

GRUPA BORYSZEW

Boryszew S.A.

**REPORT OF THE MANAGEMENT BOARD ON ACTIVITIES OF
BORYSZEW CAPITAL GROUP FOR THE FINANCIAL YEAR 2023**

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

*Publication date:
17 April 2024*



TABLE OF CONTENTS

1.	INTRODUCTION	4
2.	PREPARATION OF THE REPORT	4
3.	ORGANIZATIONAL STRUCTURE.....	5
4.	INFORMATION ON THE ISSUER'S ORGANIZATIONAL OR CAPITAL RELATIONS WITH OTHER ENTITIES AND SPECIFICATION OF ITS MAIN DOMESTIC AND OVERSEAS INVESTMENTS, IN PARTICULAR IN SECURITIES, FINANCIAL INSTRUMENTS, INTANGIBLE ASSETS AND REAL ESTATE, INCLUDING CAPITAL INVESTMENTS OUTSIDE THE GROUP OF RELATED ENTITIES AND DESCRIPTION OF THEIR FINANCING METHODS.....	10
5.	SIGNIFICANT EVENTS.....	11
6.	CORE BUSINESS, MARKETS, SOURCES OF SUPPLIES AND COMPETITION	14
7.	DESCRIPTION OF ASSETS, EQUITY AND LIABILITIES STRUCTURE.....	41
8.	DESCRIPTION OF SIGNIFICANT OFF-BALANCE SHEET ITEMS	47
9.	NOTES ON THE SEASONALITY OF THE COMPANY'S BUSINESS IN THE REPORTED PERIOD.....	47
10.	SIGNIFICANT AGREEMENTS AND CONTRACTS	48
11.	SIGNIFICANT CAPITAL INVESTMENTS AND CHANGES IN THE STRUCTURE	50
12.	RESEARCH AND DEVELOPMENT	52
13.	TRANSACTIONS WITH AFFILIATED ENTITIES	53
14.	LOANS AND BORROWINGS	56
15.	GUARANTEES AND SURETIES	58
16.	OWN SHARES	59
17.	ISSUES OF SECURITIES	60
18.	DIVIDEND PAID OR DECLARED	60
19.	FINANCIAL RESULT FORECAST.....	60
20.	PRINCIPLES OF MANAGEMENT OF FINANCIAL RESOURCES.....	60
21.	ASSESSMENT OF POSSIBILITIES OF IMPLEMENTATION OF THE INTENDED INVESTMENTS	61
22.	FACTORS AND UNUSUAL EVENTS AFFECTING THE RESULT	61
23.	INFORMATION ON THE ADOPTED DEVELOPMENT STRATEGY OF THE EMITTER AND EMITTER'S CAPITAL GROUP AND THE ACTIONS TAKEN TO IMPLEMENT THE STRATEGY IN THE REPORTING PERIOD, INCLUDING A DESCRIPTION OF THE PROSPECTS FOR DEVELOPMENT OF EMITTER'S BUSINESS IN THE COMIG YEAR	62
24.	DESCRIPTION OF SIGNIFICANT RISK FACTORS AND HAZARDS.....	65
25.	FACTORS WHICH WILL INFLUENCE THE ISSUER'S FINANCIAL PERFORMANCE IN 2024	68
26.	EMPLOYMENT.....	71
27.	CHANGES IN FUNDAMENTAL PRINCIPLES OF MANAGING THE ENTERPRISE OF THE COMPANY AND OF ITS CAPITAL GROUP	71
28.	AGREEMENTS CONCLUDED BETWEEN THE COMPANY AND ITS OFFICERS, PROVIDING FOR COMPENSATION IN THE EVENT OF RESIGNATION OR DISMISSAL OF SUCH PERSONS FROM THE POSITIONS HELD WITHOUT CAUSE, OR WHERE SUCH DISMISSAL IS CAUSED BY MERGER OR TAKEOVER.....	71
29.	REMUNERATION OF MANAGEMENT BOARD AND SUPERVISORY BOARD	72



30.

COMPANY'S SHARES AND SHARES IN SUBSIDIARY ENTITIES HELD BY MEMBERS OF GOVERNING AND SUPERVISORY BODIES	73
31. INFORMATION ON AGREEMENTS OF WHICH THE COMPANY IS AWARE AND UNDER WHICH FUTURE CHANGES MAY OCCUR IN THE PROPORTIONS OF SHARES HELD BY THE EXISTING SHAREHOLDERS AND BONDHOLDERS	74
32. INFORMATION ON THE SYSTEM OF CONTROLLING EMPLOYEE SHARES.....	75
33. AGREEMENT WITH INDEPENDENT STATUTORY AUDITOR	75
34. LITIGATION UNDERWAY.....	75
35. REMUNERATION POLICY	82
36. DECLARATION ON NON-FINANCIAL INFORMATION	84
36.1. Declaration on non-financial information	84
36.2. REPORTING METHODOLOGY AND STANDARD	84
36.3. KEY NON-FINANCIAL INDICATORS	85
36.4. BUSINESS MODEL OF BORYSZEW GROUP	85
36.5. SOCIAL ASPECTS.....	87
36.6. LABOUR AND HUMAN RIGHTS ISSUES	89
36.7. CLIMATE AND ENVIRONMENTAL PROTECTION ISSUES.....	92
36.7.1. ACTIONS UNDERTAKEN	92
36.7.2. ENERGY EFFICIENCY INDICATORS	94
36.7.3. GAS EMISSIONS TO THE ENVIRONMENT.....	95
36.7.4. PLANNED PRO-ENVIRONMENTAL PROJECTS	95
36.7.5. OTHER INDICATORS DESCRIBING GROUP'S IMPACT ON THE CLIMATE	98
36.7.6. CARBON FOOTPRINT.....	100
36.7.7. EU TAXONOMY	102
36.8. OCCUPATIONAL HEALTH AND SAFETY	131
36.9. CORPORATE GOVERNANCE ISSUES	132
36.10. BUSINESS RISKS.....	134
36.11. REGULATORY COMPLIANCE.....	134
37. CORPORATE GOVERNANCE PRINCIPLES STATEMENT	134
38. DECLARATIONS OF THE MANAGEMENT BOARD	147
39. INFORMATION OF THE MANAGEMENT BOARD ON THE SELECTION OF THE AUDIT FIRM TO CARRY OUT THE AUDIT OF THE ANNUAL FINANCIAL STATEMENTS IN ACCORDANCE WITH THE PROVISIONS, INCLUDING THOSE CONCERNING THE SELECTION AND PROCEDURE FOR THE SELECTION OF THE AUDIT FIRM 148	
40. INFORMATION ON ALTERNATIVE RESULTS MEASUREMENTS AND LIST OF GRI INDICATORS ...	148
40.1. ALTERNATIVE PERFORMANCE MEASUREMENTS.....	148
40.2. GRI INDICATOR TABLE.....	149



1. INTRODUCTION

COMPANY DATA

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

HISTORY

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

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

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

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

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

The Capital Group employs approximately 8 600 people.

2. PREPARATION OF THE REPORT

This report on the activity of Boryszew S.A. and Boryszew Capital Group in 2023, an integral part of the consolidated financial statements of Boryszew S.A. for 2023, was approved for publication by the resolution of the Management Board of Boryszew S.A. on 16 April 2024 and presents the situation of Boryszew S.A. and Boryszew Capital Group in accordance with legal requirements for the period between 1 January 2023 and 31 December 2023, including any events which occurred by the date of preparation of this report for publication. A significant part of the information contained herein was presented in more detail in the Company's current announcements which are available at Company's website www.boryszew.com.pl, which also contains a great deal of other information on the Company and the Capital Group.

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

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

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

The statement on non-financial information referred to in Art. 49b(1) and Art. 55(2b) of the Accounting Law is part of this report. The statement on non-financial information includes information and consolidated non-financial data of Boryszew Capital Group and its parent company Boryszew S.A.

The report is available on the Company's website - www.boryszew.com.pl from 17 April 2024.

3. ORGANIZATIONAL STRUCTURE

BORYSZEW S.A.

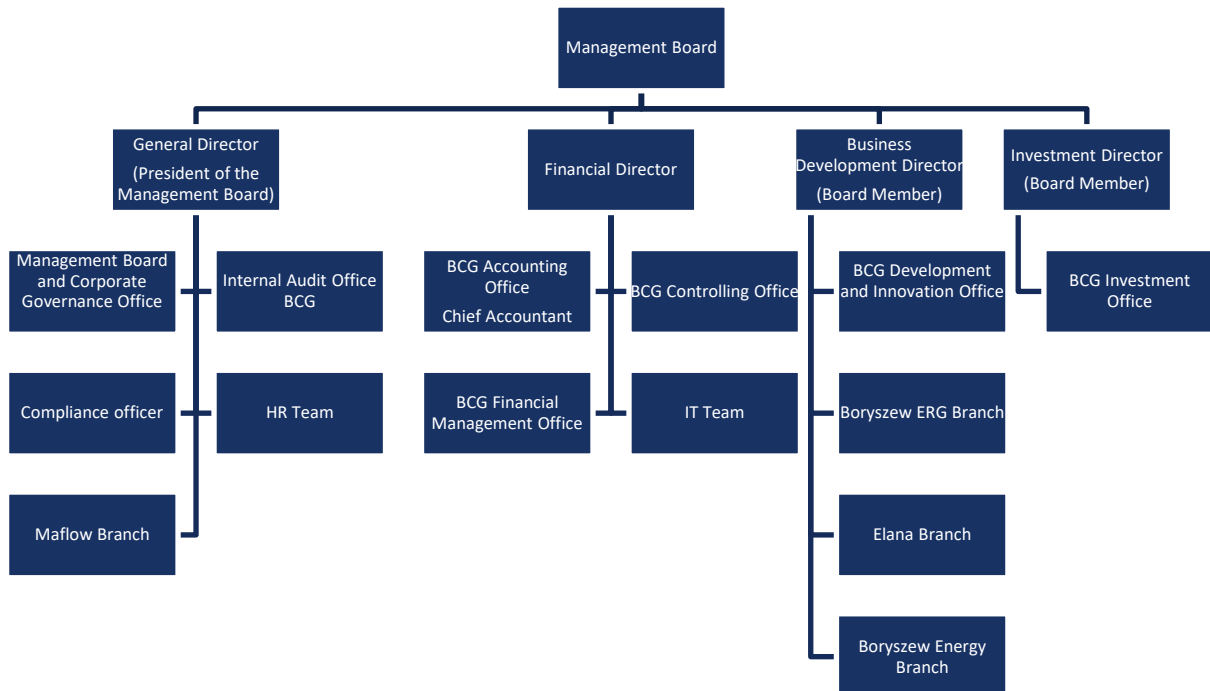
Boryszew S.A. is the Parent entity of Boryszew Capital Group. The Group features both domestic and foreign subsidiaries and affiliates. As the Parent company, it performs management and supervisory functions with regard to other companies of the Capital Group.

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

In 2023 Boryszew S.A. carries out its activity through the following units:

- Maflow Branch in Tychy – manufacturer of tubes for the automotive industry, including mainly air-conditioning tubes, power steering systems and various rubber components.
- Elana Branch in Torun - manufacturer of polyester fibre and plastics for a wide range of applications. The main products include staples and silicon spheres.
- Boryszew ERG Branch in Sochaczew - manufacturer of chemical and construction products. Company’s flagship product in “Borygo” coolant,
- Boryszew Energy Branch in Toruń - involved in sales of energy utilities (electricity, gas) for the companies of Boryszew Capital Group and 3rd parties.

**SIMPLIFIED ORGANISATIONAL CHART OF BORYSZEW S.A.
(WITH RESPONSIBILITIES OF INDIVIDUAL MEMBERS OF THE MANAGEMENT BOARD)
AS AT 31 DECEMBER 2023**



STRUCTURE OF BORYSZEW GROUP

Boryszew Capital Group is one of the largest private industrial groups in Poland. In 2005 Boryszew SA seized control of Impexmetal S.A., a company listed at the Warsaw Stock Exchange, a parent company of manufacturing enterprises involved in non-ferrous metals and bearing industry.

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

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

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

On 5 November 2020 Boryszew S.A. purchased from Impexmetal S.A. shares in Impexmetal Capital Group companies.

On 6 November 2020 Boryszew S.A. sold Impexmetal S.A. to a third party.

The following companies were sold to third-party investors in 2021: Elana PET Spółka z o.o., based in Toruń and FŁT Polska Spółka z o.o., based in Warsaw, together with FŁT's holdings in subsidiaries, i.e.: FLT-Wälzlager GmbH, FLT & Metals s.r.l., FLT Bearings Ltd, FLT France SAS, FLT (Wuxi) Trading Co., FLT USA LLC.

In 2022, Boryszew S.A. sold Nylonbor Spółka z o.o., based in Sochaczew, to a 3rd party investor.

On 1 January 2023, NPA Skawina Spółka z o.o. launched its operations (until December 31, 2022, operating in the structure of Boryszew S.A. Modern Aluminum Products Skawina Branch)

BUSINESS SEGMENTS OF THE CAPITAL GROUP BUSINESS (ON 31.12.2023)

Boryszew Capital Group operates in three industry segments.

OPERATING SEGMENTS

Automotive Boryszew S.A. Oddział Maflow w Tychach, Maflow Spain Automotive S.L.U., Maflow France Automotive S.A.S., Maflow BRS s.r.l., Maflow Components Dalian Co. Ltd., Maflow do Brasil Ltda., Boryszew Automotive Mexico S.DE R.L.DE C.V., MAFMEX S.DE R.L.DE C.V., Maflow Polska Sp. z o.o., Maflow India Private Limited, Boryszew Automotive Plastics Sp. z o.o., ICOS GmbH in bankruptcy under self-administration, Theysohn Kunststoff GmbH in bankruptcy under self-administration, Theysohn Formenbau GmbH in bankruptcy under self-administration, Boryszew Kunststofftechnik Deutschland GmbH, AKT Plastikářská Technologie Čechy, spol. S.r.o., Boryszew Formenbau Deutschland GmbH, Boryszew Oberflächentechnik Deutschland GmbH, Boryszew Plastic Rus Ltd., Maflow Plastics Poland Sp. z o.o., Boryszew Deutschland GmbH w likwidacji, Boryszew Commodities Sp. z o.o., Boryszew HR Service Sp. z o.o., Boryszew Components Poland Sp. z o.o., Boryszew Maflow Sp. z o.o.

Metals WM Dziedzice S.A., ZM Silesia S.A., Baterpol S.A., Polski Cynk Sp. z o.o., NPA Skawina Sp. z o.o., Baterpol Recycler Sp. z o.o., Metal Zinc Sp. z o.o., Alchemia S.A., Huta Bankowa Sp. z o.o., Laboratoria Badań Batory Sp. z o.o., Zakład Utylizacji Odpadów Sp. z o.o., RAPZ Sp. z o.o.,

Chemical products Boryszew S.A. Oddział Elana, Boryszew S.A. Oddział Boryszew ERG, Elimer Sp. z o.o.

Other companies not assigned to segments are: Boryszew S.A. – Head Office, Boryszew S.A. Boryszew Energy branch, Boryszew Green Energy & Gas Sp. z o.o., Boryszew Inwestycje Sp. z o.o., Boryszew Nieruchomości Sp. z o.o., Boryszew Assets Sp. z o.o., Boryszew Property Sp. z o.o., "onesano" S.A.

AS AT 31 DECEMBER 2023 THE FOLLOWING COMPANIES WERE INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS:

Company name	Seat	share of the parent in share capital (%)	subsidiary of:	Business segment
<i>Head Offices</i>	Warsaw			Unallocated
<i>Elana Branch</i>	Toruń			Chemical products
<i>Boryszew Energy Branch</i>	Toruń			Unallocated
<i>Maflow Branch</i>	Tychy			Automotive
<i>Boryszew ERG Branch</i>	Sochaczew			Chemical products
Elimer Sp. z o.o.	Sochaczew	52,44	Boryszew S.A.	Chemical products
NPA Skawina Sp. z o.o.	Skawina	100.00	Boryszew S.A.	Metals
Boryszew Green Energy & Gas Sp. z o.o. (formerly: Elana Energetyka Sp. z o.o.)	Toruń	100.00	Boryszew S.A.	Unallocated
Boryszew Maflow Sp. z o.o.	Tychy	100.00	Boryszew S.A.	Automotive
Maflow Polska Sp. z o.o.	Tychy	100.00	Boryszew S.A.	Automotive
Maflow BRS s.r.l	Italy	100.00	Boryszew S.A.	Automotive
Maflow Spain Automotive S.L.U	Spain	100.00	Boryszew S.A.	Automotive
Maflow France Automotive S.A.	France	100.00	Boryszew S.A.	Automotive
Maflow do Brasil Ltda	Brazil	100.00	Boryszew S.A. (79%) Maflow Polska Sp. z o.o. (21%).	Automotive
Maflow Components Dalian Co. Ltd.	China	100.00	Maflow Polska Sp. z o.o.	Automotive
Maflow India Private Limited	India	100.00	Boryszew S.A. (99.99%), Maflow Polska Sp. z o.o. (0.01%)	Automotive
MAFMEX S.DE R.L.DE C. V (*)	Mexico	100.00	Maflow Spain Automotive S.L.U (3.34%), Maflow Polska Sp. z o.o. (96.66%) (*)	Automotive
Boryszew Automotive Mexico S.DE R.L.DE C. V	Mexico	100.00	Maflow Spain Automotive S.L.U (90.00%), Maflow Polska Sp. z o.o. (10.00%)	Automotive
Boryszew Automotive Plastics Sp. z o.o.	Tychy	100.00	Maflow Polska Sp. z o.o.	Automotive
Boryszew Components Poland Sp. z o.o.	Toruń	100.00	Boryszew Automotive Plastics Sp. z o.o.	Automotive
Boryszew HR Service Sp. z o.o.	Toruń	100.00	Boryszew S.A.	Automotive
Boryszew Commodities Sp. z o.o.	Warsaw	100.00	Boryszew Automotive Plastics Sp. z o.o.	Automotive
ICOS GmbH in bankruptcy under self-administration	Germany	100.00	Boryszew Automotive Plastics Sp. z o.o.	Automotive
Theysohn Kunststoff GmbH in bankruptcy under self-administration	Germany	100.00	ICOS GmbH in bankruptcy under self-administration	Automotive
Theysohn Formenbau GmbH in bankruptcy under self-administration	Germany	100.00	ICOS GmbH in bankruptcy under self-administration	Automotive
Boryszew Formenbau Deutschland GmbH	Germany	100.00	Boryszew Kunststofftechnik Deutschland GmbH	Automotive
Boryszew Kunststofftechnik Deutschland GmbH	Germany	100.00	Boryszew Automotive Plastics Sp. z o.o.	Automotive
Boryszew Oberflächentechnik Deutschland GmbH	Germany	100.00	Boryszew Kunststofftechnik Deutschland GmbH	Automotive
Boryszew Deutschland GmbH in liquidation	Germany	100.00	Boryszew Automotive Plastics Sp. z o.o.	Automotive
AKT Plastikářská Technologie Čechy, spol. S.r.o.	Czech Republic	100.00	Boryszew Automotive Plastics Sp. z o.o.	Automotive

Company name	Seat	share of the parent in share capital (%)	subsidiary of:	Business segment
Boryszew Plastic RUS Ltd.	Russia	100.00	Boryszew S.A. (10.9%). Boryszew Kunststofftechnik Deutschland GmbH (89.1%)	Automotive
Maflow Plastics Poland Sp. z o.o.	Ostaszewo	100.00	Boryszew S.A.	Automotive
Boryszew Inwestycje Sp. z o.o.	Warsaw	100.00	Boryszew S.A.	Metals
Boryszew Assets Sp. o.o.	Warsaw	100.00	Boryszew S.A. (89.33%). Boryszew Property Sp. z o. o. (10.67%)	Unallocated
Walcownia Metali Dziedzice S.A.	Czechowice-Dziedzice	100.00	Boryszew S.A.	Metals
ZM SILESIA S.A.	Katowice	100.00	Boryszew S.A.	Metals
Baterpol S.A.	Katowice	100.00	Polski Cynk Sp. z o.o.	Metals
Alchemia S.A.	Warsaw	100.00	Boryszew S.A.	Metals
Huta Bankowa Sp. z o.o.	Dąbrowa Górnicza	100.00	Alchemia S.A.	Metals
Laboratoria Badań Batory Sp. z o.o.	Chorzów	100.00	Alchemia S.A.	Metals
Polski Cynk Sp. z o.o.	Katowice	100.00	Boryszew S.A.	Metals
Boryszew Property Sp. z o.o.	Warsaw	100.00	Boryszew S.A.	Unallocated
Baterpol Recycler Sp. z o.o.	Oława	100.00	Polski Cynk Sp. z o.o.	Metals
Metal Zinc Sp. z o.o.	Katowice	100.00	ZM Silesia S.A.	Metals
Boryszew Nieruchomości Sp. z o.o.,	Warsaw	100.00	Boryszew Property Sp. z o.o.(99,99%), Boryszew S.A. (0.01%)	Unallocated
Zakład Utylizacji Odpadów Sp. z o.o.,	Konin	59,97	Boryszew S.A	Metals
RAPZ Sp. z o.o. (**)	Dąbrowa Górnicza	42.67	Huta Bankowa Sp. z o.o.	Metals
"onesano" S.A. (***)	Chorzów	42.50	Boryszew S.A.	Unallocated
AGICORP-BOR Spółka z o.o. (****)	Oświęcim	25.00	Boryszew S.A.	Unallocated

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

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

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

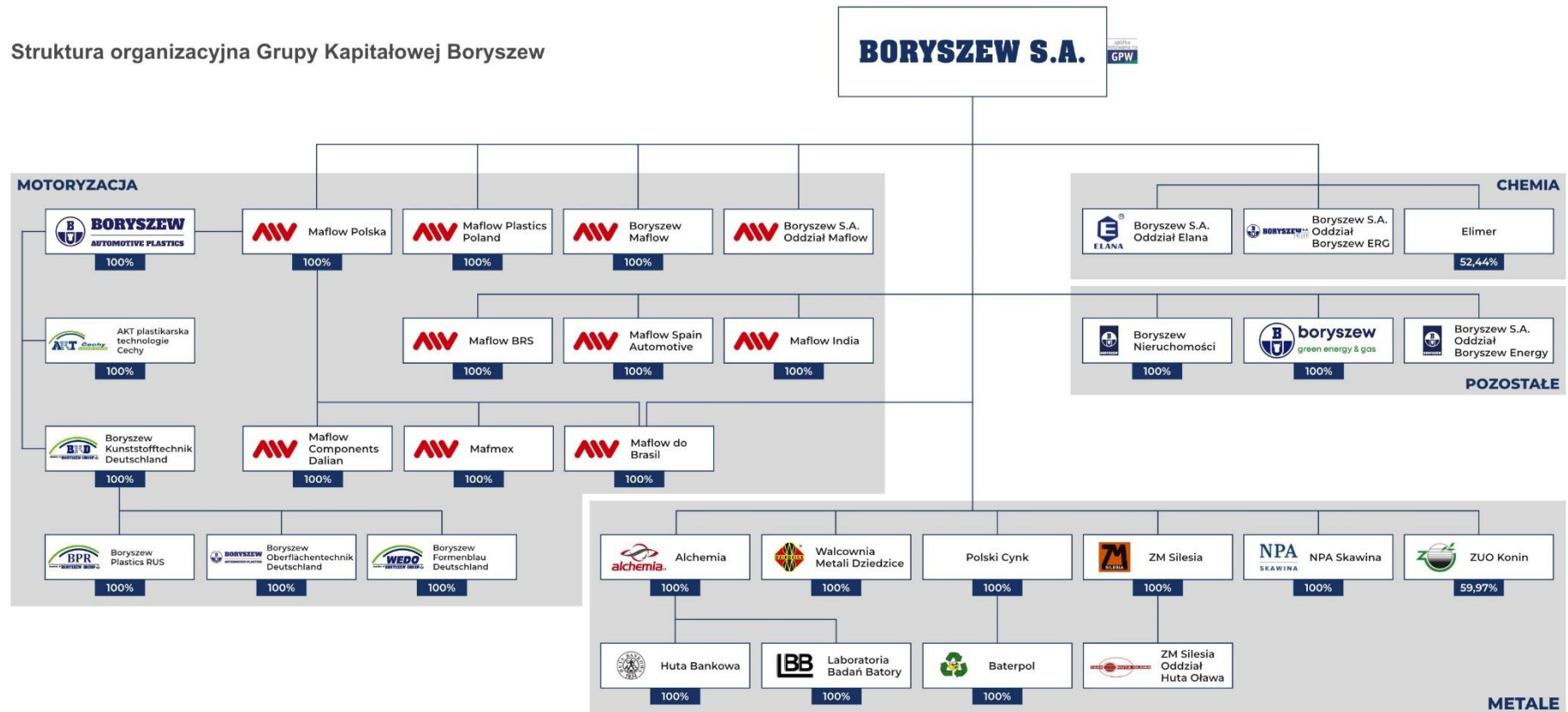
(****) AGICORP-BOR Sp. z o.o. has not commenced operations.

COMPANIES NOT INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS (AS AT 31/12/2023)

Company name	Seat	share of the parent company in capital (%)	share in votes (%)	Core activity
Elana Ukraina Sp. z o.o.	Ukraine	90	90	dormant company
Brasco Inc	the US	100	100	dormant company
Hutnik Sp. z o.o. – in liquidation,	Konin	94	94	dormant company
Zavod po pererabotke vtorichnykh resursov "Vostochny" Sp. z o. o.	Belarus	30	30	trade, production of secondary raw materials

SIMPLIFIED ORGANISATIONAL CHART OF BORYSZEW GROUP WITH AGGREGATE HOLDINGS IN INDIVIDUAL ENTITIES AS AT 31.12.2023

Struktura organizacyjna Grupy Kapitałowej Boryszew



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

CAPITAL INVESTMENTS

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

Significant capital investments outside Boryszew Capital Group

Stocks and shares

"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 significant influence and presents "onesano" S.A. as an affiliate consolidated using the equity method.

As at 31 December 2023, Boryszew S.A. owns 28 000 000 shares of "onesano" S.A., accounting for approximately 42.50% in the Company's share capital.

LOANS GRANTED

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

REAL ESTATE TRANSACTIONS

Boryszew S.A.

On 19 June 2023, the Company signed a preliminary agreement with Boryszew Nieruchomości Spółka z o.o. for the sale of a property located in Toruń, for a net price of PLN 50 000 000.00. Part of the price in the amount of PLN 25 000 000.00 was paid. The transfer agreement will be signed by 31 December 2025.

BORYSZEW ERG BRANCH OF BORYSZEW S.A. IN SOCHACZEW

In 2023, the Boryszew ERG Branch in Sochaczew sold perpetual usufruct rights to developed land, surface area of app. 553 m² together with the ownership of part of the building No. 55 with a usable area, located on it. 91.82 m² (gas boiler room) for a net amount of PLN 2.2 million.

Boryszew Nieruchomości Spółka z o.o.

On 13 March 2023 the Company acquired an investment property located in Warsaw at Grzybowska street 61 for a net amount of PLN 5 110 248,28.

On 13 June 2023, the Company concluded a final sale agreement with an individual with personal ties to the Issuer for the sale of an office property located in Warsaw at Foksal street No, 6, for a net price of PLN 72.1 million.

The Purchaser paid part of the sales price of PLN 35 million on 14 June 2023. The remainder of the price will be paid by 15 June 2024.

Payment of the sale price was secured by the Purchaser's submission to execution under Article 777 § 1(4) of the Code of civil procedure.

The transfer of ownership of the Property was completed on the date of the Agreement. In the agreement, the Company undertook to obtain, until 31 May 2024, the consent of the mortgagor to remove the contractual mortgage from the land and mortgage register maintained for the Property.

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

In addition, in 2023, Boryszew Nieruchomości Spółka z o.o. sold properties, belonging to the Real Estate Division, for a total of PLN 11.6 million.

TRANSACTION AFTER THE BALANCE SHEET DATE

Boryszew S.A.

On 27 March 2024 the Company signed a conditional agreement with its subsidiary Zakład Utylizacji Odpadów Spółka z o.o. for the sale of an undeveloped land located in Konin, surface area app. 1.7 hectares, for a net price of PLN 3 500 000.00. The agreement is conditional on the municipality of Konin not exercising its statutory pre-emptive right, The transfer agreement was concluded on 10 April 2024.

Maflow France Automotive SAS based in Chartres, France

On 26 February 2024 Maflow France Automotive SAS, a subsidiary, based in Chartres, concluded with the city of Chartres (Purchaser), a final sale agreement for a developed land located in Chartres, av. Gustave Eiffel No. 2, surface area 10 hectares, for a price of PLN 45.15 million (EUR 10.5 million). The property was released on the same day. The sale price was paid in March 2024.

Boryszew Nieruchomości Spółka z o.o.

On 26 February 2024, Boryszew Nieruchomości Spółka z o.o. signed a preliminary agreement to sell the investment property located in Warsaw at Grzybowska 61, for the amount of PLN 6 300 000.00 net, with the date of the final agreement until 30 November 2024.

In 2023 and until the date of publication of the report Boryszew S.A. acquired no other significant real estate.

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

5. SIGNIFICANT EVENTS

BORYSZEW S.A.

Acquisition of shares of "onesano" S.A.

In H1 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 significant influence and as of that date presents the company as an affiliate consolidated under the equity method.

Signing a contract for the purchase of real estate

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

Conclusion of significant agreements of Maflow Group

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

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

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

On 30 May 2023, the Company's Supervisory Board approved Maflow Group's capital expenditure of approximately €20 million. The planned investments are related to an agreement with one of the leading manufacturers in the automotive industry for the supply by Boryszew Group companies of hoses for the air conditioning system for the plants of the aforementioned customer, for installation in cars (mainly electric cars), years 2025-2034.

The estimated value of deliveries during this period amounts to around €280 million. Following the conclusion of the agreement, plans are made to expand the production facilities of the Boryszew Group with locations in China and Mexico.

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

Recognition of write-offs on fixed assets of a subsidiary company

On 24 March 2023 the Management Board of Boryszew S.A. decided to recognise a write-off on tangible assets, intangible assets and deferred tax assets of its indirect subsidiary Boryszew Plastic Rus Sp. z o.o., based in Nizhny Novgorod (Russia). The above event was of an accounting nature and recognition of the write-off did not affect Company's liquidity. The value of the write-off was charged to the consolidated financial results presented in the Issuer's 2022 financial statements.

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

Boryszew S.A. Oddział Maflow w Tychach

The Management Board of Boryszew S.A., acting upon the authorisation granted by the General Meeting of Shareholders, initiated measures associated with the contribution of Maflow branch as an in-kind contribution to the SPV. The spin-off of Maflow branch is planned for 2024.

BORYSZEW CAPITAL GROUP

Boryszew Nieruchomości Spółka z o.o.

Construction of installation for the thermal treatment of municipal waste

On 20 October 2023, Boryszew Nieruchomości Sp. z o.o. signed an agreement with the National Fund for Environmental Protection and Water Management on a funding for an investment involving the construction of an installation for thermal transformation of municipal waste in Toruń.

Funding will be provided in the form of a loan (PLN 63 954 thousand) and a non-refundable grant (PLN 63 954 thousand)

Basic assumptions of the installation:

1. Total construction cost: PLN 166 million,
2. The capacity of the processing line in the new plant will be sufficient to process more than 23 000 tonnes of waste per year. The installation will be constructed as a combined heat and power plant, generating electricity and heat through the thermal conversion of high-calorie fraction of municipal waste (pre-RDF/RDF fuels). It will generate electricity and heat in high-efficiency cogeneration with a total capacity of more than 7 MW.
3. The planned (average annual) gross CHP electrical capacity will be 0.59 MWe, and CHP heat capacity will be 6.88 MWt. The surplus electricity will be sold to the local distribution network, while the heat will feed the public district heating networks: on the site of ELANA Industrial Park and the municipal district heating network of the city of Toruń.
4. The plant will be constructed based on proven grate furnace technology with a water (or steam) boiler featuring an efficient flue gas cleaning system, with the necessary infrastructure.
5. Installation commissioning: January 2027.

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

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

ZAKŁAD UTYLIZACJI ODPADÓW SPÓŁKA Z O.O.

The company is in the midst of an investment process for construction of an additional hazardous waste thermal processing line with a capacity of 12 000 Mg/year.

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

Boryszew Green Energy&Gas Spółka z o.o.

Renewable energy purchase agreement

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

Aid for energy-intensive enterprises

Boryszew Group companies are beneficiaries of the government program "Aid to energy-intensive industry related to natural gas and electricity prices in 2023", which is operated by the National Fund for Environmental Protection and Water Management, receiving a total amount of PLN 44.2 million.

According to the requirements of the regulations, in order for the subsidy to be maintained, the Companies are required to invest 30% of the aforementioned amount in energy efficiency improvement projects between 2024 and 2028.

Events after the balance sheet date

Capital investment of Boryszew SA

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

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

On 14 March 2024 Issuer's subsidiaries of the automotive segment received a signed agreement ("Agreement") with an important client of Boryszew Capital Group ("Client").

The agreement is for the Client to support the restructuring of the following companies between 2024 and 2026: Boryszew Kunststofftechnik Deutschland GmbH, Maflow Plastics Poland Spółka z o.o. and AKT Plastikářská Technologie Čechy spol. S.r.o. ("BAP Companies").

According to the Agreement, during the restructuring period, i.e. until the end of 2026, the client will contribute to the costs associated with the restructuring through an agreed price increase on the BAP Companies products.

The Issuer believes that the conclusion of the Agreement will have a significantly positive impact on the results of BAP Companies and Boryszew Capital Group and will enable BAP Companies to achieve a positive operating result on the EBITDA level during the Agreement period.

The agreement is effective as of 1 January 2024 and the condition for the BAP Companies to receive support is timely implementation of restructuring measures in accordance with a plan.

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

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

On 20 March 2024 the Management Board of Boryszew S.A. decided to recognise a write-off on financial assets in the form of loans and trade receivables granted by the Issuer to indirect subsidiaries Boryszew Oberflächentechnik Deutschland GmbH and Boryszew Formenbau Deutschland GmbH in the total amount of about PLN 72.8 million.

In addition, the Company's Management Board decided to recognise a write-off on fixed assets in Boryszew Oberflächentechnik Deutschland GmbH in the total amount of PLN 44.3 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.

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").

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

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

BORYSZEW S.A.

In 2023, as per IFRS 8, the following three business segments were defined in the Company:

- Automotive,
- Chemical products
- Other non-allocated

On 1 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.

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

Automotive

- **Scope of business**

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

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

- **Sales and Markets**

The table below is a summary of information on the sale of products, goods and services of major business units with the Automotive Segment in 2023 – 2022:

Company	Product range	Value [PLN '000]	
		2023	2022
Boryszew Maflow Branch	Air-conditioning tubes and other*	894 859	772 286
Total - Automotive Segment		894 859	772 286

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

2023 ended for the Automotive Segment with higher revenues from sales mainly coming from the increase in sales of air conditioning and rubber hose parts.

Main directions of sales in the Segment for 2023 - 2022 are shown in the following table:

Sales structure [%]	2023	2022
Domestic	6%	6%
Germany	24%	26%
France	8%	6%
Sweden	7%	7%
Great Britain	7%	7%
The Netherlands	7%	6%
Czech Republic	6%	6%
Belgium	6%	7%
Spain	5%	5%
Slovakia	4%	4%
Italy	3%	4%
Hungary	3%	3%
China	3%	3%
Mexico	2%	3%
Other	8%	5%
Export sales as % of total sales	94%	94%

Maflow Branch generated its revenue mainly on export sales. Exports remained at the same level as in 2022 and accounted for 94% of sales. Only the sales structure changed slightly. Sales to the French market increased by 2 pp, while sales to the German market decreased by 2 pp.

• **Market share**

The estimated share of Maflow Group on the global market remained on the last year's level of around 7%, despite a slight decline in volume. The share of production in Western European markets remained at 23-24%, more or less the level of 2022.

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

• **Competition**

Direct competitors in the automotive industry, in which the Company operates, include such corporations as **Contitech, Eaton/ Xandor, TI Automotive, Daytech, Hutchinson, Parker, Hanon, SAAA, Tenglong**. Some of these companies are multinational corporations where production of air-conditioning tubes is neither the only nor primary business. Maflow Branch operates on the basis of contracts of several years' duration concluded with the world's leading car manufacturers.

• **Sources of supplies**

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

• **Particularly key parameters for the Segment**

- currency exchange rates (EUR, USD),

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

Chemical products segment

• **Scope of business**

The Chemicals Segment includes the following branches: Elana, Boryszew ERG.

The entities of the Chemicals Segment operate in several sectors:

- staples, continuous filaments – used mainly in textile, automotive, furniture and clothing industries,
- chemical (including: plasticizers, stabilizers, grease used for production of plastics),
- automotive (including: engine coolants, brake fluids, installation fluids, de-icing fluids),
- construction (including: wall siding, doors, coffers),
- packaging (including: Styrofoam moulds, polyethylene drums),
- hand and surface disinfection fluids.

• **Sales and Markets**

The table below is a summary of information on the sale of products, goods and services of major business units with the Chemicals Segment in 2023 – 2022.

