



BORYSZEW S.A.

REPORT ON ACTIVITIES OF BORYSZEW S.A.

AND

BORYSZEW CAPITAL GROUP

FOR 2017



The report was approved for publication on:

26 April 2018

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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, 13th 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 has been established for an indefinite period of time.

HISTORY

The history of Boryszew SA (the "Company") 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 (including Borygo, a widely known coolant) gained a strategic investor, Mr Roman 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, non-ferrous metals, chemical and trade industry. The Capital Group employs more than 9 000 employees.

2. APPROVAL OF THE REPORT FOR PUBLICATION

This report on the activities Boryszew S.A. and Boryszew Capital Group in 2017, an integral part of the consolidated financial statements Boryszew S.A. for 2017, was approved for publication by way of the Management Board's resolution on 26 April 2018 and presents Boryszew S.A. as well as Boryszew Capital Group situation pursuant to the legal requirements for the period from 1 January 2017 to 31 December 2017, including any events which occurred by the date of approval of this report for publication. A significant part of the information contained herein was presented in more detail in current announcements which are available from the investor relations 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 defined in § 92 as well as § 91 of the Regulation of the Minister of Finance of February 19th, 2009 on current and interim information to be submitted by issuers of securities and conditions for considering as equivalent information required under the law of a non-member state.

Under § 83 section 7 of the Regulation, this report contains disclosures required in relation to the report on activities of the Issuer, referred to in § 91 section 1 point 4 of the Regulation hence the Issuer did not prepare a separate report on activities of the parent entity.

Consolidated annual financial statements for Boryszew Capital Group and separate financial statements for Boryszew S.A. were drafted in compliance with the International Financial Reporting Standards as approved by the European Union.

Representations on non-financial information referred to in Art. 49b as well as Art. 55 section 2b of the Accounting Act, are presented as a separate presentation, being an integral part of this report.

3. ORGANIZATIONAL STRUCTURE

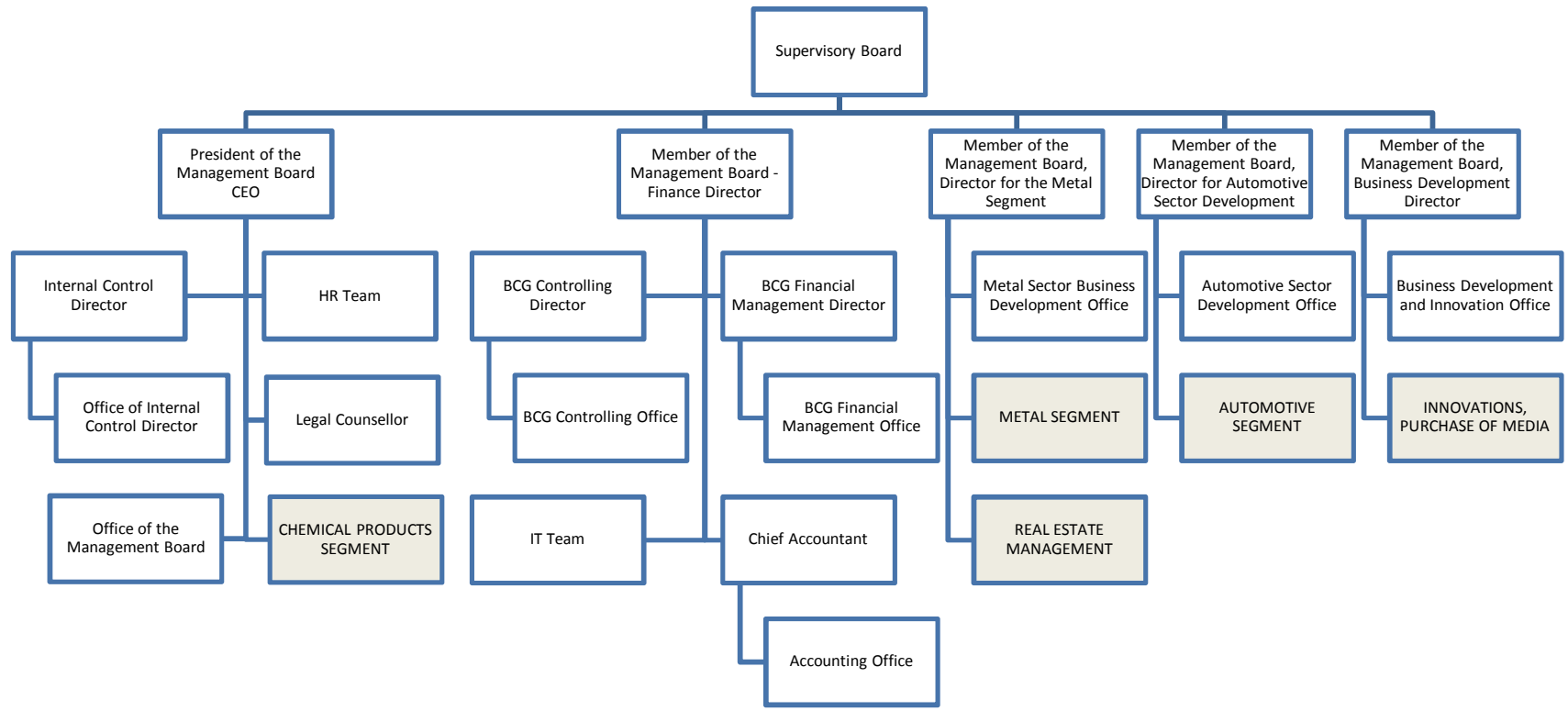
Boryszew S.A. is the Parent entity of Boryszew Capital Group. The Group features both domestic and foreign subsidiaries, jointly controlled entities, affiliates. As the Parent company, it performs management and supervisory functions with regard to other companies of the Capital Group.

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 2017 Boryszew S.A. carries out its activity through the following units:

- Maflow Branch in Tychy – producer of tubes for the automotive industry, including mainly air-conditioning tubes, power steering systems and various rubber components. The Branch's assets, constituting the largest productive assets of Maflow Group, were purchased on 10 August 2010.
- Elana Branch w Toruń - producer of polyester fibre and plastics with wide application. Its key products include staple fibres and silicon spheres. Elana Branch was established by merger of Boryszew S.A. and Elana S.A., which took place on 28 January 2005.
- Nowoczesne Produkty Aluminiowe Skawina Branch in Skawina– operating in the field of manufacturing of aluminium rods, wire and cables, including overhead cables of special aluminium alloys with constructions which eliminate the threat of phenomena of the „black-out” type, and supply of energy carries to external customers.
- Boryszew ERG Branch in Sochaczew – offering chemical and construction products. Company's flagship product in “Borygo” coolant.
- Nylonbor Branch in Sochaczew – production of modern engineering polyamides, which are used for manufacture of machinery and equipment as well as battlefield simulators for military applications.
- Enterprise Data Center Branch in Toruń - responsible for IT project for Boryszew Group companies and external parties utilising the existing IT infrastructure.
- Boryszew Energy Branch in Toruń, which is involved in sales of energy for Boryszew Capital Group companies and third parties.

BORYSZEW S.A. - SIMPLIFIED ORGANISATIONAL CHART (WITH SPECIFICATION OF THE SCOPE OF RESPONSIBILITY FOR EACH MANAGEMENT BOARD MEMBER) IN 2017



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 2011 and 2012, the Company continued its growth strategy through acquisitions in the automotive industry. 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. acquired 80% shares of Tensho Poland Corporation spółka z o.o. based in Ostaszewo (currently: Boryszew Tensho Poland Sp. z o.o.), manufacturer of top quality plastic products.

OPERATIONAL SEGMENTS OF BORYSZEW CAPITAL GROUP

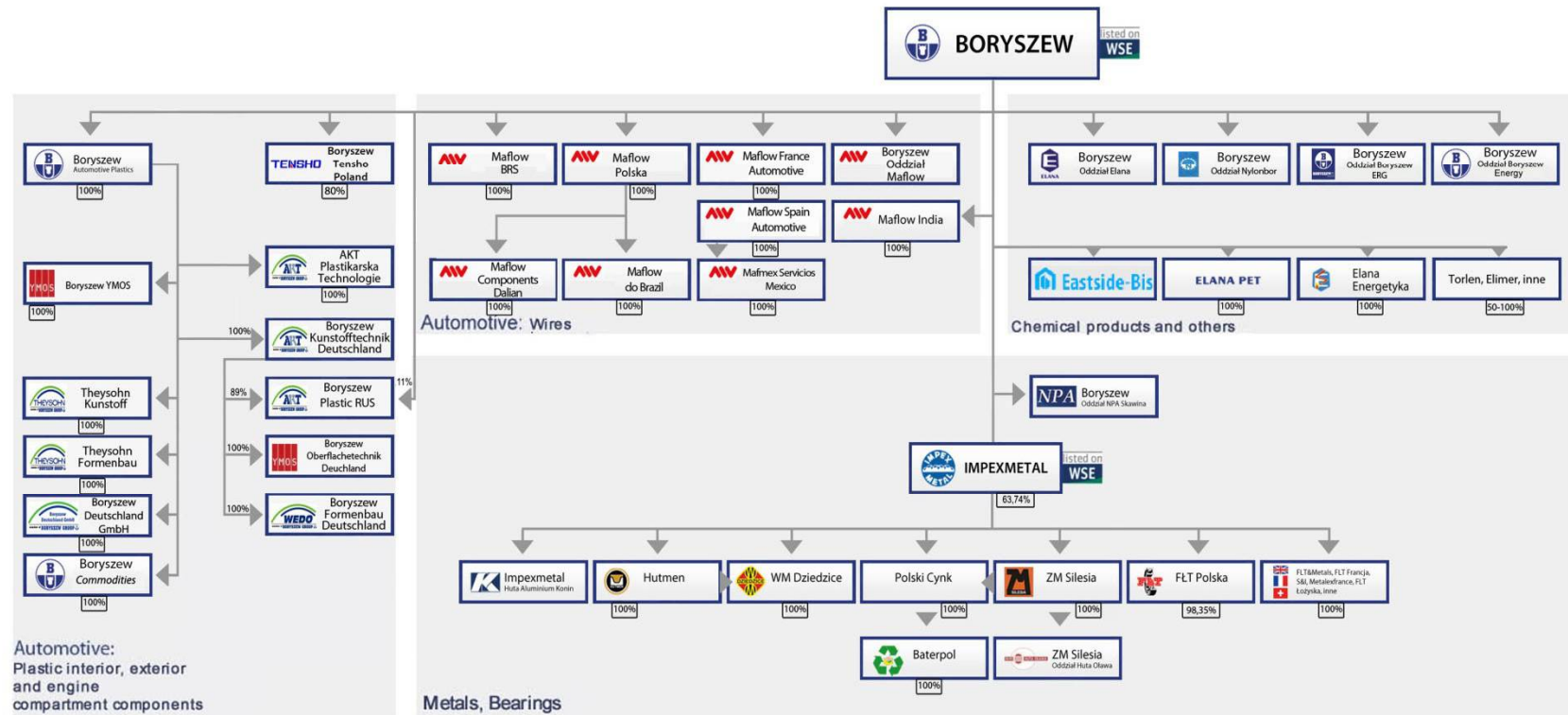
Automotive	Boryszew S.A. Oddział Maflow, Maflow Spain Automotive S.L.U., Maflow France Automotive S.A.S., Maflow BRS s.r.l., Maflow Components Dalian Co. Ltd., Maflow do Brasil Ltda., Maflow Automotive Mexico S.de. RI. De.C, MAFMEX S.DE R.L.DE C.V., Maflow Polska Sp. z o.o., Maflow India Private Limited, Boryszew Automotive Plastics Sp. z o.o., Theysohn Kunststoff GmbH, Theysohn Formenbau GmbH, Boryszew Kunststofftechnik Deutschland GmbH, AKT Plastikarska Technologie Cechy spol. s.r.o., Boryszew Formenbau Deutschland GmbH, BRS YMOS GmbH, Boryszew Oberflächentechnik Deutschland GmbH, Boryszew Plastik Rus, Boryszew Tensho Poland Sp. z o.o., ICOS GmbH, Boryszew Deutschland GmbH, Boryszew Commodities Sp. z o.o., Boryszew HR Service Sp. z o.o., Boryszew Components Poland Sp. z o.o.
Metals	Impexmetal S.A., Hutmen S.A., WM Dzierżycze S.A., ZM SILESIA S.A., Baterpol S.A., Polski Cynk Sp. z o.o., Boryszew S.A Oddział NPA Skawina, Baterpol Recycler Sp. z o.o., Metal Zinc Sp. z o.o., Surowce Hutmen S.A. Sp. komandytowa, SPV Impexmetal Spółka z o.o., FŁT Polska Sp. z o.o., FLT Bearings Ltd., FLT France S.A.S., FLT & Metals s.r.l., FLT Wälzlager GmbH, FLT (Wuxi) Trading Co. Ltd., FLT Metals Ltd.; Zakład Utylizacji Odpadów Sp. z o.o., Symonvit Ltd. w likwidacji, Remal Sp. z o.o.
Chemical products	Torlen Sp. z o.o., Elana Pet Sp. z o.o., Boryszew S.A. Branch Elana, Boryszew S.A. Branch Boryszew ERG, Boryszew S.A. Branch Nylonbor, Elimer Sp. z o.o. Boryszew S.A. – Headquarters, Boryszew S.A. Branch Enterprise Data Center,
Other	Boryszew S.A. Branch Energy, Eastside – Bis Sp. z o.o., Huta Metali Nieżelaznych Szopienice S.A. in liquidation, SPV Lakme Investment Sp. z o.o., Impex – invest Sp. z o.o., Eastside Capital Investments Sp. z o.o., Elana Energetyka Sp. z o.o., S&I S.A. in liquidation, SPV Boryszew 3 Sp. z o.o., Nowoczesne Produkty Aluminiowe Skawina Sp. z o.o. in liquidation, SPV Boryszew 6 Sp. z o.o., SPV Boryszew 8 Sp. z o.o., SPV Boryszew 9 Sp. z o.o. in liquidation.

THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2017 INCLUDED THE FOLLOWING COMPANIES:

Company name	Based in	share of the parent in share capital (%)	subsidiary of:	Business segment
Boryszew S.A. :	Warsaw		Parent Company	
<i>Head Office</i>	Warsaw			Other
<i>Elana Branch in Toruń</i>	Toruń			Chemical products
<i>Energy Branch in Toruń</i>	Toruń			Other
<i>Data Center Branch in Toruń</i>	Toruń			Other
<i>Maflow Branch in Tychy</i>	Tychy			Automotive
<i>NPA Skawina Branch</i>	Skawina			Metals
<i>Boryszew ERG Branch</i>	Sochaczew			Chemical products
<i>Nylonbor Branch</i>	Sochaczew			Chemical products
Elimer Sp. z o.o.	Sochaczew	52.44	Boryszew SA	Chemical products
Torlen Sp. z o.o.	Toruń	100	Boryszew SA	Chemical products
Elana Pet Sp. z o.o.	Toruń	100	Boryszew SA	Chemical products
Nylonbor Sp. z o.o.	Sochaczew	100	Boryszew SA	Other
SPV Boryszew 3 Sp. z o.o.	Warsaw	100	Boryszew SA	Other
Nowoczesne Produkty Aluminiowe Skawina Sp. z o.o. w likwidacji	Warsaw	100	Boryszew SA	Inactive
Boryszew Components Poland Sp. z o.o.	Toruń	100	Boryszew Automotive Plastics Sp. z o.o.	Automotive
Boryszew HR Service Sp. z o.o.	Toruń	100	Boryszew SA	Automotive
Boryszew Commodities Sp. z o.o.	Warsaw	100	Boryszew S.A.	Automotive
Boryszew Automotive Plastics Sp. z o.o.	Toruń	100	Boryszew S.A.	Automotive
Maflow Polska Sp. z o.o.	Warsaw	100	Boryszew S.A.	Automotive
Maflow BRS s.r.l	Italy	100	Boryszew SA	Automotive
Maflow Spain Automotive S.L.U	Spain	100	Boryszew SA	Automotive
Maflow France Automotive S.A.	France	100	Boryszew SA	Automotive
Maflow do Brasil Ltda	Brazil	100	Maflow Sp. z o.o.	Automotive
Maflow Components Co. Ltd	China	100	Maflow Sp. z o.o.	Automotive
Maflow India Private Limited	India	100	Boryszew S.A.	Automotive
Boryszew Automotive Mexico S.DE R.L.DE C.V	Mexico	100	Maflow Spain Automotive S.L.U., Maflow Sp. z o.o.	Not involved in any operating activities
MAFMEX S.DE R.L.DE C.V	Mexico	100	Maflow Spain Automotive S.L.U., Maflow Sp. z o.o.	Automotive
ICOS GmbH	Germany	100	Boryszew Automotive Plastics Sp. z o.o.	Automotive
Theysohn Kunststoff GmbH	Germany	100	ICOS GmbH	Automotive
Theysohn Formenbau GmbH	Germany	100	ICOS GmbH	Automotive
Boryszew Formenbau Deutschland GmbH	Germany	100	Boryszew Kunststofftechnik Deutschland GmbH	Automotive
Boryszew Kunststofftechnik Deutschland GmbH	Germany	100	Boryszew Automotive Plastics Sp. z o.o.	Automotive
BRS YMOS GmbH	Germany	100	Boryszew Automotive Plastics Sp. z o.o.	Automotive
Boryszew Oberflächentechnik Deutschland GmbH	Germany	100	Boryszew Kunststofftechnik Deutschland GmbH	Automotive

Boryszew Deutschland GmbH	Germany	100	Boryszew Automotive Plastics Sp. z o.o.	Automotive
AKT Plastikarska Technologie	The Czech Republic	100	Boryszew Automotive Plastics Sp. z o.o.	Automotive
Boryszew Plastic RUS Sp. z o.o.	Russia	100	Boryszew S.A., Boryszew Kunststofftechnik Deutschland GmbH	Automotive
Boryszew Tensho Poland Sp. z o.o.	Ostaszewo	80	Boryszew S.A.	Automotive
Impexmetal S.A.	Warsaw	61.82	Boryszew SA	Metals
Hutmen S.A.	Wroclaw	74.98	Boryszew S.A., SPV 3 Boryszew, Impexmetal S.A., Impex – invest	Metals
Walcownia Metali Dziedzice S.A.	Czechowice- Dziedzice	89.78	Hutmen S.A., Impexmetal S.A., Boryszew S.A.	Metals
Huta Metali Nieżelaznych Szopienice S.A. - w likwidacji	Katowice	38.19	Polski Cynk Sp. z o.o.	discontinued operations
ZM Silesia S.A.	Katowice	61.82	Impexmetal S.A.	Metals
Baterpol S.A.	Katowice	61.82	Polski Cynk Sp. z o.o. Impexmetal S.A., ZM Silesia S.A.	Metals
Polski Cynk Sp. z o.o.	Katowice	61.82	Impexmetal S.A.	Metals
FŁT Polska Sp. z o.o.	Warsaw	60.80	Impexmetal S.A.	Metals
FLT & Metals Ltd.	Great Britain	61.82	Impexmetal S.A.	Metals
S & I S.A.	Switzerland	61.82	Impexmetal S.A.	Metals
FLT Bearings Ltd.	Great Britain	60.80	FLT France SAS	Metals
FLT France SAS	France	60.80	FŁT Polska Sp. z o.o.	Metals
FLT Wälzlager GmbH	Germany	60.80	FŁT Polska Sp. z o.o.	Metals
FLT & Metals s.r.l.	Italy	60.80	FŁT Polska Sp. z o.o.	Metals
FLT (Wuxi) Trading Co. Ltd.	China	60.80	FŁT Polska Sp. z o.o.	
SPV Lakme Investment Sp. z o.o.	Warsaw	57.52	Impexmetal S.A.	Other
Impex – Invest Sp. z o.o.	Warsaw	61.82	Impexmetal S.A. Boryszew SA , Impexmetal S.A.	Other
Eastside Capital Investments Sp. z o.o.	Warsaw	86.67	Impexmetal S.A.	Metals
Symonvit Ltd	Cyprus	61.82	Polski Cynk Sp. z o.o.	Metals
Baterpol Recycler Sp. z o.o.	Wroclaw	61.82	ZM Silesia S.A.	Metals
ZM Nieruchomości Sp. z o.o.	Katowice	61.82	Hutmen SA, Baterpol SA, FLT Polska Sp. z o.o.	Metals
Surowce Hutmen S.A. Sp. Komandytowa in liquidation	Wroclaw	61.82	Impexmetal SA, ZUO Sp. z o.o, BAP Sp. z o.o.	Other
SPV Impexmetal Sp. z o.o.	Warsaw	61.81	ZM Silesia S.A.	Metals
Metal Zinc Sp. z o.o.	Katowice	61.82	Impexmetal S.A.	Other
Remal Sp. z o.o.	Konin	24.81	Eastside Capital Investments Sp. z o.o.	Other
Eastside Bis Sp. z o.o.	Warsaw	86.64	Impexmetal S.A.	Metals
Zakład Utylizacji Odpadów Sp. z o.o.,	Konin	37.07		

SIMPLIFIED ORGANIZATION CHART OF BORYSZEW GROUP WITH AGGREGATE HOLDINGS IN INDIVIDUAL ENTITIES AS AT 31.12.2017



4. SIGNIFICANT EVENTS

BORYSZEW S.A.

