the costs in the income statement.
- allowances of current assets (inventories and receivables), for inventories the allowance is estimated on the basis of the difference between net realizable amount and expected amount of future cash-flows. On the other



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hand estimate of accounts receivable write-off is the difference between the carrying value of given asset item and the current value of future cash flows discounted at the effective interest rate.

- employee benefits and provisions for retirement benefits and similar- the current amount of benefits and provisions depend on many factors determined by actuarial methods. The assumptions adopted to establish the net amount (income) for the retirement benefit include the discount rate. Any and all changes of such assumptions shall affect the amount of the retirement liabilities. The Company determines relevant discount rate at the end of each year. It is the interest rate applied to determine the present value of the estimated future outflows of cash assessed as necessary to meet the liabilities.
- provisions for expected liabilities due to the business activities- they are established in the amount representing the best estimate of the expenditure required to settle the present obligation or substantiation of the future obligation at the end of the reporting period.

5. REVENUES FROM SALES

REVENUES FROM SALE BY DESTINATION MARKET	01.01.2023 - 31.12.2023	01.01.2022 - 31.12.2022
Continuing operations		
Domestic sales	890 628	1 655 983
Sales to EU countries	727 988	1 057 959
Sales to other European countries	84 047	111 687
Export outside Europe	112 623	88 063
Hedging instruments	-	-
Total (revenues from continuing operations)	1 815 286	2 913 692

SHARE OF EU MEMBER STATES IN INTRA-COMMUNITY SALES	01.01.2023 - 31.12.2023	01.01.2022 - 31.12.2022
Germany	33%	28%
Czech Republic	10%	19%
France	10%	4%
Sweden	9%	9%
The Netherlands	8%	8%
Belgium	8%	6%
Spain	6%	4%
Slovakia	6%	6%

6. OPERATING SEGMENTS

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

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



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REVENUES AND RESULTS BY OPERATING SEGMENTS IN 2023 (data regarding continuing operations)

	Chemical products	Automotive	Metals	Other non-allocated	Total	exclusions between segments	Total
01.01.2023 - 31.12.2023							
Revenues from sales	224 420	894 859	-	697 870	1 817 149	(1 863)	1 815 286
Segment costs of sales	189 946	787 033	-	678 952	1 655 931	(1 863)	1 654 068
Result on sales within segment	34 474	107 826	-	18 918	161 218	-	161 218
General, administrative and sales expenses	38 238	66 040	-	23 746	128 024	-	128 024
Other operating profit/loss	7 208	(11 088)	-	96 193	92 313	-	92 313
Segment profit/loss	3 444	30 698	-	91 365	125 507	-	125 507
Amortisation/depreciation	5 600	35 217	-	1 639	42 456	-	42 456
EBITDA *)	9 044	65 915	-	93 004	167 963	-	167 963
Segment assets	187 151	796 387	-	1 336 691	2 320 229	(133 422)	2 186 807
Segment liabilities	109 859	700 866	-	298 456	1 109 181	(133 422)	975 759

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

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



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7. OPERATING EXPENSES

	01.01.2023 - 31.12.2023	01.01.2022 - 31.12.2022
Amortisation/depreciation	42 456	56 843
Consumption of materials and energy	650 788	1 390 920
Third party services	124 128	133 229
Taxes and charges	7 793	8 270
Costs of employee benefits, including:	252 112	245 279
<i>costs of remuneration</i>	201 242	197 342
<i>costs of social insurance</i>	37 009	35 164
<i>other employee benefits</i>	13 861	12 773
Other expenses	8 084	9 733
Value of sold goods and materials	736 867	1 026 194
Total expenses by type	1 822 228	2 870 468
Movements in products	(39 460)	497
Capitalised costs by type, consumption for own needs	(676)	(3 754)
Costs by type:	1 782 092	2 867 211
Selling costs	(18 734)	(41 574)
General and administrative expenses	(109 290)	(108 526)
Cost of sales	1 654 068	2 717 111

8. OTHER OPERATING REVENUES

	01.01.2023 - 31.12.2023	01.01.2022 - 31.12.2022
Profit from sale of non-current assets	7 090	10 761
Valuation to fair value of investment properties	1 960	-
Reversal of write-offs on non-financial assets	5 467	8 122
Reversal of unnecessary provisions	22	8 405
Compensation and indemnification	9 418	6 031
Dividends and other income from capital investments (*)	95 053	18 009
Subsidies	1 100	4 945
Reversal of write-offs for trade and other receivables	2 447	11 478
Stock count surplus	5 352	6 794
Gains on hedging instruments	9 903	-
Other revenue	5 051	3 242
Total	142 863	77 787

(*) In the current period, the Company received dividends from Boryszew Property in the amount of PLN 25.3 million, ZUO Konin in the amount of PLN 6.0 million, Alchemia in the amount of PLN 45 million, Boryszew Green Energy and Gas in the amount of PLN 1 million, Polski Cynk in the amount of PLN 17.7 and in 2022 from Elana Energetyka in the amount of PLN 1.9 million, ZUO Konin in the amount of PLN 6.0 million, Eastside Capital Investment in the amount of PLN 9.8 million and Gränges AB in the amount of PLN 0.3 million, respectively



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9. OTHER OPERATING EXPENSES

	01.01.2023 - 31.12.2023	01.01.2022 - 31.12.2022
Loss on sale of fixed assets	3 850	7 965
Write-offs for non-financial assets	10 715	10 451
Recognition of provisions for tax risks	-	22 684
Write-offs for trade and other receivables	15 397	27 168
Stock count shortage	8 136	8 804
Recognition of provision for OCCP proceedings	2 833	-
Donations	430	434
Other expenses	9 189	3 395
Total	50 550	80 901

10. FINANCIAL REVENUES

	01.01.2023 - 31.12.2023	01.01.2022 - 31.12.2022
Interest income, including:	59 053	37 330
Interests on loans	52 702	30 362
Interest on bonds	5 291	5 864
Other interest	1 060	1 104
Profit on sales of financial assets	-	8 573
Exchange rate differences	46 003	41 162
Reversal of revaluation write-downs	-	524
Other	3 747	357
Total	108 803	87 946



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11. FINANCIAL EXPENSES

	01.01.2023 - 31.12.2023	01.01.2022 - 31.12.2022
Interest expense, including:	50 881	51 984
Interest on loans	15 204	14 906
Interest on factoring	4 978	5 406
Interests on loans	9 990	18 313
Interest from issued bonds	-	235
Interest on lease	4 928	3 450
Interest on other liabilities	15 781	9 674
Recognition of value impairment write-offs (*)	138 798	20 045
Other financial expenses, including:	68 102	36 763
Exchange rate differences	65 518	30 825
Loss on derivative financial instruments	-	2 707
Other	2 584	3 231
Total	257 781	108 792

(*)See Note 18 financial assets for a detailed description.

12. INCOME TAX

Income tax	01.01.2023 - 31.12.2023	01.01.2022 - 31.12.2022
Current tax	6 652	10 417
Deferred tax	(18 894)	(2 724)
Total tax	(12 242)	7 693

12.1. Current corporate income tax

	01.01.2023 - 31.12.2023	01.01.2022 - 31.12.2022
Gross profit (loss)	(23 471)	22 521
Permanent differences	24 041	32 707
Temporary differences	46 138	2 873
Income after permanent and temporary differences	46 708	58 101
Deductions from the tax base (R&D relief)	(4 443)	(3 176)
Donations	-	(100)
Income tax base	42 265	54 825
<i>Tax rate</i>	<i>19%</i>	<i>19%</i>
Income tax for current year	8 030	10 417
<i>Effective interest rate</i>	<i>(34)%</i>	<i>46%</i>
Adjustment of tax of previous years	(1 378)	-
Current income tax reported in the result	6 652	10 417
Income on disposal of shares through comprehensive income	4 238	29 078
Income tax reported in other comprehensive income	805	5 525



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12.2. Deferred tax

	Movement in the period				Balance on 31.12.2023
	Balance on 31.12.2022	Deferred tax in the income statement	Deferred tax in other comprehensive income	Other changes	
DEFERRED TAX ASSETS					
Provisions for employee benefits other provisions	6 374	(801)	130	(612)	5 091
Impairments	33 932	25 338	-	(978)	58 292
Unpaid interest on loans and borrowings	2 085	(1 140)	-	-	945
Depreciation (difference between depreciation for tax and balance sheet purposes)	46 286	5 086	-	-	51 372
Right-of-use liabilities	5 379	5 146	-	-	10 525
Other	1 886	4 967	(3)	-	6 850
Deferred tax asset	95 942	38 596	127	(1 590)	133 075
DEFERRED INCOME TAX PROVISION					
Measurement of non-current assets	2 053	-	-	-	2 053
Unrealised currency exchange rate differences	6 879	(1 302)	-	(120)	5 457
Depreciation (difference between depreciation for tax and balance sheet purposes)	60 910	10 315	-	(5 709)	65 516
Unpaid interest on loans and borrowings	31 937	8 845	-	1 732	42 514
Other	3 929	1 844	(1 978)	(262)	3 533
Deferred income tax provision	105 708	19 702	(1 978)	(4 359)	119 073
Deferred tax asset					133 075
Deferred income tax provision					119 073
Excess deferred tax asset					14 002



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	Movement in the period				Balance on 31.12.2022
	Balance on 31.12.2021	Deferred tax in the income statement	Deferred tax in other comprehensive income	Other changes	
DEFERRED TAX ASSETS					
Provisions for employee benefits other provisions	4 693	1 852	(56)	(115)	6 374
Impairments	21 750	12 183	-	(1)	33 932
Unpaid interest on loans and borrowings	71	2 014	-	-	2 085
Depreciation (difference between depreciation for tax and balance sheet purposes)	38 028	8 243	-	15	46 286
Right-of-use liabilities	5 010	369	-	-	5 379
Other	3 498	(1 292)	(335)	14	1 886
Deferred tax assets	73 050	23 369	(391)	(87)	95 942
DEFERRED INCOME TAX PROVISION					
Measurement of non-current assets	2 314	(261)	-	-	2 053
Unrealised currency exchange rate differences	5 144	1 735	-	-	6 879
Depreciation (difference between depreciation for tax and balance sheet purposes)	49 588	11 322	-	-	60 910
Unpaid interest on loans and borrowings	25 253	6 684	-	-	31 937
Other	5 964	1 166	(3 187)	(14)	3 929
Deferred income tax provision	88 263	20 645	(3 187)	(14)	105 708
Deferred tax asset					95 942
Deferred income tax provision					105 708
Excess deferred tax liability					9 766

The Company, as the parent company of Boryszew 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 Company 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.



13. NON-CURRENT ASSETS

Tangible fixed assets (by type groups)	Balance on 31.12.2023	Balance on 31.12.2022
Fixed assets by type:	160 796	246 751
land	9 303	9 358
buildings, premises, civil and water engineering structures	42 219	56 881
technical equipment and machines	103 088	173 101
vehicles	2 113	1 059
other tangible fixed assets	4 073	6 352
Advances for tangible fixed assets	4 578	4 070
Total property, plant and equipment	165 374	250 821

Net fixed assets pledged as collateral for repayment of liabilities on 31.12.2023 amount to PLN 43 109 thousand and PLN 65 269 thousand in the comparable period, respectively.