Company	Product range	Quantity [T]		Value [PLN '000]		
		2023	2022	2023	2022	
Boryszew Elana Branch	Elana (staples, elball)	9 541	10 526	59 995	74 578	
	Goods and materials	725	483	1 359	2 672	
	Artec	182	121	166	119	
	Other services (processing)			2 238	2 259	
	Total		10 448	11 130	63 758	79 628
Boryszew Branch RG	Chemicals	8 930	13 395	71 726	129 030	
	Automotive and de-icing fluids	9 045	10 543	45 216	41 550	
	Construction materials			19 590	20 649	
	Packaging			10 892	15 098	
	Other (including disinfectant)			13 239	15 078	
Total		17 975	23 938	160 663	221 405	
Boryszew O/Nylonbor (until 30.09.2022)	Polyamides	0	71	0	2 744	
	Special production			0	2 551	
	Other	0	20	0	1 697	
Total		0	91	0	6 992	
Consolidation adjustments				-1 863	-1 964	
Chemical Segment total			28 423	35 159	222 558	306 061

For the Chemical Segment 2023 ended with lower volume and value sales for almost all products. The largest decline was recorded in the chemical products of Boryszew ERG Branch.

The slump in the chemical market significantly affected the 2023 result. Aggressive pricing by South Korean chemical manufacturers contributed to the decline in sales.

Main directions of sales in the Segment for 2023 - 2022 are shown in the following table:

Sales structure [%]	2023	2022
Domestic	63%	63%
Germany	10%	10%
Ukraine	7%	7%
Other	20%	20%

The domestic market is the main market for the Chemicals Segment companies, generating 63% of the business, a similar lever as in 2022. In 2023, the sales structure was the same as in 2022.

- Market share**

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

Product range	Market share % in domestic market
Automotive products:	
Coolants	33%
Installation fluids	45%
De-icing fluids	30%
Chemical market:	
depending on the range	approximately 3%
Construction (wall siding and headliner)	30%
Packaging (depending on the range)	3-10%

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

- Competition**

Competitors on the filaments includes:

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

Competitors on the automotive market include:

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

Competition for auxiliary products in plastics processing: **ZA Kędzierzyn, Perstorp, DEZA and Eastern market** - primarily Korean plasticiser manufacturers, with integrated production.

Competitors on the building materials market are: **Gamrat S.A., VOX, Kaczmarek, Budmat, Cellfast**.
Competitors on the packaging market are: **Knauf Industries, HSV, Yetico, Arpack, Hirsch**.

- **Raw materials**

Main raw materials for Chemicals Segment include:

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

Other non-allocated

- **Scope of business**

The Other non-allocated segment includes:

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

BORYSZEW CAPITAL GROUP

MAIN ENTITIES OF BORYSZEW GROUP BY OPERATING SEGMENTS

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

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

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

AUTOMOTIVE SEGMENT

The Automotive Segment within the Boryszew Capital Group includes: Maflow Group and Boryszew Automotive Plastics Group (23 subsidiaries under Boryszew S.A. Maflow Branch in Tychy serves as the Headquarters for both Groups).

- **Scope of business**

Maflow Group is one of the largest manufacturers of air conditioning tubes and other applications that provide transportation of liquids and gases in cars and vans. One of the departments of the Group is the rubber department which specializes in the manufacture of flexible rubber connections for fluid and gas transport in every car circuit. Boryszew Automotive Plastics Group predominantly operates in the automotive sector, mostly involved in production of plastic components used inside and outside of vehicles, while a marginal part of the Group's operations is the non - automotive market.

Group's HQ supervises the following companies of the automotive segment of Boryszew S.A. Capital Group:

1. Maflow Spain Automotive S.L.U
2. Maflow France Automotive S.A.S
3. Maflow BRS S.r.l (Italy)
4. Maflow Polska sp. z o. o.
5. Boryszew Maflow sp. z o. o.
6. Maflow India Private Limited
7. Maflow do Brazil Ltda.
8. Maflow Components Dalian Co. Ltd. (China)
9. MAFMEX S. de R.L. de C.V. (Mexico)

10. Boryszew Automotive Mexico S. de R.L. de C.V.
11. Maflow Plastics Poland Sp. z o. o.
12. Boryszew Automotive Plastics Sp. z o.o.
13. Boryszew Components Poland sp. z o. o.
14. Boryszew Commodities sp. z o. o.
15. Boryszew Kunststofftechnik Deutschland GmbH
16. Boryszew Deutschland GmbH in liquidation
17. ICOS GmbH in bankruptcy under self-administration
18. AKT plastikářská technologie Cechy, spol. s r.o.
19. Theysohn Formenbau GmbH in bankruptcy under self-administration
20. Theysohn Kunststoff GmbH in bankruptcy under self-administration
21. Boryszew Formenbau Deutschland GmbH
22. Boryszew Plastic Rus Ltd.
23. Boryszew Oberflächentechnik Deutschland GmbH

Following a specific analysis of the activities of different Maflow Group companies, as well as the markets in which they operate, the situation is as follows:

- Boryszew Maflow Branch - see the section on Boryszew S.A.,
- Maflow Spain Automotive S.L. U. - operating in Spain, manufacturing for the European markets with the main markets being Spain and Portugal. The key client of the company is VW Group, buying air conditioning ducts from the company.
- Maflow do Brazil Ltda - with registered office in Brazil, a partner to the VW Group operating on the same territory where Maflow do Brazil Ltda sells air conditioning ducts. In addition, the facility in Brazil is a manufacturing site for air brake hoses for Scania in Brazil;
- Maflow Components Dalian Co. Ltd - based in China, manufacturing air conditioning hoses for passenger cars and rubber hoses for air conditioning and power steering installations. Currently, the company is involved in projects for Volvo and BMW, however, the overall share of Maflow Group in the market of Chinese air conditioning ducts for passenger cars is insignificant and the Group has no share in the market for trucks;
- Maflow India Private Limited - operating in India, manufacturing air conditioning ducts for VW and Renault India;
- MEFMEX S. de R. L. de C.V. - based in Mexico, in the reporting period manufactured air conditioning ducts for Volkswagen, Audi and Navistar.

The BAP Group covers entities involved in series production of high quality plastic parts for the automotive sector, used in vehicle interior and exterior, including galvanized and varnished plastic parts and injection moulds for the production of these elements.

Following an analysis of the activities and markets of different Boryszew Automotive Plastics Group companies, the situation is as follows:

- AKT plastikářská technologie Cechy, spol. s r.o. - based in the Czech Republic, manufacturing for the Czech, with customers including Skoda and also for the German market where the main customers of the company are Daimler, Audi and VW;
- Boryszew Kunststofftechnik Deutschland GmbH - based in Germany, operates predominantly on the German market, manufacturing for VW and Audi, to smaller extent for the Slovak market with the main customer Faurecia, Czech market in cooperation with Antolino Group and Polish market where the customer is VW Poznan.
- Boryszew Plastic Rus Ltd - based in Russia, due to the conflict in Ukraine and sanctions imposed on Russia, halted automotive operations relying only on the production of unit orders of non-automotive components for the local market.
- Maflow Plastics Poland sp. z o.o. - operating in Poland, mainly for local VW production facilities located in Poznań and Września and Toyota facility in Wałbrzych. In Europe the main customers of the company include VW in Sachsen, Hannover and Wolfsburg, as well as Toyota in France;

- Boryszew Oberflächentechnik Deutschland GmbH based in Germany and manufacturing mainly for such customers as: IAC, PSA or Rehau.

- **Sales and Markets**

Car sales increased in 2023. This segment was growing well. According to ACEA (*European Automobile Manufacturers' Association*) the passenger car market in Europe (UE, EFTA i UK) increased by 13.7% compared to the same period of last year. The aforementioned increase is mainly the situation on the European market, affected significantly the volume of car sales throughout Europe.

The main customer for the Automotive segment - Volkswagen Group - recorded an increase in car sales on the European Market of 18.5% in 2023.

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

	JANUARY - DECEMBER				
	% share		Quantity		% change
	2023	2022	2023	2022	23/22
Volkswagen Group	25.9	24.8	3 324 705	2 804 700	18.5%
Stellantis	16.6	18.2	2 128 625	2 052 722	3.7%
Renault Group	9,7	9,4	1 242 293	1 062 259	16.9%
Hyundai Group	8,6	9,4	1 106 467	1 060 955	4.3%
BMW Group	7,1	7,3	913 955	819 044	11.6%
Toyota Group	6,9	7,1	888 770	806 327	10.2%
Mercedes-Benz	5.5	5.8	710 433	656 118	8,3%
Ford	4.0	4.6	518 371	516 509	0.4%
Tesla	2.9	2.1	366 326	233 403	56,9%
Nissan	2.3	2.1	293 476	238 335	23.1%
Volvo Cars	2.2	2.2	287 150	247 306	16.1%
Suzuki	1.5	1.2	187 344	132 311	41.6%
Mazda	1.4	1.2	182 532	140 225	30.2%
Jaguar Land Rover Group	1.1	1.1	145 490	119 892	21.4%
Honda	0.5	0.6	60 606	67 188	-9,8%
Mitsubishi	0.3	0.5	42 823	57 146	-25.1%

Source: ACEA Report : NEW CAR REGISTRATIONS BY MANUFACTURER 2024

An important parameter with an impact on the dynamics and results of Boryszew Capital Group is the sale of cars (the Automotive segment accounts for approximately 50% of Boryszew S.A. turnover).

Revenues from Automotive Segment sales in 2023 and 2022 are presented in the table below:

Company	Product range	Value [PLN '000]	
		2023	2022
BAP Group			
Boryszew Kunststofftechnik Deutschland GmbH	Plastic components	209 257	239 966
Theysohn Kunststoff GmbH in bankruptcy under self-administration	Plastic components	933	17 065
AKT Plastikarska Technologie Cechy, spol.sr.o (AKT Czech Republic)	Plastic components	142 853	130 003
BRS YMOS GmbH	ZnAl components	94 105	78 782
Boryszew Oberflächentechnik Deutschland GmbH	Plastic components	77 766	70 784
Theysohn Formenbau GmbH in bankruptcy under self-administration	Injection moulds production	23	13 034
Boryszew Formenbau Deutschland GmbH (Wedo)	Injection moulds production	15 577	13 282
ICOS GmbH in bankruptcy under self-administration	Holding company	666	9 016
Boryszew Plastic RUS Ltd.	Plastic components	7 412	19 879
Maflow Plastics Poland Sp. z o. o.	Plastic components	72 429	59 140
Boryszew Automotive Plastics Sp. z o.o.	Shared service company	4 797	0
Boryszew HR Service Sp. z o.o.	Outsourcing of employees	10 780	11 229
Total for BAP Group		636 598	662 180
Maflow Group			
Boryszew Maflow Branch	Air-conditioning tubes and other*	894 859	779 828
Maflow BRS s.r.l.	Rubber tubes	177 042	156 237
Maflow France Automotive S.A.S.	Air-conditioning tubes and other*	1 605	27 248
Maflow Spain Automotive S.L.	Air-conditioning tubes and other*	72 473	75 693
Maflow do Brazil Ltda.	Air-conditioning tubes and other*	50 888	51 154
Maflow Components Dalian Co. Ltd.	Air-conditioning tubes and other*	54 348	73 434
Maflow Automotive Mexico S. de R.L. de C.V.	Air-conditioning tubes and other*	89 899	77 770
Maflow India Private Limited	Air-conditioning tubes and other*	21 043	18 910
Total for Maflow Group		1 362 157	1 260 274
Consolidation adjustments		-249 883	-251 476
Total - Automotive Segment		1 748 872	1 670 978

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

In 2023, the Automotive segment increased its sales revenue. The highest revenue growth was reported in the Polish locations of the Maflow Group.

The main sales destinations for in the Automotive Segment for the period 2023 - 2022 are presented in the table below:

Sales structure [%]	2023	2022
Domestic	9%	10%
Germany	27%	29%
Czech Republic	9%	10%
Spain	7%	7%
France	4%	4%
Mexico	4%	4%
China	4%	5%
Brazil	4%	4%
United Kingdom + Northern Ireland	4%	3%
Sweden	3%	3%
Belgium	3%	3%
Other	21%	18%
Export sales as % of total sales	91%	90%

The main market for the Automotive Segment remains European Union countries, with about 27% of products sold to the German market.

- **Market share**

In 2023, Maflow Group's share in the global market remained constant at 7%. In terms of Western European markets, the shares of Maflow Group in production remained at a level correlated with 2022, reaching 23-24%.

VW Group is still the biggest customer for Maflow Group products. Important customers, but with lower sales volumes, are: VCC, BMW, and Renault. Maflow still maintains its third position on the European market just after ContiTech and Hutchinson. Maflow Group products are supplied to NAFTA markets, as MEFMEX S. de R. L. de C.V. production facility is located in Mexico.

Boryszew Automotive Plastics Group acts as a Tier 1 and Tier 2 supplier, and its portfolio includes plastic components for the interior and exterior of vehicles.

- **Competition**

Direct competitors of Maflow Group include such corporations as **Contitech, Eaton/ Xandor, TI Automotive, Daytech, Hutchinson, Parker, Hanon, SAAA, Tenglong**. Some of these companies are multinational corporations where production of air-conditioning tubes is neither the only nor primary business.

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

Competitors for BAP Group include: **Plastic Omnium, FORVIA (formerly Faurecia and Hella), Magna International, Lear, Adient, Grupo Antolin**. These are global corporations for which the production of car parts made of plastics is neither the sole nor primary activity. These companies are integrators of complete products used in automotive industry, the so called Tier 1.

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

- **Sources of supplies**

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

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

- **Particularly key parameters for the Segment**

- energy prices and prices of other utilities,

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

In BAP Group and Maflow the anticipated growth is closely linked to the advancement of automation and digitalisation of production, which will enable a significant reduction in the impact of labour cost increases on the financial performance of production facilities.

An essential part of the growth of both Groups is the acquisition of new projects and exploitation of the potential of collaboration with a leading electric car manufacturer as well as major European automotive brands in the hydrogen car piping.

The BAP Group will mainly focus on implementing restructuring assumptions and adjusting the Group's structure to market demand and investment opportunities.

Maflow Group will direct its main attention to launching high-volume projects and maintaining positive quality and operational indicators after increasing production.

An important aspect in the development of the Maflow Group, will be the introduction of a process optimisation program at the Mexico/Silao Plant and the start of production at the Mexico/San Luis Potosi Plant.

Maflow Group is also developing applications for alternative refrigerants that can replace those currently in use in the European Union. Products for alternative applications are also being developed, both for cooling and fuel supply.

METAL SEGMENT

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

ALUMINIUM

- **Scope of business**

The Aluminum business includes NPA Skawina (hereinafter NPA Skawina, NPA).

Main products of the Aluminium business include:

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

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

- **Sales and Markets**

Sales volumes and revenues from sales in the Aluminium business in 2023 and 2022 are presented in the table below:

Company	Product range	Quantity [T]		Value [PLN '000]	
		2023	2022	2023	2022
NPA Skawina					
	Wire rods	32 981	34 072	482 119	553 634
	Non-wire rods	1 903	2 748	27 358	46 324
	Alloy rods	3 870	3 191	66 178	56 376
	Wires and cables	9 729	8 989	172 675	163 722
	Class V aluminium conductors	480	570	10 543	13 467
	Extruded products	3 256	2 985	54 567	53 521

Other (goods, materials, services)	964	1 009	15 093	16 419
Total	53 183	53 564	828 533	903 463
Total for the Aluminium business	53 183	53 564	828 533	903 463

The performance of NPA Skawina Sp. z o.o. in 2023 is a result of favourable economic conditions in the market (high dollar exchange rate, reduced gas and energy prices compared to 2022). Development prospects in the coming years will favour the company, as in line with the European Union's directions in energy policy changes and electromobility, a significant increase in demand for all products in NPA Skawina portfolio is assumed.

In 2023 the company launched an investment to increase the production capacity of the existing plant, which will be achieved through the purchase of new production equipment, upgrades and expansion of the existing machine park.

Main directions of sales in the Segment for 2023 - 2022 are shown in the following table:

Sales structure [%]	2023	2022
Domestic	38%	54%
Czech Republic	18%	16%
Germany	9%	7%
Italy	8%	2%
Sweden	3%	4%
The Netherlands	3%	4%
Slovakia	3%	3%
Bosnia and Herzegovina	3%	0%
Luxembourg	2%	2%
Switzerland	2%	1%
Other	12%	7%
Export sales as % of total sales	62%	46%

In 2023, the export share went up 62%, or by 16 pp. In the structure of export sales, the biggest changes were in sales to Italy, up 6 p.p., the Czech Republic, up 2 p.p., Germany, down 2 p.p., and Austria, down 3 p.p.

- **Market share**

NPA's share of aluminium wire rod and non-conductor wire rod in the domestic market was 40% in 2023. Imports for these products were mainly from the Russian Federation - 22% of the market (Rusal), the United Arab Emirates - 8% (Ducab), Bahrain - 8% (Midal), Mozambique - 6% (Midal), Romania - 6% (Alro), Egypt - 5% (Egyptalum) and other countries 5%.

Overhead conductors on the domestic market outside NPA are manufactured by FPE Będzin and Eltrim.

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

- **Competition**

The largest competitors of NPA Skawina include:

- in rolled products: Alcoa Island, Alro Vimetco Romania, Ducab ZEA, Egyptalum Egypt, Hydro Aluminium Norway, Inotal Hungary, Lamifil Belgium, Midal Mozambique/Bahrain, Press Metal Malaysia, Rusal Russia, Trimet France.
- in processed products: FPE Będzin, Fux from Hungary, Lumpi from Austria, Heneken (Slovakia), WDI from Germany, Trefinasa from Spain, Midal Cable from Bahrain, manufacturers from Turkey, China and India.

- **Raw materials and sources of supplies**

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

- **Particularly key parameters for the Segment**

- the amount of trade bonus that affects revenues and results,
- the amount of subsidies for the main raw material (aluminium), scrap price level, which affect production costs.
- development of competition in aluminium wire rod production from: Malaysia, Mozambique, and India,
- instability of electricity and gas prices in Europe,
- unstable macroeconomic conditions in the foreign exchange market.

BRASS

- **Scope of business**

In Brass business, the Boryszew Group has one producer: WM Dziedzice S.A.

The key products in the Segment are:

- brass alloy tubes and multi-component alloys for power industry (including condenser), shipbuilding industry and heat engineering,
- brass alloy rods and wires - for construction, electronics and electrical engineering industries.

The most important markets are construction, electronics, electrical engineering, metallurgy.

- **Sales and Markets**

The sales volumes and revenues from sales of the Brass business in 2023 and 2022 are presented in the table below:

Company	Product range	Quantity [T]		Value [PLN '000]	
		2023	2022	2023	2022
WM Dziedzice					
	Brass bars	17 449	22 508	394 327	547 827
	Brass pipes (including capacitor pipes)	3 885	5 004	129 062	154 079
	Strips (steel, bi- and multi-component)	0	1 389	0	37 694
	Coin blanks	0	625	0	27 518
	Other	262	293	22 574	46 962
Total Brass Segment		21 596	29 819	545 963	814 079

For the Brass business 2023 ended with lower volume sales by 28% and lower revenues by 33% compared to 2022.

Actual sales in 2023 amounted to 21 596 tonnes. The year-on-year decline in sales of 8 223 tonnes is mainly due to significantly weaker market for the company's products and the extinguishment of flat product production. The largest decrease in sales was recorded in brass bars and overall in flat products (strips and coils).

The main sales destinations in the Brass business in 2023 – 2022 are presented in the table below:

Sales structure [%]	2023	2022
Domestic	40%	37%
Germany	24%	25%
Czech Republic	7%	9%
United Kingdom + Northern Ireland	7%	6%
Slovakia	7%	5%
Italy	4%	5%
U.S.A.	3%	5%

Denmark	2%	2%
Finland	1%	1%
Canada	1%	3%
Other	4%	3%
Export sales as % of total sales	60%	63%

The largest customers for Brass products in 2023 were countries such as Germany - 24%; Czech Republic - 7%; Slovakia - 7%, the domestic market accounted for nearly 40% of total sales. From outside the European Union, the largest sales were made to the UK 7% and the US 3%

• **Market share**

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

European Market:

Product range	shares in %
Brass bars and pipes	1-1.5%

Domestic market:

Product range	shares in
Brass bars and pipes	50%

Lower sales volume was the result of unfavourable demand trends in the global market.

• **Competition**

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

- HME - formed after the acquisition of the rod portion of KME by the Hajliang concern. It has manufacturing facilities in Italy, Germany and France,
- **Wieland AG** - a German company with 9 production facilities worldwide, involved in production of non-ferrous metal products.
- **Diehl** - Germany's third-largest manufacturer of high-quality brass bars and pipes, headquartered in Röthenbach; production units are located at 13 locations in Europe, Asia, South America and the US.
- **Eredi Gnutti S.p.A., Carlo Gnutti, Almag, Metalurgica San Marco** - Italian companies, based in Brescia. They produce brass bars and rolled products in the form of strips.
- **Nordic Brass** - a manufacturer of brass bars based in Gusum, Sweden; the products offered are made from recycled material (great concern for the environment).
- **Garay** - a Spanish company, main competitor for lock bars and profiles.
- Domestic competitors include:
- **Wholesalers:** Złomrex (Cognor Group), Profmetkol Sp. z o.o., KME Metale Sp. z o.o., Metall Expres Sp. z o.o., Metkom Sp. z o.o

• **Raw materials and sources of supplies**

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

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

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

- competition from large non-ferrous metal product groups in Europe,
- replacing copper alloy products with cheaper products (plastics) when copper prices are high.

ZINC AND LEAD BUSINESS

• Scope of business

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

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

The basic products from this segment include:

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

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

• Sales and Markets

The sales volumes and revenues from sales of the Zinc and Lead Segment in 2023 and 2022 are presented in the table below:

Company	Product range	Quantity [T]		Value [PLN '000]	
		2023	2022	2023	2022
Baterpol					
	Lead and alloys	33 452	34 134	388 030	397 265
	Lead products	0	2	0	28
	By-products	9 332	10 341	40 793	48 916
	Other			5 171	757
	Total	42 784	44 477	433 994	446 966
ZM Silesia (Katowice)					
	Metal sheets	5 329	3 436	84 216	68 052
	Anodes	1 552	1 151	23 179	21 671
	Wire	1 323	1 536	24 001	32 997
	Total	8 204	6 123	131 396	122 720
ZM Silesia (Olawa Branch)					
	Zinc white	9 347	12 862	125 734	213 474
	Lead tetroxide	2 205	5 750	28 990	34 453
	Total	11 552	18 612	154 724	247 927
Total for the Zinc and Lead Segment		62 540	69 212	720 114	817 613

In the Zinc and Lead Segment, 2023 was closed sales volumes drop by 9.6% compared to 2022, i.e. by 6.7 thousand tonnes.

In ZM Silesia the year-on-year decline in sales is a consequence of the loss of some orders in the second half of 2022 - while the effects of this loss in 2022 worsened the results of only the second half of the year, in 2023 they

could be felt in all 12 months. The biggest drop in sales was in zinc white and zinc wire, for which competition from India has become active

In 2023 Baterpol S.A. showed a marked difference between the first and second half of the year. Sales volume in the second half was about 17% lower than in the first. The decline in demand was due to the general economic situation, but also to the influx of relatively cheap metal from Asian markets.

The main sales destinations in the Zinc and Lead business in 2023 – 2022 are presented in the table below:

Sales structure [%]	2023	2022
Domestic	46%	50%
Czech Republic	18%	18%
Germany	15%	12%
Luxembourg	6%	10%
Austria	4%	1%
Switzerland	3%	0%
France	3%	3%
Italy	1%	1%
Other	4%	4%
Export sales as % of total sales	54%	50%

In 2023 the sales share in the domestic market dropped by 4 p.p. and export increased by 4 p.p. Increases in sales volumes was mainly recorded in export sales to Germany, Austria and Switzerland.

- **Market share**

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

ZM SILESIA:

European Market:

Product range	shares in %
Lead oxides	13%
Zinc wire	4%
Zinc oxides	8%
Zinc anodes	3%
Zinc-titanium sheets	4%

Domestic market:

Product range	shares in %
Lead oxides	78%
Galvanised wire	50%
Zinc oxides	46%
Zinc anodes	60%
Zinc-titanium sheets	65%

• **Competition**

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

In the zinc oxide market, the main competitors are: *Everzinc, Zincol Ossidi, Silox, Grillo Zinkoxid, Norzinco.*

• **Raw materials and sources of supplies**

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

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

- gas and electricity prices,
- price level and availability of battery scrap,
- LME quotation levels for zinc and lead, which significantly determine the demand and competitiveness of the products manufactured by the Company,
- demand of the automotive and construction industry, two main customers of the Zinc and Lead business.

STEEL BUSINESS

• **Scope of business**

This business includes: Alchemia S.A, Huta Bankowa Sp. z o.o. and Laboratoria Badań Batory Sp. z o.o. The key products in the Segment are:

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

• **Sales and Markets**

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

Revenues from the sale of the Steel business in 2023 – 2022 are presented in the table below:

Company	Product range	Value [PLN '000]	
		2023	2022
Alchemia S.A.			
	Steel pipes and ingots,	657 926	916 936
	Semi-finished steel products	157 401	233 056
	Forged products and steel processing	30 648	51 023
	Other	20 331	26 522
	Total	866 306	1 227 537
Huta Bankowa:			
	Long products	386 424	568 091
	Forged and rolled products	115 353	119 611
	Other	11 383	18 651
	Total	513 160	706 353
Laboratorium Badań Batory			
	Services	6 751	6 765
	Total	6 751	6 765
Consolidation adjustments		-171 556	-254 241
Total Segment Steel		1 214 661	1 686 414

Lower result on product sales in the Steel business in 2023 was affected by the market situation in the steel industry and steel-intensive industries in Europe. After markets calmed down somewhat in the wake of the war in Ukraine, inflationary factors eased, but at the same time demand fell. After strong price increases in the markets in 2022 and 2023, price reductions were clearly seen confirmed by a fairly strong downward trend in the PPI producer price reading. One of the factors undermining prices was the sharply noticeable declines in gas and energy prices, and with demand weakening, these declines have deepened further. Unfortunately, Chinese economy continued to decelerate, which further negatively affected other markets around the world. Armed conflicts have also erupted in the Middle East which affected the supply problem.

- **Competition**

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

Major competitors include:

- Productos Tubulares/Tubos Reunidos (Spain)
- Dalmine Tenaris (including in Italy, Romania)
- Moravia (Czech Republic)
- Liberty (Czech Republic)
- Chomutov (Czech Republic)
- Rustavi (Georgia)
- BMZ (Belarus)
- Interpipe (Ukraine)
- Mittala Group (including in Romania).

- **Raw materials and sources of supplies**

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

TRADE AND OTHER BUSINESS

- **Scope of business**

The Trade and Other business within the Metals Segment included the following companies in 2023: Zakład Utylizacji Odpadów Sp. z o.o., Metal Zinc Sp. z o.o.

CHEMICAL PRODUCTS SEGMENT

- **Scope of business**

The Chemicals Segment includes the following entities: Boryszew S.A. Oddział Elana, Boryszew S.A. Oddział Boryszew ERG, Elimer Sp. z o.o. On 29 December 2022 Nylonbor was sold. Sp. z o.o.

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

- PET flakes used as a raw material in chemical, textile and packaging industries,
- staple fibres, elball - used mainly in the textile, furniture and apparel industry, chemical industry (including plasticizers, stabilizers, grease used for production of plastics),
- automotive (including: engine coolants, brake fluids, installation fluids, de-icing fluids),
- construction (including: wall siding, doors, coffers),
- packaging (including: Styrofoam moulds, polyethylene drums),
- car cosmetics.

- Sales and Markets**

Sales volumes and revenues from sales in the Chemical Segment in 2023 and 2022 are presented in the table below:

Company	Product range	Quantity [T]		Value [PLN '000]	
		2023	2022	2023	2022
Boryszew Elana Branch					
	Elana (staples, elball)	9 541	10 526	59 995	74 578
	Goods and materials	725	483	1 359	2 672
	Artec	182	121	166	119
	Other services (processing)	0	0	2 238	2 259
	Total	10 448	11 130	63 758	79 628
Boryszew/Boryszew ERG branch					
	Chemicals	8 930	13 395	71 726	129 030
	Automotive and de-icing fluids	9 045	10 543	45 216	41 550
	Construction materials	0	0	19 590	20 649
	Packaging	0	0	10 892	15 098
	Other (including disinfectant)	0	0	13 239	15 078
	Total	17 975	23 938	160 663	221 405
Boryszew/Nylonbor branch/(Nylonbor. Sp. z o.o. as of 01.10.2022)					
	Polyamides	0	71	0	4 277
	Special production	0	0	0	3 977
	Other	0	20	0	2 645
	Total	0	91	0	10 899
Consolidation adjustments				1 009	-1 520
Chemical Segment total		28 423	35 159	225 430	310 412

For the Chemical Segment 2023 ended with lower volume and value sales for almost all products. The largest decline was recorded in the chemical products of Boryszew ERG Branch.

The slump in the chemical market significantly affected the 2023 result. Aggressive pricing by South Korean chemical manufacturers contributed to the decline in sales.

The main sales directions in the Chemicals Segment in years 2023 – 2022 are presented in the table below:

Sales structure [%]	2023	2022
Domestic	63%	64%
Germany	10%	7%
Ukraine	7%	10%
Czech Republic	7%	6%
Other	13%	13%
Export sales as % of total sales	37%	36%

The domestic market remained the main market for the Chemicals Segment companies, generating 63% of the business. Its share declined by 1 p.p. against 2022. The Ukrainian and German markets are still the main markets for the Chemicals Segment.

- **Market share**

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

The share of the most important product groups on the domestic market in 2023 was as follows:

- products for the automotive industry – cooling liquids approximately 33%, installation liquids approximately 45%, defrosting agents approximately 30%
- chemical products market (auxiliary products for processing) – depending upon product range, app. 3%,
- construction industry – siding and counter ceiling – 30%.
- packaging - depending on the assortment from 3% - 10%.

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

- **Competition**

Competitors on the filaments includes:

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

Competitors on the automotive market include:

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

Competition for auxiliary products in plastics processing: **ZA Kędzierzyn, Perstorp, DEZA and Eastern market** - primarily Korean plasticiser manufacturers, with integrated production.

Competitors on the building materials market are: **Gamrat S.A., VOX, Kaczmarek, Budmat, Cellfast.**

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

- **Raw materials**

Main raw materials for Chemicals Segment include:

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

OTHER NON-ALLOCATED

- **Scope of business**

Boryszew S.A. - Head Office, Boryszew S.A. Boryszew Energy Branch, Boryszew Green Energy & Gas Sp. z o.o. (formerly: Elana Energetyka Sp. z o.o.), Boryszew Nieruchomości Sp. z o.o. (formerly: Eastside BIS Sp. z o.o.), Boryszew Property Sp. z o.o.. (formerly: Eastside Capital Investments Sp. z o.o.), Boryszew Inwestycje Sp. z o. o. (formerly: Boryszew Holding Sp. z o. o.), Boryszew Assets Sp. z o. o. (formerly: SPV Lakme Investment Sp. z o. o.)

Boryszew S.A. - Head Office, based in Warsaw, manages the Capital Group (several dozen companies, both domestic and overseas) and its objective is to increase the value of the Company and of the Group in the long run. The Head Office earns income mainly from dividends and interest on loans and bonds.

Other entities are mainly involved in sale of gas and electrical energy (Boryszew S.A. Energy Branch and Boryszew Green Energy & Gas Sp. z o.o.), rental of office and warehouse space and land (Boryszew Nieruchomości Sp. z o.o.).

ANALYSIS OF MARKET SITUATION IN 2023

ECONOMIC SITUATION

Struktura segmentowa przychodów tys. zł					Struktura geograficzna przychodów tys. zł				
	2023		2022			2023		2022	
Chemia	225 430	4%	310 412	5%	Polska	2 015 379	35%	2 737 005	40%
Motoryzacja	1 748 872	31%	1 670 978	25%	Niemcy	1 121 879	20%	1 322 213	19%
Metale	3 356 059	59%	4 278 071	63%	Pozostałe kraje UE	1 977 247	35%	2 146 554	32%
Pozostałe*	358 644	6%	531 054	8%	Pozostałe*	574 500	10%	584 743	9%
RAZEM	5 689 005	100%	6 790 515	100%	RAZEM	5 689 005	100%	6 790 515	100%

* this item also includes consolidation exclusions between segments

Key determinants:

Market sentiment - PMI and GDP:

Since more than 94,2% of revenues at Boryszew Capital Group is generated in Europe, then the overall economic situation within the European Union (mainly in Germany) is critical for Group's performance.

In 2023 growth was boosted by consumption, rising in the face of falling inflation, and investment, supported by the absorption of EU funds.

In early 2023 Poland saw the accumulation of very high inflation and low economic growth. The second half of the year was better; inflation began to fall and the economy recovered. Slightly, but nevertheless, it accelerated and came out "positive" after the recession in the first two quarters. In Q4 2023 economic activity in Poland improved slightly nevertheless, 2023 was generally a crisis year, a year with very high inflation and very high interest rates.

In the European Union countries, as well as in Poland itself, the general macroeconomic sentiment in 2023 was less optimistic than in the previous year.

With Germany being the main expansion market for our Group, the PMI is an important indicator of market sentiment for us. This indicator for 2023 highlights the deepening economic slowdown in Germany (activity in the manufacturing and service sectors has declined) which points to a recession in Europe's largest economy. With the start of 2024 the German economy is sending positive signals (activity in the service sector is showing signs of stabilisation) although sectors of the economy are still struggling.

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

PMI	2023	2022
EU	44.9	52,0
Poland	46.2	47.0
Germany	42.6	51,5

In Poland the PMI reading was at a lower level than last year - below the 50-point "crisis" level i.e. 46.2 points (with the reading of 47.0 points in 2022). In the entire 26-year history of this indicator, worse result was only seen twice. This was in 2009 and 2001, both of which had a score of 45.6 at the time.

While the decline in the PMI index is not large, it cannot go unnoticed; December 2023 was the 22nd consecutive month of declining new orders and, in addition, the rate of decline accelerated.

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

Weak industrial performance is now evident in most European Union countries - the weakening in Poland is less than in the Euro zone. Inflation continues to be an indicator of sentiment. As it declines to single-digit levels, public sentiment improves.

Forecast of GDP growth for Poland	2024	2025
NBP	3.5%	4.2%
World Bank	2.6%	3.4%
European Commission	2.7%	3.2%

The European Commission, in its latest forecast (February 2024), expects Poland's GDP to grow by 2.7% in 2024. According to its analysis private consumption will be the main driver of growth, supported by rising real wages, additional social support from the government and expiring inflationary pressures. Public consumption will also contribute significantly to economic growth through new additional fiscal support measures. The NBP pointed out that, compared to the previous November projection, the new data (the March 2024 forecast) contributed to an increase in projected economic growth in 2024-2025. According to World Bank forecasts, the Polish economy will grow by 2.6% in 2024 (unchanged from the June 2023 forecast).

In comparison, the World Bank lowered its forecast for GDP growth in the eurozone for 2024 by 0.6 p.p. (to 0.7%), which could have an impact on the situation of Polish companies. Importantly, a large part of our exports - which are one of the driving forces of the Polish economy - are directed to Western Europe. The downturn in Germany, France or other eurozone countries will, with some delay, have an impact on the situation of Polish companies. In addition, the economic growth prospects of the Polish economy are also affected by the economic situation in global markets, problems in supply chains in the global market and uncertainty in the development of other economies, along with the ever-present geopolitical risk, may negatively affect the growth dynamics of Polish GDP in the future.

The expected acceleration in GDP growth will be driven primarily by private consumption. A strong increase in the minimum wage, fiscal transfers and reasonably good consumer sentiment should support private consumption growth. The investment outlook is a little weaker due to the deceleration of public sector investment (the effect of the election calendar and a reduction in local government deposits). At the same time, private sector outlays should be decent with the contribution of energy transition.

The first half of the year should pass with increasingly lower inflation, while it is expected to rebound in the second half of the year (the effect of discontinuation of anti-inflationary measures and a rebound in economic activity). As a result, 2024 could end with inflation higher than at the end of the previous year. With interest rate cuts abroad and stabilisation of rates in Poland, PLN may continue its moderate appreciation.

The issue of the National Recovery Plan is also important. In November 2023 the European Commission positively assessed Poland's revised NRP, whose strategic goal is to rebuild the economy's development potential lost as a result of the pandemic, as well as to support the construction of sustainable economic competitiveness and increase society's standard of living in the long term. If this opportunity is seized, the country will be able to implement a number of important reforms and investments that change the face of the Polish economy.

Market sentiments - sales of cars:

Another important parameter with an impact on the dynamics and results of the Group is the sale of cars (the Automotive segment accounts for over 30.7% of Group's turnover). According to ACEA data, the passenger car market in Europe in 2023 saw a solid growth of 13.7% over 2022.

Battery electric cars became the third most popular choice for buyers in 2023. Their market share increased 14.6% year-on-year last year, outclassing diesel engines, which remained stable at 13.6%. Gasoline cars defended their lead with a 35.3% market share, while hybrid-electric cars came in second with 25.8%.