Forced buyout of Hutmen S.A. shares

As a result of the forced buyout demand of minority shareholders holding 2 549 980 shares accounting for approximately 9.96% of the share capital and votes at the General Meeting of Shareholders of Hutmen S.A. by Boryszew S.A., announced on 12 January 2017, Boryszew S.A. and subsidiaries of Boryszew Capital Group, i.e. the company under the name SPV Boryszew 3 Sp. z o.o., the company under the name of Impex - Invest Sp. z o.o., the company under the name of Impexmetal S.A. and SPV Impexmetal Sp. with o.o. (Boryszew Group) , on 17 January 2017 Boryszew S.A. acquired all shares under forced buyout.

Upon completion of the forced buyout Boryszew Capital Group now holds 25 596 270 shares of Hutmen S.A. accounting for 100.00% of share capital and votes at the General Meeting of Shareholders of Hutmen S.A.

On 6 October 2017 Hutmen S.A. held the Extraordinary General Assembly that adopted a resolution on revocation of dematerialisation of shares of Hutmen S.A. and their withdrawal from trade on the regulated market conducted by Gielda Papierów Wartościowych w Warszawie S.A. [Warsaw Stock Exchange].

On 10 February 2017, the Management Board of Hutmen S. A. filed a motion with the Polish Financial Supervision Authority (KNF) to grant the Polish Financial Supervision Authority a permit for restoring the form of a document to the shares of Hutmen S. A. (removal of dematerialisation of shares).

On 28 March 2017, the Polish Financial Supervision Authority (KNF) allowed Hutmen S. A. to reinstate the shares in the form of a document (removal of dematerialization of shares) on 18 April 2017.

By resolution of 11 April 2017, the Management Board of Warsaw Stock Exchange S.A. decided to exclude shares of Hutmen SA from the stock exchange as of 18 April 2017.

As at December 31, 2017, the Boryszew Capital Group held 25,967,270 shares of Hutmen SA, which represented a 100.00% share in the share capital of Hutmen SA, including:

- Boryszew S.A. : 2 657 532 shares of Hutmen S.A., accounting for 10.38% share in share capital and votes during General Assembly of Hutmen S.A.,
- Impexmetal S.A.: 695 159 shares, accounting for 2.72% share in share capital and votes during General Assembly of Hutmen S.A.,
- SPV Boryszew 3 Sp. z o.o.: 6 165 383 shares, accounting for 24.09% share in share capital and votes during General Assembly of Hutmen S.A.
- SPV Impexmetal Sp. z o.o.: 3 528 196 shares, accounting for 13.78% share in share capital and votes during General Assembly of Hutmen S.A.,
- Impex – Invest Sp. z o.o.: 12 550 000 shares, accounting for 49.03% share in share capital and votes during General Assembly of Hutmen S.A.

EVENTS RELATING TO SUBSIDIARIES (order by dates)

IMPEXMETAL S.A.

Signing of a grant agreement with the National Centre for Research and Development

In 2017 Impexmetal S.A. signed the following agreements:

- a grant agreement dated 3 April 2017 for project Development of the production technology for open and closed sections made of Aluminium ECO - AlSi alloy, which originated entirely from the recycling of aluminium car parts.

Value of the project - PLN 8.7 million, including the value of co-financing PLN 2.9 million.

The result of the project will be an innovative product: OPEN AND CLOSED SECTION made of 100% recycled material. The project implementation assumes the construction of a demo line enabling the production of aluminium closed and open sections. The project involves recycling of scrap metal car parts (car heat exchangers), which are considered difficult to recycle due to the nature of the production process.

- a grant agreement dated 9 October 2017 for project: Development of highly advanced technology for manufacturing multi-layer aluminium tapes of HSAA-P30 for a new generation of car heat exchangers.

Value of the project - PLN 18.3 million, including the value of co-financing PLN 8.3 million.

The result of the project will be an innovative product - a multi-layer HSAA-P30 aluminium tape for the new generation of automotive heat exchangers as well as the technology for production of multi-layer tapes.

- a grant agreement dated 28 November 2017 for project: Implementation of innovative technology for manufacturing AlMg-VHS alloy sheets for stamping of car body parts and car construction components.

Value of the project - PLN 37.1 million, including the value of co-financing PLN 14.8 million.

The result of the project will be an innovative product - tapes and metal sheet of hardly-deformable aluminium alloys with super standard content of Mg (above 5.5%) for automotive industry.

Also Impexmetal S.A. obtained grant decision for: Implementation of innovative technology for production of aluminium alloys - magnesium tapes and sheets made of 100% recycled aluminium scrap (agreement not yet signed)

Value of the project - PLN 65.9 million, including the value of co-financing PLN 26.94 million.

The main objective of this project include R&D work for development of an innovative product: Al-Mg alloys, series EN AW-5xxx, made of 100% recycled aluminium scrap. The project provided for installation of a demo line in industrial conditions - a melting and casting plant capable of reprocessing of various aluminium scrap.

Project result will be innovative Al-Mg alloy tape and sheet made of 100% recycled aluminium scrap.

Information on a potential transaction concerning the sale of subsidiaries operating in the retail segment

On 23 August 2017 Impexmetal S.A. signed a letter of intent with a potential investor, that is a member of one of Chinese machinery industry leaders, operating on global markets (the Buyer) for the sale of shares in FŁT Polska Spółka z o.o. (FŁT Polska), held by Impexmetal S.A. accounting for 98.35% of the share capital and total number of votes on General Assembly of FŁT Polska (Shares).

As at the date of drafting the report Impexmetal S.A holds 100% of the share capital and total number of votes on General Assembly of FŁT Polska.

The parties seek to establish detailed terms (including prices) of the potential transaction of the sale of Shares to the Buyer, based on the results of the evaluation of FŁT Polska Sp. z o. o. legal and financial situation, as one of many conditions.

By the day of preparing of this report no final and binding decisions or arrangements on the potential transaction existed.

HUTMEN S.A.

Conclusion of material trade agreements

On 3 January 2017, an agreement was signed between Hutmen S. A. and KGHM Polska Miedź S. A. regarding the sale of round copper ingots by KGHM. The annual base quantity of round copper ingots covered by the Agreement is 11 000 tonnes per year, and taking into account the Buyer's option 20 000 tonnes. The price for the individual batches of copper ingots supplied was determined as the sum of the price for cathode copper (average official settlement quotations for copper grade "A" on the London Metal Exchange for the agreed period of pricing) plus a metal premium and a processing premium. The estimated value of the contract in 2017, as per current

copper prices amounts to approximately PLN 229 million net for deliveries of the base amount and PLN 416 million net for deliveries taking into account the Buyer's option. A registered pledge on fixed assets of at least PLN 5 million as well as promissory note with promissory note agreement is the collateral of the claims of the KGHM toward Hutmen S.A.

BOD GmbH

Commissioning of Boryszew Oberflächentechnik Deutschland GmbH production facility in Prenzlau

In 2017 Boryszew completed the works related to the opening of the plant in Prenzlau. Manufacturing of plastic, galvanised automotive components was officially launched on 19 April 2017. Thus, it completed the investment in Prenzlau, Germany, which is a key investment in the automotive segment of the Group. In the hall with an area of approx. 14.5 thousand m², one of the most modern technological lines for galvanization of plastic elements with a capacity of 400 thousand m² of galvanized area per year was built in Europe. The components will be incorporated into Volkswagen, Audi, BMW, Daimler and Toyota cars.

The value of the investment amounted to EUR 22 million.

ZM SILESIA S.A.

Start of R&D works

ZM SILESIA S.A. received a favourable evaluation from the National Research and Development Center in response to the request for co-financing of the project (No. POIR.01.01.01-00-0361 / 17) submitted on 30 June 2017 in support of R & D projects carried out by the company.

Project title: "Development of technology and implementation into production of a full assortment range of Zn-Al alloy wires intended for corrosion protection by spray metallisation".

The project involves the development and validation in industrial conditions of the technology of production of Zn-Al alloy wires used for anticorrosive protection of steel structures by spray metallisation method for wind turbine manufacturers, manufacturers of steel pipes, automotive parts and capacitor as well as metallised foils. The implementation of the new technology will help in a dramatic change in the production of Zn-Al wires and expand the assortment range by 77 product items.

BORYSZEW COMMODITIES SP. Z O.O.

Start of R&D works

On 23 November 2017 Boryszew Commodities Sp. z o.o. signed an agreement with NCRD for co-financing of the project: "Development and implementation of advanced technologies for production of components and their integration in the form of an innovative door panel intended for motor vehicles."

The signed agreement will extend the profile of activities of the company by research and development activities, and its effects will be visible in the coming years.

EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

BORYSZEW S.A.

Information on evaluation of strategic options for Boryszew S.A.

On January 10, 2018, Boryszew SA (the "Company") received information from a financial advisor cooperating with the Company on the potential investor's initial interest in substantial assets of the Boryszew Capital Group from the automotive and aluminium processing sectors.

On the basis of the foregoing, the Management Board of Boryszew S.A. made a decision on the same day about the Company's intention to consider, as part of a review of strategic options, a scenario of possible sale of assets in the above mentioned industries and enter into initial discussions on terms and conditions, scope, and mode of a potential transaction.

On April 16, 2018, the Management Board of Boryszew S.A. decided to close the proceeding regarding the possible sales of assets of the Boryszew Capital Group from the automotive and aluminium processing sectors to a potential investor. Simultaneously, the Management Board of Boryszew S.A. has decided that the review process of strategic options will continue.

Information on potential disposal of a subsidiary

On 15 January 2018 Boryszew S.A. received an offer from Krezus S.A. with a registered office in Toruń (hereinafter: the Investor) to enter into discussions on the possibility of Boryszew S.A. and its subsidiaries selling 100% shares in Walcownia Metali Dziedzice S.A. with a registered office in Czechowice-Dziedzice (Disposed Company) for about PLN 160 million. On the basis of the foregoing, the Management Board of Boryszew S.A. along with the remaining shareholders of the Disposed Company made a decision to enter into initial discussions with the Investor in order to set out the terms and conditions (including the final price), scope, and mode of the potential transaction.

On 18 January 2018, the Company signed a Letter of intent with Krezus S.A. with a registered office in Toruń regarding purchase of 100% shares in Walcownia Metali Dziedzice S.A. with a registered office in Czechowice-Dziedzice by the Investor. In accordance with the Letter of intent, the parties committed themselves to endeavour to sale of 100% of the shares in the Disposed Company to the Investor, whereas Boryszew S.A., which is one of the three shareholders in the Disposed Company, undertook to take action that are to result in the remaining shareholders in the Disposed Company, i.e. Impexmetal S.A. (holding 71.30% of shares in the Disposed Company) and Hutmen S.A. (holding 26.78% of shares in the Disposed Company), entering into a potential transaction. Following due diligence analysis, technical audit, and obtaining all corporate approvals necessary to conclude the final agreement, transfer of the title of ownership of shares will take place on the basis of a separate sale agreement.

The parties are bound by the arrangements set out in the Letter of intent until 31 May 2018.

As of the day of publication of the statement, the Company has not made any binding decisions or arrangements regarding the possible transaction.

IMPEXMETAL S.A.

Signing agreements on the acquisition of assets of significant value

On 19 January 2018, Impexmetal SA signed with Achenbach Buschhütten with its registered office in Kreuztal (Germany) two interconnected contracts for the supply and assembly of a new cold mill in Aluminium Konin plant. The first of the contracts, concluded as part of the project implemented with the NCBiR co-financing from EU funds, includes the supply of innovative mill parts that will allow the rolling of special aluminium alloys for the automotive industry, the second pertains to the supply of other machine parts. The total value of the agreements concluded is approximately PLN 115 000 000. The planned delivery date of the rolling mill to Aluminium Konin plant is the first quarter of 2019, and the production start is planned for the fourth quarter of 2019. Other conditions of the signed agreements, including those pertaining to contractual penalties, do not differ from the provisions commonly applied for this type of agreements. The purchase of the rolling mill is related to the development strategy adopted by the Company for Impexmetal SA for the years 2018 to 2026, assuming the increase of production capacity of Aluminium Konin Plant to approximately 200 000 tons. The purchase will be financed from own funds and from an investment loan, which Impexmetal SA plans to raise for this purpose.

Impairment write-off on shares of a subsidiary company

On 1 March 2018, the Company became aware of the decision by its subsidiary Impexmetal S.A. to recognise a non-monetary write-down revaluating the value of share package of Alchemia S.A. with headquarters in Warsaw, an affiliate of Impexmetal S.A. in the amount of approx. PLN 23.5 million. I write-off of PLN 27.4 million was recognised in the consolidated income statement of Boryszew Capital Group for 2017.

ACQUISITION OF SHARES OF BORYSZEW CAPITAL GROUP MEMBER COMPANIES

Purchase of own shares by Boryszew S.A.

Acting within the limits of the authorisation granted by Resolution no. 19 of the Ordinary General Assembly of Shareholders of Boryszew S.A. dated 25 June 2014 on authorising the Company's Management Board to repurchase Boryszew S.A. own shares as well as pursuant to Art. 362 § 1 point 8) and Art. 362 § 4 of Commercial Companies Code in the period between 1 January 2017 and 31 December 2017 Boryszew S.A. acquired a total of 3 309 905 own shares which together with the shares already held by the Company makes a total of 11,139,905 own shares, accounting for 4.6416% of share capital and total number of votes during the General Assembly of Boryszew S.A. shareholders

As at 31 December 2017 Boryszew Capital Group held 25 299 905 shares of Boryszew S.A., which represented a 10.5416% share in share capital and total number of votes during the General Assembly of Boryszew S.A. shareholders, including:

- Boryszew S.A. : 10 002 831 own (treasury) shares, accounting for 4.6416% share in the share capital and total votes during the General Assembly of Boryszew S.A.,
- Impexmetal S.A.: 11 990 000 shares, accounting for 4.9958% share in the share capital and total votes during the General Assembly of Boryszew S.A.,
- SPV Boryszew 3 Sp. z o.o. 2 165 000 shares, accounting for 0.9021% share in the share capital and votes during the General Assembly of Boryszew S.A.,
- Polski Cynk Sp. z o.o. 5 000 shares, accounting for 0.0021% share in the share capital and votes during the General Assembly of Boryszew S.A.,

Acquisition of Impexmetal S.A. shares

In 2017, Impexmetal S.A, under the own share buyout scheme for redemption or resale or for financing business combinations as part of Group's or Impexmetal strategy, adopted by the General Assembly by resolution No 18 of 15 June 2016, in the first six months of 2017 Impexmetal S.A. acquired a total of 2 322 200 own shares, making a total of 10 060 000 own shares with the shares already held, accounting for 5.0300% stake in total votes on the GA of Impexmetal S.A.

In 2017 Boryszew S.A acquired in total 7 425 830 shares of Impexmetal S.A., accounting for 55.0734% share in the share capital and total votes during the General Assembly of Impexmetal S.A., taking into consideration 110 146 798 shares of Impexmetal S.A. already held.

As at 31 September 2017 Boryszew Capital Group held 127 485 830 shares of Impexmetal S.A., accounting for 63.7429% of total votes at the General Meeting of Impexmetal S.A., including:

- Boryszew S.A. : 104 888 288 shares of Impexmetal S.A., accounting for 55.0734% share in the share capital and total votes during the General Assembly of Impexmetal S.A.,
- Impexmetal S.A.: 10 060 000 shares, accounting for 5.0300% share in the share capital and total votes during the General Assembly of Impexmetal S.A.,
- SPV Boryszew 3 Sp. z o.o. 7 279 032 shares, accounting for 3.6395% share in the share capital and votes during the General Assembly of Impexmetal S.A.,

Forced buyout of Hutmen S.A. shares

In 2017 Boryszew S.A. acquired a total of 2 549 980 shares of Hutmen S.A., making a total of 5 264 811 shares with the shares already held, constituting 10.3825% of Hutmen S.A. share capital.

As at December 31, 2017, the Boryszew Capital Group held 25,967,270 shares of Hutmen SA, which represented a 100.00% share in the share capital of Hutmen SA, including:

- Boryszew S.A.: 2 657 532 shares of Hutmen S.A., accounting for 10.3825% share in share capital and votes during General Assembly of Hutmen S.A.,
- Impexmetal S.A.: 695 159 shares, accounting for 2.7159% share in share capital and votes during General Assembly of Hutmen S.A.,
- SPV Boryszew 3 Sp. z o.o.: 6 165 383 shares, accounting for 24.0870% share in share capital and votes during General Assembly of Hutmen S.A.
- SPV Impexmetal Sp. z o.o.: 6 165 383 shares, accounting for 13.7840% share in share capital and votes during General Assembly of Hutmen S.A.
- Impex – Invest Sp. z o.o.: 12 550 000 shares, accounting for 49.0306% share in share capital and votes during General Assembly of Hutmen S.A.,

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

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

BORYSZEW S.A.

Boryszew S.A. is a company listed on the Warsaw Stock Exchange. Pursuant to IFRS no. 8, the following seven business segments were defined in 2017 (in order of revenue value):

- Automotive,
- Metals,
- Chemical products
- Other.

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 Maflow Branch**, the largest entity of the Maflow Group, operating three production facilities:

- Facility in Tychy - Maflow Group's largest plant. It is involved in manufacture of aluminium air-conditioning tubes and installation of steel air-conditioning tubes.
- Chelmek 1 plant, which manufactures aluminium air-conditioning tubes and components (endings) for steel and aluminium air-conditioning tubes, sold to other companies of the Group.
- Chelmek 2 plant, which manufactures preformed rubber for air-conditioning tubes; fuel lines, oil cooling hoses and other tubes and hoses used for transportation of liquids in motor vehicles,
- Production facility in Toruń, a new production unit involved, similar to the Production facility in Tychy, in manufacture of aluminium air-conditioning tubes and installation of steel air-conditioning tubes.