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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	9 358	102 250	386 417	4 824	24 057	526 906
Increase due to acquisition	-	807	11 741	2 259	902	15 709
fixed assets redeemed after completion	-	-	11 770	646	990	13 406
Merger with a subsidiary	-	-	373	-	-	373
Disposal	-	(167)	(3 435)	(1 294)	-	(4 896)
Tangible fixed assets under construction	-	(160)	(265)	(519)	(260)	(1 204)
Liquidation	-	-	(2 445)	(20)	(356)	(2 821)
Separation of branch	(55)	(17 445)	(101 233)	(619)	(7 760)	(127 112)
Other	-	-	(11 831)	1 312	-	(10 519)
Gross value of fixed assets at the end of the period	9 303	85 285	291 092	6 589	17 573	409 842
Accumulated depreciation at the beginning of the period	-	42 158	201 949	3 505	17 536	265 148
Planned depreciation of own fixed assets	-	2 815	16 676	607	1 250	21 348
Merger with a subsidiary	-	-	369	-	-	369
Decrease due to disposal	-	(40)	(875)	(1 155)	-	(2 070)
Liquidation	-	-	(2 430)	(20)	(228)	(2 678)
Separation of branch	-	(5 078)	(31 702)	(470)	(5 754)	(43 004)
Other	-	-	(7 346)	1 749	655	(4 942)
Accumulated depreciation at the end of the period	-	39 855	176 641	4 216	13 459	234 171
Impairment write-offs at the beginning of the period	-	3 211	11 367	260	169	15 007
Other	-	-	(4)	-	(128)	(132)
Impairment write-offs at the end of the period	-	3 211	11 363	260	41	14 875
Net fixed assets as at the end of period	9 303	42 219	103 088	2 113	4 073	160 796



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



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Boryszew S.A. conducted an impairment test for the cash-generating unit ("CGU"), which includes the assets of the Maflow branch, by determining their recoverable value on 31 December 2023. The recoverable value of assets was determined using the discounted net cash flow method based on budgets approved by the Management Board. The discount rate was determined based on a WACC of 10.50% for the forecast period and 9.19% for the residual period.

To determine the cost of equity, the CAPM valuation model was used and the unlevered beta value for auto manufacturer components (Auto Parts) per Aswath Damodaran of 0.96 was used.

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

Sensitivity analyses were conducted:

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

As a result of the test, on 31 December 2023, the income value of the tested fixed assets is higher than their carrying value, therefore impairment charge was no longer necessary.

14. INVESTMENT PROPERTY

Investment real estate property at fair value	Balance on 31.12.2023	Balance on 31.12.2022
Investment property	21 702	19 780
Change in investment properties in 2023		
Investment property at the beginning of the period	19 780	21 619
Increase due to acquisitions	-	2 629
Valuation to fair value	1 960	(127)
Decreases due to sales	-	(2 419)
Reclassification to right-of-use assets and other	(38)	(1 922)
Investment property at the end of the period	21 702	19 780
	Balance on 31.12.2023	Balance on 31.12.2022
Revenues from investment property (rental agreements)	847	827
Maintenance cost of investment property	59	134

Investment properties are used as collateral for loan repayments.

15. INTANGIBLE ASSETS

	Balance on 31.12.2023	Balance on 31.12.2022
R&D expenses	214	15 329
Patents, licenses, software	14 267	16 724
Other intangible assets	10	174
Total	14 491	32 227



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Intangible assets

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	33 397	31 812	7 504	72 713
Additions (purchase)	-	432	-	432
Liquidation	-	(398)	-	(398)
Separation of branch	(31 163)	(1 604)	(246)	(33 013)
Other	-	645	(2 161)	(1 516)
Gross value of intangible assets at the end of the period	2 234	30 887	5 097	38 218
Accumulated depreciation at the beginning of the period	18 068	15 088	7 330	40 486
Planned depreciation	36	2 817	156	3 009
Separation of branch	(16 084)	(1 532)	(238)	(17 854)
Merger with a subsidiary	-	-	(2 161)	(2 161)
Other	-	247	-	247
Accumulated depreciation at the end of the period	2 020	16 620	5 087	23 727
Impairment write-offs at the beginning of the period	-	-	-	-
Impairment write-offs at the end of the period	-	-	-	-
Net value of intangible assets at the end of the period	214	14 267	10	14 491



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



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16. RIGHT-OF-USE ASSETS

Balance on 31.12.2023	<i>Buildings and structures</i>	<i>Technical equipment and machines</i>	<i>Vehicles</i>	<i>Other tangible fixed assets</i>	<i>Land - SMA</i>	<i>The Lease Agreement</i>	<i>Total</i>
Value at the beginning of the period	-	99 250	4 892	1 069	16 744	67 796	189 751
Transfer of leased fixed assets	-	-	-	-	831		831
Acceptance for use under new lease agreements signed during the current year	-	6 589	1 217	-		6 771	14 577
Disposal					(14)		(14)
Transfer from under leaseback	-	-	-	-		(10 553)	(10 553)
Reduction du to end of lease term	-	(11 770)	(1 048)	(990)		28 201	14 393
Separation of branch		(22 146)	(193)		(4 462)		(26 801)
Gross value of fixed assets at the end of the period	-	71 923	4 868	79	13 099	92 215	182 184
Accumulated depreciation of leased assets - beginning of the period	-	23 991	1 294	694	951	36 746	63 676
Planned depreciation of own fixed assets		6 225	1 082	16	187	10 589	18 099
Disposal					(2)		(2)
Reduction at the end of lease (-)		(3 404)	(765)	(660)		(5 317)	(10 146)
Separation of branch		(4 216)	(34)		(334)		(4 584)
Impact of exchange rate differences		-	-	-		-	-
Accumulated depreciation at the end of the period	-	22 596	1 577	50	802	42 018	67 043
Impairment write-offs at the beginning of the period	-	735	-	-	59	-	794
Separation of branch					(59)		(59)
impairment write-offs at the end of the period	-	735	-	-	-	-	735
Net value of leased fixed assets at the end of the period	-	48 592	3 291	29	12 297	50 197	114 406



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



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17. SHARES IN SUBSIDIARIES

Company name	Balance on 01.01.2023				change			Balance on 31.12.2023			
	share of the parent in share capital (%)	Value of shares	Impairment write-off	Net value	acquisition/other additions	sale/liquidation	change in revaluation write-offs and valuation	share of the parent in share capital (%)	Value of shares	Impairment write-off	Net value
Direct subsidiaries:											
Elimer Sp. z o.o.	52.44	53	-	53				52.44	53	-	53
NPA Skawina Sp.z o.o.		5	-	5	80 308			100.00	80 313	-	80 313
Boryszew Green Energy&Gas Sp. z o.o. (formerly Elana Energetyka Sp. z o.o.)	100.00	1 500	1 500	-				100.00	1 500	1 500	-
BORYSZEW MAFLOW SPÓŁKA Z O.O. Maflow Plastics Poland Sp. z o. o. (formerly: Boryszew Tensho Poland Sp. z o.o.)	100.00	75	-	75				100.00	75	-	75
BOR Plastic RUS Sp.z o.o., Rosja	10.90	2 242	2 242	-				10.90	2 242	2 242	-
HR Service Sp.z o.o.Toruń	100.00	354	354	-				100.00	354	354	-
Maflow Polska Sp. z o.o.	100.00	46 334	43 190	3 144				100.00	46 334	43 190	3 144
Maflow BRS s.r.l	100.00	39	-	39				100.00	39	-	39
Maflow Spain Automotive S.L.U	100.00	6 080	-	6 080	11 057			100.00	17 137	-	17 137
Maflow France Automotive S.A.	100.00	3 951	3 951	-				100.00	3 951	3 951	-
Maflow do Brasil Ltda, Brazil	79.00	108 053	96 249	11 804				79.00	108 053	96 249	11 804
Maflow India Private Ltd	100.00	30 482	-	30 482				100.00	30 482	-	30 482
MAFMEX S.DE R.L.DE C.V, Mexico (*)	-	47 749	32 872	14 877				-	47 749	32 872	14 877
Boryszew Nieruchomości Sp. z o.o. (formerly Eastside Bis Sp. z o.o.)	0.009	58	-	58				0.009	58	-	58
Elana Ukraina Sp. z o.o.	90.00	338	338	-				90.00	338	338	-
Hutmen Sp. z o.o.	100.00	109 531	-	109 531		(109 531)			-	-	-



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Company name	Balance on 01.01.2023				change			Balance on 31.12.2023			
	share of the parent in share capital (%)	Value of shares	Impairment write-off	Net value	acquisition/other additions	sale/liquidation	change in revaluation write-offs and valuation	share of the parent in share capital (%)	Value of shares	Impairment write-off	Net value
Walcownia Metali Dziedzice S.A.	28.70	17 229	-	17 229	65 349		2 237	100.00	82 578	2 237	80 341
ZM SILESIA S.A., Katowice	100.00	100	-	100				100.00	100	-	100
Zakład Utylizacji Odpadów Sp. z o.o.,	59.97	57 000	-	57 000				59.97	57 000	-	57 000
Polski Cynk Sp. z o.o., Oława	100.00	46 900	-	46 900				100.00	46 900	-	46 900
Boryszew Inwestycje Sp z o.o. (formerly Boryszew Holding Sp. z o.o.)	100.00	250	-	250				100.00	250	-	250
Boryszew Property Sp z o.o (formerly Eastside Capital Investments Sp. z o.o.)	100.00	125 462	-	125 462				100.00	125 462	-	125 462
Boryszew Assets Sp. z o.o. (formerly SPV Lakme Investment Sp. z o.o.)	89.30	2 844	-	2 844				89.30	2 844	-	2 844
Alchemia S.A.	91.93	385 636	1 581	384 055				100.00	385 636	1 581	384 055
		1 000 774	190 196	810 578	156 714	(109 531)	2 237		1 047 957	192 433	855 524

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

Affiliated entities											
Zavod Mogiliev - Sp. z o.o. Belarus	30.00	1 091	1 091	-				30.00	1 091	1 091	-
"onesano" S.A. (*)	19.73	10 064	-	10 064	21 026			42.50	31 090	-	31 090
AGICORP-BOR Ltd.	-	-	-	-	25			25,00	25	-	25
		11 155	1 091	10 064	21 051	-	-		32 206	1 091	31 115
Total shares and stocks		1 011 929	191 287	820 642	177 765	(109 531)	2 237	-	1 080 163	193 524	886 639

(*) "onesano" S.A. As of 1.01.2023 reported as a residual entity, acquisition of significant influence occurred on 1.02.2023.



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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 shareholding on 31.12.2023 at purchase price (*)	31 090
share of net assets determined by value on the date of significant influence, share on 31.12.2023.	9 090

(*) 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.