The main customer of the Automotive Segment, Volkswagen Group, recorded a 18.5% increase in car sales in the European market (compared to the same period last year) strengthening its position as the leading car manufacturer in Europe (EU, EFTA and UK).

It turns out that the past year wasn't short of both positive and negative events. Positive developments include the stabilisation of supply chains and commodity prices. This, in turn, brought stabilisation of manufacturing costs and greater price predictability. 2023 also marks consolidation of the industry. As a result, the market will be far less fragmented, and due to economies of scale, the costs of creating new, innovative products - mainly in the area of electromobility - will be lower. Negative events include accumulated inflation, which had a significant impact on the deterioration of the industry's performance due to a significant increase in labour costs and thus an increase in production costs.

All in all, 2023 turned out to be a somewhat calmer year for the automotive industry, and its situation looks quite good, although the sector still faces some challenges due to the economic slowdown.

Market sentiment - basic products of the Metals segment and prices of basic raw materials:

Since nearly 59,0% of Boryszew Capital Group's sales is in the metals industry segment, Group's performance is exposed to fluctuations in average prices of metals quoted on the London Metal Exchange (LME). The hedge policy for metal price and exchange rates, followed by the Group, has a significant effect on risk reduction. However, the level of income and working capital still remain sensitive to the volatility of these commodity prices.

The situation on the market of one of the basic products of this Segment - aluminium wire rod and aluminium alloys - is very good. Wire rod is used in production of wires, cables and wires. In particular the segment of overhead conductors and wires records a continuous increase in demand of several percent. NPA Skawina is the only manufacturer of the above products in Poland (about 40%).

Many producers in the steel market continue to experience a reduction or lack of infrastructure or housing investment, which is important for the industry. In the case of the steel industry, such disruptions limiting proper planning may continue. Lower demand also occurring in China is creating downward pressure on prices for steel products and with higher manufacturing costs and energy-intensity issues of European producers, leading to downward pressure on margins. During the period in question, the average prices of the four basic metals fell by: 23.8% zinc, 16.7% aluminium, 3.6% copper and 0.6% lead, respectively. Metal prices expressed in PLN fell by 28.3% zinc, 21.6% aluminium, 9.2% copper and 6.4% lead, respectively, as a consequence of falling demand.

The market outlook for 2024 is positive, and many companies expect an upturn, especially in the second half of 2024, when it may be possible to launch investments financed with NRP funds. Changes in Polish politics fill many entrepreneurs with optimism and allow them to expect an improvement in the investment climate in our country and an increase in interest from foreign investors

Market sentiments - significant currency pairs

Due to the fact that transactions are mainly closed in foreign currencies, the impact of foreign exchange rates is of great importance. The level of euro and U.S. dollar rates affects the Group's revenues.

The factor stabilising the achieved results are transactions hedging the purchase prices of aluminium, zinc and copper, as well as, in part, the natural hedging, which is the quoting of products based on current quotations of raw materials.

In the period under review the dollar strengthened against PLN by about 5.8%, which had an impact on quotations of basic metals expressed in PLN, and the average quotation of the euro to PLN were lower by 3.4%. In 2023, the EUR/USD exchange rate was at 1.08, about 2.6% higher than in 2022.

The level of currency rates is important for the Group, due to the predominance of processing margins which are denominated in this currency.

The ongoing disinflation process may slow down in the coming months due to: the escalating conflict between Israel and Palestine and rising oil prices. Looking ahead to 2024, this may continue to result in temporary waves of increased risk aversion, which will negatively affect the PLN exchange rate against EUR and USD in the short to medium term. Nevertheless, the prospect of an improvement in our country's economic situation in 2024, as well as the release of NRP funds, should stabilise PLN rates.

Detailed data on the development of the above-mentioned key parameters (average annual quotations of basic metals and exchange rates) are presented in the table below:

	2023	2022	% change
Aluminium [USD]	2 252	2 703	(16.7%)
Copper [USD]	8 483	8 797	(3.6%)
Zinc [USD]	2 649	3 478	(23.8%)
Lead [USD]	2 137	2 150	(0.6%)
	2023	2022	% change
EUR/PLN	4.53	4.69	(3.4%)
USD/PLN	4.20	4.46	(5.8%)
EUR/USD	1.08	1.05	2.6%
	2023	2022	% change
Aluminium [PLN]	9 459	12 060	(21.6%)
Copper [PLN]	35 639	39 248	(9.2%)
Zinc [PLN]	11 129	15 519	(28.3%)
Lead [PLN]	8 978	9 593	(6.4%)

Source: Daily listings of LME, NBP

The stabilisation of markets and, above all, of prices, as well as the reduction of risks, is expected to influence investment decisions in many segments, and especially in the power industry, which must meet many of the imposed criteria for reducing emissions.

VOLUME OF SALES

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

in thousand tonnes	2023	2022	change
Volume of sales, including:	358.5	415.3	(56.8)
Metals Segment	325.7	379.2	(53.5)
Chemicals segment	32.8	36.1	(3.3)

All of the Group's companies recorded a decline in sales volumes. The decrease is mainly due to lower sales volume of the Metals Segment, compared to the previous year (by 56.8 thousand tonnes).

The biggest contributor to the volume decline was Alchemia CG (down 41.1 thousand tonnes in total), mainly due to the economic slowdown and strong competition from China.

The Chemicals Segment also recorded a decrease, amounting to 9.1% (3.3 thousand tonnes).

BORYSZEW S.A.

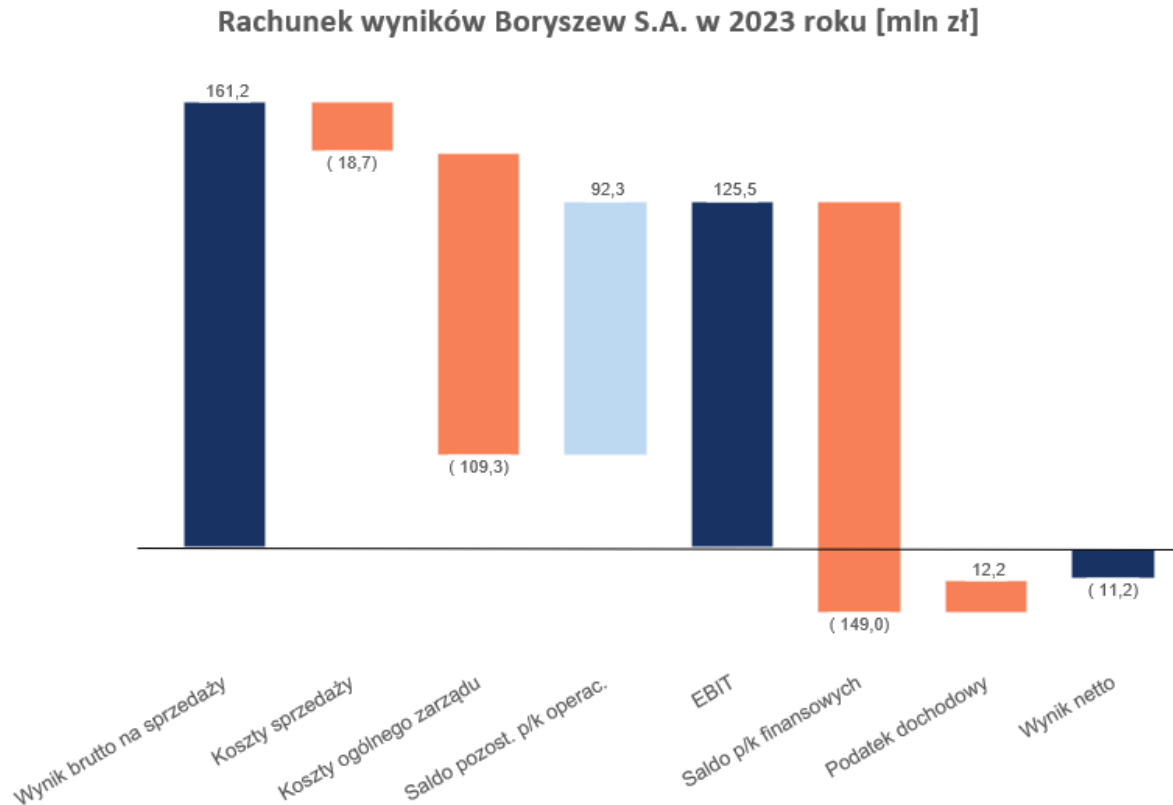
ANALYSIS OF SELECTED ITEMS OF INCOME STATEMENT

Selected items of the income statement of Boryszew S.A. for 2023, as compared to 2022, are presented in the table below:

in PLN million	2023	2022	change
Revenues from sale	1 815.3	2 913.7	(1 098.4)
Gross profit on sales	161.2	196.6	(35.4)
Profit on sales	33.2	46.5	(13.3)
EBITDA ¹⁾	168.0	100.2	67.8
Operating profit	125.5	43.4	82.1
Gross profit	(23.5)	22.5	(46.0)
Total net profit	(11.2)	14.8	(26.0)

¹⁾ Operating profit (loss) + depreciation, respectively

The following chart presents the impact of individual components of the income statement on the net result for 2023.



SALES REVENUES BY SEGMENTS

in PLN million	2023	2022	change
Revenues from sale, including:	1 815.3	2 913.7	(1 098.4)
Automotive Segment	894,9	772,3	122.6
Metals Segment	-	903,5	(903.5)
Chemicals segment	224.4	306.1	(81.7)
Other	697,9	935.2	(237.3)
Intercompany Corrections	(1.9)	(3.4)	1.5
Export sales as % of total sales	51%	43%	10%

In 2023 sales revenues amounted to PLN 1 815.3 million, down 37.7% mainly due to the spin-off of the NPA Skawina Branch into NPA Skawina Sp. z o.o.

In addition, the decline in revenues at Boryszew S.A. was influenced by:

- a decrease in the level of sales of electricity and natural gas (Other),
- declines in sales volumes at companies in the Chemicals segment.

OPERATING RESULTS

Gross profit on sales fell by PLN 35.4 million to PLN 161.2 million in 2023 due to the spin-off of NPA Skawina into a separate company.

Average gross margin on sales went up from 6.7% in 2022 to 8.9% today.

Costs of sales were lower by PLN 22.8 million, or by 54.9% against the same period of the previous year.

In turn, general and administrative expenses fell slightly by PLN 0.8 million.

The balance of other operating income/expenses amounted to PLN 92.3 million and was by PLN 95.4 million higher as compared to previous year. The aforementioned increase was mainly due to dividends received.

EBITDA for major operating segments was as follows:

in PLN million	2023	2022	change
EBITDA, including:	168.0	100.2	67.8
Automotive Segment	65,9	64,6	1.3
Metals Segment	-	45.7	(45.7)
Chemicals segment	9,1	(12.4)	21.5
Other	93.0	2.3	90,7

The change in EBITDA in 2023 compared to last year by segment was:

- the consequence of dividends received in Other operations,
- comparable results in the **Automotive Segment** - the negative impact of price increases was offset by higher volume and increases from OEMs, higher results in the **Chemicals Segment** - the situation in the segment did not change significantly. The difference in EBITDA is the result of a provision for tax risk by Boryszew ERG branch in 2022.

FINANCIAL REVENUES AND COSTS, NET RESULT

The balance of financial income and expenses amounted to PLN (-149.0) million and was lower than last year by PLN 128.1 million. Such a result is mainly due to write-offs on loans granted.

Net income from continuing operations in 2023 amounted to PLN -11.2 million, down by PLN 26.1 million from the same period last year.

BORYSZEW CAPITAL GROUP

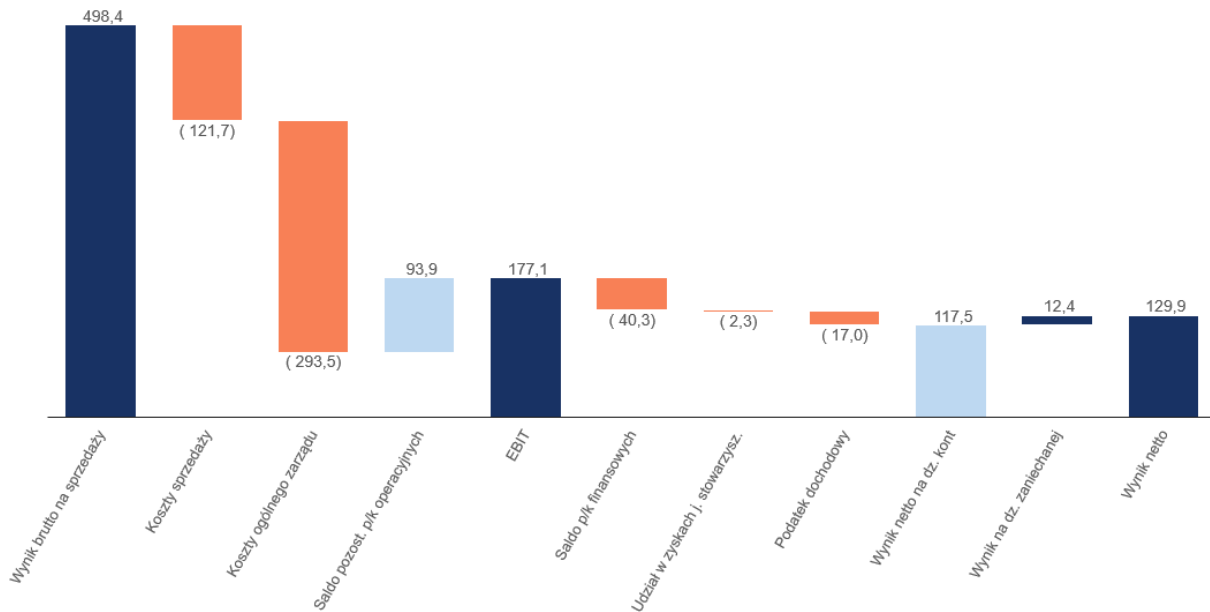
Selected items of the income statement of Boryszew Capital Group for 2023, as compared to 2022, are presented in the table below:

ANALYSIS OF SELECTED ITEMS OF INCOME STATEMENT

in PLN million	2023	2022	change
Revenues from sale	5 689.0	6 790,5	(1 101.5)
Gross profit on sales	498.4	600,5	(102.1)
Profit on sales	83,2	175.9	(92.7)
EBITDA	336.0	394.6	(58.6)
EBITDA (without one-off events)	380.3	387.4	(7.1)
Operating profit	177.1	216.7	(39.6)
Gross profit	134.5	184.5	(50.0)
Net profit on continuing operations	117.5	111.7	5.8
Net profit on discontinued operations	12.4	1.9	10.5
Total net profit	129.9	113.6	16.3

The following chart presents the impact of individual components of the income statement on the consolidated net result for 2023.

Rachunek wyników GK Boryszew w 2023 roku [mln zł]



SALES REVENUES BY SEGMENTS

in PLN million	2023	2022	change
Revenues from sale, including:	5 689.0	6 790,5	(1 101.5)
Automotive Segment	1 748.9	1 671.0	77,9
Metals Segment	3 356.1	4 278.1	(922.0)
Chemicals segment	225.4	310.4	(85.0)
Other *	358.6	531,1	(172.5)

* including consolidation adjustments

Sales revenues in 2023 decreased by 16.2% to PLN 5 689.0 million. Growth was recorded only in the Automotive Segment (up 4.7%). The largest declines were in the Other Operations segment (down 32.5%) and the Metals segment (down 21.6%). Revenue growth in the Automotive Segment was driven by the streamlining of supply chains which resulted in higher volume and increases from OEMs. The decrease in revenues in the Other Segment was mainly influenced (Boryszew Energy Branch, Boryszew Green Energy&Gas Sp. z o.o.) by the introduced electricity price freeze law (October 2022).

The decline in the Metals Segment is mainly due to a decline in demand for steel products, fewer ongoing investments and delays in the implementation of investments already underway in the European Union. In addition, revenues were impacted by the drop in LME commodity prices.

ACHIEVED FINANCIAL RESULTS

The gross result in 2023 dropped by PLN 102.1 million to PLN 498.4 million.

The costs of sales as well as general and administrative expenses dropped by PLN 9.4 million in total against the previous year.

The balance of other operating income/expenses was 93.9 million, up by 53.2 million from 2022.

OPERATING RESULT

- **Consolidates figures:**

In 2023, EBITDA excluding non-recurring events on continuing operations amounted to PLN 380.3 million, compared to PLN 387.4 million in 2022. In relevant operating segments, the EBITDA result was as follows:

in PLN million	2023	2022	change
EBITDA (excluding non-recurring events), including:	380.3	387.4	(7.1)
Automotive Segment	120.9	31.0	89,9
Metals Segment	216.4	340.4	(124.0)
Chemicals segment	8,9	10.3	(1.4)
Other *	34.1	5.6	28.5

in PLN million	2023	2022	change
EBITDA, including:	336.0	394.6	(58.5)
Automotive Segment	76,6	(10.6)	87,2
Metals Segment	216.4	411.7	(195.3)
Chemicals segment	8,9	(12.2)	21.1
Other *	34.1	5.6	28.5

* including consolidation adjustments

- **Automotive Segment**

Maflow Group reported an increase in sales levels, with EBITDA in 2023 up from the previous year. The increase in EBITDA is the result of higher volume, raises received and asset sales.

- **Metals Segment**

The segment recorded a significant decline in results in 2023 compared to 2022. A decrease in EBITDA was seen in almost all entities in this Segment. Alchemia CG recorded the largest decline. The result of Alchemia CG in 2023 was affected by the market situation in the steel industry.

Only NPA Skawina significantly improved its results thanks to a change in its sales strategy (initiated in earlier years) involving diversification of customers and a significant increase in sales of more processed products (wires and cables). Implementation of the strategy led to a significant increase in margins on all products including leading aluminium wire rod. In 2023, despite the difficult situation in the Segment, the company significantly improved its results.

The outlook in the coming years will be favourable for the company, as, in line with the EU's directions on energy policy changes and electromobility, demand for all products in NPA Skawina portfolio is expected to increase significantly.

- **Chemicals segment**

The Chemicals segment, excluding one-time events, is at a similar level last year. The difference in EBITDA is the result of a provision for tax risk recognised by Boryszew ERG branch in 2022.

- **Other non-allocated**

Other Operations achieved a higher result than in the corresponding period of the previous year as a result of an increase in the value of investment properties.

FINANCIAL REVENUES AND COSTS, NET RESULT

The balance of income/operating expenses amounted to PLN (40.3) million and it was PLN 8.3 million lower as compared to the same period of the previous year.

Net income from continuing operations amounted to PLN 117.5 million, up by PLN 5.8 million against the 2022 result.

7. DESCRIPTION OF ASSETS, EQUITY AND LIABILITIES STRUCTURE

BORYSZEW S.A.

ANALYSIS OF SELECTED BALANCE SHEET ITEMS

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

in PLN million	2023	2022
Non-current assets	1 382.3	1 517.5
including:		
tangible assets	165.4	250.8
investment property	21.7	19.8
intangible assets	14.5	32.2
right-of-use assets	114.4	125.3
shares in related parties	886,6	810,6
financial assets	46.6	143.2
other	133.1	135.6
Current assets	804,5	1 015,2
including:		
inventory	175.1	298.1
trade receivables and other receivable	266.7	339.2
cash and cash equivalents	24.8	26.1
other	337.9	351.8
Total assets	2 186.8	2 532.7
Equity	1 211.0	1 205.0
Total liabilities	975.8	1 327.7
including:		
Long-term liabilities, including:	235.0	135.2
financial obligations	117.5	52,2
Short-term liabilities, including:	740,8	1 192.5
trade liabilities	281.9	381.7
financial obligations	385.6	699,6
Balance sheet total	2 186.8	2 532.7

The decrease in fixed assets was mainly due to:

- PLN (96.6) million - decrease in financial assets - loan write-offs

Current asset decrease was primarily due to:

- PLN (72.5) million - decrease in trade receivables,
- PLN (123.0) million - decline in inventories also due to the spin-off of NPA Skawina.

The decrease in short-term liabilities was mainly due to:

- PLN 314.0 million - decrease in short-term financial liabilities, loans and borrowings.

ANALYSIS OF WORKING CAPITAL

in PLN million	2023	2022	change
Working capital (PLN million)	93.0	204.9	(111.9)
Inventory turnover (in days)	35.2	37.3	(2.1)
Receivables turnover (in days)	48.9	41.3	7,6
Liabilities turnover ratio in days	65,4	53,0	12.4
Working capital turnover (in days)	18.7	25.7	(7.0)

*Working capital = inventories + trade and other receivables - short-term trade and other payables as of the end of the period
Turnover ratios are calculated based on revenues*

As at the end of 2023, working capital amounted to PLN 93.0 million and decreased by 54.6% or PLN 111.9 million against the end of 2022. The decrease in working capital was mainly due to an increase in accounts payable relative to an increase in accounts receivable and a decrease in inventory levels.

The decrease in working capital turnover took place primarily as a result of a 23.4% and 18.4% increase in the level of accounts payable and trade receivable turnover, respectively, compared to 2022. The main factor is the spin-off of the NPA Skawina Branch into a separate company.

ANALYSIS OF INTEREST BEARING DEBT

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

in PLN million	2023	2022
Interest liabilities, including:	503,1	751,8
Long-term interest liabilities	117.5	52,2
including: bonds	-	-
including: loans, borrowings, leases	117.5	52,2
Short-term interest liabilities	385.6	699,6
including: bonds	-	-
including: loans, borrowings, leases	385.6	699,6
Cash and cash equivalents	24.8	26.1
Interest payable to related parties	136.3	319.2
Net debt	342.0	406.5
LTM EBITDA	168.0	100.2
Net debt/EBITDA	2.0	4.1
Value of gross (total) debt to assets*	16.8%	17.1%

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

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

The interest debt of Boryszew S.A. (less cash and cash equivalents and liabilities to related entities) as at the end of 2023 amounted to PLN 342.0 million and was lower by PLN 64.5 million than at the end of 2022.

The gross (total) debt to assets ratio was 16.8% at the end of 2023 compared to 17.1% at the end of 2022.

ANALYSIS OF LIQUIDITY

Liquidity ratios are presented in the table below:

in PLN million	2023	2022
Current ratio	1.1	0.9
Quick ratio	0.9	0.6

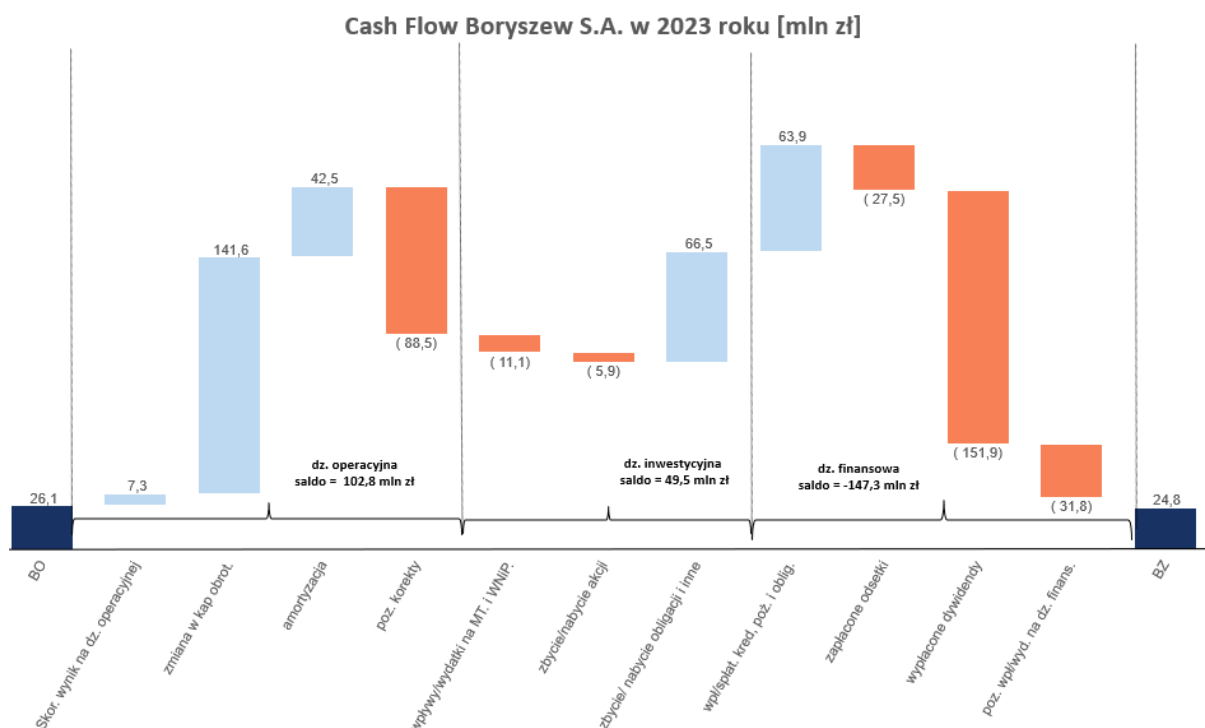
Current ratio = current assets / short-term liabilities

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

In 2023, the current ratio and quick ratio were at a higher level compared to 2022. The company has the ability to pay its current obligations. This is a result of a decrease in the level of current liabilities by PLN 451.7 million, with a simultaneous decrease in current assets by PLN 210.7 million (including a decrease in inventories by PLN 123.0 million).

ANALYSIS OF SELECTED ITEMS OF CASH FLOW AND CAPITAL EXPENDITURE

The main items of separate statement of cash flows for Boryszew S.A. in 2023 are presented in the chart below:



The above graph shows main factors that determined the cash flows of Boryszew in 2023.

In PLN million	2023	2022
Net cash flow from operating activities	102.8	42.0
Net cash flow from investment activities	49.5	(20.4)
Net cash flow from financial activities	(147.3)	(52.4)
Total cash flow	5.0	(30.7)

Investments in fixed assets occurred mainly in the Maflow Division (modernisation and automation).

BORYSZEW CAPITAL GROUP

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

in PLN million	2023	2022
Non-current assets	1 966.0	1 911.1
including:		
tangible assets	1 329.5	1 366.7
investment property	178.6	123.3
intangible assets	38.3	43.2
right-of-use assets	294.3	297.7
shares and stocks	28.9	-
financial assets	0.1	16.0
other	96.3	64,3
Current assets	1 787.0	2 073.4

including:		
inventory	886,1	1 034,9
trade receivables and other receivable	633,4	756,1
cash and cash equivalents	219,3	164,4
other	48,2	118,0
Assets held for sale	5.3	1.3
Equity	1 656.9	1 689.1
Total liabilities	2 101.6	2 296.6
including:		
Long-term liabilities	676,5	608,9
Short-term liabilities	1 425,1	1 687,7
Balance sheet total	3 758.5	3 985.7

ANALYSIS OF INTEREST BEARING DEBT

in PLN million	2023	2022
Interest liabilities, including:	726,4	817,0
Long-term interest liabilities	285,9	226,8
including: bonds	-	-
including: loans, borrowings, leases	285,9	226,8
Short-term interest liabilities	440,5	590,2
including: bonds	-	-
including: loans, borrowings, leases	440,5	590,2
Cash and cash equivalents	219,3	164,4
Net debt	507,1	652,6
EBITDA	336,0	394,6
EBITDA (without one-off events)	380,3	387,4
Net debt/EBITDA	1.5	1.7
Net debt/EBITDA (excluding one-off events)	1.3	1.7

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

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

Relative debt, as measured by the ratio of net debt to EBITDA (excluding non-recurring events), was 1.3 and decreased against the previous year.

At the end of 2023 the gross (total) debt-to-assets ratio was 19.3%, compared to 20.5% at the end of 2022.

The interest debt of Boryszew Capital Group (less cash and cash equivalents) as at the end of 2023 amounted to PLN 507.1 million and was lower by PLN 145.5 million than that at the end of 2022.

ANALYSIS OF WORKING CAPITAL

in PLN million	2023	2022
Working capital (PLN million)	752,6	980.3
Inventory turnover (in days)	57	56
Receivables turnover (in days)	38	40
Liabilities turnover ratio in days	47	43
Working capital turnover (in days)	48	53

Working capital = inventory + trade receivables - trade liabilities.

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

Demand for working capital as at the end of 2023 amounted to 752.6 million PLN and dropped as compared to the end of 2022 by PLN 227.7 million.

The actual level of working capital in Boryszew Capital Group, computed as a turnover ratio (calculated based on revenues) expressed in days was 48 days.

ANALYSIS OF LIQUIDITY

Liquidity ratios are presented in the table below:

in PLN million	2023	2022
Current ratio	1.5	1.5
Quick ratio	0.8	0.7

Current ratio = current assets / short-term liabilities

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

In 2023, the current ratio remained at the same level as in 2022, while the quick ratio increased slightly. The above ratios confirm that the Group has sufficient financial liquidity to pay current and future liabilities.

The current and quick liquidity ratios at the end of 2023 reached levels similar to those at the end of the previous year.

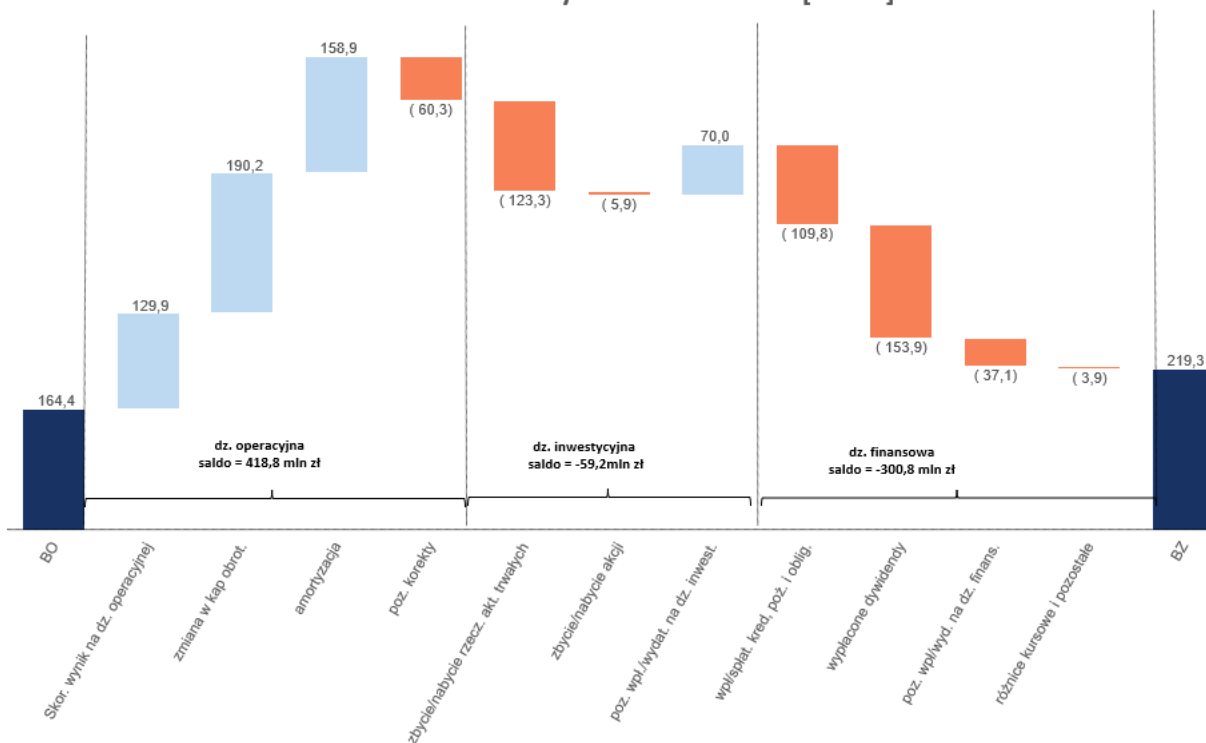
ANALYSIS OF SELECTED ITEMS OF CASH FLOW AND CAPITAL EXPENDITURE

The main items of the consolidated cash flow statement of the Boryszew Capital Group in 2023 compared to last year are presented in the table below:

in PLN million	2023	2022
Net cash flow from operating activities	418.8	286.1
Net cash flow from investment activities	(59.2)	(30.3)
Net cash flow from financial activities	(300.8)	(280.8)
Total cash flow	58,8	(25.0)

The following chart presents the main factors shaping the cash flow of Boryszew Capital Group in 2023:

Cash Flow GK Boryszew w 2023 roku [mln zł]



During the period under review, the Group had full liquidity and demonstrated its full ability to meet obligations, both trade and financial liabilities.

In 2023 the Group generated positive cash flows from operations, which were allocated mainly to service debt (payment of loans and borrowings, payment of interest).

The Group has the financial capacity to implement development plans and the ability to carry out planned investments

The total value of investment expenditure in 2023 amounted to PLN 204.2 million. The table below presents the division of investment expenditure into segments:

in PLN million	2023
CAPEX, including:	204.2
Automotive Segment	103.2
Metals Segment	83,2
Chemicals segment	2.5
Other Operations Segment	15.3

The largest investments in fixed assets in 2023 took place in the Automotive Segment.

Automotive Maflow Mexico app. PLN 34 million, Maflow Poland app. PLN 31 million, Maflow China - PLN 10 million.

Metals: Huta Bankowa app. PLN 20 million - automatic line for testing and hoops.

8. DESCRIPTION OF SIGNIFICANT OFF-BALANCE SHEET ITEMS

Guarantees and sureties on 31 December 2023

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

Guarantees and sureties on 31 December 2022

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

9. NOTES ON THE SEASONALITY OF THE COMPANY'S BUSINESS IN THE REPORTED PERIOD

Boryszew S.A.

Boryszew S.A. is exposed to seasonality only in a limited extent.

In the Automotive segment seasonality affects holiday months as well as December, when production of cars falls considerably, causing also a fall in component orders.

In the segment of Chemical products seasonality affects a certain range of products manufactured by Boryszew ERG, Branch of Boryszew S.A. in Sochaczew. This range includes cooling fluids for the automotive segment (with peak demand in the third and fourth quarter, shifting to the beginning of the first quarter), de-icing fluids for runways and aircraft (with peak demand in the fourth and first quarter). PWC siding and EPS decorative components follow the seasonality of the construction industry, showing peak demand in second and third quarter.

No specific seasonality is observed for other products of Boryszew S.A. It is important to note that the Christmas period in December is usually the time of scheduled shut-downs at our customers, hence sales also decline.

Boryszew Capital Group

Boryszew Capital Group is exposed to seasonality only to a limited extent.

In the Automotive segment seasonality affects holiday months as well as December, when production of cars falls considerably, causing also a fall in component orders.

In the Metal Segment, seasonality affects the range of products sold for the construction sector, which include:

- brass condenser pipes used for district heating, manufactured by WM DZIEDZICE S.A.
- zinc-titanium roofing sheets and zinc wire manufactured by ZM SILESIA S.A.

The peak in sales of these products for the construction sector is recorded the second and third quarter, which is predominantly influenced by weather conditions, suitable for construction works, as well as the economic situation in the construction industry. Other products of this segment are not exposed to seasonality.

In the segment of Chemical products seasonality affects a certain range of products manufactured by Boryszew ERG, Branch of Boryszew S.A. in Sochaczew. This range includes cooling fluids for the automotive segment (with peak sales in the third and fourth quarter, shifting to the beginning of the first quarter), de-icing fluids for runways and aircraft (with peak sales in the fourth and first quarter).

No specific seasonality is observed for other products of the Capital Group.

Furthermore, in the fourth quarter of the year, due to the December Christmas holiday period and planned shutdowns by customers, lower sales are observed each year.

10. SIGNIFICANT AGREEMENTS AND CONTRACTS

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

In 2023 the following entities account for more than 10% of sales revenue generated by Boryszew S.A.:

Company	Conclusion date	Subject matter of the contract	Value of the agreement in 2023	Share [%]	Ties with the issuer
PGNiG Supply & Trading GmbH (Orlen Group)	10.12.2020	purchase of gaseous fuel	PLN 308.9 million	17.1%	none
VW Group	multi-year contracts	deliveries of air conditioning ducts	PLN 260.8 million	14.4%	none

In 2023 the following entities account for more than 10% of sales revenue generated Boryszew Capital Group:

Company	Conclusion date	Subject matter of the contract	Value of the agreement in 2023	Share [%]	Ties with the issuer
VW Group	multi-year contracts	delivery of air-conditioning tubes and plastic parts for cars	PLN 911.1 million	15.98%	none

The value of purchase or sale contracts from other contractors of the Company or the Capital Group in 2023 remained below 10% of revenues from sales of Boryszew S.A. or Boryszew Capital Group respectively.

Other important agreements in Boryszew S.A.

BORYSZEW S.A. BORYSZEW ENERGY BRANCH

Conclusion date	Subject matter of the contract	Estimated value of the contract in 2023
multi-year contracts	Purchase of electricity	PLN 144.9 million
multi-year contracts	Sales of electricity and natural gas	PLN 114.9 million

SIGNIFICANT CONTRACTS IN GROUP COMPANIES

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

MAFLOW GROUP

Conclusion date	Subject matter of the contract	Estimated value of the contract in 2023
multi-year contracts	sale of parts to automotive	PLN 122.4 million

BATERPOL S.A.

Conclusion date	Subject matter of the contract	Estimated value of the contract in 2023
December 2022/March 2023	Sale of lead and alloys	PLN 140.2 million

ZM SILESIA S.A.