- **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 2017 – 2016.

The Company	Product range	Value	
		2017	2016
Boryszew Maflow Branch	Air-conditioning tubes and other*	676 833	619 725
Total for Automotive Segment		676 833	619 725

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

2017 closed with higher revenues in the Automotive Segment, primarily as a result of new contracts but also due to the improving sales of car on EU markets.

The customer that generates more than 10% of Boryszew S.A. sales revenues in Volkswagen Group - 12,9% share in sale of the Company.

Main directions of sales in the Segment for 2017 - 2016 are shown in the following table:

Sales structure [%]	2017	2016
Germany	28%	30%
Great Britain	16%	18%
Spain	9%	10%
Sweden	8%	7%
The Netherlands	5%	4%
Country	5%	3%
France	4%	5%
Romania	4%	3%
Slovakia	4%	4%
China	3%	2%
Other	14%	13%
Export sales as % of total sales	96%	96%

Maflow Branch generated its revenue mainly on export sales, which account for 90% of turnover. Only some of the export destinations changes. Sale to the British and German market dropped by 1%, whereas in Sweden it went up by 1%.

- **Market share**

Maflow Branch is the largest entity of Maflow Group. On the European market, Maflow Group is the third biggest supplier of air-conditioning tubes, closely following Contitech and Hutchinson. TI Automotive Group enjoys a market position close to that of Maflow Group.

- **Competition**

Direct competitors in the automotive industry, in which Boryszew entities of the Segment operate, include: **Contitech, Eaton, Hutchinson, TI Automotive Daytech, Parker, SMA, Visteon, SAAA**. 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. The contracts are shared, in order to secure continuity of supply, with one or two competitors. The competition element is present only when bidding for new contracts.

- **Sources of supplies**

The Automotive Segment mainly imports its supplies. The largest items of the purchase list include rubber, aluminium blocks and pipes as well as sensors.

- **Particularly key parameters for the Segment**

- profitability of acquired contracts,
- operational efficiency of the Segment production plants,
- the automotive industry market situation (detailed description in the financial analysis section).

Metal Segment

- **Scope of business**

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

- **Sales and Markets**

The table below is a summary of information on the sale of products, goods and services of major business units with the Metal Segment in 2017-2016.

Entity	Product range	Quantity [T]		Value	
		2017	2016	2017	2016
Boryszew NPA Skawina Branch	Wire rods	24 560	18 695	223 663	154 204
	Alloy rods	5 047	4 748	51 904	44 830
	Non-wire rods	3 265	1 964	29 192	15 800
	Wire	1 306	1 366	14 874	14 525
	Overhead lines	6 317	4 891	69 697	52 902
	Other	7.528	0	4 811	10 485
	Sales of media	0	0	7 669	7 795
Exclusions between segments				0	0
Metal Segment total		40 502	31 665	401 809	300 541

2017 was a record year for the quantity of sales. The sales was highest in the whole history of the company existence. The highest percentage increase was noted in the sale of non-wire rods, which are used in steel-forming as deoxidizers. The increase resulted from the widening of cooperation with one of the world's largest steel manufacturers. The highest absolute increase occurred in the sale of wire rods. On the other hand, only in the wire segment, in comparison to 2016, the obtained sale was lower. This resulted principally from restrictions connected with contractors' insurance limits.

Main directions of sales in the Segment for 2017 - 2016 are shown in the following table:

Sales structure [%]	2017	2016
Country	50%	46%
Italy	14%	6%
Sweden	9%	9%
Czech Republic	8%	9%

Germany	7%	8%
Austria	7%	8%
Great Britain	1%	0%
Hungary	1%	1%
France	1%	1%
Ukraine	1%	1%
Other	3%	11%
Export sales as % of total sales	50%	54%

In 2017, the share of sales in the national market increased by 4% at the expense of a drop of export, which currently constitute 50% of the total sales. When it comes to export, the highest increase has been recorded in the Italian market, where we can observe a growth of 8% in relation to the previous year.

Market share

In 2017, NPA Skawina strengthened its position on the Polish market. When it comes to the international market, NPA Skawina recorded a level similar to 2016.

- **Competition**

The largest competitors of NPA Skawina are the following:

- In rolled products: Alro Vimetco Romania, Rusal Russia, Trimet France, Hydro Aluminium Norway, Inotal Hungary, Alcoa Island, Lamifil Belgium, Manfisa Spain, Midal Bahrain as well as supplier from China, India.
- In processed products: Fabryka Przewodów Energetycznych Będzin, Tele-Fonika Kable S.A., Zircon Poland offer wires from Chinese suppliers, Fux Hungary, Prysmian Capital group, Trefinasa Spain, Nexans Group, Brugg Switzerland, Lumpi Austria, Haase Austria, WDI Germany, General Cable Spain or Midal Cable of Bahrain.

- **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.

Chemical products segment

- **Scope of business**

The Chemicals Segment includes the following branches: Elana, Boryszew ERG, Nylonbor. The entities of the Chemicals Segment operate in several sectors:

- staples, continuous filaments – used mainly in textile, furniture and clothing industries,
- chemical (among others: plasticizers, stabilizers, grease used for production of plastics),
- automotive (among others: engine coolants, brake fluids, installation fluids, de-icing fluids),
- construction (among others: wall siding, doors, coffers),

- packaging (among others: Styrofoam moulds, polyethylene drums),
 - construction polyamides (universal plastics used, among others, in conveyor rolls and stretching rolls, gears, tracks, etc.),
 - special products (among others: flares, smoke signalling products, white theatrical smoke, smoke hand grenades),
- **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 2017-2016.

Entity	Product range	Quantity [T]		Value	
		2017	2016	2017	2016
Boryszew Elana Branch	Elana (staples, elball)	12 810	11 150	56 953	51 571
	Goods and materials	1 396	1 423	3 926	5 194
	Other services			1 631	1 555
	Total	14 206	12 574	62 510	58 320
Boryszew ERG Branch	Chemicals	12 309	14 109	65 155	112 233
	Automotive	17 493	15 663	58 986	52 117
	Construction materials	0	0	16 047	16 477
	Packaging	0	0	6 672	6 526
	Other	0	0	11 043	8 793
	Total	29 802	29 772	157 902	196 145
Boryszew Nylonbor Branch	Polyamides	119	140	2 867	1 913
	Special production	0	0	5 835	4 021
	Other			1 374	1 933
	Total	119	140	10 076	7 868
Exclusions between segments				-1 049	0
Chemical Segment total		44 127	42 486	229 439	262 333

For the Chemicals Segment, 2017 has brought about a higher amount of sales, which translated into e.g. higher sales volumes of staple fibres in Elana Branch.

The blame for the decline in revenues lies mainly with ERG, which, due to the lack of raw materials and to problems on the octyl phthalate line, manufactured lesser volumes of plasticizers. Additionally, failures among the leading suppliers restricted the possibilities to obtain raw materials even more.

Main directions of sales in the Segment for 2017 - 2016 are shown in the following table:

Sales structure [%]	2017	2016
Country	72%	58%
Germany	10%	10%
Russia	4%	4%
Ukraine	4%	5%
Lithuania	2%	2%
Spain	2%	2%
Hungary	1%	1%
Estonia	1%	0%
Belarus	1%	1%

Great Britain	1%	0%
Other	1%	18%
Export sales as % of total sales	28%	42%

The domestic market remained the main market for the Chemicals Segment companies, generating 72% of the business (up from 58% in 2016). However, the sales for export has dropped.

Market share

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

Product range	Market share % in domestic market
Automotive products:	
Coolants	35%
Installation fluids	45%
De-icing fluids	40%
Chemical market:	
depending on the range	3-20%
Construction (wall siding and headliner)	20%
Fibres	app. 8%
Packaging (depending on the range)	5-20%

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

a) Competition

Competition for filaments includes:

- **Silon** – Czech manufacturer of, primarily, fibres used for technical and hygienic purposes.
- **Maerkische Faser** – German manufacturer of more specialised fibres used for technical and hygienic purposes,
- **Green Fiber** – Romanian manufacturer of fibres for furniture production and automotive industry, to be used in lower quality products,
- manufacturers of fabrics for furniture and filling fabrics from Turkey and producers of furniture, filling and technical fabrics from the Far East (**Huvis, Far Eastern Textile, Nan Ya – South Korea**).

Competitors on the automotive market are

- **Orlen Oil, Parys, Organika Łódź, Autoland** - vehicle fluids,
- **Organika GLI Therm, Bio-Chem** - installation fluids,
- **Clariant, Kilfrost, UAB Esspo** - de-icing fluids.

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

Competitor for wall siding are: **Gamrat S.A., ASKO, VOX Industrie, Royal Europa**.

Competition for packaging are: **Knauf, HSV Polska, HIRSCH**.

b) Raw materials

Main raw materials for Chemicals Segment include:

- PET flakes (fibre production),
- octyl alcohol (production of chemicals),
- ethylene glycol (automotive production),
- caprolactam (production of polyamides).

Other Activities Segment

- **Scope of business**

The Remaining Segment consists of the following:

- The head Offices in Warsaw – its activity includes management of the Capital Group (several dozen companies, both domestic and foreign), 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 of traded goods, services, dividend and interest on granted loans and acquired bonds.
- Oddział Energy Boryszew S.A. operating in natural gas and electric energy trade sector,
- Enterprise Data Center Branch in Toruń responsible for IT infrastructure management.

BORYSZEW CAPITAL GROUP

MAIN ENTITIES OF BORYSZEW GROUP BY OPERATING SEGMENTS

Introduction

Boryszew Capital Group is one of Poland's largest capital groups. It includes several dozen entities with their registered offices located on three continents, which operate primarily in the following sectors: automotive, metal-forming and chemicals. Pursuant to IFRS no. The following 8 operational segments were distinguished:

- Automotive,
- Metals,
- Chemical products
- Other.

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

a) Scope of business

1. The BAP Group (Plastic) consists of entities specialized 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.

BAP Group (Plastics) is composed of the following entities:

- Companies manufacturing parts
 - Boryszew Kunststofftechnik Deutschland GmbH (formerly AKT Germany) – manufacturer of plastic components for automotive equipment (internal, engine accessories), including elements of dashboards, compartments, ventilation nozzles, elements of bonnets, doors.

- Theysohn Kunststoff GmbH – manufacturer of external plastic components of automotive equipment (wheel housings, engine casings, etc.)
- AKT Plastikarska Technologie (AKT Czech Republic) – manufacturer of plastic products for automotive industry (engine compartment hoods, roof boxes) and household equipment industry,
- BRS Oberflächetechnik GmbH (BOD) – manufacturing of galvanized plastic components used in automotive equipment (mainly doorknobs, frames),
- Boryszew Plastik Rus - production of plastic external car components and accessories,
- Boryszew Tensho Poland - the production of plastic elements (including lacquered ones) to provide for the needs of the automotive and RTV sectors,
- BRS Ymos – manufacturer of injection-moulded components based on ZnAl (handles, doorknobs, emblems).
- Companies manufacturing tools:
 - Boryszew Formenbau Deutschland GmbH – manufacturer of small and large injection moulds,
 - Theysohn Formenbau GmbH - manufacturer of large injection moulds,
- Companies performing management and service functions (for other BAP Group entities)
 - Boryszew Automotive Plastics Spółka z o.o. – is the holding and parent company in BAP Group (Plastics).
 - Boryszew Deutschland – Group’s shared service company in the scope of sales, finance, procurement, IT and design.
 - ICOS Germany GmbH – formerly head office of Theysohn Group, mainly temporary work agent activities for Theysohn,
 - Boryszew Commodities Sp. z o.o. – central purchase of key materials for the BAP Group.
 - Boryszew HR Service Sp. z o.o. – staff outsourcing.

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

Maflow Group is composed of the following entities:

- Boryszew Maflow Branch - described in the part pertaining to Boryszew S.A.,
- Maflow Italy – manufacturer of rubber tubes, customers include Maflow Group (66%) and other customers (34%),
- Maflow France – manufacturer of air-conditioning tubes,
- Maflow Spain – installation of air-conditioning tubes,
- Maflow Brazil – manufacturer of air-conditioning tubes,
- Maflow China – manufacturer of rubber tubes and air-conditioning tubes,
- Maflow India – manufacturer of air-conditioning tubes,
- Maflow Mexico – manufacturer of air-conditioning tubes.

b) Sales and Markets

Revenues from Automotive Segment sales in 2017 and 2016 are presented in the table below:

Entity	Product range	Value	
		2017	2016
BAP Group (Plastics)			
Boryszew Kunststofftechnik GmbH (AKT Germany)	Plastic components	338 769	421 423
Theysohn Kunststoff GmbH	Plastic components	220 021	246 436
AKT Plastikarska Technologie spol.sr.o (AKT Czech Republic)	Plastic components	138 010	135 360
BRS Ymos GmbH	ZnAl components	94 738	95 649
BRS Oberflächetechnik GmbH	Plastic components	127 872	153 023
Theysohn Formenbau GmbH	Injection moulds production	57 894	42 181
Boryszew Formenbau GmbH (Wedo)	Injection moulds production	55 355	32 923
ICOS Germany	Holding company	30 180	31 067
Boryszew Plastic RUS	Plastic components	33 984	12 715
Boryszew Tensho Poland	Plastic components	98 088	76 839
BDE Boryszew Deutschland GmbH	Shared service company	10 824	12 729
Boryszew Automotive Plastics Toruń	Shared service company	20 097	17 574
Boryszew HR Service Sp. z o.o.	Outsourcing of employees	24 944	22 355
Boryszew Commodities Sp. z o.o.	Centralised purchase of raw materials	142 761	113 270
Total for BAP Group (Plastics)		1 393 537	1 413 544
Maflow Group			
Boryszew Maflow Branch	Air-conditioning tubes and other*	676 833	619 725
Maflow Italy	Rubber tubes	126 972	113 493
Maflow France	Air-conditioning tubes and other*	95 056	87 956
Maflow Spain	Air-conditioning tubes and other*	134 149	131 919
Maflow Brazil	Air-conditioning tubes and other*	38 753	33 407
Maflow China	Air-conditioning tubes and other*	65 653	38 661
Maflow Mexico	Air-conditioning tubes and other*	26 774	1 598
Maflow India	Air-conditioning tubes and other*	22 443	18 588
Total for Maflow Group		1 186 633	1 045 347
Consolidation adjustments		-526 601	-476 154
Total for Automotive Segment		2 053 569	1 982 737

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

In 2017, the Automotive Segment has increased its sales incomes due to growth of the car market in the EU. 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 of 2017 to 2016 are presented in the table below:

Sales structure [%]	2017	2016
Country	10%	8%
Germany	45%	46%
Italy	7%	4%
France	7%	7%
Spain	6%	7%

Czech Republic	5%	5%
Great Britain	4%	5%
Slovakia	3%	2%
China	3%	2%
Sweden	2%	2%
Other	8%	12%
Export sales as % of total sales	90%	92%

The main sales market for the Automotive Segment is still that of the European Union countries, with Germany accounting for approximately 50% of product sales.

The customer that generates more than 10% of Boryszew Group sales revenues in Volkswagen Group; its share amounted to 16.8%.

c) Market share

The estimated share of Maflow in the global market slightly increased in 2017 and amounts to approximately 7%.

Shares in production on the Western European markets remain at a similar level as in 2016 and amount to 23-24%. The share of Maflow products slightly increased on the NAFTA market due to the increases in deliveries to the VW plant in the USA and to the Audi and VW plants in Mexico, which in turned were connected with the implementation of new projects in the plant in Mexico.

The VW Group continues to be the most prominent customer for the Maflow Group. Significant customers with less sales volume are: Jaguar Land Rover, Renault, BMW and Volvo.

On the European market, Maflow Group is the third biggest supplier of air-conditioning tubes, closely following Contitech and Hutchinson. TI Automotive Group enjoys a market position close to that of Maflow Group.

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

d) Competition

The following entities can be considered competitors of BAP Group (Plastics): **Magna International, Johnson Controls, Lear, Faurecia, Valeo**. These are multinational corporations for which production of plastics is neither the sole nor primary activity. These companies are integrators of complete products used in automotive industry, the s called Tier 1. BAP Groups is frequently a sub-supplier for these competitors (e.g. Valeo, Faurecia, Johnson Controls).

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).

Direct competitors of Maflow Group include: **Contitech, Eaton, TI Automotive Daytech, Hutchinson, Parker, SMA, Visteon, SAAA**. 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. The contracts are shared, in order to secure continuity of supply, with one or two competitors. The competition element is present only when bidding for new contracts.

e) Sources of supplies

Companies of BAP Group (Plastics) purchase: pure raw materials and mixes based on polypropylene, polycarbonate, polyethylene, polyamides etc. Additionally, the Group purchases ZnAl alloys. Suppliers of the aforesaid raw materials are global chemical corporations or manufacturers of zinc alloys.

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

f) Particularly key parameters for the Segment

- contract profitability,
- operating efficiency of the production facilities of the Segment.
- condition of the automotive market (detailed description can be found in the financial analysis section).

METAL SEGMENT

Aluminium

a) Scope of business

The following entities are included in the Aluminium business: Zakład Aluminium Konin (Impexmetal SA), NPA Skawina Branch, SPV Impexmetal Sp. z o.o., Remal Sp. z o.o. and Symonvit Ltd. (in liquidation).

Zakład Aluminium Konin which belongs to Impexmetal S.A. is the market leader in Poland for standard rolled products made of aluminium and its alloys.

Main products of the Aluminium business include:

- metal sheets and strips (hot rolled and cold rolled) – used in electrical engineering industry, chemical and automotive industry as well as construction,
- thin sheets and strips – used in production of cooling radiators, bottle screw tops, trays, window blinds and construction slats,
- 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.

SPV Impexmetal Sp. z o.o. in 2017 managed the intellectual property. Symonvit Ltd. is currently in the process of liquidation.

b) Sales and Markets

Sales volumes and revenues from sales in the Aluminium business in 2017 and 2016 are presented in the table below:

Entity	Product range	Quantity [T]		Value	
		2017	2016	2017	2016
Impexmetal (Zakład Aluminium Konin)					
	Thin products	37 813	30 938	452 146	368 817
	Cold rolled products	57 841	57 573	634 847	583 472
	Goods and materials			36 866	34 840
	Services + other			16 576	17 776
	Total	95 653	88 511	1 140 435	1 004 905
Boryszew NPA Skawina Branch					
	Wire rods	24 560	18 695	223 663	154 204
	Alloy rods	5 047	4 748	51 904	44 830
	Non-wire rods	3 265	1 964	29 192	15 800
	Wire	1 306	1 366	14 874	14 525
	Overhead lines	6 317	4 891	69 697	52 902
	Other	7 528	0	4 811	10 485
	Sales of media	0	0	7 669	7 795
	Total	40 502	31 665	401 809	300 541
Remal				15 010	0
SPV Impexmetal				20 233	17 646
Total for the Aluminium business		136 156	120 177	1 577 487	1 323 092

The end of year 2017 brought an 8,1 % increase in terms of quantitative sales for the Zakład Aluminium Konin by 8.1%. In terms of volume, sales were affected mainly by the implemented investment plan enabling production capacity of rolled products at the level of approx. PLN 100,000. tons/year.