In accordance with the Group's accounting policy, the Company recognises shares in affiliates in this report at cost. For the purposes of this settlement, the Company adopted the principle in accordance with its accounting policy of setting the purchase price as the initial value. In accordance with this principle, shares held in an affiliate are presented at a value equal to the purchase price of all holdings up to the date of significant influence as well as those acquired after that date.

Prior to significant influence, the shares in "onesano" S.A. were measured at fair value and the effects of the measurement were recognised through other comprehensive income. On the date of the significant impact, the Company reversed the valuation earlier recognised by comprehensive income in the net amount of PLN (4,438), net of deferred taxes, in order to bring the value of the shares in the associate to the initial value corresponding to the cost at purchase price.



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Company name	Balance on 01.01.2022				change				Balance on 31.12.2022		
	share of the parent in share capital (%)	Value of shares	Impairment write-off	Net value	acquisition/other additions	sales/liquidation and other reductions	change in revaluation and valuation write-offs	share of the parent in share capital (%)	Value of shares	Impairment write-off	Net value
Elimer Sp. z o.o.	52.44	53	-	53				52.44	53	-	53
Nylonbor Sp. z o.o.	100.00	53	-	53	13 844	(13 897)		-	-	-	-
NPA Skawina Sp. z o.o.	-	-	-	-	5				5	-	5
Elana Energetyka Sp. z o.o.	100.00	1 500	1 500	-				100.00	1 500	1 500	-
BORYSZEW MAFLOW SPÓŁKA Z O.O.	100.00	75	-	75				100.00	75	-	75
Maflow Plastics Poland Sp. z o. o. (formerly: Boryszew Tensho Poland Sp. z o.o.)	93.68	7 919	7 919	-	590			100.00	8 509	7 919	590
BOR Plastic RUS Sp.z o.o., Rosja	10.90	2 242	2 242	-				10.90	2 242	2 242	-
HR Service Sp.z o.o.Toruń	100.00	354	354	-				100.00	354	354	-
Maflow Polska Sp. z o.o.	100.00	46 334	43 190	3 144				100.00	46 334	43 190	3 144
Maflow BRS s.r.l	100.00	39	-	39				100.00	39	-	39
Maflow Spain Automotive S.L.U	100.00	6 080	-	6 080				100.00	6 080	-	6 080
Maflow France Automotive S.A.	100.00	3 951	3 951	-				100.00	3 951	3 951	-
Maflow do Brasil Ltda, Brazil	79.00	108 053	96 249	11 804				79.00	108 053	96 249	11 804
Maflow India Private Ltd	100.00	24 624	-	24 624	5 858			100.00	30 482	-	30 482
MAFMEX S.DE R.L.DE C.V, Mexico (*)	-	47 749	32 872	14 877				-	47 749	32 872	14 877
Eastside Bis Sp. z o.o.	0.009	60	-	60		(2)		0.009	58	-	58
Elana Ukraina Sp. z o.o.	90.00	338	338	-				90.00	338	338	-
Hutmen Sp. z o.o.	100.00	109 531	-	109 531				100.00	109 531	-	109 531
Walcownia Metali Dziedzice S.A.	28.70	17 229	-	17 229				28.70	17 229	-	17 229
ZM SILESIA S.A., Katowice	100.00	100	-	100				100.00	100	-	100
Zakład Utylizacji Odpadów Sp. z o.o.,	59.97	57 000	-	57 000				59.97	57 000	-	57 000
Polski Cynk Sp. z o.o., Oława	100.00	46 900	-	46 900				100.00	46 900	-	46 900
Boryszew Holding Sp. z o.o.	100.00	50	-	50	200			100.00	250	-	250
Eastside Capital Investment Sp. z o.o.	100.00	125 460	-	125 460	2			100.00	125 462	-	125 462



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Company name	Balance on 01.01.2022				change			Balance on 31.12.2022			
	share of the parent in share capital (%)	Value of shares	Impairment write-off	Net value	acquisition/other additions	sales/liquidation and other reductions	change in revaluation and valuation write-offs	share of the parent in share capital (%)	Value of shares	Impairment write-off	Net value
SPV Lakme Investment Sp. z o.o.	89.30	2 844	-	2 844				89.30	2 844	-	2 844
Alchemia S.A.	91.93	385 636	1 581	384 055				91.93	385 636	1 581	384 055
		994 174	190 196	803 978	20 499	(13 899)	-		1 000 774	190 196	810 578

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

Affiliated entities

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



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The Company conducted impairment tests of Boryszew S.A. engaged assets on 31.12.2023. The tests showed no need for additional write-downs. In addition, at year-end 2023, the assets in the following entities were tested for impairment:

- BAP Group (income-based approach),
- Alchemia S.A. (income-based approach),
- ZM Silesia S.A. (income-based approach),
- MAFMEX S.DE R.L.DE C. V (income-based approach),
- Maflow Plastic Poland Sp. z o. o. (income-based approach),
- Onesano S.A. (stock exchange rate).

The impairment tests of the assets involved using the asset-based approach were performed on a discounted cash flow basis consistent with the budgets approved by the Management Board. The discount rate was calculated based on a WACC between 5.45% and 16.99%. To determine the cost of equity, the CAPM valuation model and industry average beta value were used. The tests assumed growth rates over the residual period of 2% - 3%. Asset impairment test was conducted as at 31 December 2023 and based on five-year discounted forecasted cash flows. Cash flows were discounted in each test period by the weighted average cost of capital WACC determined individually for each tested entity. For tests prepared on the basis of forecasts in nominal terms, the increase in the value of flows after the forecast period was assumed to be equal to the long-term inflation target for the market.

Key climate factors considered in asset impairment testing:

- investment expenditure by all companies in which Boryszew S.A. holds shares are carried out in such a way that takes into account aspects of environmental protection and the strategy of the whole, which aims to reduce the level of CO2 emissions, which is expressed, among other things, in the modernisation of the machinery park with the use of modern technology, which is less energy-intensive, as well as investments in RES and the implementation of closed-loop,
- part of revenues of the Automotive segment includes revenue from the sale of components for electric vehicles, indicating the company's participation in the energy transition,
- group company concluded a long-term PPA,
- conformity with legal requirements for environmental protection.

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). With effect as of 1 January 2023.

Settlement of the merger of Hutmen Sp. z o.o. and Boryszew S.A.

Merger of Boryszew S.A. and Hutmen Sp. z o.o.	in PLN '000
Value of shares of Hutmen Sp. z o.o.	(109 531)
Net asset value of Hutmen Sp. z o.o.	284 004
Merger equity recognised after the merge, on 01.01.2023.	174 473
Net assets of Hutmen sp. z o.o.	284 004
Total Assets	306 978
Long-term liabilities	(22 175)
Short-term liabilities	(801)



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SPIN-OFF OF NPA SKAWINA BRANCH TO NPA SKAWINA SP. Z O.O.

On 01 January 2023 Boryszew S.A. separated an organised part of the enterprise in the form of NPA Branch by making an in-kind contribution to NPA Skawina Sp. z o.o.

As a result of this transaction net assets in exchange for shares of NPA Skawina Sp. z o.o. were excluded from Boryszew S.A. report.

Impact of separation of NPA Skawina Branch from Boryszew S.A

Separation of NPA Skawina Branch to NPA Skawina Sp. z o.o.	in PLN '000
Value of shares received in exchange for in-kind contribution of organised part of the enterprise	126 367
Book value of excluded net assets of NPA Skawina Branch	80 307
Difference in in-kind contribution	(46 060)
Net assets	80 307
Total Assets	260 316
Liabilities	(180 009)

18. FINANCIAL ASSETS

Financial assets	Balance on 31.12.2023	Balance on 31.12.2022
Debt instruments (bonds)	-	1 064
Loans granted	376 695	459 909
Shares in other entities (*)	23	26 003
	376 718	486 976
<i>long-term</i>	46 576	143 152
<i>short-term</i>	330 142	343 824

(*) in the comparable period the shares of "onesano" S.A. were presented as other entities

Statement of bonds subscribed for	Balance on 31.12.2023	Balance on 31.12.2022
Maflow India Private Ltd	-	1 064
Total	-	1 064



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Receivables from loans granted (with interest due) by borrowers	Balance on 31.12.2023	Balance on 31.12.2022
Boryszew Automotive Plastics Sp.z o.o.	35 785	40 987
Boryszew Kunststofftechnik Deutschland GmbH	171 900	169 554
Boryszew Oberfachentechnik Deutschland GmbH	-	47 410
Boryszew Formenbau GmbH	-	19 652
Boryszew Deutschland GmbH	913	3 429
AKT Plastikarska Technologie Cechy spol.	14 074	8 150
Maflow Plastic Poland Sp. z o.o. (formerly BOR Tensho Poland Sp. z o.o.)	57 489	53 336
Maflow France	19 835	-
MAFMEX S. de R.L. de C.V.	52 146	50 880
Maflow Polska Sp. z o.o.	500	526
Boryszew Commodities	12 482	30 094
Boryszew Maflow Sp. z o.o.	11 564	993
Unibax Sp. z o.o.	-	10 868
Unipartner sp. z o.o.	-	23 420
Przedsiębiorstwo Badań Geofizycznych Sp. z o.o.	-	359
NPA Skawina Sp. z o.o.	-	45
ZM Silesia S.A.	3	-
HR Service Sp. z o.o.	4	206
Total	376 695	459 909

The above summary includes net receivables included in the balance sheet, including write-downs. Write-offs resulting from the estimation of credit losses were recognised based on analysis of historical data, the degree of overdue and individual assessment of debtors.

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

Write-offs on loans are mostly recognised for loans granted to BAP Group companies.

Analysis of the level of debt on 31.12.2023 during the preparation of the report and audit of the current financial position of Boryszew Oberflächentechnik GmbH and Boryszew Formenbau Deutschland GmbH showed that it was necessary to recognise an additional write-off on loans of these companies (the value of loans in the total remaining balance was written off).

The final verification of the debt level on 31.12.2023 did not reveal the need for additional write-downs beyond those indicated above.