Conclusion date	Subject matter of the contract	Estimated value of the contract in 2023
February 2023	deliveries of raw materials (zinc)	PLN 119.0 million

NPA SKAWINA SPÓŁKA Z O.O.

Conclusion date	Subject matter of the contract	Estimated value of the contract in 2023
periodic orders	purchase of raw materials	PLN 114.8 million

ALCHEMIA GROUP

Conclusion date	Subject matter of the contract	Estimated value of the contract in 2023
Multi-year contract	purchase of raw materials	PLN 427.9 million

HUTA BANKOWA SPÓŁKA Z O.O.

Conclusion date	Subject matter of the contract	Estimated value of the contract in 2023
multi-year contract	purchase of raw materials	PLN 169.9 million

INSURANCE CONTRACTS

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:

1. Boryszew Group property
2. profit lost due to all risks
3. machine damage
4. loss of profit due to damage to machinery and equipment
5. electronic equipment
6. business activity and property owners civil liability insurance
7. tax risks,
8. liability of members of the governing bodies of a limited liability or joint stock company.

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

11. SIGNIFICANT CAPITAL INVESTMENTS AND CHANGES IN THE STRUCTURE

Boryszew S.A.

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

On 31 January 2023 the District Court for the capital city of Warsaw in Warsaw, 12th Commercial Department of the National Court Register made an entry on the merger in the National Court Register – Register of Enterprises of Boryszew S.A. adopted a resolution on the merger of Boryszew S.A. (as the Acquiring Company) with Hutmen Spółka z o.o. (as the Acquired Company). The merger had no impact on the result of the 2023 consolidated financial statements. The effect of the merger is the recognised merger equity in the amount of PLN 174 471 thousand in the separate statements.

Boryszew Capital Group

NPA Skawina Spółka z o.o.

On 1 January 2023, NPA Skawina Spółka z o.o., separated from Boryszew S.A. under the agreement on the transfer of the organised part of Boryszew S.A. enterprise in the form of the Nowoczesne Produkty Aluminiowe Skawina Branch to NPA Skawina Spółka z o.o., dated 30 December 2022, launched operations. Boryszew S.A. owns 100% of shares in NPA Skawina Spółka z o.o.

Huta Metali Nieżelaznych Szopienice S.A. – in liquidation

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

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

On 22 June 2023 the company was deleted from the register of entrepreneurs maintained by the National Court Register.

Change of company names of Group companies

On 10 July 2023 extraordinary general meeting of:

1. Eastside Bis Spółka z o.o. with registered office in Warsaw passed a resolution on changing the company's name to **Boryszew Nieruchomości Sp. z o. o.**

On 19 July 2023 the District Court for the capital city of Warsaw in Warsaw, 12th Commercial Division of the National Court Register, having reviewed the application of Eastside Bis Spółka z o.o., made an entry in the

- Register of Entrepreneurs of a change in the name under which the company operates to: Boryszew Nieruchomości Sp. z o.o.,
2. Eastside Capital Investments Sp. z o.o. with registered office in Warsaw passed a resolution on changing the company's name to **Boryszew Property sp. z o.o.**
On 27 July 2023 the District Court for the capital city of Warsaw in Warsaw, 12th Commercial Division of the National Court Register, having reviewed the application of Eastside Capital Investments Spółka z o.o., made an entry in the Register of Entrepreneurs of a change in the name under which the company operates to: Boryszew Property Sp. z o.o.
 3. SPV Lakme Investment Spółka z o.o. with registered office in Warsaw passed a resolution on changing the company's name to **Boryszew Assets Spółka z o. o.**
On 3 August 2023 the District Court for the capital city of Warsaw in Warsaw, 12th Commercial Division of the National Court Register, having reviewed the application of SPV Lakme Investment Spółka z o.o., made an entry in the Register of Entrepreneurs of a change in the name under which the company operates to: Boryszew Assets Sp. z o.o.
 4. Boryszew Holding Spółka z o.o. with registered office in Warsaw passed a resolution on changing the company's name to **Boryszew Inwestycje Sp. z o. o.**
On 27 July 2023, the District Court for the capital city of Warsaw in Warsaw, 12th Commercial Division of the National Court Register, having reviewed the application of Boryszew Holding Spółka z o.o., made an entry in the Register of Entrepreneurs of a change in the name under which the company operates to: Boryszew Inwestycje Sp. z o.o.
 5. Elana – Energetyka Spółka z o.o. with registered office in Toruń passed a resolution on changing the company's name to **Boryszew Green Energy & Gas Sp. z o.o.**,
On 14 July 2023 the District Court in Toruń, 7th Commercial Division of the National Court Register, having reviewed the application of Elana – Energetyka Spółka z o.o., made an entry in the Register of Entrepreneurs of a change in the name under which the company operates to: Boryszew Green Energy & Gas Sp. z o.o.

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

On 7 September 2023 management boards of Boryszew Automotive Plastics Sp. z o.o., Boryszew Commodities Sp. z o.o. and Boryszew Components Poland Sp. z o.o. agreed to proceed with the merger process of Boryszew Automotive Plastics Sp. z o.o. (Acquiring Company) with Boryszew Commodities Sp. z o.o. (Acquired Company 1) and Boryszew Components Poland Sp. z o.o. (Acquired Company 2), involving the acquisition of the Acquired Company 1 and the Acquired Company 2 by the Acquiring Company.

The merger of the companies will be carried out under the provisions of CCC Art. 492 § 1(1) in conj. with CCC Art. 515 § 1 by transferring all assets of the Acquired Company 1 and Acquired Company 2 to the Acquiring Company, without granting the shareholders of Acquired Company 1 and Acquired Company 2 shares in the Acquiring Company.

Since the Acquiring Company is the sole shareholder of the Acquired Company 1 and the Acquired Company 2, the merger will be carried out under the simplified procedure in CCC Art. 516 § 5 and 6.

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

Reduction of share capital of Alchemia S.A.

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

On the date of publication of the report the share capital of Alchemia S.A. is PLN 207 285 000.00, divided into 159 450 000 shares. Boryszew S.A. is the company's sole shareholder.

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

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

Alchemia S.A. Oddział Kuźnia Batory in Chorzow

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

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

12. RESEARCH AND DEVELOPMENT

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

BORYSZEW ERG BRANCH OF BORYSZEW S.A. IN SOCHACZEW

In 2023, four new products, AGRO Yellow and AGRO Green were developed - coolants for the agricultural sector and forestry machinery.

Maflow Group and BAP

In the segment of fluid and gas transmission, engineering areas focused on activities involving the evolution of air conditioning tubing for electric cars following the evolution of R744 (CO₂) refrigerant and responses to inquiries coming from the market regarding new electric car models. Prototypes of air-conditioning ducts are tested for conformity with customer requirements.

Development activities in the segment of decorative elements focused on active support for production facilities with tools and prototypes. Work was carried out on new technologies that could be used in the future to produce injection-moulded or alternative parts.

NPA Skawina Spółka z o.o.

Primary research and development activities at NPA Skawina Sp. z o.o. are focused on four key areas of the company's production activities.

- The first is the Rolling Mill Department and includes research and development work focused on metallurgical processes in processing of primary and secondary aluminium (melting, refining and liquid metal filtration processes) and work on processes related to the continuous casting and rolling of aluminium and aluminium alloys.
- The second area of R&D work is the Wire Department, in particular aluminium and alloy class II cable conductors and overhead power cables. Research and development work includes drawing and twisting processes for round and profile wires, as well as forming sector strands in twisting processes.
- The third area of R&D work also involves the Wire Department, but focuses on class V cable conductors dedicated to the automotive industry. Research and development work here includes micro wire drawing and twisting processes, as well as the formation of round strands through the twisting process.
- The fourth area of research and development is the Extruded Products Department, which manufactures products using the Conform (continuous extrusion) method. In particular, this department produces class I aluminium cable conductors and flat bars.

External support in R&D, in the field of materials research or product testing, is provided by scientific institutions such as: Stanislaw Staszic Academy of Mining and Metallurgy in Krakow, the Institute of Non-Ferrous Metals in Gliwice, the Central Mining Institute in Katowice, or the Energy Institute, National Research Institute in Warsaw.

WM Dziedzice S.A.

The largest area of R&D activities in 2023, included work related to the continuation of the project **"H-tech ($\alpha+\beta$) Brass - New generation of super-precision drawn products from biphasic brass for applications in highly advanced processing technologies"**. The project involves the development of a product innovation - significantly improved drawn products with increased repeatability of mechanical properties, and a process innovation necessary for their manufacture - innovative way of heating ingots to a specific thermal profile and an innovative way of isothermal counter-rotating extrusion. The entire project was split 2 phases, which were divided into successive tasks. Some of these tasks were implemented in 2022, the rest in 2023. The tasks and overall the entire project were completed 100% successfully.

Conceptual work began in 2023, ended in the submission of an application for funding under the "European Funds for a Modern Economy" program, FENG.01.01 SMART path. The application was based on the Company's

operating principles of satisfying the ever-increasing needs of customers, increasing innovation, reducing production costs and reducing environmental impact. The project (R&D module) involved semi-finished products in the form of extruded and drawn rods made of a new grade of brass with improved resistance to dezincification, using 100% available secondary raw materials with a set of properties that guarantee above-standard resistance to dezincification, good machinability and susceptibility to plastic processing, while meeting the requirements of document 4MSI for drinking water installations. An additional component of the project will be the construction of a renewable energy installation (greening module), ensuring the implementation of the company's development strategy to reduce the carbon footprint of manufactured products and generate savings from electricity production.

The application was favourably evaluated at a panel meeting held on 19 September 2023. The project was designated "**EG BRASS DW®** (*extra grade brass for drinking- water*) - a new assortment group of brass extruded and drawn products with increased resistance to dezincification dedicated to drinking water installations". The scientific unit of the Faculty of Non-ferrous Metals of the AGH University of Science and Technology in Cracow was selected for the cooperation.

All R&D work is initiated by customer needs, adaptation to new requirements or feedback from suppliers and end users of products. In addition to these activities, internal development work is carried out to improve the process and adapt it to the changing and evolving current needs of customers.

Alchemia S.A.

In 2023, as in 2022, investment tasks were carried out in all Branches of the Company, mainly aimed at optimising the production process in terms of technology and quality of manufactured products.

In 2023 Walcownia Rur Batory branch in Chorzów continued works in 2020 launched on the modification of the forging mill. A final concept for the upgrades was developed, which will result in a significantly improved product with lower dimensional tolerances and increased yield. To this end, cooperation was established with the Częstochowa University of Technology and an application for funding from the National Research and Development Center was submitted. The result of the project will be protected by a patent. The program to improve the surface finish of oil and gas transfer, structural and boiler pipes continued in 2023. In an earlier stage, a pipe blasting machine and a belt grinder for external surface grinding were installed and commissioned. In late 2022 and early 2023, a state-of-the-art grinding machine was installed and commissioned for grinding the inner surface of pipes. In 2023, this design was improved with the development and installation of a noise-reducing shield which led to a reduction in noise, improving comfort.

In 2023, Stalownia Batory branch conducted research and development activities and implemented solutions in production practice, i.e.:

- certain works and activities were carried out, as per the schedule of the contract signed in 2022 for the reconstruction and modernisation of the processing system for vacuum treatment of steel at the VAD by using an efficient vacuum generation system with modern vacuum pumps,
- continued direct cooperation with a manufacturer of ceramic high-temperature refractory materials for the lining of ceramic electric arc furnace and ceramic materials for installation in casting ladles in the bottom, metal and slag zones. A number of industrial trials and tests were conducted both in terms of grade and format optimisation of ceramic materials and in terms of the application of dedicated solutions in the process of installing ceramic products in metallurgical equipment,
- trials and tests were conducted on the application of different types of casting backfill varying in chemical composition and manufacturer, which could be used in the process of siphoning steel casting for ingot moulds.

Huta Bankowa Spółka z o.o.

Following the launch of the new European Funds for a Modern Economy program, the Company plans to apply for funding in the SMART Path for projects related to the launch of production of large-size machined rings and the construction a modern finishing line dedicated to long-rolled products. As part of the investment activities, the construction of a new furnace for tempering long products is planned. This investment will significantly increase production capacity for bar heat treatment and will enable the company to increase sales volumes of heat-treated bars by about 6 000 t per year.

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

13. TRANSACTIONS WITH AFFILIATED ENTITIES

Transactions between subsidiaries mainly include commercial transactions concluded between companies of

the Capital Group with regard to sale or purchase of traded goods and products of typical, conventional nature for the Group's operations.

Also, standard liquidity management measures at the level of the Capital Group involved cash loan agreements between Group's companies. These transactions were intra-group in nature and are excluded from the process of consolidation of financial statements.

Loans granted by Boryszew S.A.

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 s.r.o.	14 074	8 150
Maflow Plastic Poland Sp. z o.o. (formerly Boryszew Tensho Poland Sp. z o.o.)	57 489	53 336
Maflow France Automotive SAS.	19 835	-
MAFMEX S. de R.L. de C.V.	52 146	50 880
Maflow Polska Sp. z o.o.	500	526
Boryszew Commodities Spółka z o.o.	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	-
Boryszew 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 December 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 December 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.

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

Boryszew S.A.

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

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

Alchemia S.A.

On 5 June 2023, Unibax Sp. z o.o. redeemed 11 bonds subscribed by Alchemia S.A., nominal value of PLN 10 800 000 (redemption date 31 December 2023)

Boryszew Nieruchomości Sp. z o.o.,

On 5 June 2023, Unibax Spółka z o.o. repaid in full a cash loan in the amount of PLN 400 000, granted based on the agreement of 2 December 2022, with repayment due by 31 December 2023.

On 6 June 2023, RKK Investments Spółka z o.o. repaid in full a cash loan in the amount of PLN 9 000 000, granted based on the agreement of 26 October 2022, with repayment due by 31 December 2023.

On 5 June 2023, Unibax Sp. z o.o. redeemed 2 bonds subscribed by Boryszew Nieruchomości Sp. z o.o., total nominal value of PLN 5 123 500.

14. LOANS AND BORROWINGS

Boryszew S.A.

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.)

Bank loans are based on a variable interest rate.

Boryszew Capital Group

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

Loan details	Loan liabilities 31.12.2023	Loan liabilities 31.12.2022	Change
ALIOR	50 929	83 238	(32 309)
BANCA BPER	4 983	3 189	1 794
BANCA INTENSA SANPAOLO	19 036	26 399	(7 363)
BANK POPULAR	11 466	16 866	(5 400)
BBVA	709	-	709
BGK	61 293	71 675	(10 382)
BNP	183 165	129 504	53 661
BOŚ	5 244	-	5 244
CAIXA	2 504	4 877	(2 373)
COFACE	13 313	14 693	(1 380)
CREDIT AGRICOLE	2 044	21 475	(19 431)
ČSOB	1 800	3 705	(1 905)
HSBC	76 072	91 834	(15 762)
ING	8 400	23 411	(15 011)
LIBERBANK	957	3 508	(2 551)
MBANK	-	16 893	(16 893)
MILLENNIUM.	25 995	3 707	22 288
PEKAO	4 011	11 244	(7 233)
PKO BP	165 644	171 467	(5 823)
SANTANDER	9 953	9 798	155
UNICREDIT	12 727	19 495	(6 768)
Total Boryszew Capital Group	660 245	726 978	(66 733)

All loans are secured. Loan collaterals include:

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

LOANS RECEIVED BY BORYSZEW S.A. IN 2023

A summary of liabilities under loans is presented in the financial statements of Boryszew S.A. for 2023 in Note 24.2.

Termination of credits or loans

None occurred.

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.

LOANS GRANTED BY BORYSZEW S.A. IN 2023

The summary of claims due to loans granted is presented in the Financial Statement of Boryszew S.A. for 2023 in Note 18.

15. GUARANTEES AND SURETIES
Guarantees and sureties granted by Boryszew S.A. as at 31.12.2023

Entity on whose behalf the surety or guarantee was issued	The entity to which surety was granted or guarantee	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

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
Maflow Components (Dalian) Co. Ltd.	(under the Guarantee Line at HSBC)	6 522	30.04.2024
	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
	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
NPA Skawina Sp. z o.o.	Endorsement for Coface Poland Factoring Sp. z o.o.	13 223	indefinite validity
	Surety granted to mBank S.A.	28 000	indefinite validity
	Promissory note surety 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	

Significant sureties granted by Boryszew Capital Group companies

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

16. OWN SHARES

In 2023 Boryszew S.A. did not purchase own shares.

On 31 December 2023 and the publication date of the Financial Statements Boryszew S.A. holds directly and indirectly through subsidiaries shares of Boryszew S.A.:

- Boryszew S.A. - 34 795 000 treasury shares, representing 34 795 000 votes at the General Meeting, which accounts for approximately 14.498 % share in the share capital and total number of votes at the General Meeting of Boryszew S.A.,
- Alchemia S.A. - 3 200 000 shares of Boryszew S.A., representing 3 200 000 votes at the General Meeting, which accounts for approximately 1.333 % share in the share capital and total number of votes at the General Meeting of Alchemia S.A.,

- Polski Cynk Sp. z o.o. - 5.000 shares of Boryszew S.A., representing 5 000 votes at the General Meeting, accounting for 0.002% of share capital and the total number of votes at the General Meeting of Boryszew S.A.

17. ISSUES OF SECURITIES

ISSUES OF BONDS

In 2023 and until the publication date of the report, Boryszew S.A. issued no debt securities.

BONDS OF BORYSZEW S.A.

On the date of publication of the Financial Statements Boryszew S.A. has no liabilities under bond issue.

EQUITY SECURITIES

In 2023 and until the date of publication of the report, the Company issued no equity securities.

18. DIVIDEND PAID OR DECLARED

Distribution of profit for 2022

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.

Proposed coverage of loss for 2023

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

19. FINANCIAL RESULT FORECAST

In 2023 the Management Board of Boryszew S.A. published no forecasts of the financial result for the current year.

20. PRINCIPLES OF MANAGEMENT OF FINANCIAL RESOURCES

BORYSZEW S.A.

Boryszew S.A. follows an active policy of financial resources management. The organisational structure of financial departments at divisions is closely adapted to the specific nature of individual entities within the Group.

In order to effectively manage financial resources, the Company prepares short-term and long-term cash flow forecasts, through which it controls inflows and outflows, including capital expenditure.

Boryszew S.A. and its branches service interest debt, both in terms of principal amount and interest repayments. The company and each of its branches monitor receivables overdue and undertake to shorten the receivables payment deadlines and extend repayment deadlines.

Boryszew Capital Group

Boryszew Group follows an active policy of financial resources management. The organizational structure of the financial divisions of the Group companies is tailored to the specifics of each company. The Group pursues a strategy of continuous improvement of its financing structure, it works with several Polish and overseas banks, but it also works with other financial and insurance institutions to optimise costs in terms of financing the operational activity. The Group uses a wide range of banking products to efficiently manage cash.

Group's entities show no arrears in servicing their interest debt, both in terms of principal amounts as well as interest.

Companies monitor the working capital cycle on an on-going basis as well as aim to reduce the collection period of receivables and at the same time to extend the terms for repayment of liabilities. Companies follow an active policy regarding financial risk management and raw materials price variability risk. Group companies have a hedging policy in place, both in terms of currency and, in the case of metal segment companies, commodity.

21. ASSESSMENT OF POSSIBILITIES OF IMPLEMENTATION OF THE INTENDED INVESTMENTS

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

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

- 1) activities of holding companies include acquisitions of other entities,
- 2) as part of its investment activities:
 - replacement investments to maintain the ability of fixed assets to service ongoing contracts and the ability of assets to ensure that the economic life of fixed assets is maximized.
 - development investments to introduce a new product or increase production capacity. If new contracts are concluded (such as a successful tender for long-term deliveries of components to car manufacturers), investments are implemented to enable these contracts to generate maximum return while at the same time maintaining superior quality of products and security of deliveries.

Financing of capital expenditure in Boryszew Group aims to ensure financing with the term and parameters as close to the economic life of the production assets as possible.

22. FACTORS AND UNUSUAL EVENTS AFFECTING THE RESULT

BORYSZEW S.A.

Significant non-recurring factors that affected 2023 results are disclosed in comments to relevant segments.

BORYSZEW CAPITAL GROUP

Major one-off factors and unusual events having a significant impact on the results of 2023 should include:

- invasion on Ukrainian territory,
- FX rate volatility
- situation in the steel market (decline in demand),
- supply chain problems caused by EU energy policy requirements and armed conflicts in the world,
- persistent inflation,
- the cost of the energy transition.

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

Implementation of Boryszew Group strategy for 2022 - 2026

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

The main assumptions of Boryszew Group Strategy include:

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

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

Given the global economic slowdown and the lack of funds from the National Recovery Plan as of the date of this report, the Group sees a delay in the planned EBITDA growth for 2023 due to the postponing the optimisation of the low-margin asset base.

The Management Board of the Parent Company is in the process of updating the adopted strategy. The results of the update will be published in the second quarter of 2024.

MAFLOW GROUP/BORYSZEW AUTOMOTIVE PLASTICS GROUP

In BAP Group and Maflow Group the anticipated growth is closely linked to the advancement of automation and digitalisation of production, which will enable a significant reduction in the impact of labour cost increases on the financial performance of production facilities.

An essential part of the growth of both Groups is the acquisition of new projects and exploitation of the potential of collaboration with a leading electric car manufacturer as well as major European automotive brands in the hydrogen car piping.

Boryszew Automotive Plastics Group plans to implement solutions in technology and product management that will help increase the level of competitiveness, including measures increasing innovation of production plants. Additional activities in product technology and optimisation of tool manufacturing costs will result in more efficient management of Group companies. These measure will help explore new projects, increase the profitability of Group's plants and operations.

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

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

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

Maflow Group will direct its main attention to launching high-volume projects and maintaining positive quality and operational indicators after increasing production.

Other pending projects are those on exploring the use of recycled materials for manufactured products. The coming months will see measures aimed at implementing pilot lines for vision control of manufactured parts. An increase in product offerings dedicated to the electric car segment is anticipated.

Maflow Group expects the increase of automation and robotisation of processes together with the improvement of currently used technology. In order to increase competitiveness, lower production costs and ensure less shortages, the Group intends to implement a number of new technologies, including laser welding. Manufacturing facilities are involved in implementing a number of measures to better manage high-volume production. These activities conclude the upgrade of machinery and collaboration with leading suppliers of automatic production lines. Maflow Group will also still be involved in activities in development of product and process. The measures involving product lines dedicated to the transmission of liquids and gases will focus on development of technologies used for components dedicated to electric cars and further technical solutions for alternative refrigerants that can replace those currently in use in the European Union. Products for alternative applications are also being developed, both for cooling and fuel supply. Development work is also underway to implement alternatives to currently used materials that will help meet product requirements using more cost-effective materials. The Group also works on standardisation and automation of manufacturing processes, with a particular focus on inspection processes automation.

Maflow Group anticipates higher orders for electric cars in the coming years, which will result in increased production of wires dedicated to electric platforms. Considering rubber product projects, activities of Maflow Group will also be aimed at increasing production at the new plant in China and increasing activity at current plants in Europe (Ascoli and Chelmek 2). An important aspect in the development of the Maflow Group, will be the introduction of a process optimisation program at the Mexico/Silao Plant and the start of production at the Mexico/San Luis Potosi Plant.

NPA SKAWINA SPÓŁKA Z O.O.

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

In 2023, an investment project involving a series of activities located throughout the plant was launched. The main objective of the project is to expand the production capacity of the Wire Department, which will enable the doubling of production capacity in the area of overhead wires and the start of production of aluminium and aluminium alloy wires in the range of diameters from 9.0 mm to 5.0 mm. The project will also include the construction of a photovoltaic installation mounted on accessible roof surfaces of the production halls and buildings, the expansion and retrofitting of a quality control laboratory, and the purchase of specialist tools necessary to start production at the Rolling Mill and Wire Department. The above activities will be implemented within the framework of the Support Decision No. 211/2023, of 22 March 2023, issued by the Kraków Technology Park. The project is scheduled for completion in the first quarter of 2026. The total cost of the investment is PLN 49 688 800. To finance and refinance capital expenditure in the project, the company entered into an Investment Loan Agreement with Credit Agricole Bank in the amount of PLN 40 000 000.

The strategy of NPA Skawina Sp. z o.o. is to increase its presence in European markets. The projects are mainly aimed at optimising the company's profitability, in a changing global environment created by the war in Ukraine. The company is seeing supplies of materials and raw materials from Russia reduced or eliminated from the European market. Positive development aspects, include investment processes related to the expansion and modernization of transmission and distribution infrastructure in Poland, Germany and the Netherlands, just to name these three.

In addition, the following factors can be considered favourable for company's operation:

- global growth in electricity consumption,
- development of cross-border connections (such as Baltic Ring, PL-UA connection),
- development of photovoltaic and offshore farms and transfer of generated energy inland (for instance Poland, Germany),
- changing the raw material structure by closing conventional power plants and building new generation capacity (for instance nuclear power plant in Slovakia, planned power plants in Poland),
- modernisation of overhead lines to increase transmission capacity, restoration and reduction of line losses (reconstruction of 220kV to 400kV lines - PSE, CEPS, SEPS, TenneT),
- replacement of old lines due to end of service life.

All of the aforementioned factors result in an increase in demand for final products and production materials for the power industry. Other favourable aspects include an increase in the use of aluminium alloys for mechanical and welding purposes.

WM DZIEDZICE S.A.

The action plan for 2024 - 2028 of the Company in the form of its budget was based on an increase in sales volume similar to the planned increase in production capacity, including due to ongoing and commercialised projects subsidized by EU funds – "BRASS CAST&DRAW® Tech - Innovative technology for manufacturing products of copper alloys featuring a new standard of geometric quality intended for material removal machining on high-speed cutting machines" and "H-tech ($\alpha+\beta$) Brass - New generation of super-precision drawn products from biphasic brass for applications in highly advanced processing technologies".

ZM SILESIA S.A.

The Company's roadmap until 2028 was drafted mainly based on the increase in sales volume resulting from the planned expansion and modernisation of the zinc white and lead tetroxide facilities.

The forecast increase in sales volume for 2024 compared to 2023 is about 4 thousand tonnes mainly in the zinc sheets assortment, or an assortment in which sales in 2023 were significantly lower compared to the period 2017 - 2021.

It is estimated that the planned sales of 26.3 thousand tonnes and consistent implementation of assumed tasks will stabilise the declining net result in 2024, and improve it in subsequent years. The main objectives in the long-term plan of the company for 2024 - 2028 include increase in sales volumes by approximately 41.9 thousand tonnes in 2028.

The objective of the undertakings is mainly permanent improvement of the Company's rate of return by increasing sales while maintaining unit margins. Ultimately, the plan is to increase unit margins by optimising the order portfolio.

ALCHEMIA S.A./ALCHEMIA CAPITAL GROUP

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

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

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

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

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

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

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

ZAKŁAD UTYLIZACJI ODPADÓW SPÓŁKA Z O.O.

Given the increasing demand for hazardous waste management in recent years, the Management Board of Zakład Utylizacji Odpadów Spółka z o.o. decided in 2021 to build an additional line for thermal treatment of hazardous waste featuring a capacity of 12 000 Mg/year.

The installation is scheduled to be commissioned in 2027.

Implementation of the additional hazardous waste thermal treatment line will improve the environment through controlled and safe thermal management of hazardous waste. It will also improve the competitive position of the company, impact its business performance in subsequent years of operation, and contribute to a significant increase in its valuation. The process of thermal conversion of waste at the new installation will generate heat and electricity. On the date of publication of the report, ZUO is in the process of obtaining the required decisions and permits necessary to start the investment. The installation is scheduled to be commissioned in 2027.

Boryszew Inwestycje Spółka z o.o.

Boryszew Inwestycje Sp. z o.o. commenced works on projects for the construction of electricity storage facilities in locations belonging to Boryszew Capital Group (Sochaczew, Toruń and Skawina). The scope of activities includes, in particular, the submission of applications for grid connection conditions for different projects and the development of feasibility studies, decisions and certifications for these projects.

OTHER COMPANIES OF BORYSZEW CAPITAL GROUP

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

24. DESCRIPTION OF SIGNIFICANT RISK FACTORS AND HAZARDS

The activity of Boryszew Group generates exposure to market risk (including interest rate risk, currency risk and risk of change in prices of raw materials and products), credit risk, liquidity risk and risk of volatility of legal regulations.

The fundamental task in the financial risk management process was identification, measurement, monitoring and limitation of primary sources of risk, which include:

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

Capital management, liquidity risk and credit risk

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

Credit risk is understood as the risk

of a counterparty failing to fulfil their contractual obligations, thus exposing the lender to financial loss.

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

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

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

cooperation with Insurance Companies, the use of different types of collateral, the use of services of credit bureau and law firms.

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

Liquidity risk

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

Foreign exchange rate change risk

Currency risk is an inevitable element of a business activity denominated in foreign currencies. The sources of currency risk to which companies of Boryszew Group were exposed in 2023 included: transactions of raw materials purchase, transactions of product sales, loans and borrowings incurred and cash denominated in foreign currencies. Adverse changes in exchange rates may lead to decrease in the financial results of Boryszew Group.

Market risk - metal prices and currency exchange rates

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

Description of exposure

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

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

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

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

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

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

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

Interest rate risk

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

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

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

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

OTHER RISKS IDENTIFIED BY BORYSZEW CAPITAL GROUP

Climate risks and issues.

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

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

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

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

Boryszew Capital Group, while assessing the impact of identified climate risks on the Group's operations, focused the evaluations in particular on such areas as:

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

During the Group's detailed analysis as of 31 December 2023, no significant indication of negative climate impacts on the areas listed above was recognised.

Transition risks (covering risks due to the transition to a low-carbon and climate-resilient economy; such as regulatory, financial, social, technological risk)

Risks associated with the tightening of the European Union's climate policy, the tightening of environmental requirements arising from climate change, the growing awareness of customers regarding climate change, measures to support energy efficiency (further support for the development of prosumers, support for thermal insulation, construction of own sources of energy and heat, moving away from fossil fuel energy), changes in the Group's operating conditions (the need to adapt the company to the challenges arising from climate change, including technological adaptation to global low-carbon solutions). Risk implications include reputational, technological, policy and regulatory as well as market issues.

Personnel rotation risk

The main identified hazards related to HR issues in the Boryszew Group companies are: problem with acquisition of qualified staff, migration of qualified staff and increasing demands as regards remuneration. In order to counteract these phenomena, it is crucial to provide the employees with stable forms of employment with a satisfactory level of remuneration. The Boryszew Group identifies also the need to ensure safe work environment, minimising the risk of injuries and accidents. Limitation of this category of risk is achieved through a series of activities, both of preventive nature (e.g. ensuring an adequate level of training) as well as follow-up activities (analysis of incidents and correction of procedures).

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

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

Process changes and product innovations

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

Risk of significant industrial failure

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

Risks associated with increased competition

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

Risk of change in law and their interpretation

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

Risk associated with vendor dependency

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

Risks associated with customer dependency

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

25. FACTORS WHICH WILL INFLUENCE THE ISSUER'S FINANCIAL PERFORMANCE IN 2024

External factors that will affect the consolidated results of subsequent quarters include:

- availability and cost of key energy carriers and gas, particularly in the energy-intensive metal processing industry and in chemistry,
- the duration and scale of the armed conflict in Ukraine and the risk of escalation,
- the duration and scale of the armed conflict between Israel and Palestine,
- potential and existing armed conflicts in the world,
- global economic situation, especially in the key sectors (motorization and construction) as well as in the main sales markets (the European Union, including Germany).
- monetary policy of the National Bank of Poland, which has an impact on inflation and rules of granting financing by the banking sector,
- availability of feedstock,
- demand for new cars, especially for products of the VW Group, which is the most important customer of the Boryszew Capital Group,
- supply chain disruptions,
- legislation in energy prices (in the European Union and in Poland),

- costs of adapting production processes to the environmental requirements of the European Union (particularly the non-ferrous metals industry),
- the cost of the energy transition,
- the level of metal quotations and currencies determining the amount of working capital and effectiveness of export and domestic sales.
- higher economic protectionism in international trade, resulting in restrictions to access markets,
- insufficient investment limiting growth potential,
- costs of raw materials, including in particular scrap prices and the amount of the metal premium,
- PLN exchange rate against foreign currencies; due to the significant share of export sales, which in effect affects the level of margins earned in PLN,
- prices of crude oil and, as a consequence, prices of organic chemicals derivatives - plastics and components for the production of plastic parts for cars in injection moulding technology,
- volatility of tax law regulations and stricter attitude of fiscal authorities during tax audits.
- inconsistency and unpredictability of regulation,
- a change in consumer sentiment that could curb household demand for durable goods,
- unfavourable demographic structure,
- Poland's receipt of funds from the National Recovery Plan.

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

- the effect of obtaining new contracts in the Automotive Segment,
- the effect of optimisation of manufacturing processes in all market segments,
- increase in the efficiency of the Automotive Segment operations as a result of BAP Group restructuring,
- development of new business segments associated with energy transition,
- implementation of investments in upgrading production technologies,
- adapting production processes to the requirements arising from the energy transition,
- availability of employees on the labour market, especially in the Silesian agglomeration.

According to a preliminary estimate, gross domestic product (GDP) in 2023 was 0.2% higher in real terms than in 2022, compared to a 5.3% increase in 2022 (according to the CSO's preliminary estimate).

According to estimates by different institutions, Poland's economic growth in 2024 will be higher, with GDP rising to 2.8%. Wage growth is expected to slow down, which will be related to the decline in inflation, among other factors. Private consumption growth, on the other hand, will increase.

Fixed capital expenditure in 2024 should see a decline to 2.4% y/y, while investment levels should be much higher in 2025 (which will also be linked to access to cheaper financing, which should result from falling interest rates).

Average annual inflation should decelerate, but will still be above the inflation target at the end of 2024. PLN is expected to strengthen against the euro and the dollar.

At the moment, it is very difficult to estimate the impact of the war in Ukraine and the possibility of a potential escalation of armed conflicts on the economy and on global markets especially in the long term. Any forecasts should be treated as one of many possible scenarios, not as predictions presented with full conviction. Risks to the economy manifest themselves in possible increases in commodity prices, a weaker exchange rate, and disruptions in supply chains, just to name a few.

The Management Board of Boryszew keeps a close look at market trends in the industry and will make decisions on an ongoing basis related to operations on markets of interest to the Group and cooperation with key counterparties, which will be reported in relevant reports.

IMPACT OF WAR IN UKRAINE ON SITUATION OF BORYSZEW CAPITAL GROUP

The invasion of the Russian Federation in Ukraine, which began on 24 February 2022, and the resulting sanctions introduced by the EU and the US against the Russian Federation and Belarus are assessed by Boryszew Capital Group as significant developments for the current macroeconomic situation in the country and the world.

Poland's location as a neighbouring country to Ukraine additionally affects the current situation in the country also due to direct and close economic contacts, the nature of which has changed due to the ongoing war.

The conflict in Ukraine is affecting changes in the prices of raw materials, products and services; disrupting the supply chain and limiting the market for sales. A summary of the total impact of the war in Ukraine and its effects

on the economy will only be possible over a longer time horizon, but after two years of conflict, it can be summarised that the violent behaviour of the markets after the outbreak of the conflict has been extinguished to some extent.

The situation in the energy market has been calmed down, supplies from the Russian Federation have been replaced by other alternatives (new suppliers and increasing our own power generation capacity, which correlates with the EU's Green Deal policy). However, the effects of the surge in energy prices are being borne so far, as can be clearly seen in the higher level of inflation, which has exceeded the inflation targets of the central banks of the various European countries.

Due to the sanctions imposed, trade with the Russian Federation almost froze.

Spending on the defence industry has increased, and further increases are expected in this sector, which could also be an opportunity for the industry in the long term.

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

- elevated levels of inflation, which affects the prices of services and products,
- high level of interest rates, which affects external financing prices,
- logistical disruption of the supply of raw materials and components for production,
- unfavourable changes in currency exchange rates,
- CO2 emission rights price volatility,
- lower level of profitability of the investments made,
- uncertainty about price changes.

In 2023 no disruptions to the Group's operations occurred resulting from the war in Ukraine; the risks described above were mitigated by the proactive actions of Group companies and decisions of the Board of Directors. In addition, by active participation in Green Deal activities, the Group seeks to guide companies through the energy transition, which will allow for greater independence from the availability and price of energy resources, which, with an undoubtedly positive impact on the environment, will further decouple the Group from the negative impact of some of the risks described above.

At the same time, importantly, the Group's asset is its diversification, both in terms of geography (production plants are located on different continents), product range, customers and supply chain. With this structure, the Group has greater flexibility to the volatility of the global situation.

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

Situation in Maflow/BAP Group

With regard to Maflow Group as well as Boryszew Automotive Plastics Group, the external factors, to a large extent influencing the activity and the possibility of development of both Groups include: the general situation on the automotive market and unfavourable macroeconomic conditions, in particular, high level of inflation and, consequently, high labour costs, rising costs of materials and raw materials and availability of employees.

The current situation of Maflow Group is also significantly affected by the postponed launch of production for a key customer in the electric car industry.