For Boryszew SA NPA Skawina Branch the 2017 was a record year in terms of quantitative sales. This is the highest sale in the company's entire history. The highest increase was noted in the sale of non-wire rods, which are used in steel-forming as deoxidizers. It resulted from the expansion of cooperation with one of the world's largest steel producers. Only in the wire industry segment, the sales results were lower than in 2016. This was mainly due to restrictions related to the insurance limit for business partners.

The main sales directions in the Aluminium Segment for 2017 – 2016 are presented in the table below:

Sales structure [%]	2017	2016
Country	49%	48%
Czech Republic	9%	10%
Germany	9%	9%
Italy	5%	2%
Sweden	3%	3%
France	3%	4%
Ukraine	2%	3%
Switzerland	2%	2%
Hungary	2%	2%
Denmark	2%	2%
other	13%	15%
Export sales as % of total sales	51%	52%

Only a slight change in sales destinations Aluminium Segment was seen in 2017. Still almost 50% of sale is domestic sale. The largest export market for the company is that the Czech Republic, followed by Germany.

a) Market share

The global market potential for aluminium rolled products, according to various studies, is estimated at approx. 26 million tons per year, with 5 million tons for Europe. With reference to the above values, the market share of Impexmetal in the global market is estimated at 0.4%, while in the European market at 2%. It must be noted that Impexmetal range does not include all rolled products available on the market hence the actual share in the range of product offered by the company is higher than provided above.

With regard to the Polish market, which is the key market for the company, we estimate the market potential of aluminium rolled products to have the volume of 280 thousand tonnes per year with the Impexmetal's share of about 15%.

b) Competition

The competition in the business of aluminium rolled products is diverse. In the European market, more than a dozen producers will directly compete with Impexmetal. Competitors can be divided according to their geographical location, scale of operations or their technological level. The main competitors are entities operating in Europe. The importance of other markets is marginal.

The largest producers operating on the European market are multinational corporations such as: ALCOA, CONSTELLIUM, NOVELIS, ALERIS, GRÄNGES, HYDRO. They are technology leaders with specialised manufacturing in individual production plants. They own renowned brands. We may observe a vertical integration in the supply chain in case of the majority of them. These companies have their own sources of raw materials. They also offer, as part of vertical integration, a comprehensive range of rolled, extruded and cast aluminium products. Their additional offer is supplemented with varnished products, aluminium laminates and construction composites.

Independent European companies are also direct competitors: ALINVEST, IMPOL, ELVAL, ALCOMET, ALRO, AMAG, EUROMETAL, PROFIGLASS, ALUDIUM and companies from Turkey: ASSAN, PMS, TEKNİK and PANDA. These companies represent diverse technological levels and, similarly to IMPEXMETAL, they offer a wide mix of products manufactured by a single plant.

In terms of rolled products, the most important competitors include: ***Alro Vimetco Romania, Rusal Russia, Trimet France, Hydro Aluminium Norway, Inotal Hungary, Alcoa Iceland, Lamifil Belgium, Manfisa Spain, Midal Bahrain.***

In terms of processed products, the most important competitors include: ***Fabryka Przewodów Energetycznych Będzin, Tele-Fonika Kable S.A., Zircon Poland*** offer wires from Chinese suppliers, ***Fux Hungary, Prysmian Capital group, Trefinasa Spain, Nexans Group, Brugg Switzerland, Lumpi Austria, Haase Austria, WDI Germany, General Cable Spain, Midal Cable Bahrainu.***

c) Raw materials and sources of supplies

The companies of the Segment own a diverse portfolio of suppliers. In 2017, it used many offers in the scope of primary aluminium, aluminium blocks, alloy mortars and aluminium scrap.

In 2017, the company Trafigura PTE LTD turned out to be the largest supplier (the supplier of primary aluminium). Other mayor suppliers were the companies Glencore International and Rusal Marketing.

d) 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.

Copper

a) Scope of business

In the Copper business, the Group has two key manufacturers: Hutmen S.A. and WM Dziedzice S.A., who operate on partially overlapping markets.

The most important products in the Segment are:

- bars and wires of copper and copper alloys – for construction industry, electronics and electrical engineering,
- plumbing copper pipes – for use in construction industry as well as general purpose pipes,
- copper alloy pipes (including capacitor pipes) for the power engineering industry, shipbuilding and heat engineering
- brass and bronze strips – for construction industry, electronics and electrical engineering,
- coin blanks for coin-making industry.

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

b) Sales and Markets

The sales volumes and revenues from sales of the Copper business in 2017 and 2016 are presented in the table below:

Entity	Product range	Quantity [T]		Value [PLN thousand]	
		2017	2016	2017	2016
Hutmen					
	Casting alloys	1 633	2 747	33 599	49 688
	Copper wire, bars and profiles	4 924	4 822	129 856	110 523
	Copper pipes (including plumbing pipes)	5 136	4 618	144 757	108 936
	Bronze bars and pipes	391	412	12 104	11 310
	Materials			10 199	13 984
	Other			5 256	5 241
	Total	12 084	12 600	335 770	299 681
WM Dziedzice					
	Brass bars	20 861	20 481	402 503	334 657
	Brass pipes (including capacitor pipes)	3 777	4 089	89 846	83 929
	Brass strips	1 320	1 105	21 883	16 066
	Coin blanks and keys	2 871	3 828	68 906	98 697
	Other	6 400	5 267	31 364	23 026
	Total	35 229	34 770	614 503	556 376
Corrections inside the group (IC)					-6 826
Total Copper business		47 313	47 370	950 273	849 231

In 2017, the Copper Segment experienced sales volumes lower by 0.1% and value sales higher by 11.9%. The decline in the volume of sales regarded mainly the products of Hutmen. In particular casting alloys and bronze bars and pipes due to strong competition and the same price pressure.

In case of WM Dzierżycie S.A. the significant increase in revenues is connected with the increase in quotations of key raw materials used in production (zinc, copper) and, to the lesser extent, with the increase in the volumes of sales.

The main sales directions in the Copper business in 2017 – 2016 are presented in the table below:

Sales structure [%]	2017	2016
Country	43%	44%
Germany	24%	29%
Czech Republic	8%	8%
Spain	4%	2%
Italy	3%	2%
Austria	2%	2%
Great Britain	2%	1%
USA	1%	1%
Denmark	1%	1%
Slovakia	1%	1%
Other	10%	10%
Export as % of total sales	57%	56%

A change in sales destinations for the Copper business was seen in 2017. The export market still prevailed. The German market experienced a slight decrease of sales, at the expense of growth of the Spanish and Italian markets.

c) Market share

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

In 2017, the companies of the Copper business were rather minor suppliers on the European market. The largest market share on the European market for copper bars and profiles amounted to approx. 2%. On the world markets, the share of the Copper Segment remains below 1%.

In 2017 the share of the Copper business on the domestic market by product groups amounted to:

Product range	shares in %
Brass bars	61%
Copper installation tubes	68%
Copper bars and profiles	21%
Casting alloys	9%

It should be added that WM Dzierżycie S.A. is the national leader of the copper bars market.

d) Competition

The following multinational corporations are examples of strong foreign competitors in the Copper business:

K Europa Metal AG – world's largest manufacturer of products made of non-ferrous metals. Its annual production output exceeds 600 thousand tonnes of products made of copper and copper alloys,

Wieland AG – a German company specialising in manufacturing of products made of non-ferrous metals, with 9 production plants worldwide and 500 thousand tonnes of copper and copper alloys products produced annually,

Eredi Gnutti S.p.A., Carlo Gnutti, Almag – an Italian corporation manufacturing brass bars, rolled products in the form of strips,

MKM – a German manufacturer of intermediate products of copper and its alloys (wires, pipes, flats, bars, strips, sheets).

Domestic competitors include:

Walcownia Metali Nieżelaznych Gliwice – Łabędy – which produces copper, brass and bronze strips and sheets; casting brasses and bronzes. The company's production capacity amounts to 4.6 thousand tonnes per year. On the domestic market, the company sells approx. 800 tonnes of copper sheets and strips.

e) Raw materials and sources of supplies

The main raw materials in the Copper 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.

f) Particularly key parameters for the Copper business

- level of copper 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.

Zinc and lead business

a) 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 area 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 galvanotechnics,
- 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, galvanotechnics and metal-forming.

b) Sales and Markets

The sales volumes and revenues from sales of the Zinc and Lead Segment in 2017 and 2016 are presented in the table below:

Entity	Product range	Quantity [T]		Value [TPLN]	
		2017	2016	2017	2016
Baterpol					
	Lead and alloys	38 751	37 464	364 470	296 917
	Lead products			7 118	12 548
	By-products			6 164	4 801
	Processing services			0	2 585
	Other			23 046	666
	Total	38 751	37 464	400 798	317 518
ZM Silesia (Katowice)					
	Metal sheets	11 775	9 728	160 290	108 215
	Anodes	2 318	2 232	28 565	21 123
	Wire	2 741	2 296	39 450	27 049
	Casting alloys	19	620	243	5 962
	Other	0	0	3 951	4 306
	Total	16 853	14 877	232 500	166 655
ZM Silesia (Oława Branch)					
	Zinc oxides and lead oxides	29 631	27 765	296 912	219 829
	Other	1	26	17 532	30 357
	Total	29 632	27 791	314 444	250 186
Polski Cynk					
					690
Baterpol Recycler					
				47 378	0
Corrections inside the group (IC)					
				-19 006	13 089
Total Zinc and Lead		85 236	80 131	976 114	748 137

In the Zinc and Lead business, 2017 was closed with sales volume increased by 6.2% compared to 2016, i.e. by 5.1 thousand tonnes. All companies from the segment have recorder an increase of sales volume compared to 2016.

The main sales directions for the Zinc and Lead business in 2017 – 2016 are presented in the table below:

Sales structure [%]	2017	2016
Country	60%	63%
Germany	11%	10%
Czech Republic	9%	10%
France	8%	8%
Spain	4%	3%
Austria	1%	1%
South Korea	1%	1%
Denmark	1%	1%
Hungary	1%	1%
Italy	1%	1%
Other	3%	3%
Export as % of total sales	40%	37%

In 2017 the domestic market is still dominating with its share in all sales amounting to 60%. This results from the dominance of domestic recipients for Baterpol SA. Increases in sales volumes occurred mainly in sales directed towards domestic markets of: Germany, Spain.

c) Market share

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

European Market:

Product range	shares in %
Lead oxides	16%
Zinc wire	12%
Zinc oxides	7%
Zinc-titanium sheets	4%
Lead and lead alloys	2%

Domestic market:

Product range	shares in %
Lead oxides	97%
Galvanised wire	85%
Zinc oxides	50%
Zinc anodes	55%
Zinc-titanium sheets	40%

d) Competition

Foreign competition on the market of zinc-and-titanium strips and sheets are two leading companies – *Rheinzink*, *El Zinc*, *VM Zinc* and *Ned Zink*.

On the domestic market, the main competitor in the lead and alloys sector is *Orzeł Biały S.A.* The other two competitors are *Huta Cynku „Miasteczko Śląskie” S.A. (zinc smelter)* and *KGHM Polska Miedź S.A.*, which offer a limited products range and for which lead production is only a “side business” carried out, so to speak, coincidentally with their main business activity.

e) 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.

f) Key parameters of Zinc and Lead area

- price level and availability of battery scrap,
- demand of the automotive and construction industry, two main customers of the Zinc and Lead business.

Trade and other business

a) Scope of business

In 2017, the Commence and Other segment. as a part of Metals Segment, included the following Companies/entities: FŁT Polska Sp. z o.o., FLT Bearings Ltd., FLT France S.A.S., FLT & Metals s.r.l., FLT Wälzlager GmbH, FLT (Wuxi) Trading Co. Ltd., FLT Metals Ltd.; Zakład Utylizacji Odpadów Sp. z o.o., Metal Zinc Sp. z o.o., Surowce Hutmen S.A. Sp. komandytowa.

b) Competition

Competitors in the bearing segment mainly include distributors of bearings from Sweden (SKF), Germany (FAG), countries of Asia and Central - Eastern Europe.

c) Raw materials and sources of supplies

Bearing companies are primarily sourcing on domestic market and in China.

d) Particularly key parameters for the Segment:

- relationship with FŁT Krasnik, which is the main supplier of FŁT Polska,

Chemical products segment

a) Scope of business

The Chemicals Segment includes the following entities: Boryszew S.A. Elana Branch, Torlen Sp. z o.o., Elana Pet Sp. z o.o., Elana Energetyka Sp. z o.o., Boryszew S.A. Boryszew ERG. Branch, Boryszew S.A. Nylonbor Branch and Elimer Sp. z o.o.

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

- staples, continuous filaments – used mainly in textile, furniture and clothing industries,
- PET flakes used as a raw material in chemical, textile and packaging industries,
- repair and maintenance as well as technical services,
- chemical - including plasticizers, stabilizers, grease - used for production of plastics,
- automotive (including: engine coolants, brake fluids, de-icing aircraft and runway fluids),
- construction (including: wall siding, doors, coffers),
- packaging (including: Styrofoam moulds, polyethylene drums),
- construction polyamides (universal plastics used, among other things, in conveyor rolls and stretching rolls, gears, tracks, etc.)
- special products (including: flares, smoke signalling products, smoke hand grenades),

b) Sales and Markets

Sales volumes and revenues from sales in the Chemical Segment in 2017 and 2016 are presented in the table below:

Entity	Product range	Quantity [T]		Value	
		2017	2016	2017	2016
Boryszew Elana Branch	Elana (staples, elball)	12 810	11 150	56 953	51 571
	Goods and materials	1 396	1 423	3 926	5 194
	Other services			1 631	1 555
Total		14 206	12 573	62 510	58 320

Boryszew ERG Branch	Chemicals	12 309	29 207	65 155	112 233
	Automotive	17 493	15 663	58 986	52 117
	Construction materials	0	0	16 047	16 477
	Packaging	0	0	6 672	6 526
	Other	0	0	11 043	8 793
	Total	29 802	44 870	157 902	196 146
Boryszew Nylonbor Branch	Polyamides	119	140	2 867	1 913
	Special production	0	0	5 835	4 021
	Other			1 374	1 931
	Total	119	140	10 076	7 866
Torlen	Continuous filaments	2 321	2 321	24 078	24 078
	Other			385	385
	Total	2 321	2 321	24 463	24 463
Elana Pet	PET flakes	7 321	7 321	20 245	20 245
	Repair and maintenance services	0	0	8 599	8 630
	Other	333	333	837	18 806
	Total	7 654	7 654	29 681	47 681
Elimer	Technical services			3 091	3 091
Intercompany Corrections				-4 562	-40 825
Chemical Segment total		54 102	67 558	283 161	296 742

For the Chemicals Segment, 2017 has brought about a higher amount of sales, which translated into e.g. higher sales volumes of staple fibres in Elana Branch and higher sales of flakes of Elana Pet. The drop of incomes results mainly from the change of the sales structure of ERG Sochaczew branch in the scope of the sales of chemical products.

The main sales directions in the Chemicals Segment in years 2017 – -2016 are presented in the table below:

Sales structure [%]	2017	2016
Country	71%	62%
Germany	7%	7%
Russia	6%	5%
Ukraine	3%	3%
Hungary	3%	2%
Italy	2%	1%
Spain	2%	2%
Great Britain	2%	1%
Lithuania	1%	1%
Belarus	1%	1%
Other	3%	15%
Export sales as % of total sales	29%	38%

The domestic market remained the main market for the Chemicals Segment companies, generating 72% of the business, up 9% from 2016. In export, the main directions of sales have not changed.

c) 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 2017 was as follows:

- products for the automotive industry – cooling liquids approximately 35%, installation liquids approximately 45%, defrosting agents approximately 40%
- chemical products market (auxiliary products for processing) – depending upon product range, approx. 3-20%,
- construction industry – siding and counter ceiling – 20%.
- packages – depending on the assortment – 5% (EPS packages) to 20% (decorative elements).

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

d) Competition

Competition for filaments includes:

- **Silon** – Czech manufacturer of, primarily, fibres used for technical and hygienic purposes.
- **Maerkische Faser** – German manufacturer of more specialised fibres used for technical and hygienic purposes,
- **Green Fiber** – Romanian manufacturer of fibres for furniture production and automotive industry, to be used in lower quality products,
- manufacturers of fabrics for furniture and filling fabrics from Turkey and producers of furniture, filling and technical fabrics from the Far East (**Huvis, Far Eastern Textile, Nan Ya – South Korea**).

Competitors on the automotive market are

- **Orlen Oil, Parys, Organika Łódź, Autoland** - vehicle fluids,
- **Organika GLI Therm, Bio-Chem** - installation fluids,
- **Clariant, Kilfrost, UAB Esspo** - de-icing fluids.

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

Competitor for wall siding are: **Gamrat S.A., ASKO, VOX Industrie, Royal Europa**.

Competition for packaging are: **Knauf, HSV Polska, HIRSCH**.

e) Raw materials and sources of supplies

Main raw materials and sources of supplies for the Chemicals Segment include:

- PET flakes (fibre production),
- octyl alcohol (production of chemicals),
- ethylene glycol (automotive production),
- caprolactam (production of polyamides).

All these raw materials are procured both on the domestic market as well as overseas.

Other Activities Segment

a) Scope of business

In 2017, the Remaining Segment included the following Companies/entities: Boryszew S.A. – Headquarters, Boryszew S.A. Branch Enterprise Data Center, Boryszew S.A. Branch Energy, Eastside – Bis Sp. z o.o., Huta Metali Nieżelaznych Szopienice S.A. in liquidation, SPV Lakme Investment Sp. z o.o., Impex – invest Sp. z o.o., Eastside Capital Investments Sp. z o.o., Elana Energetyka Sp. z o.o., S&I S.A. in liquidation, SPV Boryszew 3

Sp. z o.o., Nowoczesne Produkty Aluminiowe Skawina Sp. z o.o. in liquidation, SPV Boryszew 6 Sp. z o.o., SPV Boryszew 8 Sp. z o.o., SPV Boryszew 9 Sp. z o.o. in liquidation.

Domain of the Head Offices in Warsaw, its activity includes management of the Capital Group (several dozen companies, both domestic and foreign) and its objective is to increase the value of the Company and of the Group in the long run. The Headquarters generates revenues from sale of traded goods, services, dividend and interest on granted loans and acquired bonds.

Other entities are mainly involved in sale of gas and electrical energy (Boryszew S.A. Division Energy and Elana Energetyka Sp. z o.o.), rental of office and warehouse space as well as land(Eastside – Bis Sp. z o.o), IT services management for the entire Boryszew Group (Boryszew S.A. Division Enterprise Data Center).

6. FINANCIAL ANALYSIS

ANALYSIS OF MARKET SITUATION IN 2017

ECONOMIC SITUATION

In EU countries the overall macroeconomic situation in 2017 was more favourable than in the corresponding period of the previous year. The domestic market, after a period of some slightly worse moods in the first six months of the year, has been seeing, since the start of the third quarter, an improvement in this matter.

The average values of PMI, which determine the level of activity in the industry of the most important economies for the Capital Group (EUR zone, Germany) were at a much higher level after four quarters of 2017 than in the corresponding period of the previous year. For Poland PMI was just slightly higher compared to the same period of the previous year.

PMI	2017	2016
EU	60.6	54.9
Polska	55.0	54.3
Germany	63.3	55.6

PMIs for Germany and the EU have improved the 6-year peaks, reaching 60.6 points for the EU and 63.3 points for Germany as at the end of December 2017 (in the same period of previous year PMIs were respectively at: 54.9 points for EU and 55.6 points for Germany).