Based on additional evaluation of the financial condition of borrowers and bond issuers, write-offs were recognised in 2023 for loans granted in the total amount of PLN 132 505 thousand and for bonds purchased in the amount of PLN 6 291 thousand.

write-offs on loans	Balance on 31.12.2023	Balance on 31.12.2022
ICOS GmbH	51 212	51 212
Boryszew Automotive Plastics Sp. z o.o.	379 617	348 647
Theysohn Kunststoff GmbH	39 074	39 074
Boryszew Kunststofftechnik Deutschland GmbH	7 907	1 581
Boryszew Kunststofftechnik Deutschland GmbH - Ymos branch	159	159
Boryszew Formenbau GmbH	17 435	610
Boryszew Deutschland GmbH	540	486
Boryszew Oberfachentechnik Deutschland GmbH	60 353	732
AKT Plastikarska Technologie Cechy spol.	1 081	125
Maflow Plastic Poland Sp. z o.o. (formerly BOR Tensho Poland Sp. z o.o.)	6 570	1 886
MAFMEX S. de R.L. de C.V.	7 193	-
Maflow Brasil Ltda	23 000	23 001
Maflow Polska Sp. z o.o.	8 420	8 347
Boryszew Commodities Sp. z o.o.	18 917	14 590
Boryszew Maflow Sp. z o.o.	1 477	-
	622 955	490 450



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Change in bonds purchased and loans granted between 01.01.2023 and 31.12.2023		
	bonds	borrowings
Carrying amount - beginning of the period	1 064	459 909
Reduction in assets - repaid/purchased during the year (-)	-	(66 795)
Bonds/loans purchased/granted during the current year	-	98 574
Interest on bonds/loans recognised in P&L during the current year	5 291	52 702
Interest received	-	(3 254)
Write-offs recognised in P&L of the current year	(6 291)	(132 507)
Compensations and other non-monetary changes	-	(77)
Exchange differences recognised in current year P&L	(64)	(31 857)
Carrying amount as at period end	-	376 695

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

19. DERIVATIVE FINANCIAL INSTRUMENTS

Balance on 31.12.2023	assets	liabilities
Cash flows hedging instruments	3 777	-
<i>Commodity swaps</i>	-	-
<i>Foreign exchange contracts</i>	3 777	-
Fair value hedges	-	-
Instruments held for trading	-	-
	3 777	-
<i>long-term part</i>	-	-
<i>short-term part</i>	3 777	-
balance	3 777	-



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

20. 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	205 329	293 183
Budget receivables	13 172	20 425
Other debtors	128 990	128 522
trade receivables and other receivables	347 491	442 130
Short term prepayments	38 304	32 713
Total	385 795	474 843
long-term	119 100	135 626
short-term	266 695	339 217

Receivables in the amount of PLN 31 823 thousand are used as collateral for repayment of financial liabilities.

Short term prepayments	Balance on 31.12.2023	Balance on 31.12.2022
Prepayments	1 882	2 712
Prepayments - financial expenses	203	126
Fee settlements	17 037	11 543
Capitalised costs of new projects	19 182	18 332
Total	38 304	32 713
<i>Long-term part</i>	14 929	23 264
<i>Short-term part</i>	23 375	9 449



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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	99 868	81 785
of which:		
<i>write-offs on trade receivables</i>	86 442	74 160
<i>expected credit loss</i>	13 426	7 625
movement in the period	17 946	18 083
<i>write-offs on trade receivables</i>	10 345	12 282
- write-offs on overdue receivables	14 745	26 882
- inclusion of entities in consolidation	4 167	-
- reversal of write-off together with the receivable as irrecoverable/overdue	(2 381)	(4 151)
- exclusion of the branch	(3 535)	(22)
Write-offs derecognized from recovered receivables	(63)	(23)
Reversal of write-offs on overdue receivables	(2 246)	(11 477)
- impact of exchange rate differences	(342)	1 073
<i>expected credit loss</i>	7 601	5 801
Write-offs on trade receivables and expected credit loss at period end	117 814	99 868
of which:		
<i>write-offs on trade receivables</i>	96 787	86 442
<i>expected credit loss</i>	21 027	13 426

Bad debt provision on other receivables	01.01.2023 - 31.12.2023	01.01.2022 - 31.12.2022
Balance at period beginning	25 816	26 701
Write-offs on overdue receivables	652	286
Removal of write-off together with the receivable as irrecoverable/overdue	-	(1 171)
Reclassification	7 287	-
Write-downs at the end of the period	33 755	25 816

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	66 822	159 411
up to 3 months	83 703	167 014
up to 6 months	3 661	5 091
up to 1 year	-	242
above 1 year	-	-
Provisions for credit risk	(20 542)	(12 936)
overdue accounts receivable	138 507	133 772
up to 3 months	40 545	66 397
up to 6 months	28 068	24 397
up to 1 year	37 407	40 726
above 1 year	32 972	2 536
Provisions for credit risk	(485)	(284)
total trade receivables	205 329	293 183



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21. INVENTORIES

	Balance on 31.12.2023	Balance on 31.12.2022
Structure of inventories		
Materials and raw materials	83 584	151 428
Work in progress	31 628	29 332
Finished products	55 254	107 664
Traded goods	2 255	9 003
Energy certificates	2 339	628
Carrying value of inventories	175 060	298 055

Inventories in the amount of PLN 129 536 thousand are used as collateral for repayment of financial liabilities.

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

	Balance on 31.12.2023	Balance on 31.12.2022
Revaluation write-offs for inventories at the beginning of the period	17 067	20 258
Increase of impairments in the period	2 708	4 730
Reversal of write-offs in the period	(5 467)	(8 055)
Organised part of enterprise in-kind contribution - Nylonbor Division	-	(58)
In-kind contribution of ZCP NPA branch	(419)	-
Other increases/decreases in write-offs during the period	-	192
Revaluation write-offs for inventories at the end of the period	13 889	17 067

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

22. CASH

	Balance on 31.12.2023	Balance on 31.12.2022
Cash and cash equivalents		
Cash in hand and at bank	24 811	26 118
including restricted cash	8 842	12 691
Total	24 811	26 118
Unused credits in current bank accounts	35 551	52 694



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23. RESERVES

The table below presents Shareholders holding more than 5% of the share capital and of the total number of votes as at 31.12.2023 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:				
<i>Boryszew S.A. (**)</i>	<i>34 795 000</i>	<i>14.50%</i>	<i>34 795 000</i>	<i>14.50%</i>
<i>RKKK Investments Sp. z o.o.</i>	<i>119 998 000</i>	<i>49.99%</i>	<i>119 998 000</i>	<i>49.99%</i>
Unibax Spółka z o.o. (***)	36 879 055	15.37%	36 879 055	15.37%
Others	46 288 925	19.28%	46 288 925	19.28%
Total	240 000 000	100.00%	240 000 000	100.00%

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

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

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

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

Registered pledge agreement

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

On 21 April 2022 Alchemia S.A. (creditor) signed an agreement with Unibax Sp. z o.o. (blocking party) on establishing a freeze on securities account in order to secure Alchemia receivables from Unibax Sp. z o.o. for purchase of registered bonds of the total nominal value of PLN 12.8 million, i.e. 9 AL2 series bonds of the total nominal value of PLN 9 million and 4 AL3 series registered bonds of the total nominal value of PLN 3.8 million, issued by Unibax in 2018.

On 27 June 2023, the Management Board of Alchemia S.A., in connection with the repayment by Unibax Sp. z o.o. in full of receivables arising from the purchase by Alchemia S.A. of AL2-series bonds and AL3-series bonds, agreed to lift the freeze on the 4 000 000 shares of Boryszew S.A. owned by Unibax Sp. z o.o., held in the securities account of Unibax Sp. z o.o.

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:

- 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;
- 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;



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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.

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
<i>number of own shares</i>	34 795 000	34 795 000
<i>number of shares entitled to dividend</i>	205 205 000	205 205 000
Share capital as at the beginning of the year, including:	248 906	248 906
Share capital as at the end of the year	248 906	248 906
Share premium as at the beginning of the year	112 346	112 346
Balance as at the end	112 346	112 346
Own shares		
Balance as at the beginning of the year	(182 816)	(182 816)
Balance as at the end	(182 816)	(182 816)
Equity - hedge accounting		
Balance at period beginning	3 931	(2 670)
Recognised profit/loss	(4 892)	8 149
Income tax (+/-)	934	(1 548)
Balance as at the end	(27)	3 931
Gains/losses on investments in equity instruments		
Balance at period beginning	27 991	43 699
Valuation to fair value	(1 241)	5 922
Transfer to reserve capital of profit on disposal of equity instruments	(23 553)	(20 505)
Income tax (+/-)	236	(1 125)
Balance as at the end	3 433	27 991
Restatement of employee benefits		
Balance as at the beginning of the year	67	(208)
Valuation of retirement benefits liabilities in the period (+/-)	(546)	340
income tax (+/-)	130	(65)
Balance as at the end	(349)	67
Retained earnings		
Balance as at the beginning of the year	994 609	1 148 068
Merger with subsidiary, merger equity	174 473	
Transfer to reserve capital of profit on disposal of equity instruments	23 553	20 505
Dividends paid	(151 851)	(188 789)
Result of the current year	(11 229)	14 828
Other	-	(3)
Balance as at the end	1 029 555	994 609
Total equity	1 211 048	1 205 034



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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.

24. BANK LOANS, BORROWINGS AND BONDS

External financing liabilities	Balance on 31.12.2023	Balance on 31.12.2022
Bank credits	329 718	381 445
Loans received	138 066	323 207
Bonds	-	-
Total loans, including:	467 784	704 652
<i>long-term</i>	92 872	18 391
<i>short-term</i>	374 912	686 261

24.1. Bank credits

	Balance on 31.12.2023	Balance on 31.12.2022
Working capital loan, overdraft facility	329 718	381 445
Total loans, including:	329 718	381 445
<i>long-term</i>	91 100	17 670
<i>short-term</i>	238 618	363 775
unused lending limits	28 159	54 553

Interest expense is presented in Note 11.



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Change in loans

Change in loans	01.01.2023 - 31.12.2023	01.01.2022 - 31.12.2022
nominal value of loans at the beginning of the year	381 445	347 080
proceeds from new loans received	89 871	216 115
repayment of loans	(79 106)	(177 601)
interest payment	(14 220)	-
total cash change	(3 455)	38 514
non-cash changes		
separation of branch	(56 381)	(279)
impact of exchange rate differences	(6 111)	(3 870)
unpaid interest at the end of the period recognised in the balance sheet	15 204	-
other non-cash changes	(984)	-
sum of non-cash changes	(48 272)	(4 149)
carrying amount of loans	329 718	381 445

Currency structure of loan liabilities

balance on 31.12.2023 in currency (in thousands)	balance on 31.12.2023 in PLN thousand	% share in 2023	balance on 31.12.2022 in currency (in thousands)	balance on 31.12.2022 in PLN '000	% share in 2022
118 273 PLN	118 273	35.9%	87 678 PLN	87 678	23.0%
48 020 EUR	208 791	63.3%	59 831 EUR	280 601	73.6%
674 USD	2 654	0.8%	2 991 USD	13 166	3.5%
Total	329 718			381 445	



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Loan balances on 31 December 2023 and 31 December 2022, respectively, and the change in loan balances between 1 January and 31 December 2023