For Boryszew Automotive Plastics Group, restructuring processes are still underway, the difficult situation of the BAP Companies is compounded by increased costs of energy, raw materials and production materials, as well as constantly rising labour costs. The stabilisation of BAP Companies is also not facilitated by the lack of new project appointments. Completed negotiations with a key customer of BAP Group, with regard to adjusting sales prices to the current macroeconomic conditions, and on the subject of possible further restructuring measures to enable production activities to be carried out in an economically viable manner in the long term. The Agreement, concluded in March 2024, relates to restructuring support from 2024 to 2026 for the following companies: 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.

Both Groups introduced a number of in 2023 to prevent existing difficulties, mainly due to the unfriendly macroeconomic situation.

The Management Board of Boryszew keeps a close look at market trends in the industry and will make decisions concerning the operation on the automotive market also considering the relations with key contractors and their possible engagement in reducing the negative impact of the above mentioned factors for further participants in the supply chain; such decisions will be communicated in relevant reports.

26. EMPLOYMENT

EMPLOYMENT AT BORYSZEW S.A

	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

EMPLOYMENT AT BORYSZEW CAPITAL GROUP

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

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

In 2023, no other significant changes occurred in the basic principles of management of the Issuer enterprise and its Capital Group.

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

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

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

29. REMUNERATION OF MANAGEMENT BOARD AND SUPERVISORY BOARD

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

2023	Paid out in 2023	Due for 2023	Potentially due*
<u>Wojciech Kowalczyk - President of the Management Board</u>	<u>2.204.80</u>		<u>1.200.00</u>
including:			
fixed remuneration	1.200.00		0
variable remuneration	1.000.00		1.200.00
other/additional pay	4.80		0
<u>Mikołaj Budzanowski – Member of the Management Board</u>	<u>1.024.80</u>	<u>10.00</u>	<u>365.00</u>
including:			
fixed remuneration	<u>720.00</u>	10.00	0
variable remuneration	300.00		365.00
other/additional pay	4.80		0
<u>Łukasz Bubacz – Member of the Management Board</u>	<u>505.02</u>	<u>17.00</u>	<u>200.50</u>
including:			
fixed remuneration	384.00	17.00	0
variable remuneration	48.00		200.50
other	73,02		0
<u>Total</u>	<u>3 734.62</u>	<u>27.00</u>	<u>1 765.50</u>

* remuneration potentially payable includes the variable remuneration payable for serving as a Member of the Management Board in 2023.

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

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

	2023
Małgorzata Waldowska - Chairperson of the Supervisory Board	121.80
Miroslaw Kutnik - Vice Chairman of the Supervisory Board	- 108.73
Damian Pakulski - Secretary of the Supervisory Board	- 76.00
Jaroslawa Antosik – Member of the Supervisory Board	- 85.68
Janusz Siemieniec - Member of the Supervisory Board	- 72.00
Wojciech Zymek - Member of the Supervisory Board	50.59
Total	514.79

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

Members of the Supervisory Board

TOTAL: 413.47

Parent Company

including:

Małgorzata Iwanejko	206.69
Mirosław Kutnik	48.00
Damian Pakulski	45.86
Janusz Siemienieć	48.00
Wojciech Zymek*	64,91

Members of the Management Board

TOTAL: 197.25

Parent Company

including:

Łukasz Bubacz	197.25
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*remuneration received from companies of Boryszew Group from the date of appointment to the Supervisory Board of Boryszew S.A., i.e. from 20 March 2023

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

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

Shares of the Company held by members of the Management Board and Supervisory Board as at 31 December 2023 and as at the date of this report

List of the number of shares in Boryszew S.A. or rights to them held by the Management Board and Supervisory Board of the Company on 31 December 2023 and on the publication date of this report.

Management Board of Boryszew S.A.	Status as of 31.12.2023 [number of shares]	Nominal value of shares [PLN]	Changes in ownership [acquisition/disposal]	On the date of publication of the report	Nominal value of shares [PLN]
Wojciech Kowalczyk	20 000	20 000	-	20 000	20 000

Supervisory Board of Boryszew S.A.	Status as of 31.12.2023 [number of shares]	Nominal value of shares [PLN]	Changes in ownership [acquisition/disposal]	On the date of publication of the report	Nominal value of shares [PLN]
Małgorzata Iwanejko	30 000	30 000	-	30 000	30 000

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

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

The Incentive Scheme 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;

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.

Shares in Entities affiliated with the Issuer, held by the Management Board and the Supervisory Board members as at 31 December 2023 and as at the date of drafting this report.

On 31 December 2023 and on the day of submitting the report for publication the managing and supervising persons hold no shares of affiliated entities.

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

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

Registered pledge agreement

Shareholder	Number of shares	% of share capital of Boryszew S.A.	Pledgee
Alchemia S.A.	3 200 000*)	1.33	Alior Bank S.A.

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

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. (the freeze was established on 21 April 2022 in order to secure Alchemia receivables for purchase of registered bonds of the total nominal value of PLN 12.8 million, i.e. purchase of 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 Sp. z o.o. in 2018).

The Company has no information on other such agreements.

32. INFORMATION ON THE SYSTEM OF CONTROLLING EMPLOYEE SHARES

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

33. AGREEMENT WITH INDEPENDENT STATUTORY AUDITOR

On 25 July 2022 the Management Board of Boryszew S.A. signed an Agreement on audit services for 2022 - 2024 with BDO Spółka z o.o. sp. k. The remuneration for audit services to the Parent Company for 2023, as per the Agreement, is follows:

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

34. LITIGATION UNDERWAY

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

Tax proceedings in the Capital Group companies

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

Proceedings completed at first instance

ZM SILESIA S.A.

- On 12 March 2018, ZM SILESIA S.A. received a decision of the Head of the Customs and Tax Office (Office) in Opole dated 28 February 2018, determining the outstanding VAT liability for 2012 in the amount of PLN 28.6 million plus interest on tax arrears in the amount of PLN 16.0 million. According to the position of the Office, ZM SILESIA S.A. failed to exercise due diligence in verifying the tax reliability of some of its suppliers, who, as it turned out, failed pay the due VAT to the state budget. As a result, ZM SILESIA S.A. should not have reduced its output tax by the input tax shown on invoices issued by dishonest contractors. Due to its different assessment of the facts from that of the inspection bodies, the company appealed against the decision of the Office. On 26 April 2021 the company received the decision of the Head of the Fiscal Administration Chamber in Katowice of 19 April 2021 determining overdue VAT liability of ZM SILESIA S.A. for 2012 in the amount of PLN 28.6 million, plus interest on outstanding tax liability. To secure tax liabilities for 2012, compulsory mortgages were established on part of the Company's land properties. On 29 April 2021 ZM SILESIA received a notice from the Head of the 2nd Fiscal Office in Katowice on the freezing of ZM SILESIA's bank accounts as a security of claims associated with the execution of the Decision On 7 May 2021, the Company's attorney filed a complaint against the decision of the Head of the Fiscal Administration Chamber in Katowice of 19 April 2021 requesting that the decision be revoked in its entirety, claiming that the tax liabilities for the period between January and November 2012 had become time-barred and requesting that the Court suspend the execution of the decision appealed against. On 6 August 2021 the Company received a decision of the Provincial Administrative Court in Gliwice of 26 July 2021 on suspending the execution of the decision of the Head of the Fiscal Administration Chamber on determining VAT liability for 2012. On 8 September 2021, the Provincial Administrative Court notified on the scheduled hearing in the case on the complaint of ZM SILESIA SA against the decision of the Head of the Fiscal Administration Chamber in Katowice of 19 April 2021.

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

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

The Head of the Fiscal Administration Chamber in Katowice, being bound by the assessments and recommendations of the Provincial Administrative Court in Gliwice in the final judgment of 27 October 2021 (case file I SA/GI 791/21), pointed out that it was necessary to re-examine and justify the position of the first instance authority with respect to the tax liability statute of limitations and the circumstances which could possibly extend the statute of limitations, as the previous position of the first instance authority in this respect turned out to be incorrect or incomplete. On 1 June 2022, the tax authority of the first instance - the Customs and Fiscal Office in Opole - reopened audit proceedings in the aforementioned case, which was completed with issuing a tax decision on 29 December 2022 for individual months of 2012 in the unchanged amount of PLN 29 million. On 16 January 2023, the Company's Attorney filed an appeal against the decision concerned with the Head of the Fiscal Administration Chamber in Katowice. On 30 March 2023, the Director of the Fiscal Administration Chamber in Katowice declared a lack of jurisdiction to consider the appeals and forwarded them, according to jurisdiction, to the Director of the Fiscal Administration Chamber in Warsaw. On 15 June 2023, the Director of the Fiscal Administration Chamber in Warsaw sent the Company's appeals again to the Director of the Fiscal Administration Chamber in Katowice for handling according to jurisdiction. Ultimately, the existing competency

dispute was resolved by the Head of the National Tax Administration. In a letter dated 20 December 2023, ZM SILESIA SA was advised that the Director of the Tax Administration Chamber in Warsaw is competent to hear the appeal. As of the date of publication of the report, the tax proceedings had not been completed.

- On 24 September 2020 ZM SILESIA S.A. received the decision of the Head of the Małopolska Customs and Fiscal Office determining the overdue VAT tax liability for 2013 and 2014 in the amount of PLN 97.3 million plus interest on outstanding tax liability. According to the position of the Office, ZM SILESIA S.A. failed to exercise due diligence in verifying the tax reliability of some of its suppliers, who, as it turned out, failed pay the due VAT to the state budget. As a result, ZM SILESIA S.A. should not have reduced its output tax by the input tax shown on invoices issued by dishonest contractors. Due to its different assessment of the facts from that of the inspection bodies, on 8 October 2020 the company filed an appeal against this decision with the Head of the Fiscal Administration Chamber in Katowice. On 25 November 2021 the company received a decision of the Head of the Fiscal Administration Chamber in Katowice upholding the decision of the authority of first instance. This decision is final. Given the different assessment of the facts, ZM SILESIA lodged a complaint with the Provincial Administrative Court against the above decision.

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

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

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

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

On 9 November 2022 the Company again received a decision from the Director of the Fiscal Administration Chamber in Katowice of 26 October 2022, upholding the appealed decision of the first-instance authority. On 28 November 2022 the Company's Attorney filed a complaint with the Provincial Administrative Court in Gliwice. On 10 January 2023, the Provincial Administrative Court in Gliwice issued a decision to suspend implementation of the contested decision of the Director of the Fiscal Administration Chamber in Katowice.

On 20 June 2023 the Provincial Administrative Court in Gliwice issued a judgment revoking in its entirety the decision of the Director of the Fiscal Administration Chamber in Katowice of 26 October 2022 and the preceding decision of the Head of the Małopolska Customs and Fiscal Office in Kraków of 24 September 2020 on the tax on goods and services for the period between January 2013 and December 2014, and also discontinued the tax proceedings in entirety, finding that the statute of limitations had expired for all tax liabilities covered by the proceedings concerned.

The court questioned the correctness and effectiveness of the tax authorities' efforts to possibly suspend or interrupt the course of the disputed tax liabilities. The court pointed out, among other things, that the initiation, just before the expiry of the statute of limitations for the earliest tax obligations, of criminal tax proceedings, in which no one was charged, and which ultimately ended in dismissal due to the lack of a criminal act, was instrumental and aimed only at suspending the course of tax obligations, and not at realistically achieving the goals of criminal tax proceedings. Since the statute of limitations on tax liabilities automatically renders further tax proceedings groundless, the Court decided to discontinue the proceedings, since it would be pointless for the tax authorities to review the case again.

On 10 July 2023, the Company received a ruling from the Provincial Administrative Court in Gliwice of 20 June 2023, along with a substantiation. The ruling is not final, the parties have filed cassation complaints with the Supreme Administrative Court.

- On 19 April 2022, ZM SILESIA S.A. received a decision from the Head of the Małopolska Customs and Fiscal Office (Office) in Kraków of 6 April 2022 determining the outstanding VAT liability of ZM SILESIA S.A. (ZM

SILESIA) for the first half of 2015 in the amount of PLN 34.9 million, plus interest due for outstanding tax liability. As argued by the Office, ZM SILESIA should not have reduced its output tax by the input tax shown on invoices issued by some contractors who were alleged to have been involved in a chain of transactions with the aim of effecting tax evasion. At the same time, the Office stated that ZM SILESIA had not acted with the so-called 'good faith', which would nevertheless help them maintain the right to deduct input tax despite the occurrence of tax irregularities at earlier stages of the disputed supplies. The decision concerned is non-final and not enforceable. Due to different assessment of the above circumstances, on 29 April 2022 the Company filed an appeal against the Decision of the Head of Małopolska Customs and Fiscal Office. In a decision of 27 December 2023, the Head of Małopolska Customs and Fiscal Office in Krakow upheld the decision, against which ZM SILESIA SA filed an appeal. Having disagreed with the above ruling, the Company filed a complaint of 26 January 2024 with the Provincial Administrative Court in Krakow. The case is still pending.

Given that the decision of the second instance authority was final on 31 January 2024, and on 21 February 2024, the Company received enforcement titles used in the enforcement of receivables together with notices of seizure of receivables from bank accounts, the Company immediately filed objections to the enforcement proceedings and motions to rescind enforcement actions.

As of 12 February 2024 the first and 1 March 2024 the second, enforcement actions in the form of seizures of receivables from bank accounts were rescinded by the Head of the Second Tax Office in Katowice.

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

- On 14 February 2018 Hutmen Sp. z o. o. (currently Boryszew S.A.) filed a cassation complaint against the judgment of the Provincial Administrative Court in Warsaw dismissing the company's complaint against the decision of the Director of the Tax Chamber in Warsaw concerning VAT settlement for November 2012. The subject of the dispute is the amount of PLN 548 thousand, which the Company paid and recognised in the result for 2018. On 8 March 2022, a hearing was held before the Supreme Administrative Court, which returned the case to the Provincial Administrative Court for re-examination.
On 21 November 2022, the Provincial Administrative Court revoked the decision of the appeal body, the ruling is not yet final. The Director of the Fiscal Administration Chamber in Warsaw by the decision of 15 May 2023 repealed the decision of the 1st instance body in its entirety and referred the case for re-examination. As of the date of publication of the report, the tax proceedings had not been completed.
- On 3 April 2019, Hutmen Sp. z o. o. (currently Boryszew S.A.) received the decision issued on 26 March 2019 by the Head of the Lower Silesian Tax and Customs Office, which sets out company's VAT arrears for Q4 of 2014 at PLN 3.04 million plus interest on outstanding tax liability. As claimed by the Office, Hutmen Sp. z o. o. failed to observe due diligence in verifying the tax reliability of some of its contractors, and consequently had no right to apply the VAT rate of 0% for the intra-Community supply of goods. Due to its different assessment of the facts from that of the inspection bodies, Hutmen Sp. z o. o. appealed with the Tax Chamber against the decision of the Office. The appeal was recognised and the case was referred back to the Director of the Tax Administration Chamber in Wrocław for further consideration. On 16 November 2020, the company received a decision of the Head of the Lower Silesian Customs and Tax Office in Wrocław, determining again the outstanding VAT liability for Q4 '2014 in the amount of PLN 3.04 million plus interest on outstanding tax liability. On 29 June 2021, the Director of the Fiscal Administration Chamber in Wrocław repealed the decision of the 1st Instance Body in its entirety and referred the case for re-examination. On 16 November 2021, the Fiscal Administration Chamber issued a decision securing the amount of the tax liability. On 2 December 2021, a security deposit was placed in the Office's account. On 20 December 2021, the company again received a decision on the validity of the tax liability. On 3 January 2022, the company filed an appeal against the aforementioned decision. On 2 January 2023 the company received the decision of the Head of the Fiscal Administration Chamber in Wrocław of 27 December 2022, upholding the decision of the 1st instance body, determining overdue VAT liability of Hutmen for Oct-Dec 2014 in the amount of PLN 3.0 million, plus interest on outstanding tax liability. The company filed a complaint with the Provincial Administrative Court against the above decision. As of the date of publication of the report, the Provincial Administrative Court had not ruled on the case.
- On 10 September 2018 Hutmen Sp. z o. o. (currently Boryszew S.A.) received a decision of the Tax Administration Chamber in Wrocław of 4 September 2018, upholding the decision of the 1st instance body, determining the outstanding VAT liability of Hutmen for October and December 2012 in the amount of PLN 1.14 million plus interest on outstanding tax liabilities. As claimed by the Office, Hutmen failed to observe due diligence in verifying the tax reliability of some of its contractors, and as a consequence did not have the right

to deduct input VAT. The claim amount was paid in September 2018 and recognised in the company's 2018 results.

Due to its different assessment of the facts from that of the inspection bodies, the company filed a complaint against the decision of the Office to the Provincial Administrative Court in Wrocław. On 13 March 2019 the Provincial Administrative Court issued a decision in favour of Hutmen. The judgement is final. On 3 September 2019 the Director of the Fiscal Administration Chamber in Wrocław repealed fully the decision of the 1st Instance Body in its entirety and referred the case for re-examination by that Body. On 11 December 2019 Hutmen received a refund of the entire amount of the tax in question together with interest. On 12 April 2021, the company received the decision issued on 8 April 2021 by the Head of Mazowiecki Tax and Customs Office, which again sets out company's outstanding VAT for October and December of 2012 at PLN 1.14 million plus interest on overdue tax liability. The decision is not final and is not enforceable. Hutmen appealed against the decision of the Fiscal Administration Chamber. On 7 October 2021 the company received a decision of the Director of the Fiscal Administration Chamber in Wrocław repealing the appealed decision and transferring the case for reconsideration by the 1st instance body. As of the date of publication of the report, no renewed decision was issued by the authority.

- On 28 December 2020 Hutmen Sp. z o. o. (currently Boryszew S.A.) received a decision of the Head of the Małopolska Customs and Fiscal Office in Kraków of 16 December 2020 determining the outstanding VAT liability of company in the first half of 2015 in the amount of PLN 7.8 million plus interest on outstanding tax liability. As claimed by the Office, the company failed to observe due diligence in verifying the tax reliability of some of its contractors, and consequently had no right to apply the VAT rate of 0% for the intra-Community supply of goods. Due to its different assessment of the facts from that of the inspection bodies, Hutmen Sp. z o.o. appealed with the Fiscal Administration Chamber against the decision of the office. The Director of the Fiscal Administration Chamber in Wrocław repealed the decision of the 1st Instance Body in its entirety and referred the case for re-examination. On 14 October 2021, Hutmen received a decision of the Head of the Małopolska Customs and Fiscal Office in Kraków ("Decision") securing future VAT liabilities for the period January 2015 - June 2015.

On 22 October 2021 a security deposit in the amount of PLN 11.723 thousand was established on the account of the Fiscal Office following the decision of 14 October 2021 on Hutmen's assets the state budget liabilities associated with pending customs and fiscal proceedings. On 23 December 2021, the Head of the Małopolska Customs and Fiscal Office in Kraków again issued a decision on the validity of the tax liability, which was appealed by the company. On 2 January 2023 the company received the decision of the Head of the Fiscal Administration Chamber in Wrocław of 28 December 2022 determining overdue VAT liability of Hutmen for H1 2015 in the amount of PLN 7.8 million, plus interest on outstanding tax liability. The company filed a complaint with the Provincial Administrative Court against the above decision. On 29 February 2024, the Provincial Administrative Court revoked the appealed decision and the preceding decision of the first instance authority. The ruling is not final.

Boryszew S.A. Branch Boryszew ERG

On 12 April 2021 the Company received a notification from the Head of Mazovian Tax and Customs Office in Warsaw on the initiation of VAT settlements audit for the period December 2015 - March 2016.

On 3 August 2022, the Company received an Audit Result following the audit of tax books, in which the Head of Mazovian Tax and Customs Office in Warsaw stated that Boryszew ERG Branch had failed to exercise due diligence in documenting transactions, which was recognised by the Authority as irregularities in the settlement of the tax on goods and services. The Head of the Mazovian Customs and Fiscal Office in Warsaw questioned, in the Audit Result submitted to the Company, the right to apply 0% rate in intra-Community deliveries of goods to foreign entities and indicated that, given the facts, these deliveries should be taxed at 23% rate of the tax on goods and services in the period between December 2015 and March 2016 in the amount of PLN 9 817 220. According to the National Revenue Administration Boryszew S.A. also wrongfully deducted input VAT from invoices issued for the purchase of rapeseed oil, in the period December 2015 to March 2016, thereby overstating it by a total amount of PLN 12 435 798.

The total amount of the overdue the tax for the above transactions was PLN 22 253 018 plus interest due.

Despite the entitlement of Boryszew S.A. to correct the submitted declarations within 14 days of the date of delivery of the audit result, the Company challenged these findings in the tax proceedings.

On 29 August 2022, the Company received a notice that the customs and tax audit had been transformed into a tax procedure.

On 10 November 2023, the Company received a decision of the Head of the Mazovian Customs and Fiscal Office ("Office") in Warsaw, of 27 October 2023, determining the Company's outstanding VAT liability for the period December 2015 to March 2016 in the amount of PLN 23.03 million plus interest due for overdue tax. According to the position of the Office, the Company should not have reduced its output tax by the input tax shown on invoices issued by some contractors who were alleged to have been involved in a chain of transactions with the aim of effecting tax evasion. At the same time, the Office stated that Company had not acted with the so-called 'good faith', which would nevertheless help them maintain the right to deduct input tax despite the occurrence of tax irregularities at earlier stages of the disputed supplies.

In addition, the Office questioned the Company's right to apply a 0% VAT rate to intra-Community supply of goods transactions, resulting in these transactions being subject to a 23% VAT.

For the tax risk arising from the aforementioned proceedings the Company recognised a provision in 2022 in the amount of PLN 30.3 million.

The decision in question is non-final and not enforceable. Given the different assessment of the above circumstances, the Company filed an appeal against the above decision of the Authority.

On 20 December 2023, the Company paid the principal amount of the liability, i.e. PLN 23 034 553, together with interest in the amount of PLN 18 964 384, to the account of the relevant tax office, resulting from the decision of the Head of the Mazovian Customs and Fiscal Office in Warsaw of 27 October 2023.

As of the date of publication of the report, the Company had not received a decision from the appeals authority.

BATERPOL S.A.

On 3 October 2016, a VAT tax inspection by the Head of the First Silesian Tax Office in Sosnowiec began in Baterpol SA, based on Article 79 section 2 item 2 of the Act on freedom of economic activity. The inspection was concluded with a protocol (of 26 October 2018), on the basis of which the Company recognised a provision in the results for 2018. Following the aforementioned tax inspection, on 20 March 2019, the Head of the First Silesian Tax Office in Sosnowiec initiated VAT proceedings for the period December 2013 to December 2015. On 17 January 2023, the decision issued in the case of 4 January 2023, determining the amount of tax liability for the months of March to October 2014, December 2014, January to March 2015, May 2015 and June 2015, and determining the amount to be paid under Art. 108(1) of the VAT Act for the months of April to August 2014, October 2014, December 2014, January to March 2015 and June 2015, was delivered. The procedure involving the remaining issues was discontinued. The company made a payment of PLN 3.3 million to the tax authority, following the decision, at the same time releasing the provision for this purpose in full. The Company's attorney filed an appeal against the decision to the extent where it determines the Company's tax liabilities and the amount to be paid under VAT Act Art. 108(1) On 29 November 2023 the higher-instance authority (Head of the Fiscal Administration Chamber in Katowice) issued a decision upholding the decision of the first-instance authority in the appealed part. A complaint was filed with the Provincial Administrative Court against the decision in January 2024. The case is still pending.

Other significant pending VAT proceedings in the Capital Group companies

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

Other pending VAT tax proceedings:

- On 12 March 2019 the Head of the Lower Silesian Tax Office in Wrocław sent Baterpol Recycler Sp. z o.o. a notice of initiation of an investigation by the Regional Prosecutor's Office in Katowice, on 1 April 2016, into a tax offence suspending the period of limitation of company's tax liabilities for the period between January 2014 and June 2015.
- On 3 August 2023, the Head of the Tax Office in Olawa forwarded a notice to Baterpol Recycler Sp. z o.o. that, due to the initiation of proceedings in a fiscal offence case, on 15 February 2023 the statute of limitations for VAT liabilities for the period between 1 October 2013 and 30 September 2016 was suspended.

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

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

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

As estimated by the Management Board, the amount of this provision was recognised up to the possible outflow of resources from the Group, with the maximum being the net value of assets of relevant subsidiary and sureties granted to it.

In the case of an unfavourable scenario of the pending court proceedings in tax matters, as described above, the subsidiary will likely go bankrupt, and then the outflow of resources from the Group will be up to the value of relevant subsidiary's net assets lost as a result of bankruptcy and the equivalent of the sureties granted to that subsidiary.

The balance of provisions for all tax risks in the consolidated financial statement of Boryszew S.A. on the balance sheet date ended on 31 December 2023 is PLN 146 187 thousand (high risk). Furthermore, the Group recognises contingent liabilities in the amount of PLN 35 551 thousand (medium or low risk).

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

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

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

- On 22 October 2020 the President of the Office of Competition and Consumer Protection initiated proceedings against Boryszew S.A. due to the company's excessive delays in meeting its cash obligations in the period June-August 2020. On 20 July 2023, the Company received a notice of completion of the evidence hearing in the case, along with the preliminary position of the President of the office, but not yet being a decision on the merits of the case.

On 25 August 2023, the Company received a decision imposing a fine for late payment of monetary dues in the amount of PLN 2 832 593.77. The Company's Attorney filed an appeal against the decision of the Office of Competition and Consumer Protection. The anticipated date of closing the case: 28 June 2024.

- The corporate tax audit for 2017 at Maflow BRS S.L.R.. (Italy) was completed. The audit was initiated in 2021. Amount subject to verification: EUR 2 468 517 of income upward adjustment for 2017. As a result of the audit, Maflow BRS filed a CIT adjustment for 2017 resulting in a tax surcharge of Euro 11 836.65.
- The Economic Crime Department of the Regional Police Headquarters in Krakow is conducting pre-trial proceedings for an act under PC Art. 286 and others, supervised by the Regional Prosecutor's Office in Krakow file ref. RP 1 Ds 9.2018 upon notification of Boryszew S.A. against Tacon Sp. z o.o. and Q 77 s.r.o. filed on 17 January 2018. The case is pending.
- Boryszew S.A. (cases concerning the former NPA Branch):
 - a lawsuit by SILKADA LTD, Cyprus for the payment of \$333 988.93 with incidental receivables. The case concerns the collection of receivables under purchase agreements that the company then Nowoczesne Produkty Aluminiowe "Skawina" Sp. z o.o., whose legal successor is Boryszew S.A., concluded in 2009 with SH TRADE, s.r.o., Košice. It is essential to determine whether or not payment of receivables was satisfied, following transfers to the bank account of Komerční banka Bratislava, a.s. under the registered pledge of receivables. The court of first instance dismissed the lawsuit.
 - lawsuit by Boryszew S.A. for payment of USD 462 802.52 with incidental receivables from Komerční banka, a.s., for possible unjust enrichment, conducted in the Second District Court in Košice.

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

35. REMUNERATION POLICY

Boryszew Capital Group

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

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

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

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

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

The Ordinary General Meeting of the Company, by Resolution No. 26 of 27 May 2022, adopted amendments to the Remuneration Policy against the original wording adopted in Resolution No. 24 of the Ordinary General Meeting of the Company held on 23 July 2020 amended by Resolution No. 7 of the Company's Extraordinary General Meeting of 28 October 2021.

The adopted amendments include an authorisation for a member of the Management Board to participate in a stock incentive program, and grant the Supervisory Board broader authority to establish criteria for assessing if awarding Variable Remuneration is justified and the amount of such remuneration.

The Policy is available on Boryszew S.A. website www.boryszew.com.pl/polityka-wynagrodzen/.

Management Board of Boryszew S.A.

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

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

The variable remuneration established by the Supervisory Board is motivational and activates the effective achievement of the Company's strategic goals. The Supervisory Board also determines the maximum amount of the Variable Remuneration due to a member of the Management Board for a financial year or for the period to which the management objectives established by the Supervisory Board relate. According to the adopted Policy, management objectives, specified as short- and long-term goals, determined with reference to the general criteria indicated below, which are subject to refinement or expansion by

- operating results achieved by the Company in a financial year including the reported EBIT, EBITDA according to Company's LIFO, EBITDA of the Capital Group;
- the average market price of the Company's shares in a financial year;
- Company's relations with the competent supervisory authorities;
- Company's social interests;
- Company's contribution to environmental protection;
- measures aimed at preventing and eliminating the negative social effects of the Company's activities

Supervisory Board of Boryszew S.A.

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

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

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

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

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

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

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

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

36. DECLARATION ON NON-FINANCIAL INFORMATION

36.1. DECLARATION ON NON-FINANCIAL INFORMATION

This non-financial information statement ("Statement") is drafted both at a separate report for Boryszew S.A. (the "Company") and as a consolidated report for Boryszew Capital Group ("Boryszew Group", "Group", "BCG") for 2023.

The report covers all the companies of the Boryszew Capital Group as at 31 December 2023 subject to full consolidation in the consolidated financial statement.

The report is drafted in accordance with Art. 49b sec. 2-8 and Art. 55 sec. 2b of the Accounting Act of 29 September 1994, with subsequent amendments ("Accounting Act"), which implements the guidelines of Directive 2014/95/EU of the European Parliament and of the Council of 22 October 2014 on disclosure of non-financial and diversity information by certain large undertakings and groups.

In addition, in accordance with the obligation under Regulation (EU) 2020/852, the statement includes information on how and to what extent the Group's activities are related to business activities that qualify as environmentally sustainable under Regulation (EU) 2020/852.

36.2. REPORTING METHODOLOGY AND STANDARD

The Statement was prepared in the following stages:

- verification of the scope of last year's Report,
- updating the scope of significant non-financial aspects and information on diversity,
- updating the set of indicators on the above aspects,
- updating the list of significant risks and methods of their mitigation,
- collecting information from Boryszew Group companies on the level of implementation of the reported indicators,
- collecting information from Boryszew Group companies on the implementation of policies and procedures, results of applied policies and actions,
- consolidation of the collected information and preparation of the Statement.

This Statement was prepared by Boryszew S.A. based on its own rules, taking into consideration the nature and diversity of activities of Boryszew Group companies. The ratios describing the non-financial activity of Boryszew S.A. and the Group were prepared as per the GRI guidelines. GRI indicators used in this report are described in item 40.2 of the Report (GRI Indicators Table).

Boryszew Capital Group considers the expectations of a broad group of recipients of non-financial reporting and does not exclude the extension of applied methodology with new required content in the future.

The ratios presented for Boryszew S.A. (standalone data) in this Statement on Non-Financial Information differ in year-on-year comparison. Differences result from the fact that Boryszew S.A. NPA Skawina Branch was incorporated into NPA Skawina Sp. z o.o. as of 1 January 2023. Figures for NPA Skawina Sp. z o.o. as of 2023 are presented on the consolidated level for the Boryszew Capital Group.

In addition, some of the ratios shown for the Boryszew Capital Group may differ y/y, due to the changes made in 2023, resulting from the suspension of production at the Strips and Coils Department at Walcownia Metali "Dziedzice" S.A. and the start of the liquidation of Kuźnia Batory branch of Alchemia S.A.

In addition, some data for 2022 may differ from the data presented in the Non-Financial Report 2022 of the Boryszew Capital Group made public on 18 April 2023, as the reporting methodology in the Boryszew Capital Group has been unified.

Dust emissions to the atmosphere presented in item 36.7 of the Statement were obtained from the data of the National Centre for Emissions Management (KOBIZE) to which Boryszew Capital Group Companies report each year data on emissions of greenhouse gases and other substances produced during production processes.

36.3. KEY NON-FINANCIAL INDICATORS

Selected key non-financial indicators of Boryszew Group:

Indicator	2023	2022
Metals reprocessed (t)	91 424	101 904
Waste recycled (t)	69 397	63 750
Energy efficiency index (MWh/tonne of production)	1.79	1.76
Water efficiency indicator (m ³ /tonne of production)	4.65	4.62
Raw material management efficiency index (kg waste/tonne of production)	281.7	242.3
Carbon emission rate per tonne of production (MgCO ₂ /tonne of production)	0.24	0.23
Net share of green electricity in the energy mix	0.85%	0.17%
Power of own PV installations	1.5 MWp	0.3 MWp
Equal pay index	88%	92%
Number of supported social initiatives	61	39
Number of corruption cases	0	0
Accident frequency rate per 1000 employees	13.19	9,76
Employee retention rate	98%	no data available

36.4. BUSINESS MODEL OF BORYSZEW GROUP

Boryszew Capital Group is one of the largest industrial groups in Poland. When conducting our operations, we take into consideration the internal industry regulations, internal procedures established at various organisational levels as well as good practices and policies derived from other sources.

Given the internal diversity of Boryszew Group companies and Boryszew S.A. branches, it is advisable to apply different methods of action, proportional both to the identified key risks as well as the nature of a specific company or branch.

Boryszew S.A. as the parent company of the Capital Group acts as the initiator and coordinator of procedures which are then implemented, with some modifications reflecting the nature of relevant entities, the procedure is implemented in operating units. It is often the case that the initiative in the scope of creation of due diligence procedures is also on the part of entities in which the need for introduction of regulation arose.

As a result, the extent of formalised ESG policies varies across Group entities.

Boryszew Group operates in the following operating segments:

- Automotive Segment,

- Metals Segment,
- Chemicals segment,

Other companies not allocated to the above segments conduct, activities that involve: management of the capital group, production and trade in electricity, trade in natural gas, real estate management and sale, etc.

The table below presents the most important features of operating segments (entities, products, customers, locations of companies):

	Automotive Segment	Metals Segment	Chemicals segment
Key entities	BORYSZEW S.A. MAFLOW BRANCH Companies of the Maflow Group Companies of the BAP Group	NPA Skawina Sp. z o.o. WM Dziedzice S.A. ZM SILESIA S.A. Baterpol S.A. Alchemia S.A. Huta Bankowa Spółka z o.o.	Boryszew S.A. Branch Boryszew ERG Boryszew S.A. Elana Branch
Key products	automotive fluid handling systems including: air conditioning and high-pressure rubber ducts internal and external plastic car parts, including: galvanised, bulky and movable parts	aluminium wire rods, aluminium wires, overhead conductors extruded products copper, brass, zinc and lead products, lead recycling, seamless steel tubes long products rings and rims, ingots	refrigeration and de-icing fluids plasticisers synthetic fibres
Customers	Automotive industry	Automotive industry, packaging material, electrical and technical industry, construction industry	Automotive industry, packaging material, construction industry
Location	Europe, China, India, Brazil, Mexico, Russia	Poland	Poland

A detailed description of Boryszew Group's financial model is included in point 6 of the Report.

According to the Boryszew Group Strategy for 2022 - 2026 we want to be a strong leader in the global automotive and metal sectors with an innovative product offer and a diversified group of customers. The main assumptions of Boryszew Group Strategy include:

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

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

A strong leader in the global automotive and metals sector with an innovative product range and a diversified customer base by 2026

36.5. SOCIAL ASPECTS

Boryszew S.A. as a company with long tradition and experience, using effective communication and creating an atmosphere of mutual respect. These are, in the Group's view, key elements for running a responsible business based on innovation and trust. Only then a company as large as Boryszew Group, operating through dozens of plants in Poland and Europe, is able to support their employees and partners in various fields and identify their needs on an ongoing basis.

Boryszew Group companies focus on maintaining good relations with local communities, based on agreement. At the same time, the goal is to support local labour markets and provide attractive employment opportunities as well as conditions for current and potential employees.

According to the Company, business should be run in accordance with ethical standards so as to respond to the needs of the society and the environment. One of the rules adopted by Boryszew S.A. is to pay taxes where the income is generated. This means that the company pays its taxes in Poland. This is fair to the local community and the country in which the company sells its products and services.

The key initiatives for the Boryszew Group are the initiatives to the communities where its factories are located. This helps build a bond between the local community and the Company, which leads to increased trust in both the Group and its projects. Hence all of the company's activities are focused on local activities carried out by Group entities. No less important for the Company are their relationships and openness in communication with employees at various levels. This brings about positive operating practices and perception of the company both domestically and internationally.

Boryszew S.A.

Indicator	2023	2022	Change 2023 vs. 2022	Change 2023 vs. 2022 (%)
Number of supported social initiatives	11	4	7	175%

Boryszew Capital Group

Indicator	2023	2022	Change 2023 vs. 2022	Change 2023 vs. 2022 (%)
Number of supported social initiatives	61	39	22	56%

Boryszew Group is a company committed to helping and supporting the communities in the cities where their plants are located. The number of social initiatives in Boryszew Group increased compared to last year by 56%, in Boryszew S.A. alone the number of social initiatives increased by as much as 175%. These were mainly monetary donations for social and health purposes.

The aim of social activities of Boryszew Group is to spread help for needy social groups, children, support health care initiatives as well as local cultural and sports projects and events. The Group undertakes a range of activities for the wider community, and the main areas of assistance/support, including charitable donations, are:

- education, training and upbringing, including science and higher education,
- culture, art, protection of cultural goods and national heritage,
- physical culture and tourism, including support for and dissemination of physical culture, tourism and sightseeing,
- nature protection, including greenery in towns and villages, as well as ecology and animal protection and protection of natural heritage.
- health, support for medical centres.