In Poland PMI is slightly higher than in the same period of previous year, that is 55.0 points (with a peak at 54.3 points after four quarters of 2016). The downward trend of PMI observed since January 2017 reversed in August and the growth also continued until the end of 2017.

Forecast of GDP growth for Poland	2018	2017
NBP	3.6%	4.2%
World Bank	4.0%	4.5%

The most recent forecasts of the International Monetary Fund and the World Bank published in January of 2018 speak of an increase of Poland's GDP 2017, 2018 and 2019 as compared to those published in October 2017.

According to the World Bank, the forecast growth of GDP level in Poland in 2017 has been increased to the level of 4.5% (from 4.0% according to the forecast from October 2017), while in 2018, to the level of 4.0% (from 3.6% according to the previous forecast), and is slightly more optimistic than the one presented by NBP, which forecast a growth of GDP for Poland in 2017 at the level of 4.2% in 2017 and 3.6% in 2018.

EXCHANGE RATES

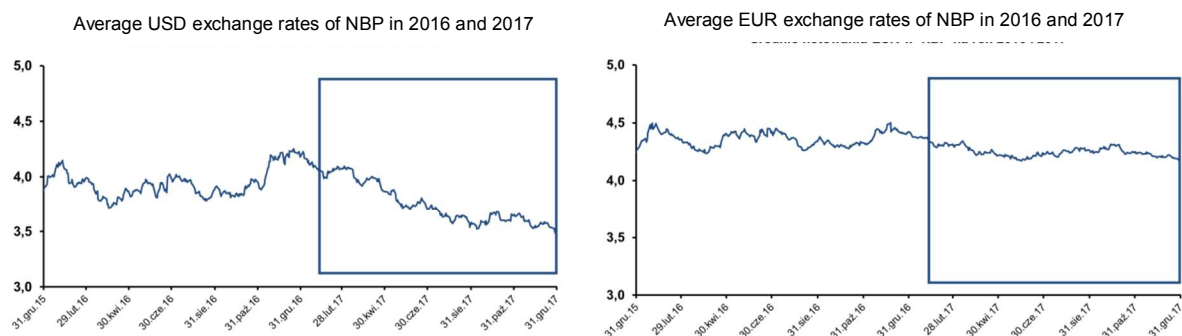
Due to the fact that transactions are mainly closed in foreign currencies, the impact of foreign exchange rates is of crucial importance.

The level of US dollar rates has an impact on revenues of the Group, as it is linked to metal rates, which are the major component of product price. In the discussed period, dollar weakened in relation to the PLN by 4.2%, which influenced a slight drop in quotations of the basic metals in PLN and improved profitability of sales.

The level of the Euro rate is important for the Group, given the predominance of the processing margins expressed in this currency and more than 60% share of export sales (most of the sales in the Automotive segment), mainly to the Euro zone. Average Euro rates decreased by 2.4% against PLN.

EUR/USD exchange rate remained on a slightly higher level, similarly to the same period of the last year, i.e. 1.13 compared to the ratio of 1.11 of EUR/USD in 2016.

The dynamics of daily changes in exchange rates in 2012-2013 is presented in the following charts:



METAL PRICES

Yet another factor of considerable importance to revenues is metals listing prices. The annual average listing prices of the main metals at LME are presented in the table and chart below:

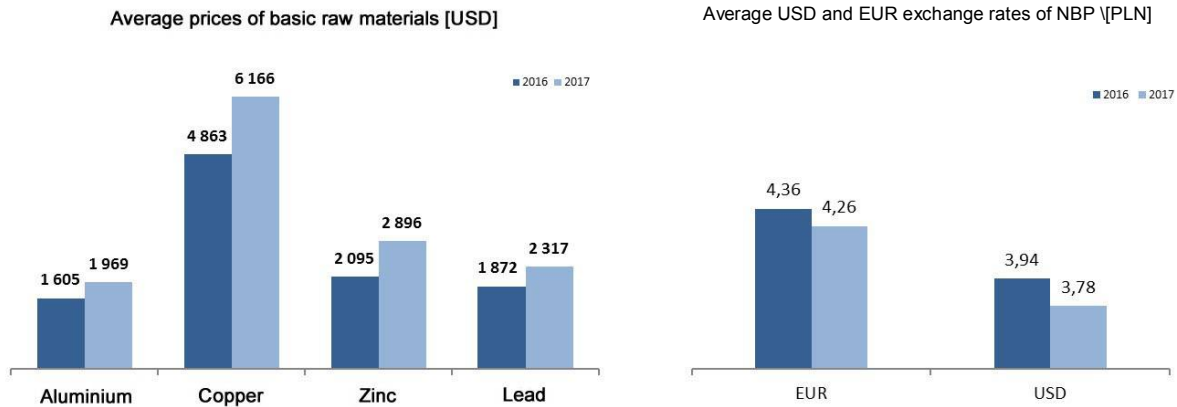
	2017	2016	% change
Aluminium [USD]	1 969	1 605	23%
Copper [USD]	6 166	4 863	27%
Zinc [USD]	2 896	2 095	38%
Lead [USD]	2 317	1 872	24%

EUR/PLN	4.26	4.36	-2.4%
USD/PLN	3.78	3.94	-4.2%
EUR/USD	1.13	1.11	1.9%

	2017	2016	% change
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Aluminium [PLN]	7 438	6 329	18%
Copper [PLN]	23 297	19 176	21%
Zinc [PLN]	10 942	8 261	32%
Lead [PLN]	8 756	7 381	19%

Source: Daily listings of LME, NBP



The metal price listings at the London Metal Exchange (LME) have a decisive impact on revenues from sales due to the fact that nearly 59% of revenue in Boryszew Capital Group is generated by companies operating in the non-ferrous metals sector. The level of metal listings is the primary component of products prices.

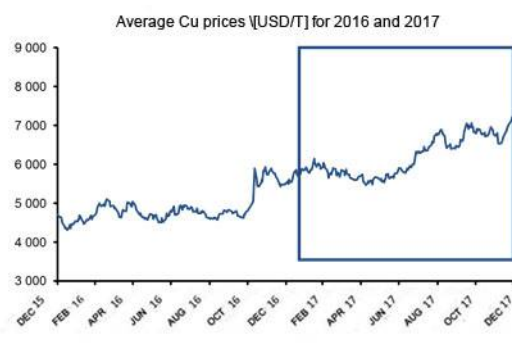
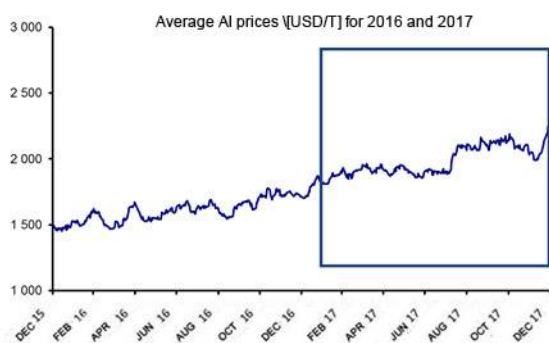
In the discussed period prices of all four basic metals increased significantly, namely the price of aluminium (by 23%), copper (by 27%), lead (by 27%) and zinc (by 38%).

Metal prices expressed in PLN went up, respectively, from 18% (aluminium) to 32% (zinc) compared to the same period of previous year, while prices for copper and lead increased by 21% and 19%, respectively.

The raw material significant for the Group is scrap metal (including battery scrap) which the basic (Baterpol SA, WM Dzierzyc SA) or significant (Impexmetal SA) raw material for production.

Another important factor for the Capital Group in market premium, that recorded levels similar to those in the corresponding period of previous year and the premium level would depend on the sales range in relevant month and on current procurement needs. Base premium levels in sales were lower when compared to 2016, but since the Capital Group offers a wide range of products and signed long term contracts, it is able to effectively limit this unfavourable trend.

The dynamics of daily changes in metal prices in 2013-2014 is presented in the following charts:



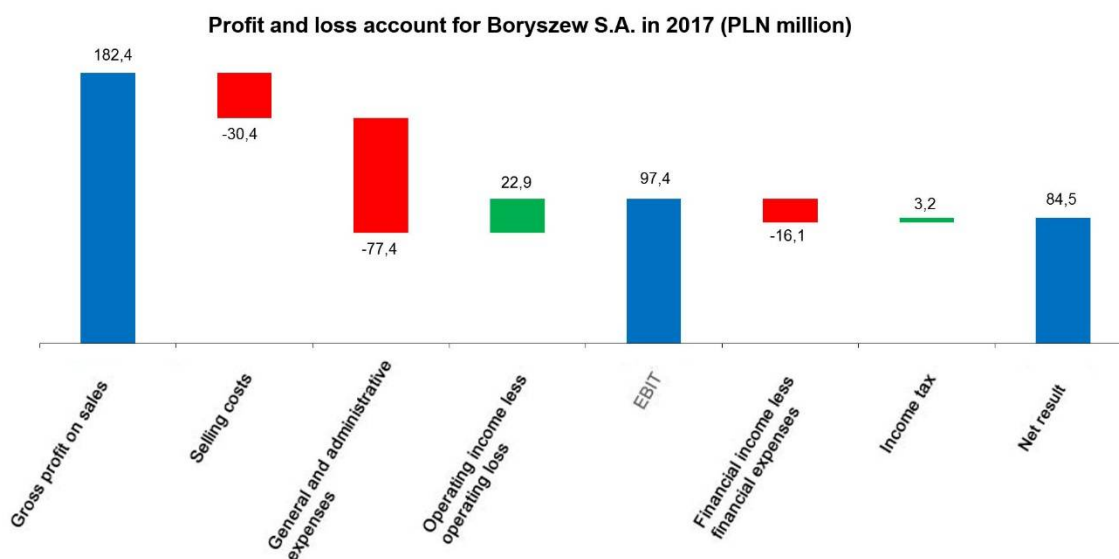
BORYSZEW SA

ANALYSIS OF PROFIT AND LOSS ACCOUNT ITEMS

Selected items of the income statement of Boryszew S.A. for 2017, as compared to 2016, are presented in the table below:

in PLN million	2017	2016
Revenues from sale	1 512.9	1 446.0
Gross profit on sales	182.4	192.8
Profit on sales	74.5	69.5
EBITDA	127.3	73.3
Operating profit	97.4	47.4
Gross profit	81.3	2.3
Total net profit	84.5	3.7

The following chart presents the impact of individual components of the income statement on the net result for 2017.



REVENUES FROM SALE

in PLN million

	2017	2016
Revenues from sale, including:	1 512.9	1 446.0
Automotive Segment	676.8	619.7
Metal Segment:	401.8	300.5
Chemical products segment	229.4	261.6
Other Activities Segment	206.6	270.0
Intercompany Corrections	-1.8	-6.0
Export sales as % of total sales	60%	65%

In 2017 revenues from sale amounted to PLN 1 512.9 million and increased by 4.6% for the following reasons:

- improvement of the economic condition of the automotive market,
- growth of the sales volume in Aluminium Segment,
- improvement of the macroeconomic situation in Poland and the Euro zone (described above).

ECONOMIC CONDITION OF THE AUTOMOTIVE MARKET

A crucial factor shaping the revenues level of Boryszew S.A. is the economic condition of the automotive sector. The main sales market for the Automotive Segment is that of the European Union countries. According to ACEA, in 2017 the entire automotive market in Europe grew by 3.4% (including the German market with sales up by 2.7%). The largest recipient – Boryszew S.A. Grupa VW – has recorded an increase in sales at the level of 1.2%. The European market remains the key market for the Automotive Segment. The following table presents the initial results of registration of new cars in the territory of the European Union and EFTA states.

	January - December				
	shares in %		Volume	Volume	% change
	'17	'16	'17	'16	17/16
VW Group	23,8	24,1	3 717 566	3 642 233	+2,1
PSA Group	12,1	9,7	1 885 553	1 471 782	+28,1
RENAULT Group	10,4	10,1	1 628 472	1 526 874	+6,7
FCA Group	6,7	6,6	1 044 714	992 812	+5,2
BMW Group	6,7	6,8	1 042 580	1 031 840	+1,0
FORD	6,6	6,8	1 031 957	1 034 635	-0,3
DAIMLER	6,3	6,2	992 528	945 074	+5,0
TOYOTA Group	4,6	4,2	717 849	638 418	+12,4
GM	3,8	6,6	600 904	994 622	-39,6
NISSAN	3,6	3,6	566 191	550 584	+2,8
HYUNDAI	3,3	3,3	523 258	505 377	+3,5
KIA	3,0	2,9	472 125	435 316	+8,5
VOLVO CAR CORP.	1,9	1,9	303 312	291 473	+4,1
SUZUKI	1,6	1,3	244 877	202 949	+20,7
MAZDA	1,5	1,6	231 925	237 034	-2,2
JAGUAR LAND ROVER Group	1,4	1,5	221 039	221 758	-0,3
HONDA	0,9	1,1	140 343	159 187	-11,8
MITSUBISHI	0,7	0,8	114 182	117 086	-2,5
OTHERS JAPANESE	0,2	0,3	36 755	38 902	-5,5

SOURCE: ACEA

SALES VOLUME

2017 Boryszew S.A. sale volume increased by 12.6%, which means 9.4 thousand tons. This higher volume comes mainly from higher sales of Boryszew NPA Skawina branch by 8.8 thousand tonnes and Boryszew Elana Toruń Branch by 1.6 thousand tonnes.

Increase in volumes in Boryszew S.A. NPA Skawina branch was practically in all product ranges except wire and was associated with good market situation and high demand for aluminium products in 2017.

For Boryszew S.A. Elana Branch the increase came from higher sales of cut fibres despite tough competition on the domestic market.

OPERATING RESULTS

The gross sales in 2017 increased by PLN 10.4 million to attain the level of PLN 182.4 million. Costs of sales dropped by PLN 14.1 million despite an increase in sales compared to the previous year. At the same time general and administrative expenses fell by PLN 1.3 million as a result of cost optimisation in the entity.

The balance of other operating income/expenses amounted to PLN 22.9 million and was by PLN 45.0 million higher as compared to previous year. This increase was generated by one-off transactions that occurred in 2016 but not in 2017. These include: loss on disposal of subsidiaries of (PLN 23.9 million) as well as impairment write-offs on shares in Capital Group associated companies of (PLN 11.1 million). Also a positive effect was recognised in 2017 on real estate property revaluation to fair value of +9.7 million and higher amount of retained dividends of PLN +7.5 million.

EBITDA for major operating segments was as follows:

in PLN million	2017	2016
EBITDA, including:	127.3	73.3
Automotive Segment	59.4	65.7
Metal Segment:	24.6	16.1
Chemical products segment	21.0	16.2
Other Activities Segment	22.3	-24.7

The following events had an impact on EBITDA in the operating segments:

- weaker performance in the **Automotive Segment** – despite a 9.2% increase in revenues coming from implementation of two projects, Maflow Branch ended the year with lower EBITDA compared to 2016, due to impairment of trade receivables.
- better performance in **Metal Segment** – NPA Skawina Branch greatly improved its results comparing to the whole of 2016, which was due to increase in sales as well as better management of working capital (reduction in impairment on trade receivables).
- better performance in **Aluminium Segment** - higher results came mainly from Boryszew ERG Branch and Boryszew Nylonbor Branch. Elana ended with weaker EBITDA.
The increase in ERG Branch of Boryszew S.A. in Sochaczew results was due to significantly higher sales volumes of de-icing fluids for airports and automotive fluids.
In case of Boryszew S.A. Nylonbor Branch the improved comparable results came from compensation for losses suffered due to the fire of the machine used for production of construction polyamides, which occurred in 2016.
The decline in the result of EBITDA in the Elana Branch, despite the increase in the sales volume in comparison to 2016, was caused by the aggressive pricing policy of the competition which influenced the sale price and caused the decline in unit margins.
- higher results in the **Other Activities Segment** – the lack of significant one-off events, in 2016 resulted with loss in the sale of assets, and impairment write-offs were performed).

FINANCIAL REVENUES AND COSTS, NET RESULT

The balance of financial income/expenses amounted to PLN (16.1) million and was PLN 29.0 million higher as compared to previous year. The positive inflow from the inversion of loan write-offs provided by the Maflow Branch in Tychy (PLN 52.2 million) is partially compensated by the negative result regarding exchange rates (PLN 21.3 million).

Net result from continuing operations amounted in 2017 to PLN 84.5 million which was an increase of PLN 80.8 million compared to 2016 net profit.

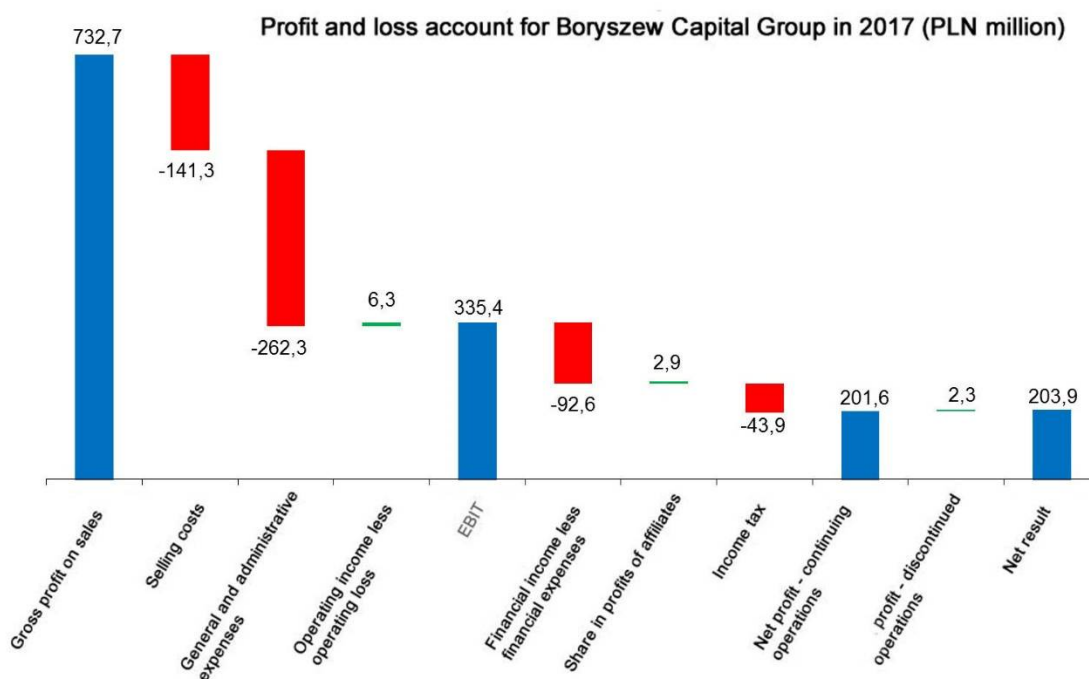
CAPITAL GROUP

Selected items of the income statement of Boryszew Capital Group for 2017, as compared to 2016, are presented in the table below:

ANALYSIS OF PROFIT AND LOSS ACCOUNT ITEMS

in PLN million	2017	2016
Revenues from sale	6 290.3	5 643.6
Gross profit on sales	732.7	656.4
Profit on sales	329.1	245.6
EBITDA	469.7	392.2
Operating profit	335.4	264.6
Gross profit	245.5	221.7
Net profit on continuing operations	201.6	193.4
Net profit on discontinued operations	2.3	0,7
Total net profit	203.9	194.1

The following chart presents the impact of individual components of the income statement on the net result for 2017.