Loan details	Loan liabilities 31.12.2023	Loan liabilities 31.12.2022	Change	Loan repayment date as per agreement	interest rate (%)	Loan collateral
ALIOR	35 992	14 261	(1 404)	06.09.2025	WIBOR + margin	crisis guarantee fund guarantee, transfer of receivables, mortgage, pledge
ALIOR		4 375		06.09.2025	WIBOR + margin	crisis guarantee fund guarantee, transfer of receivables, mortgage, pledge
ALIOR		18 760		06.09.2025	WIBOR + margin	crisis guarantee fund guarantee, transfer of receivables, mortgage, pledge
BGK	56 132	60 077	(3 945)	30.06.2024	EURIBOR + margin	mortgage, pledge
BNP	20 218	481	19 737	01.07.2024	WIBOR + margin	mortgage, pledge, transfer of receivables
BNP	20 724	15 850	4 874	unspecified	WIBOR/EURIBIR/LIBOR + margin	no collateral
BOŚ	5 244	-	5 244	21.12.2024	WIBOR/EURIBIR/LIBOR + margin	crisis guarantee fund guarantee
CREDIT AGRICOLE	-	4 343	(4 343)	19.10.2023	EURIBOR + margin	pledge, transfer of receivables
HSBC	20 450	30 637	(10 187)	31.12.2025	WIBOR/EURIBOR + margin	mortgage, pledge
HSBC	15 614	16 699	(1 085)	29.01.2025	WIBOR/EURIBIR/LIBOR + margin	no collateral
PKO BP	95 656	148 374	(4 890)	31.12.2024	WIBOR/EURIBOR + margin	mortgage, pledge, transfer of receivables
PKO BP				31.12.2024	WIBOR/EURIBOR + margin	mortgage, pledge, transfer of receivables
PKO BP				31.12.2027	WIBOR/EURIBOR + margin	mortgage, transfer of receivables
PKO BP	1 907	1 409	498	31.12.2024	WIBOR + margin	mortgage, pledge, transfer of receivables
SANTANDER	9 953	9 798	155	20.09.2025	WIBOR/EURIBIR/SOFR + margin	crisis guarantee fund guarantee
ALIOR (*)	-	30 672	(30 672)	18.09.2023	WIBOR + margin	mortgage, transfer of receivables
COFACE (*)	-	14 693	(14 693)	02.04.2023	WIBOR/EURIBIR/LIBOR + margin	liquidity guarantee by BGK
ING (*)	-	11 016	(11 016)	30.08.2023	WIBOR/EURIBIR/LIBOR + margin	pledge, transfer of receivables
Total	329 718	381 445	(51 727)			

(*) NPA Branch loan (on 01.01.2023 organised part of Boryszew S.A. enterprise in kind in the form of Nowoczesne Produkty Aluminiowe Skawina Branch to NPA Skawina Spółka z o.o. was transferred to NPA Skawina Spółka z o.o.)



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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.

24.2. Loan liabilities

	Balance on 31.12.2023	Balance on 31.12.2022
Loans from related parties	136 294	319 238
Loans from other entities	1 772	3 969
Total loans, including:	138 066	323 207
long-term	1 772	721
short-term	136 294	322 486
interest expenses on loans		
interest cost included in the result	9 990	18 313
interest expense (fixed assets)	-	-
total interest expenses	9 990	18 313

Statement of changes in loans received between 1 January and 31 December 2023

Change in loans	01.01.2023 - 31.12.2023	01.01.2022 - 31.12.2022
nominal value of loans at the beginning of the year	323 207	138 278
proceeds from new borrowings	197 296	436 321
repayment of loans	(149 154)	(262 200)
interest payment	(8 398)	(495)
interest unpaid at the end of the period	-	11 529
other cash changes	-	843
total cash change	39 744	185 998
non-cash changes		
transfer of debt to another entity (spin-off of NPA branch)	(3 935)	-
offset (merger with subsidiary)	(230 783)	-
impact of exchange rate differences	(89)	(168)
accrued interest during the period	9 990	-
other non-cash changes	(68)	(901)
sum of non-cash changes	(224 885)	(1 069)
carrying amount of loans	138 066	323 207



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24.3. Liabilities arising from issued bonds

	Balance on 31.12.2023	Balance on 31.12.2022
Liabilities to related entities arising from issued bonds	-	-
Liabilities to other entities due to bonds issued	-	-
Total bonds, including:	-	-
<i>long-term</i>	-	-
<i>short-term</i>	-	-

Change in bonds	01.01.2023 - 31.12.2023	01.01.2022 - 31.12.2022
the nominal value of bonds at the beginning of the year	-	28 000
redemption of bonds	-	(28 000)
total cash change	-	(28 000)
non-cash changes	-	-
carrying amount of bonds	-	-

Changes in bonds issued between 1 January and 31 December 2023

No new bonds were issued in 2023.

Conditions of credit agreements

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

25. LEASE LIABILITIES

	Balance on 31.12.2023	Balance on 31.12.2022
Liabilities under lease of fixed assets	35 269	47 188
Liability to SMA	12 534	12 770
Liability under lease agreements recognised as right-of-use assets	51 299	33 078
Liabilities to SMA - investment property	-	1 922
	99 102	94 958
Long-term lease	76 016	59 869
Short-term lease	23 086	35 089



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25.1. Liabilities under lease of fixed assets

	Balance on 31.12.2023	Balance on 31.12.2022
Leasing liabilities		
Long-term lease	24 619	33 806
Short-term lease	10 650	13 382
Total lease liabilities	35 269	47 188
Lease interest costs recognised in profit or loss of current period	2 892	1 564

Change in the balance of lease liabilities	Balance on 31.12.2023	Balance on 31.12.2022
Balance brought forward of lease liabilities	47 188	40 586
new discounted lease liabilities	5 784	19 306
repayment of capital lease instalments	(13 901)	(12 437)
interest payment, which was included in the balance brought forward	(232)	42
Separation of branch	(2 243)	-
impact of exchange rate differences	(1 203)	(85)
compensations and other non-monetary changes	(124)	(224)
Carrying amount of lease liabilities	35 269	47 188

Undiscounted finance lease liabilities	Balance on 31.12.2023	Balance on 31.12.2022
non-discounted payment for 1 month under contract	1 608	1 254
from 2 to 3 months	2 116	2 590
from 4 to 6 months	3 150	3 743
from 7 to 12 months	5 760	6 757
between 1 year and 3 years	18 816	21 802
from 3 years to 5 years	7 535	13 423
over 5 years	-	-
Total undiscounted lease payments until the end of the lease term	38 985	49 569
future interest payments	(3 716)	(2 381)
Balance sheet value of lease liabilities	35 269	47 188

25.2. Liability on perpetual usufruct of land for own use

	Balance on 31.12.2023	Balance on 31.12.2022
Leasing liabilities		
Long-term lease	12 483	12 721
Short-term lease	51	49
Total lease liabilities	12 534	12 770
Lease interest costs recognised in profit or loss of current period	283	410



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Change in the balance of lease liabilities	Balance on 31.12.2023	Balance on 31.12.2022
Balance brought forward of lease liabilities	12 770	14 659
introduction to the balance sheet under IFRS 16	1 922	-
new discounted lease liabilities	831	-
Inclusion of entities in consolidation	(2 902)	-
repayment of capital lease instalments	(77)	(75)
Excluding an entity from consolidation	-	(1 510)
Derecognition due to sale	(10)	(304)
Carrying value of lease liabilities	12 534	12 770

Non-discounted liabilities due to SMA	Balance on 31.12.2023	Balance on 31.12.2022
annual fee	453	174
Instalments 1 year to 3 years	1 058	981
Instalments 3 years to 5 years	1 316	981
Instalments above 5 years - up to 10 years	2 971	2 473
Instalments above 10 years - up to 20 years	5 937	3 962
Instalments above 20 years	11 238	8 875
Total undiscounted lease payments until the end of the lease term	22 973	17 446
future interest payments	(10 439)	(4 676)
Balance sheet value of lease liabilities	12 534	12 770

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

	Balance on 31.12.2023	Balance on 31.12.2022
Leasing liabilities		
Long-term liabilities	38 914	21 658
Short-term liabilities	12 385	11 420
Total lease liabilities	51 299	33 078
Lease interest costs recognised in profit or loss of current period	1 635	1 419

Change in the balance of lease liabilities	Balance on 31.12.2023	Balance on 31.12.2022
Balance brought forward of lease liabilities	33 078	30 283
new discounted lease liabilities	6 619	14 752
repayment of capital lease instalments	(12 886)	(11 463)
interest payment, which was included in the balance brought forward	(155)	(276)
unpaid interest at the end of the period recognised in the balance sheet	7	5
revaluation of lease liabilities	25 297	-
impact of exchange rate differences	(661)	(223)
Carrying value of lease liabilities	51 299	33 078



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Gross non-discounted finance lease liabilities	Balance on 31.12.2023	Balance on 31.12.2022
monthly undiscounted rent under the agreement	1 001	1 046
rent payable within 2 to 6 months	5 153	5 191
above 7 month and up to 12 months	6 232	6 163
between 1 year and 3 years	25 179	14 133
from 3 years to 5 years	18 123	5 692
over 5 years	4 063	3 968
Total undiscounted lease payments until the end of the lease term	59 751	36 193
future interest payments	(8 452)	(3 115)
Balance sheet value of lease liabilities	51 299	33 078

25.4. Liability to SMA - investment property

	Balance on 31.12.2023	Balance on 31.12.2022
Long-term liabilities	-	1 922
Short-term liabilities	-	-
Total liabilities	-	1 922
Lease interest costs recognised in profit or loss of current period	118	57

Change in liabilities	Balance on 31.12.2023	Balance on 31.12.2022
Liabilities - beginning of the year	1 922	1 932
repayment of capital instalments	-	(10)
decrease in liabilities due to disposal of investment property	(1 922)	-
Carrying value of lease liabilities	-	1 922

Undiscounted finance lease liabilities	Balance on 31.12.2023	Balance on 31.12.2022
annual fee to SMA	-	-
between 1 year and 3 years	-	-
from 3 years to 5 years	-	-
over 5 years - up to 10 years	-	-
over 10 years - up to 20 years	-	1 922
over 20 years	-	-
Total undiscounted lease payments until the end of the lease term	-	1 922
future interest payments (-)	-	-
Balance sheet value of lease liabilities	-	1 922



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26. 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	283 997	386 489
State treasury liabilities	21 097	21 737
Other liabilities	32 926	4 953
Payroll liabilities	12 393	12 150
In total, including:	350 413	425 329
<i>long-term liabilities</i>	25 000	2 396
<i>short-term liabilities</i>	325 413	422 933
<i>Liabilities towards related parties</i>	104 465	62 349
<i>Liabilities towards unrelated parties</i>	245 948	362 980

Trade payables before maturity with maturity date:

	Balance on 31.12.2023	Balance on 31.12.2022
	162 969	316 663
up to 3 months	162 801	316 300
up to 6 months	31	363
up to 1 year	-	-
above 1 year	137	-
Overdue trade liabilities:	120 961	68 947
up to 3 months	76 381	44 808
up to 6 months	32 834	22 149
up to 1 year	8 468	1 979
above 1 year	3 278	11
Total trade liabilities:	283 930	385 610

Liabilities due to purchase of fixed assets in advance of the due date with a maturity date:

	Balance on 31.12.2023	Balance on 31.12.2022
	67	879
up to 3 months	67	879
up to 6 months	-	-
up to 1 year	-	-
above 1 year	-	-
overdue trade liabilities:	-	-
up to 3 months	-	-
up to 6 months	-	-
up to 1 year	-	-
above 1 year	-	-
Total liability for investment purchases	67	879



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27. PENSION AND SIMILAR EMPLOYEE BENEFITS LIABILITIES

Provision for employee benefits

	Retirement severance pay	Disability severance pay	Death benefits	Provision for payments in lieu of leaves not taken	Bonuses and other benefits	Total
Provision for employee benefits						
Balance on 01.01.2023	2 246	441	472	6 748	4 966	14 873
Movement:	702	(49)	(185)	(329)	(2 358)	(2 219)
Interest expense	121	16	14	-	-	151
Current employment costs	317	59	11	682	(167)	902
Past employment costs	-	-	-	-	-	-
Benefits paid	(273)	(23)	(75)	-	(1 413)	(1 784)
Separation of NPA Skawina branch to NPA Skawina Sp. z o.o.	(192)	(97)	(192)	(1 011)	(778)	(2 270)
Actuarial gains and losses - demographic changes	139	(25)	9	-	-	123
Actuarial gains and losses - financial changes	590	21	48	-	-	659
Balance on 31.12.2023	2 948	392	287	6 419	2 608	12 654
Change	702	(49)	(185)	(329)	(2 358)	(2 219)
change recognised in P&L (- cost, + decrease in cost)	(27)	(45)	(242)	(329)	(2 358)	(3 001)
Change included in equity (gain+/lose-)	729	(4)	57	-	-	782

long-term provisions	3 094
short-term provisions	9 560

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

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.