Important from the point of view of the local communities of the cities where the Group's facilities are located is the awareness that the Companies not only engage in social events, but also actively support, among other things, rescue and firefighting units and organizations supporting health care. Walcownia Metali "Dziedzice" S.A., Zakład Utylizacji Odpadów Sp. z o. o. and Alchemia S.A. financially supported the units of volunteer firefighters from the cities of their operations. Zakład Utylizacji Odpadów, as in 2022, supported, through advertising campaigns, institutions operating in Konin such as: Women's Football Club Medyk Konin, National Mile Pole Run, Konin FUTSAU Club and many others. Alchemia S.A. made donations to Słoneczko Foundation for People with

Disabilities and the Museum of Metallurgy in Chorzów, just to name these two. Companies of Boryszew Group also support educational activities for future specialists and allowing them to see how companies look "from behind the scenes". Six students were admitted to Alchemia S.A. branches for apprenticeships as part of improving skills and gaining professional experience. Maflow Polska company became a sponsor of the industry class in the Complex of Schools No. 6 in Tychy where they founded scientific scholarships for the best students in the profession of automotive technicians. Not only Boryszew Group as an industrial group is active, but also their employees, who often engage in aid actions on their own. Maflow employees provided support to needy families as part of the Noble Package project. A total of 17 boxes of food, chemical products, clothing and a voucher for the rehabilitation of one of the children were donated. Another initiative by Maflow employees was to support a cash collection intended in part for the purchase of winter clothing for the needy and the purchase of the most necessary items, i.e. generators, batteries, flashlights, thermal clothing, tents, etc. for the residents of the city of Lutsk in Ukraine.

Also overseas branches of Boryszew Group engage in local social initiatives. Maflow China engaged in educational activities for employees on mental health and everyday issues affecting people with disabilities.

In 2023 overseas companies, like those in Poland, focused mainly on supporting local communities, but also donated aid to others in need such as Ukrainian citizens.

In Boryszew Group we believe that supporting local communities and their initiatives brings about increased trust towards the brand and its projects. Engaging in social activities also improves the bonds between the company and the residents of the towns where our facilities are located, and builds stronger social capital.

The operating activity of the Boryszew Group does not generate any particular burdensome factors for local communities. Operations of individual Group companies are conducted in conformity with the regulations on the impact of plant operation on the immediate environment (in particular with regard to emissions and noise), as well as in conformity with procedures and instructions being the elements of integrated management systems, with which the impact on the external environment is rationally limited.

Expenditure (in-kind and cash, estimable) incurred by Boryszew Capital Group for charitable and sponsoring activities in 2022 - 2023:

- 2022 – PLN 1 078.0 thousand
- 2023 – PLN 1 583.0 thousand

Policies and procedures

Boryszew Group pursues the following policies, procedures and internal regulations for its engagement in social issues:

- Boryszew Code of Ethics - setting the rules of conduct in such areas of the UN Global Compact programme as observance of fundamental human rights, sustainable development policy, ethics in business and professional ethics,
- Supplier Sustainability Policy requires that all suppliers apply safe work standards according to OHSAS 18001 and conducting activities in terms of environmental protection in accordance with requirements of standard ISO 14001,
- Business and human rights policy.

Risks

Most important risks involved with social issues and their mitigation:

Risk	Risk mitigation
Negative perception of Boryszew Group by the social environment.	Working with local communities to promote a positive image of Boryszew Group as a socially responsible partner.
Negative perception of Boryszew Group contractors by the social environment.	Introduction to the general terms and conditions of agreements concluded with Group companies, suppliers' commitment to observe the ethical principles of the Code of Ethics.
Lack of positive reaction of local communities to CSR activities by Boryszew Group.	Additional communication at the level of Boryszew Group and individual organisational units.

36.6. LABOUR AND HUMAN RIGHTS ISSUES

Boryszew S.A. and companies of Boryszew Group respect human rights according to the assumptions of the UN Global Compact program. This is expressed, among other things, in their enforcement of laws and established prohibitions. This is in particular true when it comes to the right to a safe working environment, prohibition of discrimination, prohibition of child labour, and zero tolerance for sexual and psychological harassment in the workplace. Breach of any of the aforementioned prohibitions would not only violate the law, but also the Group's principles and ethics.

Boryszew S.A. relies in their actions on open communication with employees, thus providing them with comfortable and healthy work environment. The company encourages their employees to speak freely about the workplace and share ideas to improve the company's operations.

The Company supports employees' commitment and efforts by increasing the scope and autonomy of their activities and enabling them to participate in training and other processes to improve their professional skills.

As an international company, the Group values and respects the cultural diversity of their customers, business partners and employees. The Group realises the opportunity for cross-cultural exchange of experience and knowledge from different markets and regions of the world. Boryszew Group companies also take an active part in vocational training programmes by creating opportunities for interested persons to take up apprenticeships and traineeships at the company.

Boryszew S.A.

Indicator	Unit of measure/description	2023	2022	Change 2023 vs. 2022	Change 2023 vs. 2022 (%)
Number of employees at the end of the reporting period (GRI 401)	number of persons	2 745	2 843	-98	-3.45%
Employment structure by gender (GRI 405)					
- Females	number of persons	1 542	1 447	95	7%
- Males	number of persons	1 203	1 396	-193	-14%
- Females	%	56%	51%	5 p.p.	
- Males	%	44%	49%	-5 p.p.	
Number of newly hired employees (GRI 401)	FTEs	558	397	161	41%
Number of employees who left the company (GRI 401)	FTEs	816	698	118	17%
Number of employees with disabilities at the end of the period	number of persons	140	138	2	1%
Percentage share of disabled employees in total employment (GRI 401)	%	5%	5%	0 p.p.	
Number of employees belonging to trade unions (GRI 102)	number of persons	254	247	7	3%
Percentage share of employees belonging to trade unions (GRI 102)	%	9%	9%	0 p.p.	
Number of training courses per employee (GRI 404-1)	h/number of people trained	4.4	1.0	3.4	343%

Additional non-wage benefits (Multisport cards, medical packages, etc.)	amount (PLN)	901 113,9	1 054 340.3	-153 226.4	-15%
	amount/number of employees	328.3	370.9	0.0	0%

Boryszew Capital Group

Indicator	Unit of measure/description	2023	2022	Change 2023 vs. 2022	Change 2023 vs. 2022 (%)
Number of employees at the end of the reporting period (GRI 401)	number of persons	8 565	8 708	-143	-2%
Employment structure by gender GRI 405					
- Females	number of persons	3 186	3 149	37	1%
- Males	number of persons	5 379	5 558	-179	-3%
- Females	%	37%	36%	1 p.p.	
- Males	%	63%	64%	-1 p.p.	
Number of newly hired employees (GRI 401)	FTEs	1 584	1 600	-16	-1%
Number of employees who left the company (GRI 401)	FTEs	2 574	3 028	-454	-15%
Number of employees with disabilities at the end of the period	number of persons	300	308	-8	-3%
Percentage share of disabled employees in total employment (GRI 401)	%	4%	4%	0 p.p.	
Number of employees belonging to trade unions (GRI 102)	number of persons	2 010	1 898	112	6%
Percentage share of employees belonging to trade unions (GRI 102)	%	23%	22%	1 p.p.	
Number of training courses per employee (GRI 404-1)	h/number of people trained	5.9	7,0	-1.1	-16%
Additional non-wage benefits (Multisport cards, medical packages, etc.)	amount (PLN)	3 441 244.3	3 124 463.3	316 781.1	10%
	amount/number of employees	401.8	358.8	0.0	0%

The indicators for employment in Boryszew S.A. and Boryszew Capital Group differ from the employment data indicated in the Statement, since the unit of measurement in the Statement is the number of people, while the unit of measurement in the Statement is full-time equivalents.

Salaries of employees

In Group companies, salaries of employees in different professional groups are determined in accordance with internal regulations (collective bargaining agreements, remuneration regulations) Based on the reports, women's salaries account on average for 71% of men's salaries in Boryszew SA and 88% in the Capital Group.

Boryszew S.A.

Indicator	Unit	2023	2022	Change 2023 vs. 2022
Equal pay index (GRI 405-2)	%	71%	78%	-7 p.p.

Boryszew Capital Group

Indicator	Unit	2023	2022	Change 2023 vs. 2022
Equal pay index (GRI 405)	%	88%	92%	-4 p.p.

Policies and procedures

Boryszew Group pursues the following policies, procedures and internal regulations in labour and human rights issues:

- Code of Ethics - setting the rules of conduct in such areas of the UN Global Compact programme as observance of fundamental human rights, sustainable development policy, ethics in business and professional ethics,
- Collective agreements and their overseas equivalents (such collective agreements or tariff agreements in German companies),
- Anti-mobbing Policy at Boryszew S.A. Maflow Branch,
- Work regulations,
- Internal procedures, instructions and orders.

Results of policies and engagement

Boryszew S.A. pursues transparent rules of conduct towards its employees. The Company, both at the level of Boryszew S.A. and the Capital Group companies, introduced regulations such as the Code of Ethics, in order to prevent possible violations in respecting employee and human rights. It also verifies personnel management processes and maintains organisational culture at the highest level.

The Company's task is to ensure stable and attractive working conditions while introducing and enforcing regulations to counteract such phenomena as bullying or discrimination. In order to build the image of a good employer inside and outside the company, the Company creates an engaging work environment that increases the effectiveness of employees.

Risks

Most important risks involved with labour and human rights issues and their mitigation:

Risk	Risk mitigation
Availability of employees and subcontractors (mainly in the Automotive segment)	<i>Employer branding</i> activities on leading recruitment portals, close cooperation with recruitment companies and temporary employment agencies.
Risk of losing key employees	Providing employees with stable forms of employment and ensuring a satisfactory level of remuneration.
Ensuring adequate employee training and development	Training plans at the level of organisational units (companies or branches), allocation of budgets for training.
Accidents at work leading to death or damage to health	Preventive actions (such as ensuring an adequate level of training) and ex-post actions (assessment of incidents and correction of rules of conduct).
Risk of violation of laws (such as labour law) and internal regulations	Internal control and monitoring systems, also with the participation of employee representatives.

36.7. CLIMATE AND ENVIRONMENTAL PROTECTION ISSUES

36.7.1. ACTIONS UNDERTAKEN

Sustainable business development, active participation in the energy transition and consistent reduction of emissions and improvement of Boryszew Group's energy efficiency have been included in the 2022 - 2026 strategy as an important aspect of business initiatives. As part of the factors reducing the impact of operations, the Group incurred capital expenditure to increase the innovation of its manufacturing process and diversify its energy sources, and has started and continues to develop product offerings with lower carbon and environmental impact (including lower weight, lower environmental cost of manufacturing). Part of the strategy is also to concentrate the supply network in the region of production lines and consequently shorten supply chains and thus reduce emissions generated by logistics. The company also implements the assumptions of responsible business, including by reducing the consumption of natural resources, developing production technologies using recycled raw materials, and reducing emissions of substances harmful to the atmosphere and appropriate, responsible waste management.

Boryszew Group, in order to meet dynamic market changes and increasing awareness of the environmental impact of its products, introduces innovative solutions for its products, including: lighter aluminium and rubber components, advanced plastic products with reduced weight and new non-ferrous metal alloys.

The Group also actively participates in activities leading to the preservation of stability in the national electric power system (NPS) through "Demand Side Response" services. This is particularly important in cases of difficult balancing situations or peak electricity demand hours. As part of its response to the challenges of energy security and the development of electromobility, the Group has not only adapted technologies for the production of components for electric and hybrid vehicles and supplies high-end metal products for the energy sector (including nuclear power), but also started in 2023 and continued the process of building PV installations on the sites and rooftops of its own plants, nearly 1.5 MWp of which are already supplying green energy, and another 5 MWp of the declared 5 MWp is in the investment process.

Boryszew Group companies use electricity and natural gas from external sources (purchases) in their production processes. The production process at Group's facilities features a significant degree of energy intensity.

Investments implemented in Boryszew Group contribute to reducing energy consumption per ton of manufactured product.

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

The Group focuses not only on the impact of its activities, but also applies prevention of risks of negative environmental impact and regular monitoring of the consumption of energy supplied in the form of electricity and gas, as well as water and waste generated.

In line with the permits granted, Group companies monitor the following areas:

- emissions to air (measuring stations, measuring range, measuring methodology),
- water and effluents management (groundwater intake),
- amount of surface water used,
- amount of discharged household, industrial, rainwater and snowmelt effluents, waste management,
- noise,
- production processes.

All companies of Boryszew Group maintain legally permissible levels of emissions and waste.

Boryszew Group also includes companies, whose primary production activity is related to waste management, these are: Baterpol S.A. in Katowice and Zakład Utylizacji Odpadów Sp. z o.o. (ZUO) in Konin.

Baterpol S.A. - battery recycling

Baterpol S.A. purchases and processes battery scrap. The company's state-of-the-art technology, which is the most modern in the world, closes the battery recycling cycle and enables further use of more than 95% of the battery scrap mass. This guarantees sustainable recycling of used batteries under conditions that meet national and EU safety and environmental standards. In addition, the company, in accordance with the principles of a closed-loop economy, recovers lead from waste lead-acid batteries and other lead-bearing materials.

Zakład Utylizacji Odpadów Sp. z o.o., (ZUO), Konin - storage and disposal of hazardous waste

For more than 20 years, ZUO Konin has been supporting the Wielkopolska province by providing end-to-end services for the collection, transport and disposal, including medical waste, particularly of an infectious nature, generated in health care facilities. The company also offers the disposal of industrial, pharmaceutical waste, waste containing expired medicinal products, narcotics, psychotropic substances. One type of disposal of this type of material is thermal conversion (incineration) of waste, which involves thermal treatment of waste in a special rotary kiln at temperatures ranging from 850°C to 1100°C, depending on the type of waste. The emissions performance of such an installation meets all stringent environmental standards.

The company is also in the process of planning an investment process involving the construction of a new hazardous waste incineration line. The aim of the project is to increase the capacity of the currently operating plant by 12 000 Mg/year. The plant would dispose of hazardous and industrial waste, including so-called "ecological bombs," which are an increasingly serious threat to the environment and human life.

Work at the Group's production facilities is carried out at a suitable distance from areas of natural value, such as national parks, promotional forest complexes, health resorts and "world heritage" sites as well as Natura 2000 sites. In 2023 Group companies caused no environmental losses. No significant areas of impact, other than listed above, occurred.

36.7.2. ENERGY EFFICIENCY INDICATORS

Below are Company's and Group's key energy efficiency indicators.

Boryszew S.A. energy consumption.

	Unit	2023	2022	Change 2023 vs. 2022	Change 2023 vs. 2022 (%)
Electrical energy	MWh	31 409.34	47 914.36	-16 505.03	-34%
Heat energy	MWh	8 930,56	11 162.50	-2 231.94	-20%
Natural gas	MWh	1 107.58	61 406,69	-60 299,10	-98%

Boryszew Group energy consumption

	Unit	2023	2022	Change 2023 vs. 2022	Change 2023 vs. 2022 (%)
Electrical energy	MWh	218 684.35	250 181.88	-31 497.53	-13%
Heat energy	MWh	13 611.29	16 696.50	-3 085.21	-18%
Natural gas	MWh	475 484.86	558 404,37	-82 919,51	-15%

Energy efficiency indicators
Boryszew S.A.

Indicator*	Unit	2023	2022	Change 2023 vs. 2022	Change 2023 vs. 2022 (%)
Production	tonne	n/a	67 554	n/a	n/a
Energy efficiency indicator	MWh/tonne of production	n/a	1.62	n/a	n/a
Water efficiency indicator	m ³ /tonne of production	n/a	4.04	n/a	n/a
Recycling rate indicator	%	n/a	2%	n/a	n/a
Raw materials management efficiency indicator	kg of waste / ton of production	n/a	115.84	n/a	n/a

*indicator calculated only for the Metals Segment

Boryszew S.A. NPA Skawina Branch (the only Branch from the Metals Segment) was spun off as of 1 January 2023. NPA Skawina Sp. z o.o. data are reported on a consolidated level

Boryszew Capital Group

Indicator	Unit	2023	2022	Change 2023 vs. 2022	Change 2023 vs. 2022 (%)
Production	tonne	388 419.3	458 990.55	-70 571,27	-15%
Energy efficiency indicator	MWh/tonne of production	1.79	1.76	0.03	1%
Water efficiency indicator	m ³ /tonne of production	4.65	4.62	0.02	1%

Recycling rate indicator	%	24%	22%	2 p.p.	
Raw materials management efficiency indicator	kg of waste / ton of production	281.65	242.29	39.37	16%

36.7.3. GAS EMISSIONS TO THE ENVIRONMENT

Boryszew S.A.

Indicator	Unit	2023	2022	Change 2023 vs. 2022	Change 2023 vs. 2022 (%)
Emissions - carbon dioxide (CO ₂)	tonnes	3 236.77	15 033.24	-11 796.47	-78%
Emissions - Total dust	tonnes	2.36	2.90	-0.54	-19%
Emissions - Carbon monoxide (CO)	tonnes	10.40	11.34	-0.93	-8%
Emissions - Nitrogen oxides (NO _x /NO ₂)	tonnes	6,63	8,75	-2.12	-24%
Emissions - Production (in Mg - tonnes)	tonnes	3 256.16	15 056.23	-11 800.07	-78%

Reduced greenhouse gas emissions in 2023 are due to the spin-off of NPA Skawina Branch into a separate Company as of 1 January 2023.

Boryszew Capital Group

GRI 305-7 indicator	Unit	2023	2022	Change 2023 vs. 2022	Change 2023 vs. 2022 (%)
Emissions - carbon dioxide (CO ₂)	tonnes	91 085,14	107 125.75	-16 040.62	-15%
Emissions - Total dust	tonnes	15.74	18.50	-2.76	-15%
Emissions - Carbon monoxide (CO)	tonnes	231.53	73,59	157.94	215%
Emissions - Nitrogen oxides (NO _x /NO ₂)	tonnes	100.61	104.85	-4.24	-4%
Emissions - Production (in Mg - tonnes)	tonnes	91 433,02	107 322.69	-15 889.68	-15%

Reduced greenhouse gas emissions in 2023 are due, among other things, to production discontinuation of stripes and coils department at Walcownia Metali Dziedzice S.A.

Alchemia S.A. Stalownia Batory branch and Walcownia Rur Batory branch saw an increase of 13 169 878 tonnes in averaged CO emissions y/y, resulting from the fact that emissions are measured only twice a year and such averaged emissions are taken as an average for the entire period of operation of the installation.

36.7.4. PLANNED PRO-ENVIRONMENTAL PROJECTS

Investments planned and implemented by companies of the Boryszew Capital Group, in addition to modernisation of machinery and increasing production capacity, are also aimed at reducing the consumption of raw materials, including electricity and gas. Particularly important here is the development by companies of their own renewable energy sources, which, in addition to the economic effect, leads to a reduction in CO₂ emissions.

Major pro-environmental investments underway or planned include:

Company	Description of investment	Environmental benefits
WM Dziedzice SA	construction of a photovoltaic installation with a capacity of 2.35 MW and implementation of new energy solutions on the scale of the company (photovoltaic farm with full self-consumption of generated electricity)	<ul style="list-style-type: none"> reduced energy purchase by 2 457 MWh per year, reduced emissions (annual reduction in carbon footprint of about 2 000 tonnes of CO₂).
ZM SILESIA SA	purchase of process line equipment for production of zinc white from zinc scrap, purchase and commissioning of an RLF 3000 electric roasting machine for red lead roasting and an HM 6000 mill - stage currently underway. Planned completion Q3 '2024.	<ul style="list-style-type: none"> reduced costs of energy utilities, carbon footprint and obtaining energy efficiency certificates. improved quality of gas emissions from combustion processes into the environment. Meeting the BAT requirements of the Commission's Executive Decision EU 2022/2427 of 6 December 2022. reduced Pb emissions into the working environment. Alignment with EU requirements (from 2028: lowering NDS from 0.05 ug/m³ to 0.03 ug/m³).
Boryszew Inwestycje Sp. z o. o.	construction of battery energy storage (BESS) with a capacity of 50MW and 5 MW	<ul style="list-style-type: none"> savings in purchase of energy from RES. use of RES energy to a greater extent. securing energy supply from RES. building an effective energy management system.
Zakład Utylizacji Odpadów Sp. z o. o.	construction of a thermal hazardous waste conversion line with a target capacity of 12 000 tonnes per year and an overall increase in the capacity of Zakład Utylizacji Odpadów Sp. z o.o. in Konin from the current 6 000 tonnes to 18 000 tonnes in 2028.	<ul style="list-style-type: none"> hazardous waste management, energy recovery from hazardous waste - selling 4 000 MWh of electricity per year.
Boryszew Nieruchomości Sp. z o. o.	construction of municipal waste conversion facilities under conditions of high-efficiency cogeneration.	<ul style="list-style-type: none"> eco-power plant that will produce heat and energy by thermally converting non-recyclable municipal waste. Heat and energy will be supplied to the ELANA Industrial Park network and the city's district heating network. generation of electricity and heat in high-efficiency cogeneration with a total capacity of more than 7 MW

Policies and procedures

Boryszew Group pursues the following policies, procedures and internal regulations for its engagement in environmental protection:

- integrated environmental permits,
- ISO 14001 environmental management systems
- quality management systems in the supply chain TS 16949

Certificates obtained based on the audits carried out by independent organisations are an important form of confirming the high standards of corporate management.

They may constitute a significant form of competitive advantage, but most often they decisive for considering the Boryszew Group a contractor by major international corporations, which are clients of the Boryszew Group.

Boryszew Group companies hold the following certificates:

Certification	Certified organisational units
ISO 9001 (certificate of quality management system within the organisation)	Boryszew S.A. Oddział Elana, NPA Skawina Sp. z o.o., ZM Silesia S.A., BATERPOL S.A., WM DZIEDZICE S.A., Boryszew Formenbau Deutschland GmbH, Boryszew Plastics Rus Ltd., Maflow Plastics Poland Sp. z o.o., Huta Bankowa Sp. z o.o.
ISO/TS 16949 (supply chain quality management system certificate)	Boryszew S.A. Maflow branch, all companies of Maflow Group, AKT Plastikarska Technologie Cechy spol. s.r.o., Boryszew Kunststofftechnik Deutschland GmbH, Boryszew Oberflächentechnik Deutschland GmbH, Boryszew Plastics Rus Ltd., Maflow Plastics Poland Sp. z o.o.
ISO 14001 (environmental management system certificate)	Boryszew S.A. Maflow branch, Boryszew S.A. Elana Branch, NPA Skawina Spółka z o.o. BATERPOL S.A., WM DZIEDZICE S.A., Boryszew Oberflächentechnik Deutschland GmbH, Maflow Plastics Poland Sp. z o.o., Zakład Utylizacji Odpadów Sp. z o. o., Huta Bankowa Sp. z o.o.
ISO 50001 (energy management system certificate)	Boryszew Formenbau Deutschland GmbH, Boryszew Kunststofftechnik Deutschland GmbH, Boryszew Oberflächentechnik Deutschland GmbH, ZM SILESIA S.A., Alchemia S.A.,
OHSAS 18001/ISO 45001:2018 (occupational health and safety management system certificate)	Boryszew S.A. Maflow branch, BATERPOL S.A., Huta Bankowa Sp. z o.o.
ISO 17025:2005 (testing laboratory certificate)	Laboratoria Badań Batory Sp. z o.o.

Boryszew Group companies strictly follow the provisions of REACH Regulation (Registration, Evaluation and Authorisation of Chemicals) of European Parliament and Council and have fulfilled the obligation to register all the chemical substances contained in the products manufactured by them. The REACH system guarantees maintenance of high standards of human health and environmental protection. The idea is that it is the manufacturers who must ensure that the substances they produce do not have a harmful effect on human life or the environment.

Results of policies and engagement

The Group companies introduce energy-efficient technologies and maintain a legally permissible level of pollution and waste emission to counter the risks associated with exceeding the permissible emission levels of environmental permits. Boryszew regularly monitors the consumption of water, energy supplied in the form of electricity and gas, as well as the production of waste.

Boryszew Group has properly identified, in its operations, the risks, therefore it pays special attention to the opportunities for recycling in metal scrap and plastic waste processing (refer to the Recycling rate indicator, table Additional indicators):

- Alchemia S.A. reuses over 25 thousand tons of metal in its production process. In addition, in order to reduce water consumption at three branches of Alchemia SA: Walcownia Rur Batory, Stalownia Batory and Kuźnia Batory rely on two circuits, i.e. drinking water and closed industrial water circuits. Industrial water systems at the Stalownia Batory and Kuźnia Batory operate on the basis of replenishing losses from the drinking water system. Discharges of effluents are billed in accordance with the Agreement
- BATERPOL S.A., being a significant producer of refined lead and lead alloys in Poland, operates mainly on the basis of purchase and processing of scrap lead-acid batteries. The company's process solutions close the battery recycling cycle and enable further use of over 95% of lead from battery scrap collected. The process uses solutions guaranteeing ecological recycling of used batteries in conditions meeting the requirements of national and Union standards of safety and environment protection.
- WM DZIEDZICE S.A. uses copper scrap and brass scrap, respectively, as an important part of the production input,

- Zakład Utylizacji Odpadów Konin collects various categories of hazardous waste for storage and processing in an environmentally sound manner or treats it in a waste incineration plant (thermal processing of waste).

The elements of coherent environmental policy of the Group companies mentioned above prove that we notice climate change. The measures undertaken are aimed at limiting the negative impact of individual Group companies on the environment. Boryszew Group is constantly trying to introduce new technologies and enhance old solutions in order to optimise the production process in terms of natural resources utilised.

The Group companies try to use as few raw materials as possible, which not only reduces production costs but also reduces their negative impact on the environment. We recognise that some aspects of our business need to change, so solutions to minimise the environmental impact of our operations are constantly being introduced.

Risks

Most important risks involved with environmental protection and their mitigation:

Risk	Risk mitigation
Pollution of natural environment (soil, water or air)	Monitoring of emissions to the environment, ex-ante and ex-post actions to reduce emissions.
Production process which follows environmental standards	Monitoring of the production process, schemes aimed at prevention of industrial accidents.
Production process in an energy inefficient way	Monitoring of energy consumption in the production process, continuous implementation of initiatives increasing energy efficiency, ISO 50001 certification in other plants of the Boryszew Group.
Lack of timely adaptation to changes in legal regulations or customer expectations regarding environmental protection	Review of planned changes in environmental regulations (in units exposed to this risk), allocation of budgets for operating costs and capital expenditure related to adjustment to these changes.

36.7.5. OTHER INDICATORS DESCRIBING GROUP'S IMPACT ON THE CLIMATE

The Group identifies the following areas of possible impact on the climate environment:

- direct consumption of raw materials and indirect impact resulting from the consumption of purchased electricity and heat - in this aspect, regardless of climate requirements, the Group's intention is to invest in production technologies that limit the consumption of energy and raw materials;
- indirect impact resulting from production and logistics activities within the supply chain;
- possible industry initiatives with the participation of Group companies to build climate awareness in the value chain.

Boryszew S.A.

Indicator	Unit	2023	2022	Change 2023 vs. 2022	Change 2023 vs. 2022 (%)
Total energy consumption (GRI 302-1)*	MWh	32 516.92	109 321.05	-76 804,13	-70%
Total water consumption (GRI 303-5)	m3	121 818.00	272 726.00	-150 908.00	-55%
Amount of water recovered (or recycled) and reused	m3	N/A	N/A	N/A	N/A
Total mass of waste (GRI 306-3)		5 387.28	7 825,73	-2 438.45	-31%
Hazardous waste	tonnes	3 984.73	4 013.97	-29.24	-1%
Non-hazardous precipitation, including:	tonnes	1 402.54	3 811.76	-2 409.21	-63%
12 01 01	tonnes	0.00	0.00	0.00	N/A
15 01 04	tonnes	0.00	0.00	0.00	N/A
17 04 05	tonnes	26.41	109.28	-82,87	-76%
19 12 12	tonnes	0.00	0.00	0.00	N/A

19 12 04	tonnes	0.05	0.00	0.05	N/A
15 01 02	tonnes	85,52	146.58	-61,06	-42%
15 01 01	tonnes	187.73	169.34	18.39	11%
Other:	tonnes	1 101.37	1 662.56	-561,19	-34%
Metals reprocessed (GRI 301-2)	tonnes	0.00	1 620.99	-1 620.99	-100%

*concerning electricity and natural gas

Differences in y/y values result from the spin-off of Boryszew S.A. NPA Skawina Branch into a company and reporting of NPA Skawina Sp. z o.o. data on a consolidated level.

Boryszew Capital Group

Indicator	Unit	2023	2022	Change 2023 vs. 2022	Change 2023 vs. 2022 (%)
Total energy consumption (GRI 302-1)*	MWh	694 169.21	808 586.25	-114 417.04	-14%
Total water consumption (GRI 303-5)	m3	1 804 829.19	2 121 845.47	-317 016.28	-15%
Amount of water recovered (or recycled) and reused	m3	137 929.00	153 326.00	-15 397.00	-10%
Total mass of waste (GRI 306-3)	tonnes	109 399.89	111 206.65	-1 806.76	-2%
Hazardous waste	tonnes	31 057.92	18 807.55	12 250.37	65%
Non-hazardous precipitation, including:	tonnes	78 341,97	92 405.70	-14 063.73	-15%
12 01 01	tonnes	4 492.57	4 771.45	-278.873	-5.84%
15 01 04	tonnes	26.86	29.83	-2.97	-9,95%
17 04 05	tonnes	26 592.51	32 101.75	-5509,24	-17.16%
19 12 12	tonnes	3.05	2.80	0.25	8.93%
19 12 04	tonnes	865,51	3.80	861,7146	22 675.51%
15 01 02	tonnes	186.24	240.51	-54.27	-22.57%
15 01 01	tonnes	397.13	403.09	-5.959	-1.48%
Other:	tonnes	45 531.61	54 642.80	-9 111.19	-16.67%
Amount of metals processed again (GRI 301-2)	tonnes	91 423.98	101 903.93	-10 479.94	-10%

*concerning electricity and natural gas

The year-on-year decrease in all of the above indicators is due to a decrease in production at Boryszew Group.

At the same time, climate issues have (or may have in the future) an impact on Boryszew Group in the following areas:

- legislative changes imposing on specific industries the obligation to incur capital expenditure limiting the energy intensity of specific operating processes;
- the need to adjust the product offer to the regulatory requirements, which are determined by the industry standards (in particular in the automotive industry) as well as the requirements resulting from the growing climate awareness of the final product clients in the supply chain with Boryszew Group;
- the impact of climate issues that may influence the development of demand factors in specific sectors (such as initiatives by cities to discourage the use of cars as a means of transport);
- the possibility of frequent local, violent weather events that may result in physical destruction of operational locations as well as the supply chain;
- availability and potential increase in energy and raw material prices;

- potentially higher insurance premiums associated with physical damage to assets;
- availability of bank products for energy-efficient initiatives.

Boryszew S.A. believes that none of the assets of Boryszew Group are particularly exposed to the risk associated with climate factors.

ENVIRONMENTAL FEES

Boryszew S.A.

Indicator [PLN]	2023	2022
introduction of gases and dust into the air	32 176	41 518
emission allowances under the terms of the Act of 12 June 2015 on greenhouse gases emissions trading system	0	0
water services, which include intake of groundwater and surface water, discharge of water and introduction of effluents into water and land	44 736	75 361
waste storage	0	0
TOTAL	76 912	116 897

Boryszew Capital Group

Indicator [PLN]	2023	2022
introduction of gases and dust into the air	359 783	277 599
emission allowances under the terms of the Act of 12 June 2015 on greenhouse gases emissions trading system	1 109 346*	1 107 837
water services, which include intake of groundwater and surface water, discharge of water and introduction of effluents into water and land	371 183	449 332
waste storage	1 222 366	1 026 918
TOTAL	3 062 678	2 861 687

*estimated amount. Purchase of EEAs in progress. Purchase and redemption of EEAs until 30.09.2024.

36.7.6. CARBON FOOTPRINT

Climate change is a key global challenge that requires urgent action. As a responsible business, we are committed to reducing our carbon footprint and greenhouse gas intensity to mitigate our environmental impact. To this end, we undertake a number of activities and partnerships. We are committed to driving positive change for future generations.

We recognise that tackling climate change requires the cooperation and involvement of many stakeholders, including our suppliers, customers and communities. We work intensively with our partners to reduce our collective carbon footprint and promote sustainable practices throughout our value chain. For thermal energy, we adopted emission factors based on the study Heat Engineering in Figures - 2022, prepared by the Energy Regulatory Office. For refrigerants, we used the emission factors presented by the EPA U.S. Environmental Protection Agency.

We believe that tracking greenhouse gas emissions intensity is critical to understanding our progress in reducing our carbon footprint. We have set ambitious goals to reduce our greenhouse gas emissions intensity, which will allow us to achieve our long-term goal of carbon neutrality.

Table - Scope 1

Direct GHG emissions from sources that are owned or managed by the company, including: stationary fuel combustion, fleet emissions, fugitive emissions (such as leaks from refrigeration and air conditioning equipment), and emissions resulting from industrial processes.

Boryszew S.A.

Unit	2023	2022	Change 2023 vs. 2022	Change 2023 vs. 2022 (%)
Mg CO2e	4 928.68	5 435.69	-507.00	-9%
Mg CO2e per tonne of production	N/A	0.08	N/A	N/A

Differences in y/y values result from the spin-off of Boryszew S.A. NPA Skawina Branch into a company and reporting of NPA Skawina Sp. z o.o. data on a consolidated level.

Boryszew Capital Group

Unit	2023	2022	Change 2023 vs. 2022	Change 2023 vs. 2022 (%)
Mg CO2e	91 372.57	105 647.05	-14 274.48	-14%
Mg CO2e per tonne of production	0.24	0.23	0.00507	2.20%

Table - Scope 2

Indirect greenhouse gas emissions from the generation of purchased and consumed electricity, steam, heat or cooling.

Boryszew S.A.

Scope 2	Unit	2023	2022	Change 2023 vs. 2022	Change 2023 vs. 2022 (%)
Purchased electricity	Mg CO2e	21 515	32 821	-11 305.94	-34%
Purchased thermal energy	Mg CO2e	3 232	4 039	-807.68	-20%
Purchased steam	Mg CO2e	9 025	9 224	-199.53	-2%
Purchased cooling energy	Mg CO2e	N/A	N/A	N/A	N/A
Total		33 772	46 085	-12 313.15	-27%

Boryszew Capital Group

Scope 2	Unit	2023	2022	Change 2023 vs. 2022	Change 2023 vs. 2022 (%)
Purchased electricity	Mg CO2e	149 799	171 375	-21 575.81	-13%
Purchased thermal energy	Mg CO2e	4 926	6 042	-1 116.45	-18%
Purchased steam	Mg CO2e	11 119	11 202	-83.08	-1%
Purchased cooling energy	Mg CO2e	N/A	N/A	N/A	N/A
Total		165 843	188 619	-22 775.34	-12%

Boryszew Group, in its 2022-2026 strategy, declares working on increasing energy efficiency and consistently switching to renewable sources of electricity, with the aim of significantly reducing product greenhouse gases.

36.7.7. EU TAXONOMY

Taxonomy is another name for Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088. Reporting according to the systematics set forth in the Taxonomy is expected to facilitate the achievement of the ambitious EU climate goals set for 2030 in the European Green Deal by redirecting investment to greener activities.

Environmental objectives of the taxonomy

Article 9 of the Taxonomy identifies six environmental goals that support green transformation:

- Climate change mitigation,
- Climate change adaptation,
- Sustainable use and protection of water and marine resources,
- Pollution prevention and control,
- Transition to a circular economy,
- Protection and restoration of biodiversity and ecosystems.

For the purpose of this report, an analysis of the share of economic activity was conducted:

- activity eligible and economic activities that do not qualify for the EU non-financial taxonomy systematics for all six environmental goals;
- activity conforming and non-conforming with the systematics of the EU non-financial taxonomy for the two climate goals, i.e., climate change mitigation and climate change adaptation (except for the so-called new activities that expanded the scope of activities included in the climate goals under Regulation 2023/2485).

Boryszew Group conducted an assessment of the activities indicated in the Taxonomy from the point of view of the activities identified in different Group companies. The activities identified and indicated later in this section meet the eligibility criteria for the climate targets indicated.

At the same time, for the remaining environmental goals and the so-called new climate goals, no conformity assessment was carried out.

However, the Group has not identified any revenues related to projects with a significant contribution to climate change adaptation. In addition, no capital expenditures dedicated to projects aimed at reducing the impact of physical risks associated with climate change adaptation have been incurred in the Group. Thus, none of the indicators and none of the activities were considered to make a significant contribution to the climate change adaptation goal.

The assessment of the conformity of activities for the climate change mitigation objective in the Group and identified as Taxonomy compliant activities was carried out based on the following steps:

- verification if individual activities meet the criterion of significant contribution;
- then, in case of confirmation of the criterion of significant contribution, the applicable criteria for the activity related to the impact on other environmental objectives were verified (application of the principle of "do no significant harm");
- in addition, an assessment of the fulfilment of so-called minimum guarantees was carried out at the Group level.