REVENUES FROM SALES PER SEGMENTS

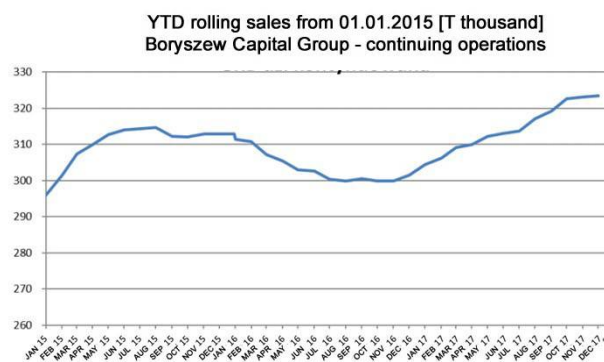
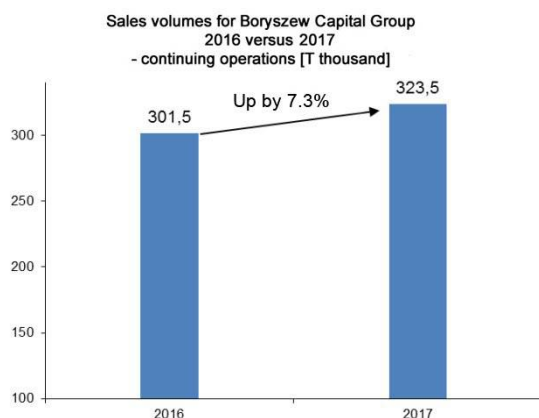
in PLN million	2017	2016
Revenues from sale, including:	6 290.3	5 643.6
Metal Segment:	3 743.5	3 182.9
Automotive Segment	2 053.6	1 982.7
Chemical products segment	283.2	296.7
Other Activities Segment	254.4	243.1
Consolidation adjustments	-44.3	-61.9
Export sales as % of total sales	64%	66%

Income from sales increased in 2017 by 11.6%, to PLN 6 290.3 million. The increase of revenue results mainly from:

- the increase of sales volumes and revenue from sales in the Metal Segment and the Automotive Segment.
- improvement of the macroeconomic situation in Poland and the Euro zone which could be seen as improved demand on the automotive market

VOLUME OF SALES

Boryszew Capital Group recorded, compared to the corresponding period of the previous year, an increase of sales volume by 7.3% (predominantly in the Metal segment).



Nearly all entities of the Capital Group, excluding Hutmen S.A. and Boryszew S.A. Oddział ERG Sochaczew, experienced increase of sales volume; the highest increase has been recorded by: Boryszew S.A. Oddział NPA Skawina with the increase by 8.8k tonnes (27.9%), ZM Silesia Oddział Silesia with the increase by 2.0 tonnes (13.3%), Boryszew S.A. Oddział Elana Toruń with the increase by 1.8k tonnes (10.8%), Zakładu Aluminium Konin (Impexmetal S.A.) with the increase by 7.1k tonnes (8.1%) and ZM Silesia Oddział Oława with the increase by 1.8k tonnes (6.6%).

Increase in volumes in Boryszew S.A. NPA Skawina branch was practically in all product ranges except wire and was associated with good market situation and high demand for aluminium products in 2017.

For Boryszew S.A. Elana Branch the increase came from higher sales of cut fibres despite tough competition on the domestic market.

Increase of sales volumes for ZM Silesia Branch resulted from an increase in sales of virtually all product ranges (except for casting alloys), including the intensification of sales of a new product - zinc-titanium plate as well as carbon patina (so-called black sheet).

In case of Impexmetal S.A. Zakład Aluminium Konin, the growth of sales resulted from the investment in the scope of increase of production capabilities, which allowed for increased sales of highly processed products.

The increase in sales volume ZM Silesia Oława was recorded on sales volume of zinc oxides to Continental (factory in Germany and Hungary) and to Michelin in France and Spain. Sales on the domestic market to Goodyear manufacturing plants (Dębica) increased significantly.

ECONOMIC CONDITION OF THE AUTOMOTIVE MARKET

A crucial factor shaping the revenues level of Boryszew S.A. is the economic condition of the automotive sector. The main sales market for the Automotive Segment is that of the European Union countries. According to ACEA, in 2017 the entire automotive market in Europe grew by 3.4% (including the German market with sales up by 2.7%). The largest recipient – Boryszew S.A. Grupa VW – has recorded an increase in sales at the level of 1.2%. The European market remains the key market for the Automotive Segment.

ACHIEVED FINANCIAL RESULTS

The gross sales in 2017 increased by PLN 76.3 million to attain the level of PLN 732.7 million.

Costs of sales dropped by PLN 3.6 million despite an increase in sales volume. At the same time general and administrative expenses fell by PLN 3.7 million as a result of cost optimisation in the Group.

The balance of income/operating expenses amounted to PLN 6.3 million and it was PLN 12.7 million higher as compared to 2016. The decline in the balance resulted mainly from: the creation of a risk reserve regarding the tax liabilities from earlier periods (the main amount), which influenced the result (PLN 49.8 million). The negative influence of the created reserve was partially compensated by, among others, the additional result of +PLN 21.4 million which was connected with the disclosure of investment real estate, the positive result due to commercial receivables impairment write-offs, inventories, and other receivables which influenced the result by +PLN 15.6 million, mainly the impairment inversion of commercial receivables in Boryszew S.A. Maflow Branch in Tychy.

OPERATING RESULT

1. Consolidates figures:

In 2017 EBITDA on continuing operations amounted to PLN 469.2 million compared to PLN 392.2 million in the corresponding period of the previous year. In relevant operating segments, the EBITDA result was as follows:

in PLN million	2017	2016
EBITDA, including:	469.2	392.2
Metal Segment:	266.5	250.1
Automotive Segment	186.1	89.3
Chemical products segment	24.5	20.9
Other Activities Segment	-7.8	2.7
Consolidation adjustments	-0.1	29.2

2. Automotive Segment

Improved results in the Automotive segment came from the growth both in BAP Group as well as Maflow Group. The increase of EBITDA in BAP group applied to nearly all production companies and resulted from the higher sales and increase of efficiency. The only exception is BRS YMOS GmbH whose sales declined whereas the prices of raw materials (zinc) and service costs influenced negatively EBITDA. The major factor for the improved level of EBITDA recorded by Boryszew Oberflächentechnik Deutschland GmbH was the compensation the company obtained for lost assets and lost profits due to fire (final settlement) and commissioning of their new production facility.

In Maflow Group almost all companies contributed to the growth of EBITDA. The improvement of results, similarly to the previous year, was influenced mostly by Maflow companies located in China, Brazil, and Spain.

Maflow China and Brasil improved performance due to increased revenues as well as cost optimisation including improved efficiency. In the case of Maflow Spain it was mainly the result of an increase in income and keeping the other expenses on a low level.

3. Metal Segment:

The increase in the results of the segment was obtained thanks to the following companies: Boryszew S.A. NPA Skawina Branch, Baterpol, Impexmetal S.A., the Companies of FŁT Group which obtained the better result than in 2016.

Much better performance of Boryszew S.A. NPA Skawina Branch comparing to the whole of 2016 was due to increase in sales as well as better management of working capital (reduction in impairment on trade receivables).

Baterpol S. A. achieved better results, mainly due to higher sales volumes, significantly lower prices of acquired and processed raw materials because of higher supply of scrap (mainly battery scrap and lead scrap).

Better results of Impexmetal S.A. Aluminium Konin were brought about by investments made in recent years (exceeding PLN 200 million) as well as technological changes resulting in increased productivity (from approximately 75 thousand to approximately 100 thousand tons) and an increase of unit net margins. Improved results came from higher sales of most product groups and higher unit profitability for processing.

Considering the companies within FŁT Group, the principal factor in the result improvement was an increase in sales obtained by FLT Polska Sp. z o.o., FŁT France SAS, FLT & Metals s.r.l,

Hutmen S.A. operating results worsened mainly due to lower average trade margins and lower sales volumes. Also higher costs of utilities, namely energy (increase in distribution rates), heat (due to weather conditions), water (pipeline malfunctions) had some contribution in the reduced margin, generated by the Company.

The result of ZM Silesia S.A. was worse mainly due to worsening of results in the Huta Oława Branch. The Huta Oława Branch, in spite of the significantly higher volume of sale, obtained lower operating results due to a decline in unit processing margins at the simultaneous large increase in the quotations of metals and raw material bonus. ZM Silesia S.A. O./Katowice achieved higher sales volumes of, mainly, natural sheet metals and wires, thus improving refining margins due to change of the product mix.

WM Dzierżycze S.A., despite maintaining sales volumes at the level which was slightly higher than in the same period of previous year, suffered a drop in unit processing margins in product groups of pipes and rods, which were not compensated by any increase in margins on other products. The drop in margins was mainly resulting from the increase of copper prices of more than 20% against the previous year, which upheld the customers' conservative approach to contracting and thus preserved the downward trend in margins.

4. Chemical products segment

The following companies contributed to the increase of EBITDA results: Boryszew S.A. Oddział ERG, Elana Pet Sp. z o.o., Boryszew S.A. Oddział Nylonbor. Boryszew S.A. Oddział Elana and Torlen Sp. z o.o., as the only companies of the segment, have recorded worse results compared to the same period of the previous year.

The increase in ERG Branch of Boryszew S.A. in Sochaczew results was due to significantly higher sales volumes of de-icing fluids for airports and automotive fluids with higher unit trade margins for these two product groups.

And in case of Boryszew S.A. Nylonbor Branch the improved comparable results came from compensation for losses suffered due to the fire of the machine used for production of construction polyamides, which occurred in 2016.

In the case of Elana Pet Sp. z o.o., the higher results are mainly due to the lack of one-off events which consisted in the asset impairment write-offs in 2016 and to the significant increase in flake sales volume with only limited decline in the flake sale unit margins.

The decline in EBITDA result in the Elana Branch, despite the increase in the sales volume in comparison to 2016, follows from the aggressive pricing policy of the competition which influenced the sale price and caused the decline in unit margins.

5. Other Activities Segment

In the Other Activities Segment EBITDA achieved a positive deviation due to the lack of significant negative one-off events in the other operating activities, in contrast to 2016 (when, among others, assets were sold generating losses and impairment write-offs were done). The result in the basic activities did not change much.

FINANCIAL REVENUES AND COSTS, NET RESULT

The balance of income/operating expenses amounted to PLN (92.6) million and it was PLN 49.9 million lower as compared to the same period of 2016. The factors of the highest impact on the above value were: the recognition of the impairment write-off on shares of Alchemia S.A. owned by the companies: Impexmetal S.A., Eastside Bis Sp. z o.o., Boryszew S.A. B/ Elana Toruń, which changed the result by PLN 30.6 million, and the negative results of exchange rate differences (by PLN 28.5 million). The factors mentioned above were partially compensated by the positive result of derivative securities which gave the income of PLN 11.3 million.

Net result from continuing operations amounted to PLN 201.6 million which was an increase of PLN 8.2 million.

Considering the net result on discontinued operations in the amount of PLN 2.3 million, the net result in 2017 amounted to PLN 203.9 million.

7. DESCRIPTION OF ASSETS, EQUITY AND LIABILITIES STRUCTURE

BORYSZEW SA

ANALYSIS ITEMS FROM STATEMENT OF FINANCIAL POSITION

Selected items of a separate financial statement of Boryszew S.A. are presented in the table below:

in PLN million	2017	2016
Non-current assets	1 203.1	1 039.7
Including:		
tangible fixed assets	272.9	260.8
investment real estate	16.5	0.1
intangible fixed assets	26.9	25.9
financial assets	388.7	339.1
Shares in related parties	444.4	364.9
other	53.7	48.9
Current assets	558.8	549.1
Including:		
inventories	182.0	134.3
trade and other receivables	289.7	314.9
cash and cash equivalents	36.1	60.9
other	51.0	39.0
Total assets	1 761.9	1 588.8
Equity	614.4	567.7
Total liabilities	1 147.5	1 021.0
Including:		
Long-term liabilities, including:	272.1	217.5
financial liabilities	259.1	204.2
Short-term liabilities, including:	875.4	803.6
trade liabilities	278.2	238.0
financial liabilities	516.7	477.7
Balance sheet total	1 761.9	1 588.8

Increase in total assets level of PLN 173.1 million resulted from an increase of fixed assets by PLN 163.4 million PLN and current assets by PLN 9.7 million.

Fixed asset increase was primarily due to:

- 79.5 mln PLN - increase of the value of shares in subsidiaries,
- 49.6 mln PLN – increase in financial assets (Loans granted to related entities),
- 16.4 mln PLN - increase in the value of real estate properties
- PLN 12.1 million - increase in fixed assets value

Current asset increase was primarily due to:

- 47.6 PLN mln - increase in stocks
- 0.5 mln PLN – increase in trade and other receivables
- (24.9) mln PLN – decrease in cash and equivalents,
- (13.6) mln PLN - decrease in other current assets

Higher value of liabilities resulted mainly from an increase in external financing of PLN 86.3 million

ANALYSIS OF WORKING CAPITAL

in PLN million	2017	2016
Non-cash working capital (PLN million)	176.2	211.1
Inventory turnover (in days)	44	34
Turnover of trade receivables (in days)	66	79
Turnover of trade payables (in days)	67	60
Working capital turnover (in days)	43	53

Non-cash working capital = inventories + trade receivables – short-term trade payables as at the end of the period

Turnover ratios are calculated based on revenues

Demand for working capital as at the end of 2017 amounted to 176.2 million PLN and dropped as compared to the end of 2016 by 16.5%, i.e. by PLN 34.9 million. Decline in the working capital was mainly due to the higher level of trade liabilities. The impact of the growing of inventories was eliminated by the decline in the level of trade liabilities.

ANALYSIS OF INTEREST DEBT

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

in PLN million	2017	2016
Interest liabilities, including:	775.8	681.9
Long-term interest liabilities	259.1	204.2
including: bonds	47.0	65.4
including: loans, borrowings, leases	212.1	138.8
Short-term interest liabilities	516.7	477.7
including: bonds	53.4	23.0
including: loans, borrowings, leases	463.4	454.7

Cash and cash equivalents	36.1	60.9
Net debt	739.7	621.0
Net debt/EBITDA	5.8	8.5

Interest liabilities = long-term liabilities + short-term liabilities (for credits and loans + for debt securities + leasing)

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 as well as loans granted to Capital Group companies) as at the end of 2017 amounted to PLN 739.7 million and was higher by PLN 118.8 million than at the end of 2016, which was mainly due to an increase in external financing of PLN 86.3 million, including funds for acquisition of own shares and funds obtained for investments at Maflow Branch.

ANALYSIS OF LIQUIDITY

Liquidity ratios are presented in the table below:

in PLN million	2017	2016
Current ratio	0,6	0,7
Quick ratio	0.4	0.5

Current ratio = current assets / short-term liabilities

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

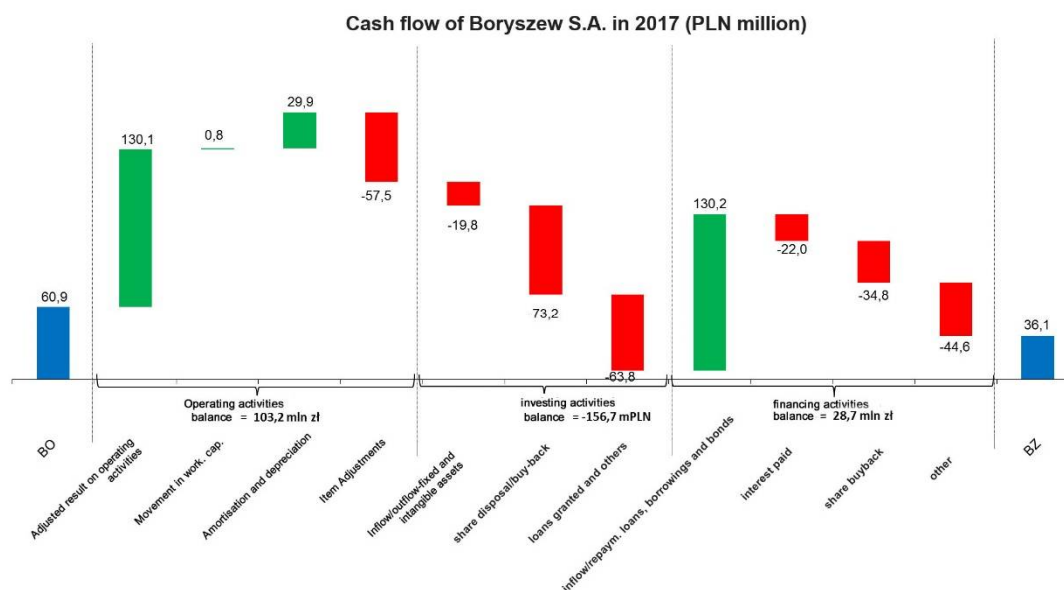
In 2017, the fluidity ratio and the fluidity ratio insignificantly decreased in comparison to 2016.

ANALYSIS OF SELECTED ITEMS OF CASH FLOW AND CAPITAL EXPENDITURE

Major item of separate statement of cash flows for Boryszew S.A. in 2017 is presented in the following table.

in PLN million	2017	2016
Net cash flow from operating activities	103.2	105.9
Net cash flow from investment activities	-156.7	-69.9
Net cash flow from financial activities	28.7	2.2
Total cash flow	-24.9	38.2

The following chart presents the strengths of the main factors shaping the cash flow of Boryszew S.A. in 2017:



In 2017 Boryszew S.A. had positive cash flows from directly operational activity and financing activity, which were mainly utilised to cover expenditure on investment activities (most of it on acquisition of shares in Impexmetal S.A.)

The largest items of investment activities are acquisition of shares in Group's companies of PLN 73.2 million and funds spent to acquire fixed tangible and intangible assets in the amount of PLN 23.8 million.

Investments into fixed assets and intangibles occurred mainly in the Division Maflow and regarded the expansion of production capacities (including mainly the construction on the new plant in Toruń) and in B/NPA Skawina, mainly the implementation of an investment enabling the production of aluminium wires.

CAPITAL GROUP

ANALYSIS OF ITEMS FROM STATEMENT OF FINANCIAL POSITION

Selected items of the consolidated of financial position for Boryszew Capital Group are presented in the table below:

in PLN million	2017	2016
Non-current assets	2 075.0	1 903.9
Including:		
tangible fixed assets	1 405.1	1 309.8
investment real estate	155.0	111.9
intangible fixed assets	39.9	43.4
financial assets	64.7	9.1
Shares in related parties	281.8	307.6
other	128.5	122.1
Current assets	2 033.0	1 957.5
Including:		
inventories	978.5	925.0

trade and other receivables	729.4	675.2
cash and cash equivalents	216.1	205.1
other	109.0	152.1
Assets held for sale	1.6	1.7
Equity	1 722.1	1 617.1
Total liabilities	2 387.5	2 246.0
Including:		
Long-term liabilities, including:	670.5	489.0
financial liabilities	464.8	321.9
Short-term liabilities, including:	1 697.0	1 734.9
trade liabilities	665.8	644.9
financial liabilities	680.9	795.3
Liabilities associated with fixed assets held for sale	20.0	22.2
Balance sheet total	4 109.6	3 863.1

The increased level of assets resulted from:

- PLN 171.1 million - increase in fixed assets level,
- PLN 53.5 million – increase in current assets value,

The increase of the level of fixed assets resulted from the programs of investments in the fixed assets in question in the companies of the Capital Group. Expenditure for purchase of fixed assets amounted to PLN 241.3 million, by PLN 16.9 million less compared to the previous year. The most important investment projects include: the program for increase of production capacity in Aluminium Konin facility, reconstruction of a galvanised components production facility of Boryszew Oberflächentechnik GmbH in Prenzlau, as well as investment expenditure in Maflow Group related to expansion of production capacity in Poland (including construction of a new facility in Toruń). The increase of value of investment real property by PLN 43.1 million in relation to the state at the end of 2016 occurred as a result of reclassification of incurred investment expenditure on the fixed assets in question on real property according to the current valuation. Moreover, the financial assets value has also increased (mainly conversion of debt instruments from short- into long-term assets).