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As at 31.12.2023 for the calculation of provisions for liabilities to employees, the following parameters and assumptions were adopted: the rate of mobility (rotation) of employees at the level of 1-5%, depending on age, the rate of return on investment at 5,2% and wage growth rate at 4.6% in 2024 and 3.7 in further years, depending on the region of employment.

28. OTHER PROVISIONS

Change in provisions

	Balance on 01.01.2023	creation of provision	provisions used during the year	reversal of unnecessary provisions	Separation of division/merger of units	Balance on 31.12.2023
Provisions for liquidation of fixed assets	4 679	953	-	-	(4 679)	953
Provision for tax risks and fiscal claims (*)	30 503	4 699	(34 917)	(285)	20 349	20 349
Provisions for warranty repairs, complaints	6 140	-	-	(297)	-	5 843
Provision for customer claims	4 232	152	(100)	-	-	4 284
Provisions for court proceedings	609	2 833	-	-	(609)	2 833
Total	46 163	8 637	(35 017)	(582)	15 061	34 262
<i>Long-term provisions</i>	<i>14 050</i>					<i>31 916</i>
<i>Short-term provisions</i>	<i>32 113</i>					<i>2 346</i>

(*) utilisation relates to ERG Branch, increase in provision relates to Hutmen Sp. z o.o., which was merged with Boryszew S.A. in 2023.

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

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



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29. OTHER LIABILITIES AND EQUITY

OTHER LIABILITIES AND EQUITY	Balance on 31.12.2023	Balance on 31.12.2022
Subsidies	3 276	19 388
Other (deferred revenues)	4 610	6 416
	7 886	25 804
<i>long-term</i>	<i>6 085</i>	<i>17 894</i>
<i>short-term</i>	<i>1 801</i>	<i>7 910</i>

The main projects that remain to be settled as at 31.12.2023:

Funding, reimbursement from the National Rehabilitation Fund (ERG branch) PLN 2 247 thousand.

Implementation of development investment projects from the NCRD fund (ERG division) PLN 993 thousand - development work on Nanoborygo.

Funding from the National Environmental Protection and Water Management Fund (ERG branch) PLN 36 thousand - construction of a treatment plant.

The main projects that remain to be settled as at 31.12.2022:

Demonstrator project (BRS NPA division) - involved development of high-strength alloy technology - PLN 14 634 thousand

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

Project of the boiler house replacement (ERG Branch) PLN 3 870 thousand

30. FINANCIAL INSTRUMENTS

Financial instruments list by balance sheet item and instrument category

Financial assets as at 31.12.2023

	Financial assets measured at amortised cost	Financial assets measured at fair value through profit or loss	Financial assets at fair value through other comprehensive income	Derivatives used for hedges	Carrying value
Listed shares	-	-	-	-	-
Bonds	-	-	-	-	-
Trade receivables, factoring	200 830	4 499	-	-	205 329
Derivative financial instruments	-	-	-	3 777	3 777
Loans granted	376 695	-	-	-	376 695
Other debtors	-	128 990	-	-	128 990
Cash and cash equivalents	24 811	-	-	-	24 811
Total	602 336	133 489	-	3 777	739 602



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Financial assets as at 31.12.2022

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

Financial liabilities as at 31.12.2023

	Financial liabilities measured at amortised cost	Derivatives used for hedges	Carrying value
Bank loans, factoring, borrowings	467 784	-	467 784
Liabilities on bonds	-	-	-
Derivative financial instruments	-	-	-
Lease liabilities	35 269	-	35 269
Liabilities to SMA and due to right-of-use assets	63 833	-	63 833
Trade and other liabilities (excluding towards state budget and employees)	289 864	-	289 864
Total	856 750	-	856 750

Financial liabilities as at 31.12.2022

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



31. BUSINESS RISKS

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

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

Credit risk

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

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

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

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

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

The company also grants short- and long-term loans to subsidiaries or includes bonds issued by subsidiaries. In the case of uncertain repayment, the Company periodically makes write-downs updating the value of a loan or bond.

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	96 787	89 564
impairment write-offs on loans	622 955	490 449
impairment write-offs on bonds	61 159	54 869
expected credit loss on loans granted	511	516
expected credit loss on trade receivables	21 027	13 426
doubtful debt allowance on other receivables	33 755	26 987
Total	836 194	675 811

Write-offs on trade receivables are mostly recognised for receivables from subsidiaries (Maflow China, Mexico, Spain, Brazil and India) Write-offs on loans relate are mostly recognised for loans granted to BAP Group companies. For other receivables - these are write-offs on receivables from related companies (BAP group companies).

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

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

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

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



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Interest rate risk

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

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

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

Sensitivity analysis

	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	376 695	1 883	(1 883)
Loans granted	376 695	1 883	(1 883)
Debt instruments	-	-	-
other			
		-	-
Interest-bearing (variable %) financial liabilities	503 053	(2 515)	2 515
Loans	329 718	(1 649)	1 649
Factoring	-	-	-
Borrowings	138 066	(690)	690
Debt instruments	-	-	-
Financial leasing of fixed assets	35 269	(176)	176
Other		-	-
Impact on future profit/loss before tax		(632)	632
Impact on future net profit/loss		(512)	512

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

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



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

Foreign exchange rate risk

Foreign exchange rate risk arises primarily from the fact that approximately 45% of the Company's revenue is from sales to European Union countries and other European countries and the contracts are concluded in EUR. The company granted the Group entities with loans in EUR for their operating activities. Change (decrease) EUR exchange rate may have a significant impact on sales revenues and the cost of exchange rate differences for valuation of receivables. In 2023 the Company was not involved in currency option or any other derivative instruments of a speculative nature. The Company partially hedges foreign exchange risk by entering into short- and long-term foreign exchange hedging transactions, and the Company does not rule out increasing the amount of foreign exchange contracts in the future.

Analysis of sensitivity to risk of foreign exchange rates changes 2023

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

Receivables and payables in EUR	in currency	5%	5%
trade and other receivables	41 113	8 938	(8 938)
borrowings	210 554	45 774	(45 774)
bonds	266	58	(58)
other liabilities	24 751	(5 381)	5 381
borrowings and loans	49 411	(10 742)	10 742
bonds	-	-	-
leasing	9 125	(1 984)	1 984
Result		36 663	(36 663)
Receivables and payables in USD			
trade receivables	14 029	2 761	(2 761)
other liabilities	2 278	(448)	448
loans, borrowings, leasing	674	(133)	133
Result		2 180	(2 180)



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Analysis of sensitivity to risk of foreign exchange rates changes 2022

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

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

Capital management

The policy of the Management Board focuses on maintaining a solid capital standing in order to retain the trust of investors, lenders and the market and ensure future economic growth of the Company. Growth is the absolute priority for the Management Board and it is for this purpose that the Company first and foremost seeks to allocate funds, thus building long-term value for shareholders through acquisitions and new projects.

Net debt to equity ratio	Balance on 31.12.2023	Balance on 31.12.2022
Loan, lease, borrowings debt	566 886	799 610
Cash and cash equivalents	(24 811)	(26 118)
Net debt	542 075	773 492
Equity	1 211 048	1 205 034
Net debt to equity	44.8%	64.2%



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Debt ratio	Balance on 31.12.2023	Balance on 31.12.2022
Liabilities	975 759	1 327 667
Assets	2 186 807	2 532 701
Debt rate	44.6%	52.4%

Liquidity risk

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

Liquidity ratios	Balance on 31.12.2023	Balance on 31.12.2022
current ratio	1.11	0.90
quick ratio	0.87	0.63
current ratio	0.03	0.02

Plans for financing Boryszew S.A.

As at 31.12.2023, net working capital shows a positive value of PLN 93 007 thousand.

In order to improve the Company's liquidity in 2023, actions were undertaken which will be continued in the next period and which include:

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

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

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



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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	52 844	61 412	124 362	66 751	24 349		329 718	329 718
Maturities of borrowings	3 997	35 000	97 297	-	1 772		138 066	138 066
Maturities of liabilities on issued bonds	-	-	-	-			-	-
Maturities of leasing liabilities	3 724	3 150	5 760	18 816	7 535		38 985	35 269
Maturities of liabilities of leased rental services	1 001	5 153	6 232	25 179	18 123	4 063	59 751	51 299
Maturity of PMA fees	453			1 058	1 316	20 146	22 973	12 534
Maturity of PMA fees - investment real estate	-			-	-	-	-	-
payment of trade liabilities and other items	283 829	31	-	-			283 860	283 997
Total	345 848	104 746	233 651	111 804	53 095	24 209	873 353	850 883

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

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

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

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

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



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The Company presents information on pending proceedings below.

- 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 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.
- 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.
- 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 renewed 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



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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.



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Fair value

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

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

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

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

	Fair value as at		Fair value hierarchy
	Balance on 31.12.2023	Balance on 31.12.2022	
Financial assets			
Listed shares (*)	-	26 003	Level 1
Derivative financial instruments	3 777	8 022	Level 2
Financial obligations			
Derivative financial instruments	-	5 793	Level 2

(*) in the comparable period Gränges shares listed on the Stockholm Stock Exchange. Listed on Nasdaq Stockholm, Gränges AB shares are treated as a short-term financial investment as of 31.12.2022, and have been measured at fair value through comprehensive income.

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

	Fair value as at		Fair value hierarchy
	Balance on 31.12.2023	Balance on 31.12.2022	
Financial assets			
Bonds	-	1 064	Level 3
Borrowings	376 695	459 909	Level 3
Trade and other receivables	334 319	421 705	Level 3
Cash and cash equivalents	24 811	26 118	Level 1
Financial obligations			
Borrowings and loans	467 784	704 652	Level 2
Liabilities on bonds	-	-	Level 2
Trade and other liabilities	289 864	385 158	Level 3
Lease liabilities	35 269	47 188	Level 2
Liabilities to SMA and due to right-of-use assets	63 833	45 848	Level 2
Liabilities to SMA - investment property	-	1 922	Level 2



Climate and energy transition risks and issues

Boryszew 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 identifies and evaluates climate-related risks on an ongoing basis as part of the 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 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.