The effects of the above assessments are described and presented in tables later in this section.

Activities eligible for systematics

The EU Taxonomy identifies economic activities that have the potential to directly make a significant contribution to the stated environmental goals or support other activities. Boryszew Group conducted an assessment of the types of activities indicated in the Taxonomy from the point of view of the activities identified in different Group companies.

As a result of this assessment, the following activities were identified that meet the eligibility criteria for the taxonomy's systematics:

- turnover ratio:
 - climate goals - climate change mitigation and adaptation (CCM and CCA)
 - 3.17. Production of plastics in primary forms
 - 4.9. Distribution of electricity
 - 5.9 Recovery of materials from non-hazardous waste
 - 3.8. Aluminium production 3.9 Iron and steel production
 - goal - circular economy (CE):
 - 2.4 Recovery of materials from hazardous waste
 - no activities eligible for the other taxonomic objectives were identified;
- capital expenditure ratio
 - climate goals - climate change mitigation and adaptation (CCM and CCA)
 - 3.8. Aluminium production
 - 3.9 Iron and steel production
 - 5.9 Recovery of materials from non-hazardous waste
 - 6.5. Transportation by motorcycles, passenger cars and light commercial vehicles
 - 6.6. Road freight transport services
 - 7.3. Installation, maintenance and repair of energy efficiency equipment
 - 7.4. Installation, maintenance and repair of electric vehicle charging stations in buildings (and in parking lots at buildings)
 - 7.6. Installation, maintenance and repair of renewable energy technology systems
 - 8.1. Data processing, hosting and related activities
 - goal - circular economy (CE):
 - 2.4 Recovery of materials from hazardous waste
 - 3.4 Road maintenance
 - no activities eligible for the other taxonomic objectives were identified.
- operating expense ratio
 - The Issuer did not carry out an assessment of the eligibility of operating expenses (OpEx) to the activities included in the taxonomy objectives due to the overall low materiality of operating expenses from the point of view of Boryszew Group's business model;
 - thus, the Issuer decided to use a simplification in the presentation of the above-mentioned indicator by disclosing the value of the denominator of the operating expenses indicator, i.e. total operating expenses, and assigning a zero value to the nominator of the above indicator.

Given the significant limitations of knowledge of the issues and criteria identified in the Taxonomy from the perspective of those involved in the supply chain, due to the inability to fully aggregate data in the supply chain, and the inability to obtain appropriate documentation and confirmations, it was prudently considered that only in cases of explicit confirmation of meeting the criteria dedicated to significant contribution and DNSH criteria, respectively, would an activity be considered as conforming with the Taxonomy.

In the absence of proof of a criterion, it was considered that the criterion was not met regardless of the actual state of affairs. At the same time, bearing in mind the importance of the Taxonomy, Boryszew Group is implementing tools and procedures to increase the scope and level of certainty of aggregated data for the purpose of conducting a full assessment of conformity with the Taxonomy of individual activities in the perspective of subsequent reporting periods.

Activity in line with the EU Taxonomy

Information on business conformity refers to turnover and capital expenditure indicators. On the other hand, the operating expense ratio benefited from a simplification of the calculation that provides for the possibility of abandoning the calculation of the nominator of this ratio in situations where the operating expense ratio is irrelevant to the business model.

According to Art. 3 of the EU Non-Financial Taxonomy Regulation (the Regulation), for the purpose of determining the extent to which an investment is environmentally sustainable, an economic activity qualifies as environmentally sustainable if the activity:

- i. makes a significant contribution to one or more of the environmental objectives set forth in Art. 9 in accordance with Art. 10-16 of the Regulation;
- ii. does not cause serious damage to any of the environmental objectives set forth in Art. 9 in accordance with Art. 17 of the Regulation;
- iii. is conducted in accordance with the minimum guarantees (more on minimum guarantees here) set forth in Art. 18 of the Regulation; and
- iv. meets the technical eligibility criteria that were established by the Commission in delegated acts to the Regulation.

The assessment of conformity of activities in the Group and identified as Taxonomy compliant was carried out based on the following steps:

1. verification whether the activity makes a significant contribution to the climate goal (significant contribution criterion);
2. then, in case of confirmation of the criterion of significant contribution, the applicable criteria for the activity related to the impact on other environmental objectives were verified (application of the principle of "do no significant harm");
3. in addition, an assessment of the fulfilment of so-called minimum guarantees was carried out at the Group level.

Reporting conformity with the EU Taxonomy

Under the Taxonomy, European companies are required to report in calculated percentages what proportion of their turnover, capital expenditures (CAPEX) and operating expenditures (OPEX):

- 1) for activity eligible for systematics (listed in the regulation) and
- 2) for activity in conformity with systematics, or environmentally sustainable activities.

In the case of items of turnover and capital expenditures that could simultaneously qualify for at least two activities, the Company avoided double counting of an indicator in that an item classified in the nominator of an indicator was not recognised again.

In doing so, none of the activities were evaluated from the point of view of conformity with more than one taxonomic objective.

Group companies in 2023 did not issue bonds to finance operations, capital expenditure or operating expenses consistent with the Taxonomy.

In 2023 no acquisitions of property, plant and equipment, investment properties, intangible assets as a result of merger of entities within the Boryszew Group occurred.

Boryszew Group does not identify business activities in line with the systematics conducted for self-consumption.

Changes from the previous reporting period

With regard to the indicators presented, the Group does not have comparative data for 2022 insofar as the assessment of qualification for the 4 environmental goals is mentioned.

In connection with the analytical work to assess Taxonomy-conforming activities carried out for the purpose of this report, the results of last year's analysis in terms of qualifying certain activities for the Taxonomy were revised and updated.

Among other things, this analysis resulted in a change in the coverage of the qualification of activities identified for climate purposes (CCM and CCA) as 3.8. Aluminium Production and 3.9 Iron and Steel Production, neither of which met the criteria for conformity with the Taxonomy.

The Group has not yet developed or implemented the plan referred to in item 1.1.2.2. Taxonomy at the level of the entire Boryszew Group.

For the purpose of calculating key indicators, no disaggregation of data was introduced - all indicators were calculated on a consolidated level for the entire Group.

Group's activities are not related to the construction of infrastructure dedicated to the production of electricity from natural gas or nuclear power, respectively. The above means that Boryszew Group's activities do not qualify for the activities indicated in the Commission's Delegated Regulation (EU) 2022/1214 of 9 March 2022 amending Delegated Regulation (EU) 2021/2139 as regards economic activities in certain energy sectors and Delegated Regulation (EU) 2021/2178 as regards specific public disclosures for those economic activities with respect to all key indicators (KPIs).

Boryszew Group does not have investments in equity settled in joint ventures according to IFRS 11 or IAS 28.

Indicators of conformity with the systematics

Turnover ratio

The denominator) of the turnover ratio is the consolidated revenues of Boryszew Group in 2023 disclosed in the item Revenue from sales in the consolidated financial statements. Only sales revenues that are in line with the Taxonomy, and therefore meet the criteria for significant impact for the climate change mitigation goal, and at the same time meet all the criteria for the DNSH rules dedicated to the activity, could be assigned to the meter. Revenue was recognised in accordance with International Accounting Standard (IAS) 1 point 82(a) adopted by Commission Regulation (EC) No 1126/2008 and is shown in the consolidated financial statements of Boryszew Group for 2023.

Capital expenditure ratio

The denominator of the capital expenditure ratio (CAPEX) is capital expenditure, i.e., increases in property, plant and equipment, investment property, intangible assets and rights to use assets disclosed in the consolidated financial statements.

Only that portion of capital expenditure that relates to activities in line with the systematics (Taxonomy) could be assigned to the nominator, as well as, regardless of this category of activities, capital expenditure related to purchases of goods and services in line with the systematics (so-called individual measures) could be included in the nominator, with the simultaneous fulfilment of the additional criterion of implementing the solution within 18 months required for this category of capital expenditure.

The basis for calculating this indicator is capital expenditure, which includes costs accounted for on the basis of:

- IAS 16 property, plant and equipment, item 73(e)(i) and (iii);
- IAS 38 intangible assets, item 118(e)(i);
- IAS 40 investment property, item 76(a) and (b) (for the fair value model);
- IAS 40 investment property, item 79(d)(i) and (ii) (for the cost-based model);

- IAS 41 agriculture

For the capital expenditure ratio:

- the denominator value was capital expenditure in Boryszew Group in the total amount of app. PLN 362.2 million (includes lease agreements) for 2023, calculated on the basis of IAS/IFRS provisions indicated in the annex to Regulation 2178;
- for the purposes of the nominator analysis, capital expenditure in line with the EU Non-Financial Taxonomy were identified in the amount equivalent to app. PLN 3.8 million.

Operating expense ratio

The denominator of the operating expense ratio (OPEX) is the cost of operating the Group's assets and keeping them in good shape, i.e., the cost of repairing and overhauling equipment, personnel costs associated with repairs and maintenance, and space cleaning costs.

The denominator of the operating expense indicator was determined based on identification of the rationale for the definitions in Regulation 2178. On the other hand, as explained earlier, a simplification of calculation of the operating expenses indicator was used by assigning a zero value to the nominator value.

Minimum guarantees

According to Art. 3 of the EU Non-Financial Taxonomy Regulation (the Regulation), for the purpose of determining the extent to which an investment is environmentally sustainable, an economic activity qualifies as environmentally sustainable if the activity:

- i. makes a significant contribution to one or more of the environmental objectives;
- ii. does not cause serious damage to any environmental objective;

- iii. is conducted in accordance with minimum guarantees; and
- iv. meets the technical eligibility criteria that were established by the Commission in delegated acts to the Regulation.

Minimum guarantees are procedures used by a business enterprise to ensure conformity with:

- OECD Guidelines for multinational enterprises ("OECD Guidelines") and
- UN Guiding Principles on business and human rights, including the principles and rights set forth in the eight fundamental conventions identified in the International Labour Organization's Declaration on fundamental principles and rights at work; and
- principles and rights set forth in the Universal Charter of Human Rights.

In applying the procedures referred to above, companies follow the principle of not doing significant harm referred to in Art. 2(17) of the Regulation.

Company's assessment of the fulfilment of the minimum guarantees was made after conducting an analysis of the risk of a negative effect on different material principles, values and rights. In the course of the examination, the findings of the Platform Report and the TEG Report were also applied, with conclusions and interpretations on the methods of implementing the guidelines and assessing conformity with minimum guarantees, taking into consideration, among other things:

- the principle of prioritisation (implementing solutions first against the principles and values for which the risk of their violation and negative impact are the greatest), and
- the principle of proportionality (taking into consideration the scale and structure of the enterprise and the so-called "position of the enterprise" in terms of its ability to influence cooperators).

In all key areas, Company's individual operations have been identified as eligible and in conformity with the Non-Financial Taxonomy, both for the Company and for the Boryszew Group, thus meeting to a basic degree the minimum guarantees referred to in Art. 18 of the Taxonomy.

The examination of the fulfilment of minimum guarantees also included the requirement to respect the DNSH principle and not to violate the rules of cooperation with the National Contact Point referred to in Part II of the OECD Guidelines and the Business & Human Rights Resource Center. The assessment also took into consideration the fact of not being subject to "final liability", i.e., lack of a final finding against the companies of Boryszew Capital Group of a violation of the principles and rights set forth in the Guideline Package.

The examination of the fulfilment of minimum guarantees also included the requirement to respect the DNSH principle and not to violate the rules of cooperation with the National Contact Point referred to in Part II of the OECD Guidelines and the Business & Human Rights Resource Center. The assessment also took into consideration the fact of not being subject to "final liability", that is, the absence of a final finding against BCG companies of a violation of the principles and rights set forth in the Guideline Package.

Conclusions

To sum up, Boryszew Capital Group implemented and is developing a multifaceted compliance system aimed at observing the principles and rights expressed, among others, in the acts referred to in Art. 18 of the Regulation. The system is based on such key solutions as the adoption of a Code of Ethics, detailed procedures and orders, and a whistleblowing system. The company established and is developing a risk management system. Given the above measures it can be concluded that the Company overwhelmingly meets the requirements of the minimum guarantees referred to in Art. 18 of the EU Non-Financial Taxonomy Regulation.

An area in which the Company plans to become more active in developing a conformity system based on the guidelines indicated in this provision is deepening structured dialogue with stakeholders and broadening the spectrum of supply chain analysis and developing a risk management system to include factors from the ESG area.

EU taxonomy

The following is a summary of eligibility information and conformity with all 6 objectives indicated in the EU Taxonomy.

	Part of turnover/Total turnover	
	Conformity with the systematics by purpose	Eligibility for systematics by purpose
CCM	0.00%	1.40%
CCA	0.00%	1.40%
WTR	0.00%	0.00%
CE	0.00%	5.21%
PPC	0.00%	0.00%
BIO	0.00%	0.00%

	Part of capital expenditure / Total capital expenditure	
	Conformity with the systematics by purpose	Eligibility for systematics by purpose
CCM	1.06%	3.03%
CCA	0.00%	3.03%
WTR	0.00%	0.00%
CE	0.00%	1.80%
PPC	0.00%	0.00%
BIO	0.00%	0.00%

	Part of operating expenses/Total operating expenses	
	Conformity with the systematics by purpose	Eligibility for systematics by purpose
CCM	0.00%	0.00%
CCA	0.00%	0.00%
WTR	0.00%	0.00%
CE	0.00%	0.00%
PPC	0.00%	0.00%
BIO	0.00%	0.00%

Definitions of the 6 objectives identified in the EU Taxonomy

CCM - Climate Change Mitigation

CCA - Climate Change Adaptation

WTR - Water

CE - Circular Economy

PPC - Pollution Prevention and Control

BIO - Biodiversity

Performance table - turnover rate

2023	Year			Criteria for significant contribution						Criteria for DNSH principle ("do no significant harm") (h)									
	Code or codes (a) (2)	Turnover (in thousands of PLN) (3)	Part of turnover, 2023 (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Pollution (8)	Circular economy (9)	Biodiversity (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Pollution (14)	Circular economy (15)	Biodiversity (16)	Minimum guarantees (17)	Share of activities in conformity with systematics (A.1.) or eligible for systematics (A.2.) Turnover, year N-1 (18)	Category Support activities (19)	Category Transition activities (20)
Business (1)	Text	Currency	%	T; N; N/EL (b) (c)	T; N; N/EL (b) (c)	T; N; N/EL (b) (c)	T; N; N/EL (b) (c)	T; N; N/EL (b) (c)	T; N; N/EL (b) (c)	Y/ N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. ACTIVITIES ELIGIBLE FOR SYSTEMATICS																			
A.1. Types of environmentally sustainable activities (according to the systematics)																			
Turnover from environmentally sustainable activities (consistent with the systematic) (A.1)		0	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	T	T	T	T	T	T	T	0.0%		
Including supporting activities		0	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	T	T	T	T	T	T	T	0.0%	E	
Including activities for transition		0	0%	0%						T	T	T	T	T	T	T	0.0%		T



A.2 Activities that are eligible for systematics but are environmentally unsustainable (activities that are not consistent with the systematics) (g)																			
Including activities for transition	0	0%	0%								T	T	T	T	T	T	0.0%		T
A.2 Activities that are eligible for systematics but are environmentally unsustainable (activities that are not consistent with the systematics) (g)																			
				EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)										
Production of plastics in primary forms.	3.17 CCM/ 3.17/C CA	182	0.003%	N	N	N/EL	N/EL	N/EL	N/EL									0.003%	
Distribution of electricity.	4.9 CCM/ 4.9 CCA	16 929	0.30%	N	N	N/EL	N/EL	N/EL	N/EL									0.30%	
Recovery of materials from non-hazardous waste	5.9 CCM/ 5.9 CCA	62 676	1.10%	N	N	N/EL	N/EL	N/EL	N/EL									1.10%	
Aluminium production	3.8 CCM/ 3.8 CCA	14	0.0003 %	N	N	N/EL	N/EL	N/EL	N/EL									0.0003%	



Iron and steel production	3.9 CCM/ 3.9 CCA	72	0.001%	N	N	N/EL	N/EL	N/EL	N/EL	0.001%
Recovery of materials from hazardous waste	2.4 CE	296 408	5.21%	N/EL	N/EL	N/EL	N/EL	N	N/EL	5.21%
Turnover from activities that are eligible for systematics but are environmentally unsustainable (activities that are not consistent with the systematics) (A.2)		376 281	6,61%	1.4%	1.4%	0.0%	0.0%	5.21 %	0.0%	6,61%
A. Turnover from activities eligible for systematics (A.1+A.2)		376 281	6,61%	1.4%	1.4%	0.0%	0.0%	5.21 %	0.0%	6,61%
B. ACTIVITIES NOT ELIGIBLE FOR SYSTEMATICS										
Turnover from activities not eligible for systematics		5 312 724	93.39%							
TOTAL		5 689 005	100%							

Performance table - capital expenditure ratio

2023	Year			Criteria for significant contribution						Criteria for DNSH principle ("do no significant harm") (h)								Category Support activities (19)	Category Transition activities (20)
	Code or codes (a) (2)	Investment expenditure (in thousands of PLN) (3)	Percentage of capital expenditure, year 2023 (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Pollution (8)	Circular economy (9)	Biodiversity (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Pollution (14)	Circular economy (15)	Biodiversity (16)	Minimum guarantees (17)	Share of activities in conformity with systematics (A.1.) or eligible for systematics (A.2.) Capital expenditure, year N-1 (18)		
Business (1)	Text	Currency	%	T; N; N/EL (b) (c)	T; N; N/EL (b) (c)	T; N; N/EL (b) (c)	T; N; N/EL (b) (c)	T; N; N/EL (b) (c)	T; N; N/EL (b) (c)	Y/ N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	F	T
A. ACTIVITIES ELIGIBLE FOR SYSTEMATICS																			
A.1. Types of environmentally sustainable activities (according to the systematics)																			
Installation, maintenance and repair of renewable energy technology systems	7.6 CCM	3 163	0.87 %	T	N	N/EL	N/EL	N/EL	N/EL	T	T	T	T	T	T	T	0.87%		
Installation, maintenance and repair of energy efficiency equipment	7.3 CCM	642	0.18 %	T	N	N/EL	N/EL	N/EL	N/EL	T	T	T	T	T	T	T	0.18%		



Installation, maintenance and repair of electric vehicle charging stations in buildings (and in parking lots at buildings)	7.4 CCM	23	0.01 %	T	N	N/EL	N/EL	N/EL	N/EL	T	T	T	T	T	T	T	0.01%		
Capital expenditure on environmentally sustainable activities (in accordance with the systematics) (A.1)		3 828	1.06 %	1.06 %	0.0 %	0.0%	0.0%	0.0%	0.0%	T	T	T	T	T	T	T	1.06%		
Including supporting activities		0	0%	0%	0%	0%	0%	0%	0%	N	N	N	N	N	N	T	0%	E	
Including activities for transition		0	0%	0%						N	N	N	N	N	N	T	0%		T
A.2 Activities that are eligible for systematics but are environmentally unsustainable (activities that are not consistent with the systematics) (g)																			
					EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)	X								
Data processing, hosting and related activities	8.1 CCM / 8.1 CCA	146	0.04 %	N	N	N/EL	N/EL	N/EL	N/EL	0.04%									
Installation, maintenance and repair of energy efficiency equipment	7.3 CCM/ 7.3 CCA	168	0.05 %	N	N	N/EL	N/EL	N/EL	N/EL	0.05%									



Transportation by motorcycles, passenger cars and light commercial vehicles	6.5 CCM/ 6.5 CCA	729	0.20 %	N	N	N/EL	N/EL	N/EL	N/EL		0.20%	
Road freight transport services	6.6 CCM/ 6.6 CCA	107	0.03 %	N	N	N/EL	N/EL	N/EL	N/EL		0.03%	
Road maintenance	3.4 CE	117	0.03 %	N/EL	N/EL	N/EL	N/EL	N	N/EL		0.03%	
Recovery of materials from non-hazardous waste	5.9 CCM/ 5.9 CCA	3 448	0.95 %	N	N	N/EL	N/EL	N/EL	N/EL		0.95%	
Iron and steel production	3.9 CCM/ 3.9 CCA	2 531	0.70 %	N	N	N/EL	N/EL	N/EL	N/EL		0.70%	
Recovery of materials from hazardous waste	2.4 CE	6 401	1.77 %	N/EL	N/EL	N/EL	N/EL	N	N/EL		1.77%	



Capital expenditure on activities that are eligible for systematics but are environmentally unsustainable (activities that are not consistent with the systematics) (A.2)	13 648	3.77 %	1.96 %	1.96 %	0.0%	0.0%	1.80%	0.0%		3.77%	
A. Capital expenditure on activities eligible for systematics (A.1+A.2)	17 476	4.82 %	3.02 %	3.02 %	0.0%	0.0%	1.80%	0.0%		4.82%	
B. ACTIVITIES NOT ELIGIBLE FOR SYSTEMATICS											
Capital expenditure on activities that are not eligible for systematics	344729	95.18 %									
TOTAL	362 205	100 %									

Performance table - operating expense ratio

2023	Year			Criteria for significant contribution						Criteria for DNSH principle ("do no significant harm") (h)								Category/ Transition activities (20)	
	Code or codes (a) (2)	Operating expenses (in thousands of PLN) (3)	Percentage of operating expenses, year 2023 (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Pollution (8)	Circular economy (9)	Biodiversity (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Pollution (14)	Circular economy (15)	Biodiversity (16)	Minimum guarantees (17)	Share of activities in conformity with systematics (A.1.) or eligible for systematics (A.2.) Operating expenses, year N-1 (18)		Category Support activities (19)
Business (1)	Text	Currency	%	T; N; N/EL (b) (c)	T; N; N/EL (b) (c)	T; N; N/EL (b) (c)	T; N; N/EL (b) (c)	T; N; N/EL (b) (c)	T; N; N/EL (b) (c)	Y/ N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. ACTIVITIES ELIGIBLE FOR SYSTEMATICS*																			
A.1. Types of environmentally sustainable activities (according to the systematics)																			
Operating expenses on environmentally sustainable activities (in accordance with the systematic) (A.1)		0	0%	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL	N	N	N	N	N	N	T	0%		
Including supporting activities		0	0%	0%	0%	0%	0%	0%	0%	N	N	N	N	N	N	T	0%	E	
Including activities for transition		0	0%	0%						N	N	N	N	N	N	T	0%		T



A.2 Activities that are eligible for systematics but are environmentally unsustainable (activities that are not consistent with the systematics) (g)										
			EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)		
Operating expenses on activities that are eligible for systematics but are environmentally unsustainable (activities that are not consistent with the systematics) (A.2)	0	0%	0%	0%	0%	0%	0%	0%		
A. Operating expenses on activities eligible for systematics (A.1+A.2)	0	0%	0%	0%	0%	0%	0%	0%		
B. ACTIVITIES NOT ELIGIBLE FOR SYSTEMATICS										
Operating expenses on activities not eligible for systematics	90 240	100%								
TOTAL	90 240	100%								

Turnover ratio

Line	Nuclear energy activities	
1	The company researches, develops, demonstrates and deploys innovative power generation facilities that produce energy through nuclear processes with minimum fuel cycle waste, finances this activity or has exposure to it	no
2	The company conducts the construction and safe operation of new nuclear facilities for the generation of electricity or process heat, including for district heating or industrial processes such as hydrogen production, as well as their safety upgrades using the best available technologies, finances these activities or has exposure to them.	no
3	The company conducts safe operation of existing nuclear facilities generating electricity or process heat, including for district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades, finances these activities or has exposure to them.	no
Natural gas activities		
4	The company builds or operates facilities for the generation of electricity using gaseous fossil fuels, finances this activity or has exposure to it.	no
5	The company conducts, finances or has exposure to the construction, modernisation and operation of facilities for the combined generation of heat/cooling and electricity using gaseous fossil fuels.	no
6	The company conducts, finances or has exposure to the construction, modernisation and operation of heat generating/cooling facilities using gaseous fossil fuels.	no

Line	Types of business activity	Amount and share (information should be presented in monetary amounts and percentages)					
		CCM + CCA		Climate Change Mitigation (CCM)		Climate Change Adaptation (CCA)	
		Amount	%	Amount	%	Amount	%
1.	The amount and share of activities that are in conformity with the systematics referred to in Section 4.26 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable key performance indicator	0	0.0%	0	0.0%	0	0.0%
2.	The amount and share of activities that are in conformity with the systematics referred to in Section 4.27 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable key performance indicator	0	0.0%	0	0.0%	0	0.0%
3.	The amount and share of activities that are in conformity with the systematics referred to in Section 4.28 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable key performance indicator	0	0.0%	0	0.0%	0	0.0%

4.	The amount and share of activities that are in conformity with the systematics referred to in Section 4.29 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable key performance indicator	0	0.0%	0	0.0%	0	0.0%
5.	The amount and share of activities that are in conformity with the systematics referred to in Section 4.30 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable key performance indicator	0	0.0%	0	0.0%	0	0.0%
6.	The amount and share of activities that are in conformity with the systematics referred to in Section 4.31 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable key performance indicator	0	0.0%	0	0.0%	0	0.0%
7.	Amount and share of other activities that are in conformity with the systematics not listed in lines 1-6 above in the denominator of the applicable key performance indicator	0	0.0%	0	0.0%	0	0.0%
8.	Total applicable key performance indicator.	0	0.0%	0	0.0%	0	0.0%

Line	Types of business activity	Amount and share (information should be presented in monetary amounts and percentages)					
		CCM + CCA		Climate Change Mitigation (CCM)		Climate Change Adaptation (CCA)	
		Amount	%	Amount	%	Amount	%
1.	The amount and share of activities that are in conformity with the systematics referred to in Section 4.26 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the nominator of the applicable key performance indicator	0	0.0%	0	0.0%	0	0.0%
2.	The amount and share of activities that are in conformity with the systematics referred to in Section 4.27 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the nominator of the applicable key performance indicator	0	0.0%	0	0.0%	0	0.0%
3.	The amount and share of activities that are in conformity with the systematics referred to in Section 4.28 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the nominator of the applicable key performance indicator	0	0.0%	0	0.0%	0	0.0%

4.	The amount and share of activities that are in conformity with the systematics referred to in Section 4.29 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the nominator of the applicable key performance indicator	0	0.0%	0	0.0%	0	0.0%
5.	The amount and share of activities that are in conformity with the systematics referred to in Section 4.30 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the nominator of the applicable key performance indicator	0	0.0%	0	0.0%	0	0.0%
6.	The amount and share of activities that are in conformity with the systematics referred to in Section 4.31 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the nominator of the applicable key performance indicator	0	0.0%	0	0.0%	0	0.0%
7.	Amount and share of other activities that are in conformity with the systematics not listed in lines 1–6 above in the nominator of the applicable key performance indicator	0	0.0%	0	0.0%	0	0.0%
8.	Total amount and total share of activities that are in conformity with the systematics in the nominator of the applicable key performance indicator	0	0.0%	0	0.0%	0	0.0%

Line	Types of business activity	Amount and share (information should be presented in monetary amounts and percentages)					
		CCM + CCA		Climate Change Mitigation (CCM)		Climate Change Adaptation (CCA)	
		Amount	%	Amount	%	Amount	%
1.	The amount and share of activities that are eligible for systematics but are not in conformity with systematics referred to in Section 4.26 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable key performance indicator	0	0.0%	0	0.0%	0	0.0%
2.	The amount and share of activities that are eligible for systematics but are not in conformity with systematics referred to in Section 4.27 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable key performance indicator	0	0.0%	0	0.0%	0	0.0%
3.	The amount and share of activities that are eligible for systematics but are not in conformity with systematics referred to in Section 4.28 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable key performance indicator	0	0.0%	0	0.0%	0	0.0%
4.	The amount and share of activities that are eligible for systematics but are not in conformity with systematics referred to in Section 4.29 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable key performance indicator	0	0.0%	0	0.0%	0	0.0%
5.	The amount and share of activities that are eligible for systematics but are not in conformity with systematics referred to in Section 4.30 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable key performance indicator	0	0.0%	0	0.0%	0	0.0%
6.	The amount and share of activities that are eligible for systematics but are not in conformity with systematics referred to in Section 4.31 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable key performance indicator	0	0.0%	0	0.0%	0	0.0%

7.	Amount and share of other activities that are eligible for systematics but are not in conformity with systematics, not listed in lines 1–6 above in the denominator of the applicable key performance indicator	79 810	1.40%	79 810	1.40%	79 810	1.40%
8.	Total amount and total share of activities that are eligible for systematics but are not in conformity with systematics in the denominator of the applicable key performance indicator	79 810	1.40%	79 810	1.40%	79 810	1.40%

Line	Types of business activity	Amount (PLN '000)	%
1.	The amount and share of the activities referred to in line 1 formula 1, which are activities not eligible for systematics according to Section 4.26 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable key performance indicator	0	0.0%
2.	The amount and share of the activities referred to in line 2 formula 1, which are activities not eligible for systematics according to Section 4.27 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable key performance indicator	0	0.0%
3.	The amount and share of the activities referred to in line 3 formula 1, which are activities not eligible for systematics according to Section 4.28 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable key performance indicator	0	0.0%
4.	The amount and share of the activities referred to in line 4 formula 1, which are activities not eligible for systematics according to Section 4.29 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable key performance indicator	0	0.0%
5.	The amount and share of the activities referred to in line 5 formula 1, which are activities not eligible for systematics according to Section 4.30 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable key performance indicator	0	0.0%
6.	The amount and share of the activities referred to in line 6 formula 1, which are activities not eligible for systematics according to Section 4.31 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable key performance indicator	0	0.0%
7.	The amount and share of other activities that are not eligible for systematics, not listed in lines 1-6 above in the denominator of the applicable key performance indicator	5 312 788	93.39%
8.	The amount and share of activities that are not eligible for systematics in the denominator of the applicable key performance indicator	5 312 788	93.39%

Capital expenditure ratio

Line	Nuclear energy activities
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1	The company researches, develops, demonstrates and deploys innovative power generation facilities that produce energy through nuclear processes with minimum fuel cycle waste, finances this activity or has exposure to it	no
2	The company conducts the construction and safe operation of new nuclear facilities for the generation of electricity or process heat, including for district heating or industrial processes such as hydrogen production, as well as their safety upgrades using the best available technologies, finances these activities or has exposure to them.	no
3	The company conducts safe operation of existing nuclear facilities generating electricity or process heat, including for district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades, finances these activities or has exposure to them.	no
Natural gas activities		
4	The company builds or operates facilities for the generation of electricity using gaseous fossil fuels, finances this activity or has exposure to it.	no
5	The company conducts, finances or has exposure to the construction, modernisation and operation of facilities for the combined generation of heat/cooling and electricity using gaseous fossil fuels.	no
6	The company conducts, finances or has exposure to the construction, modernisation and operation of heat generating/cooling facilities using gaseous fossil fuels.	no

Line	Types of business activity	Amount and share (information should be presented in monetary amounts and percentages)					
		CCM + CCA		Climate Change Mitigation (CCM)		Climate Change Adaptation (CCA)	
		Amount	%	Amount	%	Amount	%
1.	The amount and share of activities that are in conformity with the systematics referred to in Section 4.26 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable key performance indicator	0	0.0%	0	0.0%	0	0.0%
2.	The amount and share of activities that are in conformity with the systematics referred to in Section 4.27 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable key performance indicator	0	0.0%	0	0.0%	0	0.0%
3.	The amount and share of activities that are in conformity with the systematics referred to in Section 4.28 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable key performance indicator	0	0.0%	0	0.0%	0	0.0%

4.	The amount and share of activities that are in conformity with the systematics referred to in Section 4.29 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable key performance indicator	0	0.0%	0	0.0%	0	0.0%
5.	The amount and share of activities that are in conformity with the systematics referred to in Section 4.30 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable key performance indicator	0	0.0%	0	0.0%	0	0.0%
6.	The amount and share of activities that are in conformity with the systematics referred to in Section 4.31 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable key performance indicator	0	0.0%	0	0.0%	0	0.0%
7.	Amount and share of other activities that are in conformity with the systematics not listed in lines 1-6 above in the denominator of the applicable key performance indicator	3 828	1.06%	3 828	1.06%	0.0%	0.0%
8.	Total applicable key performance indicator.	3 828	1.06%	3 828	1.06%	0.0%	0.0%

Line	Types of business activity	Amount and share (information should be presented in monetary amounts and percentages)					
		CCM + CCA		Climate Change Mitigation (CCM)		Climate Change Adaptation (CCA)	
		Amount	%	Amount	%	Amount	%
1.	The amount and share of activities that are in conformity with the systematics referred to in Section 4.26 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the nominator of the applicable key performance indicator	0	0.0%	0	0.0%	0	0.0%
2.	The amount and share of activities that are in conformity with the systematics referred to in Section 4.27 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the nominator of the applicable key performance indicator	0	0.0%	0	0.0%	0	0.0%
3.	The amount and share of activities that are in conformity with the systematics referred to in Section 4.28 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the nominator of the applicable key performance indicator	0	0.0%	0	0.0%	0	0.0%

4.	The amount and share of activities that are in conformity with the systematics referred to in Section 4.29 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the nominator of the applicable key performance indicator	0	0.0%	0	0.0%	0	0.0%
5.	The amount and share of activities that are in conformity with the systematics referred to in Section 4.30 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the nominator of the applicable key performance indicator	0	0.0%	0	0.0%	0	0.0%
6.	The amount and share of activities that are in conformity with the systematics referred to in Section 4.31 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the nominator of the applicable key performance indicator	0	0.0%	0	0.0%	0	0.0%
7.	Amount and share of other activities that are in conformity with the systematics not listed in lines 1–6 above in the nominator of the applicable key performance indicator	3 828	1.06%	3 828	1.06%	0.0%	0.0%
8.	Total amount and total share of activities that are in conformity with the systematics in the nominator of the applicable key performance indicator	3 828	1.06%	3 828	1.06%	0.0%	0.0%

Line	Types of business activity	Amount and share (information should be presented in monetary amounts and percentages)					
		CCM + CCA		Climate Change Mitigation (CCM)		Climate Change Adaptation (CCA)	
		Amount	%	Amount	%	Amount	%
1.	The amount and share of activities that are eligible for systematics but are not in conformity with systematics referred to in Section 4.26 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable key performance indicator	0	0.0%	0	0.0%	0	0.0%
2.	The amount and share of activities that are eligible for systematics but are not in conformity with systematics referred to in Section 4.27 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable key performance indicator	0	0.0%	0	0.0%	0	0.0%
3.	The amount and share of activities that are eligible for systematics but are not in conformity with systematics referred to in Section 4.28 of Annexes I and II to	0	0.0%	0	0.0%	0	0.0%

	Delegated Regulation (EU) 2021/2139 in the denominator of the applicable key performance indicator						
4.	The amount and share of activities that are eligible for systematics but are not in conformity with systematics referred to in Section 4.29 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable key performance indicator	0	0.0%	0	0.0%	0	0.0%
5.	The amount and share of activities that are eligible for systematics but are not in conformity with systematics referred to in Section 4.30 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable key performance indicator	0	0.0%	0	0.0%	0	0.0%
6.	The amount and share of activities that are eligible for systematics but are not in conformity with systematics referred to in Section 4.31 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable key performance indicator	0	0.0%	0	0.0%	0	0.0%
7.	Amount and share of other activities that are eligible for systematics but are not in conformity with systematics, not listed in lines 1–6 above in the denominator of the applicable key performance indicator	7 130	1.96%	7 130	1.96%	7 130	1.96%
8.	Total amount and total share of activities that are eligible for systematics but are not in conformity with systematics in the denominator of the applicable key performance indicator	7 130	1.96%	7 130	1.96%	7 130	1.96%

Line	Types of business activity	Amount (PLN '000)	%
1.	The amount and share of the activities referred to in line 1 formula 1, which are activities not eligible for systematics according to Section 4.26 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable key performance indicator	0	0.0%
2.	The amount and share of the activities referred to in line 2 formula 1, which are activities not eligible for systematics according to Section 4.27 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable key performance indicator	0	0.0%
3.	The amount and share of the activities referred to in line 3 formula 1, which are activities not eligible for systematics according to Section 4.28 of Annexes I and II to Delegated	0	0.0%

	Regulation (EU) 2021/2139 in the denominator of the applicable key performance indicator		
4.	The amount and share of the activities referred to in line 4 formula 1, which are activities not eligible for systematics according to Section 4.29 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable key performance indicator	0	0.0%
5.	The amount and share of the activities referred to in line 5 formula 1, which are activities not eligible for systematics according to Section 4.30 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable key performance indicator	0	0.0%
6.	The amount and share of the activities referred to in line 6 formula 1, which are activities not eligible for systematics according to Section 4.31 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable key performance indicator	0	0.0%
7.	The amount and share of other activities that are not eligible for systematics, not listed in lines 1-6 above in the denominator of the applicable key performance indicator	345 184	95.18%
8.	The amount and share of activities that are not eligible for systematics in the denominator of the applicable key performance indicator	345 184	95.18%