The increase in current assets resulted mainly from the increase in inventories in the metal segment resulting from higher prices of all metals and other receivables, mainly higher level of budgetary receivables and higher value of derivative contracts valuation in the Metals Segment for hedging the contract prices for the purchase/sale of metals.

The increase referred to above was mainly financed by funds generated in the normal course of Group's business as well as absolute increase in debt. Debt measured relatively using EBITDA net debt indicator dropped from the level of 2.3 (at the end of 2016) up to 2.0 (at the end of 2017).

ANALYSIS OF INTEREST BEARING DEBT

in PLN million	2017	2016
Interest liabilities, including:	1 145.7	1 117.2
Long-term interest liabilities	464.8	321.9

including: bonds	0.0	0.0
including: loans, borrowings, leases	464.8	321.9
Short-term interest liabilities	680.9	795.3
including: bonds	0.0	0.0
including: loans, borrowings, leases	680.9	795.3
Cash and cash equivalents	216.1	205.1
Net debt	929.6	912.1
Net debt/EBITDA	2.0	2.3

Interest liabilities = long-term liabilities + short-term liabilities (for credits and loans + for debt securities + leasing)
Net debt = interest liabilities – cash and cash equivalents

The interest debt of the Capital Group (less cash and cash equivalents) as at the end of 2017 amounted to PLN 929.6 million and was higher by PLN 17.5 million than at the end of 2016.

ANALYSIS OF WORKING CAPITAL

in PLN million	2017	2016
Non-cash working capital (PLN million)	944.1	955.3
Inventory turnover (in days)	57	60
Turnover of trade receivables (in days)	37	44
Turnover of trade payables (in days)	39	42
Working capital turnover (in days)	55	62

working capital = inventory + trade receivables - trade liabilities.

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

The demand for working capital as at the end of 2017 amounted to PLN 944.1 million and dropped as compared to the end of 2016 by PLN 11.3 million.

The actual level of working capital in Boryszew Capital Group, computed as a turnover ratio (calculated based on revenues) expressed in days decreased to 55 days as at the end of 2017. The greatest influence on the reduction of the working capital rotation coefficient was from shorter debt collection period.

ANALYSIS OF LIQUIDITY

Liquidity ratios are presented in the table below:

in PLN million	2017	2016
Current ratio	1.2	1.1
Quick ratio	0,6	0,6

Current ratio = current assets / short-term liabilities

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

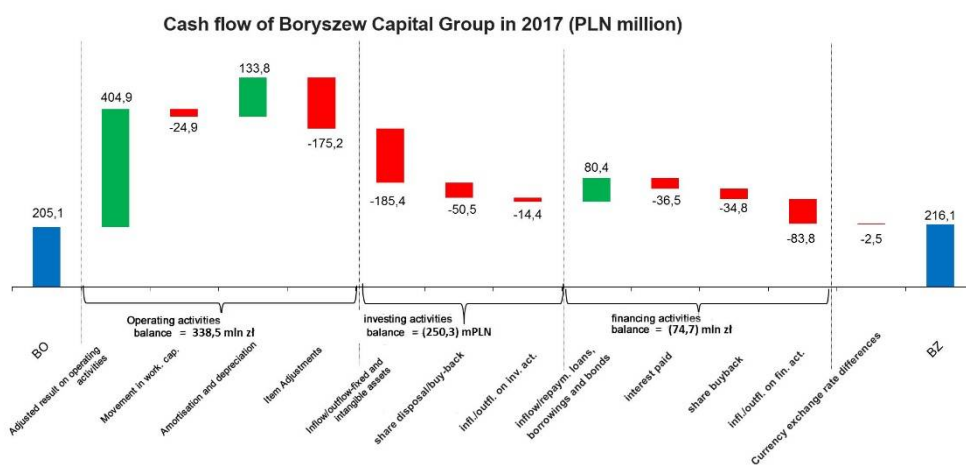
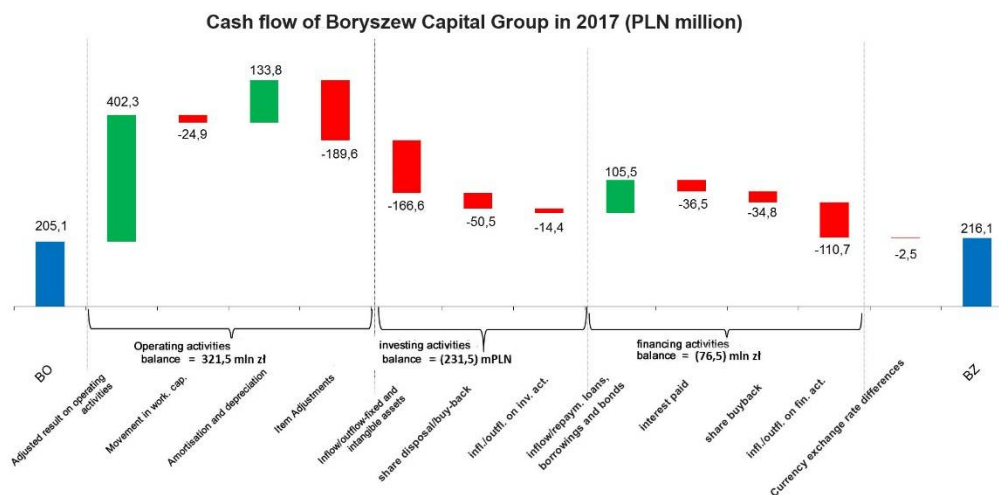
In 2017 the current liquidity ratio and the quick liquidity ratio remained virtually unchanged compared to the same period of the previous year. The above ratios confirm that the Group has sufficient financial liquidity to pay current and future liabilities.

ANALYSIS OF SELECTED ITEMS OF CASH FLOW AND CAPITAL EXPENDITURE

Main items of the consolidated cash flow statement of Boryszew Group in 2017, as compared to the corresponding period of previous year, are presented in the table below:

in PLN million	2017	2016
Net cash flow from operating activities	321.5	385.3
Net cash flow from investment activities	-231.5	-348.0
Net cash flow from financial activities	-76.5	29.8
Total cash flow	13.5	67.0

The following chart presents two main factors shaping the cash flow of Boryszew Capital Group in 2017:



In 2017 the Group generated positive cash flow from directly operational activity, which was allocated mainly to investments in non-current assets, acquisition of own shares and debt service (payment of interest and payment of financial lease debt).

The most important investments in fixed assets in 2017 applied to the following companies: Maflow Group (PLN 75.4 million, mainly in Oddział Maflow Tychy and Mafmex Servicios Sde), BAP Group (PLN 60.7 million, including mainly reconstruction of the facility of Boryszew Oberflächentechnik GmbH), Impexmetal SA (PLN 48.1 million), Baterpol S.A. (PLN 7.6 million), Dziedzice S.A. (PLN 7.3 million)

The investment expenditure in Maflow applied reconstruction of production capacity in Poland (including construction of a new facility in Toruń, which is leased from a company of the Other Segment), Mexico and China (new production halls and production machines) in order to allow implementation of increasing number of contracts and realisation of new projects.

The investments in Impexmetal S. A. were related to the completion of the development programme with a total expenditure of ca. PLN 200 million, assuming an increase in the production capacity of rolled products to 100 000 tonnes/year.

In the BOD, the investments included reconstruction of the production plant in Prenzlau, which was opened in April 2017.

In Baterpol S.A., investment expenditure had mainly restorative nature.

Moreover, in WM Dziedzice S.A. important investment for modernization and development of the total value of PLN 50 million (including PLN 30 million of the planned EU subsidy) to increase the production capacity of bars and pipes by about 7 thousand tonnes annually and to improve the quality of the production.

8. DESCRIPTION OF SIGNIFICANT OFF-BALANCE SHEET ITEMS

Apart from sureties described in pt. 14 GUARANTEES AND SURETIES below, the Capital Group Boryszew did not have any significant off-balance sheet items.

9. 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 transnational transactions covering purchase (in the country or abroad) of raw materials and materials for production and sale of manufactured products on the domestic and foreign market.

BORYSZEW S.A.

In 2017 the customer with over 10% in revenues from sales of the Company was VW Group:

Company	Conclusion date	Subject matter of the contract	Estimated value of the agreement in 2017	Share [%]	Associations with Boryszew S.A.
VW Group	orders	delivery of air-conditioning tubes	PLN 195.7 million	12.9%	None

The value of contracts of purchase/sale from other contractors of the Company did not exceed 10% of revenues from sale of Boryszew S.A. in 2017.

The most important agreements for the commercial and production activity of Boryszew S.A. include:

Conclusion date	Name of the party to the agreement	Subject matter of the contract	Estimated value of the agreement in 2017
orders	VW Group	sale of parts to automotive	PLN 195.7 million
10.01.2017	Tele – Fonika Kable SA	sales of rolled products, wires, aluminium wires and alloys	PLN 110.0 million
20.12.2016	Glencore international AG	purchase of aluminium	PLN 115.0 million

SIGNIFICANT AGREEMENTS OF THE CAPITAL GROUP

BORYSZEW AUTOMOTIVE PLASTICS GROUP

Conclusion date	Name of the party to the agreement	Subject matter of the contract	Value of the agreement in 2017
orders	VW Group	sale of parts to automotive	PLN 786.9 million

MAFLOW GROUP

Conclusion date	Name of the party to the agreement	Subject matter of the contract	Value of the agreement in 2017
orders	VW Group	sale of parts to automotive	PLN 365.7 million

IMPEXMETAL S.A. (ZAKŁAD ALUMINIUM KONIN)

Name of the party to the agreement	Conclusion date	Subject matter of the contract	Estimated value of the agreement in 2017
Trafigura PTE LTD	29.03.2016 13.09.2016	purchase of primary aluminium	PLN 123.4 million

Glencore international AG	short-term contracts	purchase of primary aluminium	PLN 122.6 million
Guala Closures DGS Poland S.A.	06.02.2013 (with subsequent amendments).	sales of aluminium sheets	PLN 121.6 million
MAHLE Behr Group	03.11.2016	sales of aluminium strips	PLN 119.3 million

HUTMEN S.A.

Name of the party to the agreement	Conclusion date	Subject matter of the contract	Estimated value of the agreement in 2017
KGHM Polska Miedź S.A.	27.01.2014	delivery of raw materials	PLN 292 million

WALCOWNIA METALI DZIEDZICE S.A. (ROLLING PLANT)

Name of the party to the agreement	Conclusion date	Subject matter of the contract	Estimated value of the contract in 2017
KARO-BHZ Sp. z o.o.	28.01.2015	delivery of raw materials	PLN 195.3 million

ZM SILESIA S.A.

Name of the party to the agreement	Conclusion date	Subject matter of the contract	Estimated value of the contract in 2017
KCM	15.12.2016	supplier of raw materials	PLN 165.4 million
HC Miasteczko Śląskie	16.12.2016	supplier of raw materials	PLN 103.4 million

BATERPOL S.A.

Name of the party to the agreement	Conclusion date	Subject matter of the contract	Estimated value of the contract in 2017
Exide Technologies SA	04.12.2009 annex of 31.12.2016	sale of lead and alloys	PLN 91.0 million

FŁT POLSKA SPÓŁKA Z O.O.

Name of the party to the agreement	Conclusion date	Subject matter of the contract	Estimated value of the contract in 2017
PBF (Warsaw) Sp. z o.o.	multi annual agreements	purchase of bearings	PLN 130.5 million
FLT & Metals s.r.l.	multi annual agreements	sale of bearings	PLN 103.2 million

IMPORTANT BUSINESS PARTNERS

In 2017, the Volkswagen Group was the entity, whose share in sales of the Capital Group exceeded 10%.

Company	Conclusion date	Subject matter of the contract	Estimated value of the agreement in 2017	Share [%]	Ties with the issuer
VW Group	orders	delivery of components and parts for automotive	PLN 1 058 million	16.9%	None

2017 lacked in other customers and suppliers transactions with which would exceed 10% of the income from the Capital Group's sales. The companies with the Capital Group are not affiliated with the above business partner.

INSURANCE CONTRACTS

Boryszew S.A. and subsidiaries had insurance policies for 2017 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:

- own property
- loss of profit due to any risk
- machinery against damage
- machinery loss of profit
- electronic equipment
- business activity and property owners civil liability insurance
- liability of the members of corporation bodies - basic insurance policy and excess policies (used upon exhaustion of the basic sum insured, regardless of whether the sum insured is exhausted at one or multiple events).

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

10. SIGNIFICANT CAPITAL INVESTMENTS AND CHANGES IN THE STRUCTURE

Reduction in the share capital of FLT and Metals Ltd, Brandford based, UK

On 26 January 2017, the General Meeting of Shareholders decided to reduce the share capital of FLT and Metals Ltd, based in Brandford from GBP 2,000,000 to GBP 200,000, i. e. GBP 1,800,000.

Opening of the liquidation of S and I S. A. based in Saint Sulpice

On 21 March 2017, the General Meeting of Shareholders of S and I S. A. with its registered office in Saint Sulpice decided to open the liquidation of the company.

Purchase of share / increase of share capital in Boryszew Plastic RUS Sp. z o.o.

On 28 April 2017 Boryszew S.A. purchased a share in the share capital of Boryszew Plastic Rus Spółka z o.o. based in Dzerzhinsk, Russia, accounting for 49% of share capital and nominal value of RUB 19 600 000. Upon completion of this transaction Boryszew Capital Group now holds 100% stake in the share capital of Boryszew Plastic Rus Spółka z o.o. based in Dzerzhinsk, Russia.

On 18 December 2017, an increase in the initial capital of Boryszew Plastic Rus Spółka z o.o. was registered to RUB 180 000 000. Upon registration of this share capital Boryszew S.A. now holds 10.89% of share capital and Boryszew Kunststofftechnik Deutschland GmbH 89.11% of share capital of Boryszew Plastic Rus Spółka z o.o.

Removal from the National Court Register of ZM Nieruchomości Spółka z o. o. in liquidation

On 9 May 2017 ZM Nieruchomości Spółka z o.o. in liquidation was removed from the National Court Register.

Dissolution of Baterpol Recycler Sp. z o. o. z o. o. limited joint-stock partnership in liquidation with its registered office in Oława

The shareholders of the company adopted a resolution on dissolution and commencement of liquidation. The Company was removed from the National Court Register on 29 May 2017.

Acquisition of shares in SPV Impexmetal Sp. z o.o.

On 13 October 2017 Impexmetal S.A. purchased 5 shares in SPV Impexmetal Sp. z o. o. from Boryszew HR Service Sp. z o.o. z based in Toruń. As at the date of drafting the financial statements Impexmetal S.A holds 100% interest in the Company.

Boryszew HR Service Sp. z o.o. share disposal agreement

On 16 November 2017 Boryszew S.A. acquired from Boryszew Automotive Plastics Sp. z o.o. based in Toruń 5 shares in Boryszew HR Service Sp. z o.o. z based in Toruń (the "Company") with nominal value of PLN 1000 each, accounting for 100.00% of Company's share capital, along with all rights and liabilities arising from the shares.

Opening of liquidation procedure for Surowce Hutmen S.A. Sp. komandytowa

On 20 December 2017 the General Meeting of Shareholders of Surowce Hutmen S.A Sp. komandytowa decided to open the liquidation of the company. Surowce Hutmen S.A. Sp. komandytowa in liquidation was removed from the National Court Register on 6 April 2018.

Acquisition of shares in FŁT Polska Sp. z o. o.

In January 2018 Impexmetal S.A. purchased 17 shares in FŁT Polska Sp. z o. o. As at the date of drafting the financial statements Impexmetal S.A holds 100% interest in the Company.

Events after the balance sheet date

Incorporation of Aluminium Konin Sp. z o.o. based in Konin

On 22 January 2018 the Management Board of Impexmetal S.A. resolved to establish Aluminium Konin Sp. z o.o. based in Konin (the "Company"). The share capital of the Company is PLN 100 000 and is divided into 100 shares with nominal value of PLN 1.000 each share. All shares were subscribed to by Impexmetal S.A. and covered by cash contribution. The core business of the Company includes production of goods of aluminium and aluminium alloy. The Company was registered with the National Court Register on 26 February 2018.

Until publication date of the report no other significant changes occurred in the structure of Boryszew Capital Group apart from the events indicated above.

11. RESEARCH AND DEVELOPMENT

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

BORYSZEW S.A. MAFLOW BRANCH IN TYCHY

Major R&D achievements in 2017 include:

- obtaining co-financing from the National Centre for Research and Development under the Innomoto programme for the implementation of innovative projects related to Industry 4.0 (a programme for production space optimization and data digitalization).
Under the Innomoto project the following tasks are being carried out:
 - designing the digitalization of the production processes of air-conditioning tubes in the Maflow 4.0 technology,
 - Maflow 4.0-dedicated research for technology, process, and components connecting stations development,
 - Maflow 4.0-dedicated research for technology, process, and air-conditioning tubes testing stations development,
 - production of alternative tubes for fluid transfer with new materials in automotive branch
- other investments concerned the development of the special laboratory apparatus in the newly-created centre which will allow the design of new innovative solutions,
- within the activities, the air-conditioning tubes for the agent R744 (CO₂) were designed and manufactured; further works on connection development for the agent tubes connection were carried on,
- moreover, the production of innovative air-conditioning tubes with a high-performance heat exchanger and with an innovative silencer was implemented.

BORYSZEW ERG BRANCH OF BORYSZEW S.A. IN SOCHACZEW

The major achievements of the Branch in the scope of research and development in 2017 include:

- certification of the defrosting liquid for airplanes – Borygo® Plane GA,
- recertification of a defrosting agent for surfaces – Borygo® Runway KF as per AMS 1435C,
- development of recipes of defrosting agents for the railway sector,
The de-icing fluids will expand the range of de-icing and anti-icing products offered by the Branch.
- development of a recipe of Borygo® Plane II and preparation for certification.
Borygo® Plane II fluid, after positive certification, will expand the group of anti-icing products offered by the Branch.
- the development of assumptions and input data and preparation of the substantive part of the project “Eco-friendly” nano-fluid for vehicle radiators and of innovative operational parameters”.

BORYSZEW S.A. NOWOCZESNE PRODUKTY ALUMINIOWE SKAWINA BRANCH

R&D works implemented at the Branch in 2017:

- the Conform line was accepted (except one product: the monolithic wire 1.000 mm²). The new line will enable the production of about 2 300 tonnes of aluminium products based on rods. The first stage of implementation will include, among others, monolithic wire. The next planned stage is production of tubes of aluminium and aluminium alloys.
- implementation of project: “The development of the innovative technology of rods production from highly resilient aluminium alloys of 2xxx, 5xxx, and 7xxx series” under the Operational Programme Smart Growth in

the Priority Axis 1, Measure 1, Submeasure 2 – Support of Research and Development for enterprises in order to create pilot/demonstrational installations. Value of the project is PLN 74 558 715.60, in which co-financing is PLN 29 823 486.24.