Under the term physical risks Boryszew recognises the uncertainty associated with rapid changes in aura and sudden weather phenomena, which can cause a variety of damage. 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 Boryszew 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 is an active participant in energy transition, as a manufacturer of components for electric vehicles and through investments in its own RES and the conclusion of a long-term PPA by its subsidiary Boryszew Green Energy & Gas Sp. z o.o. At the same time, climate change is seen by Boryszew 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, Boryszew 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 CO₂ emissions was created.

Boryszew, while assessing the impact of identified climate risks on 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
- liabilities due to potential environmental fines and penalties.
- ability to raise financing.

During detailed analysis of Boryszew as of 31.12.2023, no significant indication of a negative climate impact (in particular, the areas indicated above) on business operations was recognised.



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Insurance of the Company's property and 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 potential risks,
- machine damage
- loss of profit due to damage to machinery and equipment
- electronic equipment
- business activity and property owners civil liability insurance
- tax risks,
- liability of members of corporate bodies.

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

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

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 S.A. 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.

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 S.A. 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 CO₂ emission rights,
- lower level of profitability of the investments made,
- uncertainty about price changes.

In 2023 no disruptions to Boryszew S.A. operations occurred resulting from the war in Ukraine; the risks described above were mitigated by proactive measures at the operational level. In addition, by actively participating in Green Deal activities, as part of the Boryszew Capital Group, the Company participates in the energy transition, which allows for greater independence from the availability and price of energy resources, which, with an undoubtedly positive impact on the environment, will further decouple the Company from the negative impact of some of the risks described above.

Operations of Boryszew S.A. are diversified in terms of product range, customers and supply chain, to enable 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 S.A. No adjustments have been made to reflect this in this report.



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IMPACT OF THE MACROECONOMIC ENVIRONMENT

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

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

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

In 2023 the Company consistently took measures to further improve operational efficiency, hence managed to partially mitigate the negative impact of the environment on the presented results.

32. SIGNIFICANT EVENTS IN ISSUER'S ACTIVITY

BORYSZEW S.A.

Acquisition of shares of "onesano" S.A.

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 shareholding on 31.12.2023 at purchase price (*)	31 090
share of net assets determined by value on the date of significant influence, share on 31.12.2023.	9 090

(*) 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.

In accordance with the Group's accounting policy, the Company recognises shares in affiliates in this report at cost. For the purposes of this settlement, the Company adopted the principle in accordance with its accounting policy of setting the purchase price as the initial value. In accordance with this principle, shares held in an affiliate are presented at a value equal to the purchase price of all holdings up to the date of significant influence as well as those acquired after that date.

Prior to significant influence, the shares in "onesano" S.A. were measured at fair value and the effects of the measurement were recognised through other comprehensive income. On the date of the significant impact, the Company reversed the valuation earlier recognised by comprehensive income in the net amount of PLN (4,438), net of deferred taxes, in order to bring the value of the shares in the associate to the initial value corresponding to the cost at purchase price.



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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.

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 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 GmbH in the total amount of PLN 42.5 million in the consolidated financial statements for 2023. The aforementioned companies are not a party to the restructuring agreement with a key customer of the Boryszew Automotive Plastics Group mentioned above.

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

Boryszew S.A. Maflow branch Tychy

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.

33. SIGNIFICANT EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

Capital investment of Boryszew S.A.

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.



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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").

34. CONTINGENT LIABILITIES

	Balance on 31.12.2023	Balance on 31.12.2022
Sureties for the repayment of loans and other liabilities by associated companies	479 821	378 831
Total	479 821	378 831

Contingent items	Balance on 31.12.2023	Balance on 31.12.2022	change
Contingent liabilities	479 821	378 831	100 990
resulting from granted guarantees, sureties and other liabilities	479 821	378 831	100 990
- guarantees and sureties associated with performance of contracts	144 980	130 758	14 222
- guarantees and sureties in favour of financial institutions	334 841	248 073	86 768

**Increases / decreases in the period of 12 months ended on 31.12.2023,
of which:**

Additions

- Increase due to valuation of sureties -
- Increase in surety amount 183 228

Reductions

- Reduction due to valuation of sureties (11 744)
- Decrease in the amount of existing sureties due to expiration, reduction (70 494)

The increase in the value of granted sureties is mainly due to the transfer of the organised part of Boryszew S.A. enterprise in the form of Nowoczesne Produkty Aluminiowe Skawina Branch to NPA Skawina Spółka z o.o. and the surety of its current liabilities (88.48 million), mobilisation of successive tranches of investment loans at BNP Paribas S.A. for Mafmex S. de R.L. de C.V. and Boryszew Maflow sp. z o.o. (35.01 million), the granting of a surety in favour of Coface Poland Factoring Sp. z o.o. in order to secure the factoring of Alchemia S.A. (14.95 million), the granting of a guarantee under the guarantee line in HSBC Continental Europe (S.A.) Branch in Poland in favour of Scholt Energy Control GmbH in order to secure the commercial liabilities of Boryszew Kunststofftechnik Deutschland GmbH and Boryszew Oberflächentechnik Deutschland GmbH (6.31 million). and in favour of Glencore International AG to secure ZM Silesia S.A.'s trade liabilities (6.52 million), the granting of a guarantee in favour of HSBC Continental Europe (Spółka Akcyjna) Branch in Poland in order to secure factoring of Maflow Plastics Sp. z o.o. (4.75 million) and the granting of a surety in favour of Millennium S.A. in order to secure trade liabilities of ZM Silesia S.A. (15.00 million)



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and the granting of a guarantee in order to secure factoring of ZM Silesia S.A. in favour of Huta Cynku "Miasteczko Śląskie" S. A. (10.00 million)

The decrease in the amount of existing sureties is mainly due to expiry of the guarantee issued to BNP Paribas Polska S.A. to secure the financial obligations of Nylonbor Sp. z o.o. (5.50 million), 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), reduction of liabilities under a promissory note surety issued to Coface Poland Factoring Sp. z o.o. to secure the full factoring of ZM Silesia S.A. (9.94 million) reduction of liabilities under the guarantee issued to Intensa Bank to secure the loan of Maflow BRS s.r.l. (7.53 million), reduction or expiry of liabilities issued as collateral for lease or rental agreements for Boryszew CG companies (9.60 million) and reduction of liabilities under the guarantee issued to Bank Gospodarstwa Krajowego to secure the loan of Boryszew Oberflächentechnik Deutschland (6.44 million).

Status of current 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
Boryszew Oberflächentechnik Deutschland GmbH	Guarantee granted to Bank Gospodarstwa Krajowego	5 160	31.12.2028 full repayment 14.03.2024
	Guarantee granted to Scholt Energy Control GmbH (under the Guarantee line at HSBC)	1 957	31.03.2024
Boryszew Plastic RUS Sp. z o.o.	Payment guarantee granted to Engel Austria	828	25.02.2024
Maflow Plastics Poland Sp. z o.o.	Guarantee granted to HSBC Bank Polska S.A.	4 583	31.01.2026
	Endorsement of lease agreement for mLeasing	272	15.12.2024
	Endorsement of lease agreements for mLeasing	135	15.12.2024
	Endorsement of lease agreements for mLeasing	263	15.12.2024
	Endorsement of lease agreement for mLeasing	135	15.12.2024
	Endorsement of lease agreements for mLeasing	135	15.02.2025
	Endorsement of lease agreements for mLeasing	206	15.02.2025
	Guarantee granted to HSBC Continental Europe (Spółka Akcyjna) Branch in Poland	4 753	31.12.2033
1) Maflow Plastics Poland Sp. z o.o. 2) Boryszew Kunststofftechnik Deutschland GmbH 3) AKT Plastikarska Technologie Czechy Spol. S.R.O.	Guarantee granted to Borealis AG for commercial liabilities	4 348	31.12.2023
1) Maflow Plastic Sp. z o.o., 2) Boryszew Kunststofftechnik Deutschland GmbH, 3) AKT Plastikarska Technologie Czechy Spol. S.R.O.	Guarantee granted to Basell Sales & Marketing Company B.V.	8 696	31.12.2023
Boryszew Kunststofftechnik Deutschland GmbH	Guarantee granted to Elix Polymers S.L.	1 652	31.12.2023
	Guarantee granted to Scholt Energy Control GmbH (under the Guarantee line at HSBC)	4 348	31.03.2024
Maflow BRS s.r.l.	Guarantee granted to Intesa Bank	15 921	30.11.2026



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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 rent payment bond to Innova Dintel	9 300	01.01.2030
	BMW AG performance bond	26 088	contract period + 15 years
	Guarantee granted to BNP Paribas S.A.	55 570	30.06.2031
	Guarantee granted to HSBC Mexico SA	19 675	22.11.2032
ZM Silesia S.A.	Surety granted to PKO BP S.A.	9 800	31.08.2027
	Endorsement for Coface Poland Factoring Sp. z o.o.	20 997	indefinite validity
	Lease surety for Volkswagen Financial Services Polska Sp. z o.o.	46	15.09.2026
	Lease surety for Volkswagen Financial Services Polska Sp. z o.o.	33	31.05.2024
	Surety granted to Bank Millennium S.A.	15 000	28.05.2027
	Surety granted to Huta Cynku	10 000	31.03.2025
	Guarantee granted to Glencore International AG	2 174	30.04.2024
	(under the Guarantee Line at HSBC)	6 522	30.04.2024
Maflow Components (Dalian) Co. Ltd.	Guarantee granted to HSBC Bank (China) Company Limited	16 602	18.01.2025
	BMW AG performance bond	26 088	contract period + 15 years
Boryszew Maflow Sp. z o.o.	Guarantee granted to BNP Paribas S.A.	66 842	30.06.2031
	Guarantee granted to BNP Paribas S.A.	16 522	28.06.2026
NPA Sp. z o.o.	Guarantee granted to Glencore International AG	9 838	16.02.2024
	Guarantee granted to Mechem SA	9 838	28.02.2024
	Guarantee granted to Trafigura PTE. LTD	8 696	28.02.2024
	Endorsement for Coface Poland Factoring Sp. z o.o.	13 223	indefinite validity
	Surety granted to mBank S.A.	28 000	indefinite validity
	Endorsement Credit Agricole Bank Polska S.A.	6 522	indefinite validity
	Promissory note surety to Sopockie Towarzystwo Ubezpieczeń Ergo Hestia S.A.	12 367	20.09.2024
Alchemia S.A.	Endorsement for Coface Poland Factoring Sp. z o.o.	14 946	indefinite validity
Total guarantees and sureties granted by Boryszew SA		479 821	



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Status of current sureties as at 31.12.2022