Operating expense ratio

Line	Nuclear energy activities	
1	The company researches, develops, demonstrates and deploys innovative power generation facilities that produce energy through nuclear processes with minimum fuel cycle waste, finances this activity or has exposure to it	no
2	The company conducts the construction and safe operation of new nuclear facilities for the generation of electricity or process heat, including for district heating or industrial processes such as hydrogen production, as well as their safety upgrades using the best available technologies, finances these activities or has exposure to them.	no
3	The company conducts safe operation of existing nuclear facilities generating electricity or process heat, including for district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades, finances these activities or has exposure to them.	no
Natural gas activities		
4	The company builds or operates facilities for the generation of electricity using gaseous fossil fuels, finances this activity or has exposure to it.	no
5	The company conducts, finances or has exposure to the construction, modernisation and operation of facilities for the combined generation of heat/cooling and electricity using gaseous fossil fuels.	no
6	The company conducts, finances or has exposure to the construction, modernisation and operation of heat generating/cooling facilities using gaseous fossil fuels.	no

Line	Types of business activity	Amount and share (information should be presented in monetary amounts and percentages)					
		CCM + CCA		Climate Change Mitigation (CCM)		Climate Change Adaptation (CCA)	
		Amount	%	Amount	%	Amount	%
1.	The amount and share of activities that are in conformity with the systematics referred to in Section 4.26 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable key performance indicator	0	0.0%	0	0.0%	0	0.0%
2.	The amount and share of activities that are in conformity with the systematics referred to in Section 4.27 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable key performance indicator	0	0.0%	0	0.0%	0	0.0%
3.	The amount and share of activities that are in conformity with the systematics referred to in Section 4.28 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable key performance indicator	0	0.0%	0	0.0%	0	0.0%
4.	The amount and share of activities that are in conformity with the systematics referred to in Section 4.29 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable key performance indicator	0	0.0%	0	0.0%	0	0.0%
5.	The amount and share of activities that are in conformity with the systematics referred to in Section 4.30 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable key performance indicator	0	0.0%	0	0.0%	0	0.0%
6.	The amount and share of activities that are in conformity with the systematics referred to in Section 4.31 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable key performance indicator	0	0.0%	0	0.0%	0	0.0%
7.	Amount and share of other activities that are in conformity with the systematics not listed in lines 1-6 above in the denominator of the applicable key performance indicator	0	0.0%	0	0.0%	0	0.0%

8.	Total applicable key performance indicator.	0	0.0%	0	0.0%	0	0.0%
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Line	Types of business activity	Amount and share (information should be presented in monetary amounts and percentages)					
		CCM + CCA		Climate Change Mitigation (CCM)		Climate Change Adaptation (CCA)	
		Amount	%	Amount	%	Amount	%
1.	The amount and share of activities that are in conformity with the systematics referred to in Section 4.26 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the nominator of the applicable key performance indicator	0	0.0%	0	0.0%	0	0.0%
2.	The amount and share of activities that are in conformity with the systematics referred to in Section 4.27 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the nominator of the applicable key performance indicator	0	0.0%	0	0.0%	0	0.0%
3.	The amount and share of activities that are in conformity with the systematics referred to in Section 4.28 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the nominator of the applicable key performance indicator	0	0.0%	0	0.0%	0	0.0%
4.	The amount and share of activities that are in conformity with the systematics referred to in Section 4.29 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the nominator of the applicable key performance indicator	0	0.0%	0	0.0%	0	0.0%
5.	The amount and share of activities that are in conformity with the systematics referred to in Section 4.30 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the nominator of the applicable key performance indicator	0	0.0%	0	0.0%	0	0.0%
6.	The amount and share of activities that are in conformity with the systematics referred to in Section 4.31 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the nominator of the applicable key performance indicator	0	0.0%	0	0.0%	0	0.0%
7.	Amount and share of other activities that are in conformity with the systematics not listed in lines 1–6 above in the nominator of the applicable key performance indicator	0	0.0%	0	0.0%	0	0.0%
8.	Total amount and total share of activities that are in conformity with the systematics in the	0	0.0%	0	0.0%	0	0.0%

	nominator of the applicable key performance indicator						
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Line	Types of business activity	Amount and share (information should be presented in monetary amounts and percentages)					
		CCM + CCA	Climate Change Mitigation (CCM)		Climate Change Adaptation (CCA)		
		Amount	%	Amount	%	Amount	%
1.	The amount and share of activities that are eligible for systematics but are not in conformity with systematics referred to in Section 4.26 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable key performance indicator	0	0.0%	0	0.0%	0	0.0%
2.	The amount and share of activities that are eligible for systematics but are not in conformity with systematics referred to in Section 4.27 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable key performance indicator	0	0.0%	0	0.0%	0	0.0%
3.	The amount and share of activities that are eligible for systematics but are not in conformity with systematics referred to in Section 4.28 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable key performance indicator	0	0.0%	0	0.0%	0	0.0%
4.	The amount and share of activities that are eligible for systematics but are not in conformity with systematics referred to in Section 4.29 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable key performance indicator	0	0.0%	0	0.0%	0	0.0%
5.	The amount and share of activities that are eligible for systematics but are not in conformity with systematics referred to in Section 4.30 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable key performance indicator	0	0.0%	0	0.0%	0	0.0%
6.	The amount and share of activities that are eligible for systematics but are not in conformity with systematics referred to in Section 4.31 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the	0	0.0%	0	0.0%	0	0.0%

	denominator of the applicable key performance indicator						
7.	Amount and share of other activities that are eligible for systematics but are not in conformity with systematics, not listed in lines 1–6 above in the denominator of the applicable key performance indicator	0	0.0%	0	0.0%	0	0.0%
8.	Total amount and total share of activities that are eligible for systematics but are not in conformity with systematics in the denominator of the applicable key performance indicator	0	0.0%	0	0.0%	0	0.0%

Line	Types of business activity	Amount (PLN '000)	%
1.	The amount and share of the activities referred to in line 1 formula 1, which are activities not eligible for systematics according to Section 4.26 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable key performance indicator	0	0.0%
2.	The amount and share of the activities referred to in line 2 formula 1, which are activities not eligible for systematics according to Section 4.27 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable key performance indicator	0	0.0%
3.	The amount and share of the activities referred to in line 3 formula 1, which are activities not eligible for systematics according to Section 4.28 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable key performance indicator	0	0.0%
4.	The amount and share of the activities referred to in line 4 formula 1, which are activities not eligible for systematics according to Section 4.29 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable key performance indicator	0	0.0%
5.	The amount and share of the activities referred to in line 5 formula 1, which are activities not eligible for systematics according to Section 4.30 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable key performance indicator	0	0.0%
6.	The amount and share of the activities referred to in line 6 formula 1, which are activities not eligible for systematics according to Section 4.31 of Annexes I and II to Delegated Regulation (EU) 2021/2139 in the denominator of the applicable key performance indicator	0	0.0%
7.	The amount and share of other activities that are not eligible for systematics, not listed in lines 1-6 above in the denominator of the applicable key performance indicator	90 240	100%
8.	The amount and share of activities that are not eligible for systematics in the denominator of the applicable key performance indicator	90 240	100%

36.8. OCCUPATIONAL HEALTH AND SAFETY

Boryszew Capital Group is one of the largest industrial groups in Poland. Currently, the Group has 34 production facilities located on four continents: in Europe, Asia and the Americas, employing about 8 600 people. We owe our leading position on the Polish industrial market mainly to our employees, whose passion and commitment are our greatest asset.

As employer, we care about the health and safety of the workplace, follow health and safety guidelines, and provide stable employment conditions. We believe that an investment in employees and their development is an investment in the success of the entire company. We are convinced that open communication and support for our employees in different fields leads to their increased motivation and engagement at work. We conduct systematic, dedicated employee health and safety training, fire training and first aid training. We believe that proper training and preparation of employees prevents a large proportion of occupational accidents and health diseases.

It is the company's policy that every employee has the right to refuse unsafe work. Each employee is also provided personal protective equipment depending on the type and degree of hazards of the work performed.

Through preventive and educational measures we aim at making Boryszew Group a friendly workplace. We also constantly take care of the flow of good practices and knowledge from the HR industry. Engaging employees in innovative projects enables us to see their potential and guide their development path.

Boryszew S.A.

Indicator	2023	2022	Change 2023 vs. 2022	Change 2023 vs. 2022 (%)
Number of accidents at work	18	15	3	20%
Accident frequency rate per 1000 employees	6,56	5,28	1,28	24%
Number of fatal accidents	0	0	0	-
Number of days of incapacity for work due to accident	379,00	796,50	-417,50	-52%
Accident severity index (number of days of incapacity per accident)	21,06	53,10	-32,04	-60%
Health and safety training per employee (h/number of people trained)	3,0	3,0	-0,1	-2%

Boryszew Group

Indicator	2023	2022	Change 2023 vs. 2022	Change 2023 vs. 2022 (%)
Number of accidents at work	113	85	28	33%
Accident frequency rate per 1000 employees	13,19	9,76	3,43	35%
Number of fatal accidents	0	0	0	-
Number of days of incapacity for work due to accident	4 835,00	4 231,50	603,50	14%
Accident severity index (number of days of incapacity per accident)	42,79	49,78	-6,99	-14%
Health and safety training per employee (h/number of people trained)	5,8	4,9	0,8	17%

Boryszew Group monitors accidents as this kind of information has an impact on the development and investments in safety procedures, aimed at constant reduction of the amount of hazardous factors in our production facilities.

In 2023 Group's production companies saw their accident frequency index per 1000 employees increased by over 35%. The most common causes of accidents at work are associated with work organisation and human behaviour. These include: insufficient focus on the work performed, improper limb handling in danger zones and unexpected events. Accidents are primarily associated with manual activities (operation of machines, manual transport of material or using equipment, cleaning work). Contracts concluded by the companies with subcontractors contain clauses whereby subcontractors must comply with health and safety regulations in force at Group companies.

Our internal security procedures are treated very strictly. Owing to the procedures implemented and consistently followed at our production facilities, our business has a negligible number of accidents, compared to similar facilities in Europe and worldwide.

Policies and procedures

Boryszew Group pursues the following policies, procedures and internal regulations for its engagement in occupational health and safety:

- Work regulations,
- internal health and safety instructions,
- internal instructions in the event of industrial accident or fire.

Risks

Most important risks involved with OHS and their mitigation:

Risk	Risk mitigation
Accidents at work leading to death or damage to health	Preventive actions (such as ensuring an adequate level of training) and ex-post actions (assessment of incidents and correction of rules of conduct).
Fire within the production facility, leading death or damage to health or property.	Preventive measures to minimise the risk of fire.
Violation of health and safety regulations by employees or contractors.	Regular health and safety training for employees and (where appropriate) for contractors or visitors.

36.9. CORPORATE GOVERNANCE ISSUES

Compliance

Boryszew Group has a procedure for "Compliance Principles in Boryszew Capital Group" adopted in 2019. The subject of the Principles are the basic norms concerning the compliance area and the rules of managing the detailed compliance policies and internal codes of Boryszew Group listed below (taking into account the regulations included in Boryszew's current strategy of managing compliance policies and the risk of violating these policies (compliance risk). The content of the Principles covers all issues associated with the identification, assessment, control and supervision of the compliance area, as well as, the principles of monitoring and reporting non-compliance and compliance risk. In particular, the Principles define the main areas of compliance in Boryszew Group, as well as the rules for reporting and recording compliance violations and dealing with whistleblowers. The system further consists of:

- Boryszew Code of Ethics.
- Sustainability policy for suppliers.
- Business and human rights policy.
- Rules for counteracting the failure of Boryszew S.A. to provide information on tax schemes.
- Security policy of personal data processing in Boryszew S.A.
- Regulation on establishing internal control procedures in Boryszew and Boryszew Capital Group Branches.
- Regulation on establishing the general requirements of the procurement policy of the Companies and Branches of the Boryszew Capital Group.
- Procedures for capital expenditures in the Group

Code of ethics

Adoption of a code of ethics by Boryszew was aimed at ensuring that business operations are conducted and developed in conformity with national and international legal and ethical standards. The guidelines of the code do not abolish other principles and rules resulting from applicable legal requirements, but focus on selected issues that Boryszew S.A. sees

as critical to ensuring the proper ethics of its operations and the business relationships it maintains. Boryszew S.A. requires from its employees and representatives that all actions undertaken by them are in accordance with:

- laws - both national and international - in effect in the country where the company's operations are conducted;
- detailed rules established by Boryszew S.A., included in this Code of Ethics and in other regulations and internal procedures.

Acting in accordance with the assumptions of the UN Global Compact program, Boryszew S.A. is committed to respecting and promoting the fundamental rights set forth in the Universal Declaration of Human Rights, the dignity and worth of the individual, the right to private life of employees and gender equality. In a special way, Boryszew S.A. ensures conformity with the principles set forth in the UN Global Compact program, concerning human rights, labour standards and environmental protection.

Internal audit

The Company has an internal audit department, whose task is internal audits in order to provide the Supervisory Board and the Management Board of Boryszew S.A. with information on the course of business processes and the conformity of processes with relevant external and internal regulations in the Boryszew Capital Group. The audit department is required to cooperate with the auditor who audits the Company's and the Group's financial statements with regard to the issues being audited.

In 2023, 8 internal audits were carried out, which included the application of purchasing policies and the operation of procedures associated with the prevention of bullying and sexual abuse.

Tax strategy

The Company also has a Tax Strategy. Information on the Company's implemented tax strategy is prepared and disclosed to the public on the basis of the Corporate Income Tax Law.

Correct taxation and tax settlement is important to the Company not only for reasons of tax security and avoidance of costs associated with incorrect tax settlements (overassessments, interest on tax arrears and sanctions), but also from the perspective of the principle of social justice and corporate social responsibility.

Tax processes in the Company are described and implemented so as to enable correct tax settlements. Numerous tax procedures and guidelines are in place for the proper implementation of the Company's tax processes, including:

- Accounting policy,
- Transfer pricing policy for financial transactions,
- Regulation on principles for preparing tax returns and reports,
- Procedure for counteracting the failure to provide information on tax schemes,
- Procedure for accounting for flat-rate corporate income tax with due diligence,
- Instructions for submitting data for the preparation of local transfer pricing documentation and transfer pricing information.

Depending on the extent of the complexity of the procedures, as well as their importance for proper implementation of the tax function, the aforementioned procedures have varying degrees of formalisation. Some of them have been formally implemented by relevant resolutions of the Company's Management Board or by Order of the President of the Management Board, while others are internal guidelines followed by the Company's employees responsible for carrying out tax obligations.

Whistleblowers

All employees of Boryszew S.A. are responsible for conformity with ethical principles. Any violation of them is a serious matter. Boryszew S.A. expects employees to provide reliable information about suspected violations of the law and violations of the Business and Human Rights Policy or this Code of Ethics, as well as about behaviours that could potentially lead to practices unacceptable to Boryszew S.A.

No sanctions will be applied to persons who report irregular events in good faith, and Boryszew S.A. pays special attention to protecting the anonymity of reporting persons. A procedure for anonymous reporting of irregularities has been implemented in Boryszew Group.

Policies and procedures

Measures of the Group aimed at counteracting corruption and bribery are determined by the following policies, procedures and internal regulations:

- Code of Ethics of Boryszew S.A.
- Conformity rules in Boryszew Group

- Instructions for anonymous reporting of credible information on compliance violations (whistleblowers)

Results of policies and engagement

2023 saw no potential violations of ethical standards in Group companies and no cases of corruption were identified.

Risks

Most important risks involved with corruption and bribery and their mitigation:

Risk	Risk mitigation
Conflicts of interest in the conduct of business transactions, preference for specific suppliers or customers	Procedures for the disclosure of potential conflicts of interest
Acceptance of financial benefits by employees	Procedures excluding such practices
Execution of transactions contrary to legal regulations	Procedures regulating the process of concluding contracts/ incurring liabilities that reduce the risk of such transactions as much as possible

36.10. BUSINESS RISKS

The risks associated with the Company's and the Group's operations are described in item 24 of the Report.

36.11. REGULATORY COMPLIANCE

In the course of their activities, the companies of Boryszew Capital Group are required to follow regulations that have the status of national law (such as laws and ordinances on environmental protection, labour law, tax law or occupational safety and health standards) and to a certain extent are the effect of the expectations of customers of Group's products. The second category of regulations includes, in particular, provisions of contracts, or, for example quality standards, which Boryszew Group has undertaken to observe by virtue of its contractual obligations.

In 2023 no final penalties were imposed on Boryszew Group companies for non-conformity of their operations with regulations with regard to social, labour, environmental, respect for human rights and anti-corruption issues, as well as no proceedings for violation of regulations in the aforementioned areas were initiated in 2023.

37. CORPORATE GOVERNANCE PRINCIPLES STATEMENT

As per § 70 sec. 6 item 5 let. a and b of the Regulations of the Finance Minister and § 29 section 3 of the Regulations of the Warsaw Stock Exchange S.A., the Management Board of Boryszew S.A submits its Statement on application of corporate governance rules in 2023.

Boryszew Spółka Akcyjna listed on the Warsaw Stock Exchange was bound to observe in 2023 the rules of corporate governance specified in the "Code of Best Practice for WSE Listed Companies 2021" (attachment to Resolution No 13/1834/2021 of the Warsaw Stock Exchange Supervisory Board of 29 March 2021.)

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

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

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

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

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

	Principle	Explanation of non-compliance with specific rules in 2023
1.3	The company also includes ESG topics in its business strategy, in particular covering:	
1.3.1	The company also includes ESG topics in its business strategy, in particular covering environmental issues, including metrics and risks associated with climate change and sustainability issues;	Business strategy of Boryszew Group formally includes no ESG issues, but the Company appreciates that business should be conducted up to ethical standards, natural environment and the needs of communities. Hence the Company respects and considers it desirable to observe all requirements and laws that relates to environmental and sustainability issues. Activities in this regard were presented in the annual non-financial report, as of the annual report for 2023 they are an integral part of the Management Report.
1.3.2	The company also includes ESG topics in its business strategy, in particular covering social and labour matters, concerning, inter alia, measures taken and planned to ensure gender equality, sound working conditions, respect for employees' rights, dialogue with local communities, customer relations;	
1.4	In order to ensure proper communication with stakeholders regarding the business strategy adopted, the company publishes on its website information on the assumptions of its strategy, measurable objectives, including in particular long-term objectives, planned activities and progress in its implementation, defined by means of metrics, financial and non-financial. Information on ESG strategies should, inter alia:	
1.4.1	explain how climate change considerations are integrated into the decision-making processes of the company and its group entities, highlighting the resulting risks	The Company presents information on the assumptions of its strategy and its implementation in periodic reports; in addition, climate-related issues are presented in the annual non-financial statements. On 17 May 2022 the Company published and posted on its website the Business Strategy for the Boryszew Group.
1.4.2	present the value of the pay equity ratio paid to its employees, calculated as a percentage of the difference between the average monthly pay (including bonuses, prizes and other allowances) of women and men for the last year, and present information on the actions taken to eliminate possible inequalities in this respect, together with a presentation of the risks involved and the time horizon over which equality is planned to be achieved.	
2.1	The company should have a diversity policy for the management board and the supervisory board, adopted by the supervisory board or the general meeting respectively. The diversity policy sets out diversity objectives and criteria in areas such as gender, field of study, specialist knowledge, age and work experience, among others, and indicates when and how the achievement of these objectives will be monitored. In terms of gender diversity, the condition for ensuring the diversity of the company's bodies is that the minority participation in the respective body is no less than 30%.	No formal document has been drafted by the Company on its diversity policy in relation to the management body and management team. Recruitment of Management Board members and key managers is based on experience, qualifications and competences of candidates, in line with legislation on equal treatment of employees. The Company is committed to ensure diversity of gender, education, age, professional experience for all its employees, with particular emphasis on senior management and key managers. However, the composition of the Company's governing bodies does not provide 30% gender diversity.

<p>2.2</p>	<p>The persons deciding on the election of the members of the company's management or supervisory board should ensure the comprehensiveness of these bodies by selecting diversity in their composition, making it possible, inter alia, to achieve the target ratio of a minimum minority shareholding set at not less than 30%, in line with the objectives set out in the adopted diversity policy referred to in principle 2.1.</p>	
<p>4.1</p>	<p>The company should enable shareholders to participate in a general meeting using electronic means of communication (e-meeting) if this is justified by the expectations of shareholders communicated to the company, as long as it is able to provide the technical infrastructure necessary for holding such a general meeting.</p>	<p>The Company does not currently apply this principle, but does not rule out the possibility of implementing it in the future. The Company believes that implementation of this principle involves risks, including the quality of transmission, delays in data transmission, etc., as well as legal risks of undermining the effectiveness of the Resolutions adopted by the General Meeting.</p>
<p>4.3</p>	<p>The company provides a publicly available real-time broadcast of the general meeting.</p>	<p>Following the principle of transparency, the Company pursues a transparent information policy ensuring communication with market participants using traditional methods. The Company does not currently apply this principle, but does not rule out the possibility of implementing it in the future.</p>
<p>4.8</p>	<p>Draft resolutions of the general meeting on items on the agenda of the general meeting should be tabled by shareholders at least 3 days before the general meeting.</p>	<p>With respect to the shareholders' exercise of their corporate rights, the Company observes the principles arising from the provisions of applicable laws, according to which a shareholder or shareholders representing at least one-twentieth of the share capital may, prior to the date of a general meeting, submit draft resolutions to the company concerning the matters on the agenda or matters that are to be added to the agenda, and, in addition, each shareholder may, during a general meeting, propose draft resolutions concerning the matters on the agenda. The Company has no control over the actions of shareholders; however, the Company encourages shareholders to submit resolutions well in advance in conformity with this rule.</p>
<p>4.9</p>	<p>Where the subject of the general meeting is to be an appointment to the supervisory board or the appointment of a new supervisory board:</p>	<p>With respect to the shareholders' exercise of their corporate rights, the Company observes the principles arising from the provisions of applicable laws, according to which a shareholder or shareholders representing at least one-twentieth of the share capital may, prior to the date of a general meeting, submit draft resolutions to the company concerning the matters on the agenda or matters that are to be added to the agenda, and, in addition, each shareholder may, during a general meeting, propose draft resolutions concerning the matters on the agenda. The Company has no control over the actions of shareholders; however, the Company encourages shareholders to submit nominations well in advance in conformity with this rule.</p>
<p>4.9.1</p>	<p>Nominations for supervisory board members should be made in sufficient time to enable the shareholders attending the general meeting to take a decision with due deliberation, but no later than 3 days before the general meeting; the nominations, together with a set of materials concerning them, should be published on the company's website without delay;</p>	<p>With respect to the shareholders' exercise of their corporate rights, the Company observes the principles arising from the provisions of applicable laws, according to which a shareholder or shareholders representing at least one-twentieth of the share capital may, prior to the date of a general meeting, submit draft resolutions to the company concerning the matters on the agenda or matters that are to be added to the agenda, and, in addition, each shareholder may, during a general meeting, propose draft resolutions concerning the matters on the agenda. The Company has no control over the actions of shareholders; however, the Company encourages shareholders to submit nominations well in advance in conformity with this rule.</p>

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The table below presents Shareholders holding more than 5% of the share capital and of the total number of votes on 31 December 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.

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

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

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

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

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

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

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

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

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

The term of office of the Management Board is three years and is common for all members of the Management Board. The Management Board, under the chair of the President, manages the Company's affairs and represents the Company. The powers of the Management Board include all matters which are not reserved either by law or by provisions of the Company's Articles of Association.

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

RULES FOR AMENDING THE COMPANY'S ARTICLES OF ASSOCIATION

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

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

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

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

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

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

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

The General Meeting convoked by the Management Board as an Ordinary General Meeting takes place once per year, no later than in June. In 2023 the Ordinary General Meeting of Boryszew S.A. took place on 22 May 2023.

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

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

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

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

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

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

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

All matters raised at the General Meeting are first presented to the Supervisory Board for consideration.

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

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

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

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

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

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

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

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

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

As per the practice implemented at the Company, all relevant materials for the General Meeting of Shareholders are made available to the shareholders in accordance with the applicable provisions of Polish Commercial Companies Code and of the Regulation of the Council of Ministers dated 29 March 2018 on current and periodical information to be provided by issuers of securities and on conditions under which information required by laws of another state, other than a Member State, can be considered equivalent (Journal of Laws of 2018 item 757).

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

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

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

SUPERVISORY BOARD

Pursuant to the Company's Articles of Association, the Supervisory Board is composed of at least five members. Members of the Supervisory Board are appointed and dismissed by the General Meeting of Shareholders. Any member of the Supervisory Board whose mandate expired during the Board's term of office must be compulsorily replaced by the Supervisory Board with another person appointed to hold the position. Appointment of members of the Supervisory Board during the Supervisory Board's term of office must be approved by the next General Meeting of Shareholders. Should the General Meeting of Shareholders refuse to approve any of the new members of the Supervisory Board appointed during the Supervisory Board's term of office, the General Meeting will elect a new member of the Supervisory Board to replace the person who was not approved.

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

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

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

The tasks of the Supervisory Board include:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Supervisory Board Committees

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

In accordance with the Rules of the Supervisory Board, adopted on 18 August 2020, the Supervisory Board may also appoint a Remuneration Committee if necessary. The Remuneration Committee was not appointed in 2023.

Audit Committee

As at 1 January 2023 members of the Audit Committee were:

Mr Jarosław Antosik - Chairman

Mr Mirosław Kutnik

Mr Damian Pakulski

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

On 23 March the Supervisory Board appointed Mr Wojciech Zymek to the Audit Committee.

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

Mr Jarosław Antosik - Chairman

Mr Mirosław Kutnik,

Mr Wojciech Zymek.

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

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

- a. at least one member of the audit committee has knowledge and skills in terms of accounting or auditing financial statements.
 - b. Mr Jarosław Antosik is a graduate of the Warsaw School of Economics, Higher School of Finance and Banking (1997). In 1998 he graduated a post graduate program with the French Institute of Management earning his International Management Diploma. He was certified as a tax advisor in 2002,
 - c. Mr Wojciech Zymek has served as a member of the supervisory board of many entities, including a listed company, for more than a dozen years. He is an active attorney and restructuring consultant and has received a number of training courses in this field in his professional practice. As a restructuring consultant, he managed large entities with multimillion-dollar turnovers, which required in-depth knowledge in accounting and taxation.
- 2) at least one member of the Audit Committee has knowledge and skills in the industry in which the Company or its individual members operate; in accordance with certain rules, this knowledge and these skills are:
- a. Mr Damian Pakulski has knowledge and skills in the industry in which the Company operates gained during his long years in commercial law companies, including public companies (member of the Audit Committee until 22 March 2023).
 - b. Mr Wojciech Zymek is a long-time member of the Supervisory Board of Alchemia S.A. in Warsaw, a subsidiary of Boryszew S.A., where he acquired knowledge and experience in the seamless pipe industry, production of rings, rims and long products. In addition, when participating in the restructuring process of Maflow Polska sp. z o.o. in Tychy, he acquired knowledge and experience in the production of air conditioning ducts. For many years he has served as a member of the Supervisory Board of Andoria sp. z o.o. in Andrychów and Zugil S.A. in Wieluń. Also, as an attorney, he has been handling large commercial law entities in the broader steel industry for many years.
- 3) The majority of the members of the Audit Committee, including the Chairman, are independent of the Company:
- a. Mr Jarosław Antosik - Chairman of the Audit Committee, according to the statement submitted to the Company, meets the independence criteria in the Act of 11 May 2017 on certified auditors, audit firms and public supervision.
 - b. Mr Damian Pakulski - (member of the Audit Committee until 22 March 2023), until 16 January 2023 met the independence criteria in the Act of 11 May 2017 on certified auditors, audit firms and public supervision.

- c. Mr Wojciech Zymek - according to the statement submitted to the Company, met the independence criteria in the Act of 11 May 2017 on certified auditors, audit firms and public supervision.

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

The tasks of the Audit Committee include:

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

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

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

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

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

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

Audit firm selection policy

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

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

- whether the auditing firm meets the independence requirements referred to in Articles 69-73 of the Act on certified auditors;
- the existence of threats to the independence of the audit firm and the application of safeguards to minimise them;
- knowledge of the industry in which the Company operates;

- the price conditions of the offer,
- whether the audit firm has competent staff, time and other resources at its disposal to conduct the audit properly;
- whether the person designated as the key auditor has the qualifications to carry out mandatory audits, obtained in the European Union member state where the audit is required, including whether that person is registered in the relevant registers of auditors maintained of the European Union member state where the audit is required.
- independence of the audit firm and persons involved in financial audit activities in the light of Articles 69-73 of the Act on certified auditors;
- statutory restrictions on providing services to the Company, possible conclusions and guidelines contained in the annual audit report issued by the Audit Supervision Committee, referred to in Article 90 section 5 of the Act on certified auditors that may influence the appointment of an audit firm.

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

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

Restrictions on choice

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

Remuneration rules:

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

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

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

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

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

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

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

Services allowed

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

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

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

- verification of the electricity consumption intensity factor.
- BDO's assessment of the Supervisory Board's report on the implementation of the remuneration policy for the Management Board and Supervisory Board.

Audit Committee meetings

In 2023 the Audit Committee held 10 meetings, the main topics of which were associated with the fulfilment of its statutory duties.

CHANGES IN THE COMPOSITION OF THE SUPERVISORY BOARD

As of 1 January 2023, the Supervisory Board of Boryszew S.A. had the following members:

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

MANAGEMENT BOARD OF THE COMPANY

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

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

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

- incurring loans,
- issuing sureties and guarantees
- disposal and acquisition of fixed assets,
- approval for publication of midyear and annual Management Board's reports on the activities of the Company and of the Capital Group, as well as financial statements of the Company and consolidated statements of the Capital Group,
- proposals for profit distribution or loss coverage,
- adoption of the growth programme for the Company and for the Capital Group,
- adoption of the budget of the Company and of the Capital Group,

- establishing of proxies,
- appointing, on the basis of civil law, representatives to perform certain tasks within the limits of their authorisation (with the exception of one-time power of attorney to perform certain legal actions and powers of attorney to sign the papers and documents that do not result in incurring liabilities by the Company or disposing property rights of the Company as well as power of attorney ad litem)
- approving the remuneration system and work regulations based on agreements with the trade unions,
- taking a position on issues commissioned by the Supervisory Board in the form of a resolution.

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

The Board recommends to the Supervisory Board the appointment of an auditor, upon analysis of the tenders submitted. Authorized to make declaration of will and sign documents on behalf of the Company are: the President of the Management Board acting independently or two members of the Management Board acting jointly, or a member of the Management Board acting jointly with a commercial proxy.

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

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

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

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

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

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

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

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

CHANGES IN THE COMPOSITION OF THE MANAGEMENT BOARD

In 2023 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

No changes in the composition of the Management Board occurred between 31 December 2023 and the date of submission of the financial statements for publication.

DESCRIPTION OF DIVERSITY POLICY

No formal document has been drafted by the Company on its diversity policy in relation to the management body and management team. Recruitment of Management Board members and key managers is based on experience, qualifications and competences of candidates, in line with legislation on equal treatment of employees. The Company is committed to ensure diversity of gender, education, age, professional experience for all its employees, with particular emphasis on senior management and key managers. In 2023, the Management Board was composed exclusively of men and the Supervisory Board had one woman.

38. DECLARATIONS OF THE MANAGEMENT BOARD

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

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

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

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

The Management Board for Boryszew S.A. based on the statement of the Supervisory Board for Boryszew S.A. of 13 April 2024 on the selection of BDO Spółka z ograniczoną odpowiedzialnością sp. k., based in Warsaw, to audit the annual financial statements in accordance with the regulations, including the selection and selection procedure of the auditing firm, declares that:

- a) BDO Spółka z ograniczoną odpowiedzialnością Sp.k. and members of the team auditing the separate and consolidated financial statements for 2023 met the conditions for the preparation of an impartial and independent report on the audit of the annual financial statements in accordance with the applicable regulations, professional standards and rules of professional ethics,
- b) Boryszew S.A. observes the applicable regulations on the rotation of the audit firm and the key statutory auditor as well as on the mandatory grace periods,
- c) The Company pursues the "Policy for selection of the entity authorized to audit financial statements of Boryszew S.A." and the "Policy for the provision of permitted non-audit services by the auditing firm conducting the audit, by entities affiliated with the auditing firm and by a member of the auditing firm's network"

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

40. INFORMATION ON ALTERNATIVE RESULTS MEASUREMENTS AND LIST OF GRI INDICATORS

40.1. ALTERNATIVE PERFORMANCE MEASUREMENTS

Terms used in the Report and not defined in IFRS accounting standards, and therefore being alternative performance measurements in accordance with ESMA's Alternative Performance Measurement Guidelines (ESMA/2015/1415).

1. "EBITDA" is the sum of operating profit and depreciation value.
2. "ROA" - return on assets - is the quotient, expressed as a percentage, of net profit attributable to equity holders of the parent (income statement item for relevant reporting period) to total assets (balance sheet item at the end of relevant reporting period). In the case of the separate financial statements, the item of net profit attributable to shareholders of the parent company is used instead of net profit.
3. the current ratio is the ratio of current assets (balance sheet item at the end of relevant reporting period) to current liabilities (balance sheet item at the end of relevant reporting period).
4. the quick ratio is the ratio of current assets (balance sheet item at the end of relevant reporting period) less inventories (balance sheet item at the end of relevant reporting period) to current liabilities (balance sheet item at the end of relevant reporting period).
5. "Net debt" is the sum of long-term and short-term loans, borrowings and lease liabilities less the value of cash and cash equivalents (balance sheet asset item). The "net debt" indicator presents the value of bank debt and other interest-type liabilities, taking into account available cash that can be used to repay these debts.
6. "Net debt to EBITDA" is the quotient of net debt to EBITDA.

The Company's presentation of the above indicators and parameters in the Report is due to their widespread use for financial analysis and valuation purposes of the Company and the Group.

40.2. GRI INDICATOR TABLE

Table of selected GRI indicators

	Indicator number	Name of indicator	Chapter
Primary indicators			
	2-1	Information about the organisation	1
	2-2	Entities included in the report	36.2
	2-3	Reporting period, frequency and contact information	36.2
	2-4	Corrections and additions	36.2
Operations and employees			
	2-6	Operations, value chain and business relationships	6, 36,4
	2-7	Employees	36.6
Corporate governance			
	2-9	Management system and composition of the governing body	37
	2-10	Criteria for the appointment of members of the governing body	37
	2-11	President of the organisation, chairman of the governing body	37
	2-12	Oversight by the governing body of the organisation's business, environmental and social impacts	29, 35, 37
	2-13	Delegation of responsibility in key reporting areas	3. 37
	2-15	Conflicts of interests.	36.9
	2-16	Reporting critical incidents	36.9
	2-17	Development of competencies of the governing body in sustainable development	35. 37
	2-18	Evaluation of the governing body's activities associated with managing the organisation's business, environmental and social impact	35
	2-19	Remuneration policy	35
	2-20	Method of determining salaries	35
	2-21	Wage levels on an annual basis	29
Strategy, policies and practices			
	2-23	Policies for responsible business and protection of human rights	36.9
	2-24	Responsible business practices	36.9
	2-25	Removal of negative effects of activities	36.9
	2-26	Mechanisms for raising questions and concerns	36.9
	2-27	Cases of violation of applicable laws and regulations	36.9
Engaging stakeholders			
	2-29	Approach to stakeholder engagement	36.5
Relevant topics			
	3-1	The process of defining relevant topics	36.2
	3-2	List of key areas	36.2
	3-3	Management of key areas	36.9
Anti-corruption activities			
	205-3	Confirmed cases of corruption	36.9
Tax transparency			
	207-1	Approach to tax reporting	36.9
	207-2	Control and risk management in tax reporting	36.9

	207-3	Commitment to tax policy development	36.9
Environmental topics			
Energy			
	302-1	Energy consumption of the organisation by type of raw materials	36.7.2, 36.7.5, 36.7.6
Water and effluents			
GRI 303	303-1	Activities associated with water resources	36.7.5
	303-3	Water intake	36.7.5
Biodiversity			
	304-2	Description of significant impacts of activities, products and services on biodiversity in protected areas and areas of high biodiversity value outside the protected area	36.7.1
Emissions			
	305-1	Total direct emissions	36.7.3, 36.7.6
	305-2	Total indirect energy-related emissions	36.7.3
	305-4	Intensity of greenhouse gas emissions	36.7.3, 36.7.6
	305-7	Emissions of nitrogen oxides, sulphur oxides and other significant air emissions	36.7.3
Waste			
	306-1	Waste management	36.7.3, 36.7.5
	306-2	Management of significant waste-related impacts	36.7.1
	306-3	Total weight of waste by type	36.7.5
	306-4	Waste recovery	36.7.5
Social topics			
Employment			
	401-1	New hires and departures	36.5
	402-2	Benefits provided to full-time employees	36.6
Occupational health and safety			
	403-1	Health and safety system management	36.8
	403-2	Rate of injuries, occupational diseases, lost days and absenteeism and number of work-related fatalities	36.8
	403-5	Employee health and safety training	36.8
	403-9	Work-related injuries	36.8
Education and training			
	404-1	Average number of training hours per year per employee	36.6
Diversity and equal opportunities			
	405-1	Composition of supervisory bodies and staff by gender, age and other diversity indicators	36.6
	405-2	Average basic salary of women to men	36.6



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

Wojciech Kowalczyk - President of the Management Board

Łukasz Bubacz – Member of the Management Board

Mikołaj Budzanowski – Member of the Management Board

Warsaw, 16 April 2024