Entity for which guarantee or surety was issued	Subject of liability 2022	Surety value in PLN	Expiry date of guarantee
Boryszew Oberflächentechnik Deutschland GmbH	Guarantee granted to Bank Gospodarstwa Krajowego	11 598	31.12.2028
Boryszew Plastic RUS	Guarantee granted to Volvo Group Trucks Operations	23 450	indefinite validity
	Payment guarantee granted to Engel Austria	4 466	25.08.2023
Maflow Plastic Sp. z o.o.	Guarantee granted to HSBC Bank Polska S.A.	6 866	31.01.2026
	Endorsement of lease agreement for mLeasing	294	15.12.2024
	Endorsement of lease agreements for mLeasing	571	15.12.2024
	Endorsement of lease agreements for mLeasing	292	15.12.2024
	Endorsement of lease agreement for mLeasing	292	15.12.2024
	Endorsement of lease agreements for mLeasing	546	15.12.2024
	Endorsement of lease agreements for mLeasing	414	15.02.2025
	Guarantee granted to PKO Leasing Sp. z o.o.	1 264	23.04.2023
Theysohn Formenbau GmbH	Guarantee granted to akf Leasing GmbH	921	31.08.2023
1) Maflow Plastic Sp. z o.o., 2) Boryszew Kunststofftechnik Deutschland GmbH, 3) AKT Plastikarska Technologie Czechy Spol. S.R.O.	Guarantee granted to Borealis AG for commercial liabilities	4 690	31.12.2023
1) Maflow Plastic Sp. z o.o., 2) Boryszew Kunststofftechnik Deutschland GmbH, 3) AKT Plastikarska Technologie Czechy Spol. S.R.O. 4) Boryszew Plastic RUS LLC	Guarantee granted to Basell Sales & Marketing Company B.V.	9 380	31.12.2022
Boryszew Kunststofftechnik Deutschland GmbH	Guarantee granted to Elix Polymers S.L.	1 782	31.12.2023
Maflow BRS s.r.l.	Guarantee granted to Intesa Bank	23 450	01.12.2026
MAFMEX S. de R.L. de C.V.	Mafmex's performance bond for AB Volvo	23 450	term of the agreement
	Mafmex's rent payment bond to Innova Dintel	11 728	01.01.2030
	BMW AG performance bond	28 139	contract period + 15 years
	Guarantee granted to BNP Paribas S.A.	41 949	30.06.2031
	Guarantee granted to HSBC Mexico SA	22 009	22.11.2032



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Entity for which guarantee or surety was issued	Subject of liability 2022	Surety value in PLN	Expiry date of guarantee
ZM Silesia S.A.	Surety granted to PKO BP S.A.	9 800	31.08.2026
	Endorsement for Coface Poland Factoring Sp. z o.o.	30 940	indefinite validity
	Lease surety for Volkswagen Financial Services Polska Sp. z o.o.	128	indefinite validity
Maflow Components (Dalian) Co. Ltd.	Guarantee granted to HSBC Bank (China) Company Limited	19 044	18.01.2025
	BMW AG performance bond	28 139	contract period + 15 years
Maflow Boryszew Sp. z o.o.	Guarantee granted to BNP Paribas S.A.	45 452	30.06.2031
	Guarantee granted to BNP Paribas S.A.	22 277	28.06.2026
Nylonbor Sp. z o.o.	Endorsement granted to BNP Paribas S.A.	5 500	01.07.2023
Total guarantees and sureties granted by Boryszew SA		378 831	

The Company has estimated the credit risk associated with the guarantees, and on 31.12.2023 recognised a provision for a possible claim (expected credit loss) in the amount of PLN 3 982 thousand.

35. TRANSACTIONS WITH AFFILIATED ENTITIES AND BENEFITS FOR KEY PERSONNEL

Transactions between related parties are mainly include commercial transactions concluded between companies of the Capital Group and personally related entities with regard to sale or purchase of traded goods and products of typical, conventional nature for the Company's operations. The below presented information on transactions in securities and loans within Boryszew Capital Group were concluded on the basis of standard liquidity management mechanisms at the Group used for balancing of funds for the purpose of financing the operations of individual Group companies.

Transactions with affiliated entities

	Subsidiaries	Associates	Personally related entities
in the period 01.01.2023 - 31.12.2023			
Revenues from sales (of products, services, goods)	444 359	-	8 101
Interest income	57 328	-	1 328
Dividends received and due	95 053	-	-
Purchases (of materials, goods, services)	130 296	-	60
Interest expense	11 483	-	-
balance on 31.12.2023			
Trade receivables	123 086	-	1 395
Bonds purchased	-	-	-
Loans granted	376 695	-	-
Other receivables (advances, deposits)	104 171	-	-
Lease liabilities	27 336	-	-
Trade liabilities	74 949	-	83
Loans received	136 294	-	-
Issued bonds	-	-	-
Other liabilities (advances, deposits)	1 218	-	-



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

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

Remuneration of 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



36. 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

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 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

37. EMPLOYMENT

	Balance on 31.12.2023	Balance on 31.12.2022
Employment structure (in full-time equivalents)		
Blue-collar workers	2 235	2 220
White-collar workers	507	623
Total	2 742	2 843



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

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

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

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

2. Accounting principles applied

The report was prepared based on the separate financial statements presented by Boryszew SA, prepared in accordance with International Financial Reporting Standards in the scope determined by Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of July 19, 2002 on the application of international accounting standards with amendments. In preparing these financial statements, the Company made no changes to any previously applied accounting principles.

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

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

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

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

In the licensed activity, the following have been specified:

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



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Statement of comprehensive income

2.1. Licensed operations regulated by Energy Law

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

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

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

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

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

Total comprehensive income from other operations in 2023 is (20 708) and 24 708 in 2022, respectively.

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

Statement of financial position

2.3. Licensed operations regulated by Energy Law

Distribution and trading in electricity

Property, plant and equipment for the distribution business are the sum of the carrying value of property, plant and equipment as at 31 December 2023 allocated to electricity distribution in the financial and accounting system. This is mainly the infrastructure used for the transmission of electricity. Fixed assets are not used in the trading segment, and were not separated for this part of the statement.

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

Trade and other receivables for the distribution and trade in electricity business are actual amounts resulting from sales invoices issued and not paid as at 31 December 2023.

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

Equity for distribution and trading activities represents only the net profit for 2013 - 2023 resulting from the statement of comprehensive income for relevant segment of activities. Other equity items were shown as operations outside of the scope of energy law.

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



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Distribution and trade in gaseous fuels

Property, plant and equipment for the distribution business are the sum of the carrying value of property, plant and equipment as at 31 December 2023 allocated to gaseous fuels distribution in the financial and accounting system. This is mainly infrastructure used for gas transmission. Fixed assets are not used in the trading segment, and were not separated for this part of the statement.

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

Trade and other receivables for the distribution and trade in gas business are actual amounts resulting from sales invoices issued and not paid as at 31 December 2023. The Company does not recognise any inventories for distribution and trade in gas.

Equity capital (fund) for distribution and trading activities is only the net profit for 2013-2023 resulting from the statement of comprehensive income for the given segment of activity. Other equity items were shown as operations outside of the scope of energy law.

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

2.4. Activities other than regulated by the Energy Law

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

2.5. Total

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

Statement of comprehensive income for the period between 01.01.2023 and 31.12.2023.

	<i>Distribution of gaseous fuels</i>	<i>Trade in gaseous fuels</i>	<i>Supply of electricity</i>	<i>Electricity trading</i>	<i>Total activity under the Energy Law</i>	<i>Other business</i>	<i>Total</i>
Revenues from sales	18 263	356 878	5 229	311 864	692 234	1 123 052	1 815 286
Prime cost of sale	17 921	352 426	6 445	305 484	682 276	971 792	1 654 068
Profit on sale	342	4 452	(1 216)	6 380	9 958	151 260	161 218
Selling and management costs	97	1 884	296	2 277	4 554	123 470	128 024
Other operating profit/loss	29	555	6	480	1 070	91 243	92 313
Financial revenues	3	56	1	48	108	108 695	108 803
Financial expenses	0	4	-	4	8	257 773	257 781
Profit (loss) before income tax	277	3 175	(1 505)	4 627	6 574	(30 045)	(23 471)
Income tax	72	1 400	15	1 235	2 722	(14 964)	(12 242)
Net profit/loss	205	1 775	(1 520)	3 392	3 852	(15 081)	(11 229)
Other income recognised in equity	-	-	-	-	-	(5 379)	(5 379)
Total comprehensive income	205	1 775	(1 520)	3 392	3 852	(20 460)	(16 608)



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Financial statements
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(amounts expressed in PLN '000 unless specified otherwise)

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

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

Statement of financial position as at 31.12.2023

ASSETS	<i>Distribution of gaseous fuels</i>	<i>Trade in gaseous fuels</i>	<i>Supply of electricity</i>	<i>Electricity trading</i>	<i>Total activity under the Energy Law</i>	<i>Other business</i>	<i>Total</i>
Non-current assets							
Non-current assets	18	359	58	310	745	200 822	201 567
Intangible assets	-	-	-	-	-	-	-
Other non-current assets	3	62	1	54	120	1 180 603	1 180 723
Total fixed assets	21	421	59	364	865	1 381 425	1 382 290
Current assets							
Trade receivables and other receivables	2 927	42 748	410	70 725	116 810	149 885	266 695
Other assets	106	2 056	22	4 048	6 232	531 590	537 822
Total current assets	3 033	44 804	432	74 773	123 042	681 475	804 517
Assets classified as held for sale	-	-	-	-	-	-	-
Total assets	3 054	45 225	491	75 137	123 907	2 062 900	2 186 807



Boryszew S.A.
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LIABILITIES AND EQUITY	<i>Distribution of gaseous fuels</i>	<i>Trade in gaseous fuels</i>	<i>Supply of electricity</i>	<i>Electricity trading</i>	Total activity under the Energy Law	<i>Other business</i>	Total
Equity							
Share capital	-	-	-	-	-	248 906	248 906
Retained earnings and other equity	-	-	-	-	-	978 750	978 750
Current year's profit	205	1 775	(1 520)	3 392	3 852	(20 460)	(16 608)
Total equity	205	1 775	(1 520)	3 392	3 852	1 207 196	1 211 048
Long-term liabilities	-	-	-	-	-	234 983	234 983
Short-term liabilities							
Trade payables and other liabilities	1 710	49 118	696	66 527	118 051	619 067	737 118
Employee benefit provisions	2	36	9	31	78	3 580	3 658
Total short-term liabilities	1 712	49 154	705	66 558	118 129	622 647	740 776
Total liabilities	1 712	49 154	705	66 558	118 129	857 630	975 759
Total equity and liabilities	1 917	50 929	(815)	69 950	121 981	2 064 826	2 186 807

Statement of financial position as at 31.12.2022

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



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

NOTES

3. Basic details of the Company

BORYSZEW SPÓŁKA AKCYJNA (JOINT STOCK COMPANY)

Concessionaire number: DKN 807
 Concession type: DEE, OEE, DPG, OPG

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

Branches of Boryszew SA:	2023	2022
Energy Branch in Toruń	DPG, OPG, OEE,	DPG, OPG, OEE,
ERG Branch in Sochaczew	DEE, OEE	DEE, OEE

This report contains cumulative data.



39. APPROVAL OF THE FINANCIAL STATEMENTS

This report was approved for publication by a resolution of the Management Board on 16 April 2024, 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