- the implementation of the project “Limitation of transmission losses in electricity distribution lines of 110 kV by developing innovative material and construction solutions as well as production of low loss overhead wires” under the Operational Programme Smart Growth in the Priority Axis 4, Measure 1, Submeasure 4 – Application Projects was carried on. Value of the project is PLN 9 660 178, in which co-financing is PLN 4 766 091.
- the technology tests were performed in the Rolling Plant Department which resulted in the input material indispensable for further research activities.
- Under the project the consortium partner, the Non-ferrous Metals Institute, carries on materials research in order to determine to what extent the metal purity and alloy additives influence the mechanical and electrical properties of formed rods.
- a wire test batch was manufactured which then underwent validation investigations in NPA Skawina, in the Energy Institute, and in the Central Mining Institute.

IMPEXMETAL S.A. ZAKŁAD ALUMINIUM KONIN

In 2017 execution of projects co-financed by the NCRD was commenced:

- “Development of a highly advanced production technology of multi-layer HSAA-P30 aluminium tape for the new generation of automotive heat exchangers” – as the result of the project the offer will include new clad products containing 3 or 4 layers,
- Implementation of an innovative metal alloy AlMg-VHS sheet and tapes production technology to press car body parts and structural elements parts. The project implementation will result in the introduction of new aluminium and magnesium alloys with high, more than 5.5%, concentration of magnesium.

In 2017, the implementation of the project “Development of the open and closed section production technology from aluminium alloy ECO-ALSi coming entirely from recycling of aluminium car parts”. The project is being implemented under the Greater Poland Regional Operational Programme for years 2014 – 2020.

Moreover, in 2017 the research and development work were carried on. In particular, for the automotive and packaging industry new products from the LH435 alloy dedicated to automotive heat exchangers (the material undergoes validation investigations performed by final customers).

Research and development works are carried on for the packaging industry with the objective of preparing new alloys to serve as materials for bottle caps. The first such an alloy, HSC812, is being presently tested by cap producers. Other alloys remain on development stage in IAK.

WM DZIEDZICE S.A.

In 2017, the Company continued the works on project “BRASS CAST&DRAW® Tech - Innovative technology of product forming from copper alloys complying with new geometrical quality standards to be machined with high rotation frequency”. The application prepared and filed by the Metal Rolling Plant Dziedzice S.A. which was approved by NCBiR in 2016, gained momentum and its results can be seen in production halls.

In this project, in the Casting Branch, the casting shaft in the melting and casting assembly no. 1 was modernized in order to make it able to cast ingots according to the guidelines stipulated in the application. Those works resulted in casting of the selected brass types, both lead-free and with some content of lead. Casted fragments were sent to the Non-ferrous Metals Faculty of the AGH University of Science and Technology in Cracow in order to investigate their chemical, physical, and electrical properties in detail.

In the same project, in the Pressing and Drawing Department the complex modernization of the ingots heating system commenced. The ingots are passed into a hydraulic punching press "G". At the same time, new prototype devices to work with the press were installed and run. The planned tests, trials and examinations will be carried out in the first half of 2018.

In December 2017 the Metal Rolling Plant Dziedzice S.A. made an effort to ensure project funding under the Operational Programme Smart Growth. This resulted with a new project filed to NCBiR towards the end of 2017. The project title is "EXAP - innovative technology of special profiles production by extruding from aluminium alloys and to be used in the automotive industry".

ZM SILESIA S.A.

In 2017, the branch of Huta Oława completed the research and development work co-financed by the National Center for Research and Development (NCBiR) under the GEKON II program consisting in the development of a new energy-saving zinc oxide production technology. The value of the program amounted to PLN 3,176 with an acquired subsidy of PLN 2,177. As a result of the tests, the assumptions were made for the construction of a new crucible furnace of a 15 tons ZnO/day, capacity at the Feniks Plant in Będzin which will eventually replace the currently operated rotary furnace. The plant is currently at the stage of preparing the necessary documents to submit an application for the integrated permit amendment. The Huta Oława branch is planning to start the investment this year.

In 2017 ZM SILESIA S.A. signed a material agreement with NCRD for co-financing of a research project: "Development of technology and implementation into production of a full assortment range of Zn-Al alloy wires intended for corrosion protection by spray metallisation" implemented under the Smart Growth Operational Programme.

Project implementation period: 01.01.2018 – 31.12.2020.

The project involves the development and validation in industrial of ZM SILESIA S.A. conditions of the technology of production of Zn-Al alloy wires used for anticorrosive protection of steel structures by spray metallisation method for wind turbine manufacturers, manufacturers of steel pipes, steel structures, automotive parts and capacitor as well as metallised foils.

The implementation of the new technology will help in a dramatic change in the production of Zn-Al wires and expand the assortment range by 77 product items.

In January 2018 a new furnace was implemented at Silesia for wire manufacturing, capacity 15-17 tons. This will increase the production of zinc wire by approx. 35%.

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

12. TRANSACTIONS WITH AFFILIATED ENTITIES

Transactions between subsidiaries mainly include commercial transactions concluded between companies of the Capital Group with regard to sale or purchase of traded goods and products of typical, conventional nature for the Group's operations.

Below presented is information on transactions in securities within the Capital Group. These transactions were carried out based on Group standard liquidity management mechanisms that involve balancing the funds necessary for financing activities of individual Group's member companies.

ACQUISITION OF BONDS ISSUED BY BORYSZEW S.A.

On 2 December 2017 Hutmen S.A. based in Warsaw acquired 15 A5 series registered bonds with nominal value of PLN 1 000 000.00 each. The total nominal value of bonds issued in this series was PLN 15 000 000.00. Bonds redemption date: 31 December 2017.

On 2 January 2017 S&I S.A. based in St. Sulpice, Switzerland, acquired 1 A6 series registered bond with nominal value of PLN 1 000 000.00. The total nominal value of bonds issued in this series was PLN 1 000 000.00. Bonds redemption date: 31 December 2017.

On 30 June 2017 WM Dziedzice S.A. based in Czechowice - Dziedzice acquired 16 A7 series registered bonds with nominal value of PLN 1 000 000.00 each. The total nominal value of bonds issued this series was PLN 16 000 000.00. Bonds redemption date – 30 June 2018.

On 30 June 2017 Metal Zinc Spółka z o.o. based in Katowice acquired 11 A8 series registered bonds with nominal value of PLN 1 000 000.00 each. The total nominal value of bonds issued this series was PLN 11 000 000.00. The interest on the bonds was determined on the arm's length basis. Bonds redemption date – 30 June 2019.

On 30 June 2017 Polski Cynk Sp. z o.o. based in Oława acquired 3 BE series registered bonds with a nominal value of EUR 500 000.00 each. The total nominal value of bonds issued this series was EUR 1 500 000.00. Bonds redemption date - 30 September 2018.

On 2 October 2017 Hutmen S.A. based in Wrocław acquired 7 A9 series registered bonds with nominal value of PLN 1 000 000.00 each bond. The total nominal value of bonds issued this series was PLN 7 000 000.00. The interest on the bonds was determined on the arm's length basis. The redemption date for the bonds was determined at 30 September 2018. These bonds were issued with the purpose to refinance the debt due to bonds of Boryszew S.A. held by Hutmen S.A. with redemption date of 2 December 2017, according to the bond issue terms and conditions.

On 20 October 2017 SPV Impexmetal Sp. z o.o based in Warsaw acquired 5 A10 series registered bonds with nominal value of PLN 1 000 000.00 each bond. The total nominal value of bonds issued this series was PLN 5 000 000.00. The interest on the bonds was determined on the arm's length basis. The redemption date for the bonds was determined at 31 December 2018.

On 25 October 2017 SPV Impexmetal Sp. z. o.o. based in Warsaw acquired 3 A11 series registered bonds with total nominal value of PLN 1 000 000.00 each bond. The total nominal value of bonds issued this series was PLN 3 000 000.00. The interest on the bonds was determined on the arm's length basis. The redemption date for the bonds was determined at 31 December 2018.

On 20 December 2017 Eastside Bis Sp. z o.o. based in Warsaw acquired 4 A12 series registered bonds with total nominal value of PLN 1 000 000.00 each bond. The total nominal value of bonds issued in this series was PLN 4 000 000.00. The interest on the bonds was determined on the arm's length basis. The redemption date for the bonds was determined at 31 December 2020.

On 29 December 2017 Hutmen S.A. based in Wrocław acquired 14 A13 series registered bonds with nominal value of PLN 1 000 000.00 each bond. The total nominal value of bonds issued this series was PLN 14 000 000.00. The interest on the bonds was determined on the arm's length basis. The redemption date for the bonds was determined at 31 December 2018.

On 29 December 2017 S and I S.A. established in St. Sulpice, Switzerland, covered 1 registered bond of A14 series

with nominal value of PLN 1 000 000.00. The total nominal value of bonds issued in this series was PLN 1 000 000.00. The interest on the bonds was determined on the arm's length basis. The redemption date for the bonds was determined at 31 December 2018.

On 29 December 2017 WM Dziejzice S.A. based in Czechowice - Dziejzice acquired 1 A15 series registered bonds with nominal value of PLN 1 000 000.00 each. The total nominal value of bonds issued in this series was PLN 1 000 000.00. The interest on the bonds was determined on the arm's length basis. The redemption date for the bonds was determined at 31 December 2018.

REDEMPTION OF BONDS ISSUED BY BORYSZEW S.A.

On 30 June 2017 Boryszew S.A. redeemed 1 H series registered bond acquired by Zakład Utylizacji Odpadów Spółka z o.o. based in Konin with a nominal value of PLN 1 000 000.00. This bond was issued on 30 September 2015 with redemption date of 30 June 2017.

On 28 December 2017 Boryszew S.A. carried out early redemption of:

- 15 A5 series registered bonds with nominal value of PLN 1 000 000.00 each and total nominal value of PLN 15 000 000.00, subscribed for by Hutmen S.A. based in Wrocław. These bonds were issued on 2 January 2017 with redemption date of 31 December 2017.
- 1 A6 series registered bond with nominal value of PLN 1 000 000.00 and total nominal value of PLN 1 000 000.00, subscribed for by S and I S.A. based in St. Sulpice Switzerland. These bonds were issued on 2 January 2017 with redemption date of 31 December 2017.

ACQUISITION OF BONDS ISSUED BY SPV BORYSZEW 3 SPÓŁKA Z O.O.

On 2 January 2017 Hutmen S.A. based in Warsaw acquired 5 I series registered bonds with nominal value of PLN 1 000 000.00 each and total nominal value of PLN 5 000 000.00. Bond redemption date: 31 December 2017. These bonds replace G series registered bonds issued by SPV Boryszew 3 Sp. z o.o. on 31 December 2015 and acquired by Hutmen S.A.

On 30 July 2017 Baterpol S.A. based in Katowice acquired 8 registered J series registered bonds of nominal value PLN 1 000 000.00, issued by SPV Boryszew 3 Sp. z o.o. with total nominal value of PLN 8 000 000.00. Bond redemption date: 30 June 2018. These bonds replace D series registered bonds issued by SPV Boryszew 3 Sp. z o.o. on 20 July 2015 and acquired by Baterpol S.A.

On 30 June 2017 Hutmen S.A. based in Warsaw acquired 6 registered K series registered bonds of nominal value PLN 1 000 000.00, issued by SPV Boryszew 3 Sp. z o.o. with total nominal value of PLN 6 000 000.00. Bond redemption date: 30 June 2018. These bonds replace E series registered bonds issued by SPV Boryszew 3 Sp. z o.o. on 21 July 2015 and acquired by Hutmen S.A.

On 30 June 2017 WM Dziejzice S.A. based in Czechowice Dziejzice acquired 20 registered L series registered bonds of nominal value PLN 1 000 000 issued by SPV Boryszew 3 Sp. z o.o. with total nominal value of PLN 20 000 000.00. Bond redemption date: 30 June 2018. These bonds replace H series registered bonds issued by SPV Boryszew 3 Sp. z o.o. on 31 December 2015 and acquired by ZM Dziejzice S.A.

On 29 December 2017 Hutmen S.A. based in Wrocław acquired 5 M series registered bonds with nominal value of PLN 1 000 000.00. Bond redemption date: 31 December 2018. These bonds replace I series registered bonds issued by SPV Boryszew 3 Sp. z o.o. on 2 January 2017 and acquired by Hutmen S.A.

The bonds mentioned above were acquired on the arm's length basis.

ACQUISITION OF BONDS ISSUED BY BORYSZEW TENSHO POLAND SP.

On 10 February 2017 ZM SILESIA S.A. based in Katowice acquired 10 registered bonds of nominal value PLN 1 000 000.00 each, for a total of PLN 10 000 000.00. Bond redemption date: 31 December 2021. The bonds mentioned above were acquired on the arm's length basis. These bonds replace registered bonds issued by Boryszew Tensho Poland Sp. z o.o. on 14 August 2015.

ACQUISITION OF BONDS ISSUED BY SPV EASTSIDE BIS Sp. z o.o.

On 26 April 2017 SPV Lakme Investment Sp. z o.o. acquired A1 series registered bonds with a nominal value of PLN 2 300 000.00, issued by Eastside Bis Sp. z o.o. based in Warsaw. Bonds redemption date: 31 December 2017. The bonds mentioned above were acquired on the arm's length basis. The bonds were redeemed on 28 December 2017.

On 29 December 2017 SPV Lakme Investment Sp. z o.o. acquired A2 series registered bonds with a nominal value of PLN 2 000 000.00, issued by Eastside Bis Sp. z o.o. based in Warsaw. Bonds redemption date: 31 December 2018. The bonds were acquired on the arm's length basis.

ACQUISITION OF BONDS ISSUED BY BATERPOL S.A.

On 30 December 2017 Polski Cynk Sp. z o.o. acquired I series registered bonds with a nominal value of PLN 2 300 000.00, issued by Baterpol S.A. based in Katowice. Bonds redemption date: 30 October 2022. The bonds were acquired on the arm's length basis.

REDEMPTION OF BONDS ISSUED BY IMPEXMETAL S.A.

On 31 May 2017, Impexmetal S. A. redeemed 5 P series registered bonds with a nominal value of PLN 1,000,000,000.00 each and a total nominal value of PLN 5,000,000.00, issued on 2 February 2016 and subscribed by ZM SILESIA S.A. These bonds were issued with redemption date of 31 December 2017. The registered bonds were redeemed at their nominal value plus interest due.

On 29 November 2017, Impexmetal S. A. redeemed 8 registered bonds with a nominal value of PLN 1 000 000,000.00 each and a total nominal value of PLN 8 000 000.00, issued on: 31 December 2015 – 1 bond of M series, 2 February 2016 – 7 registered bonds of O series, covered by Baterpol S.A. The bonds in question have been issued with maturity date of 31 December 2017. The registered bonds were redeemed at their nominal value plus interest due.

MAFLOW BRANCH IN TYCHY

In 2017 Maflow Branch in Tychy acquired registered bonds issued by Maflow India Private Limited for PLN 2 200.00 thousand. The bond redemption period is 5 years, after which the bonds may be converted into shares.

ACQUISITION OF BONDS ISSUED BY UNIBAX SP. Z O.O.

On 15 March 2017, Boryszew S.A. acquired 1 AW2 series registered bond with a nominal value of PLN 700 000.00, issued by Unibax Sp. z o.o. based in Toruń. Bonds redemption date: 31 December 2018.

On 7 September 2017 Boryszew S.A. acquired 10 BO1 series registered bonds with a nominal value of PLN 1 000 000.00 each bond. The total nominal value of bonds acquired in this series was PLN 10 000 000.00. The redemption date for the bonds was determined at 31 December 2018. On 29 September 2017 Unibax Sp. z o.o. redeemed the above mentioned bonds.

On 20 October 2017 Boryszew S.A. acquired 5 BO2 series registered bonds with a nominal value of PLN 1 000 000.00 each bond. The total nominal value of bonds acquired in this series was PLN 5 000 000.00. The redemption date for registered bonds was determined at 31 December 2018.

On 25 October 2017 Boryszew S.A. acquired 3 BO3 series registered bonds with a nominal value of PLN 1 000 000.00 each bond. The total nominal value of bonds acquired in this series was PLN 3 000 000.00. The redemption date for registered bonds was determined at 31 December 2018.

The interest on the above mentioned bonds was determined on the arm's length basis.

MODIFICATION OF THE DEADLINE OF PURCHASE OF BONDS EMITTED BY UNIBAX SP. Z O.O.

Redemption date for 25 registered bonds with nominal value of PLN 56 000 000, issued by Unibax Sp. z o.o. based in Toruń and acquired by Eastside – Bis Spółka z o.o., that is

- 10 EB1 series registered bonds with a nominal value of PLN 3 000 000.00 each bond on 15 November 2016,
- 10 EB2 series registered bonds with a nominal value of PLN 2 153 500.00 each bond on 15 November 2016,
- 5 EB3 series registered bonds with a nominal value of PLN 953 000.00 each bond on 18 November 2016, was postponed from 31 August 2017 to of 31 March 2018.

ACQUISITION OF BONDS ISSUED BY SKOTAN S.A.

On March 28, 2017, Elana PET Sp. z o.o. acquired registered bonds issued by Skotan S.A. The total value of bonds acquired in this series was EUR 500,000.00 The redemption date for the bonds was determined at 31 December 2018.

On 8 September 2017 Boryszew S.A. acquired 10 G series registered bonds with a nominal value of PLN 100 000.00 each bond. The total nominal value of bonds acquired in this series was PLN 1 000 000.00. The redemption date for the bonds was determined at 30 October 2019.

On 31 October 2017 Boryszew S.A. acquired 15 H series registered bonds with a nominal value of PLN 50 000.00 each bond. The total nominal value of bonds acquired in this series was PLN 750 000.00. The redemption date for the bonds was determined at 31 December 2018.

The interest on the above mentioned bonds was determined on the arm's length basis.

TRANSACTION AFTER THE BALANCE SHEET DATE:

ACQUISITION OF BONDS ISSUED BY BORYSZEWSKI S.A.

On 11 January 2018, SPV Impexmetal Sp. z o.o. acquired 12 bonds of A16 series of nominal value of PLN 1,000,000.00 each for the total amount of PLN 12,000,000. The interest was determined on the arm's length basis. Bonds redemption date: 31 December 2020.

On 14 February 2018, SPV Impexmetal Sp. z o.o. acquired 16 bonds of A17 series of nominal value of PLN 1,000,000.00 each for the total amount of PLN 17,000,000. The interest was determined on the arm's length basis. Bonds redemption date: 31 December 2018.

On 1 March 2018, Zakład Utylizacji Odpadów Sp. z o.o. acquired 25 bonds of A18 series of nominal value of PLN 1,000,000.00 each for the total amount of PLN 25,000,000. The interest was determined on the arm's length basis. Bonds redemption date: 28 February 2021.

ACQUISITION OF BONDS ISSUED BY IMPEXMETAL S.A.

On 2 January 2018 Metal Zinc Sp. o.o. based in Katowice acquired 7 R series registered bonds with nominal value of PLN 1 000 000.00 and total nominal value of PLN 7 000 000.00 and redemption date of 31 December 2018. The interest was determined on the arm's length basis.

On 2 January 2018 S and I S.A. established in St. Sulpice, Switzerland, has acquired 16 registered bonds of S series of nominal value of PLN 1,000,000.00 each of the total nominal value of PLN 16,000,000.00 with maturity date of 31 December 2018. The interest was determined on the arm's length basis.

13. LOANS AND BORROWINGS

CONCLUDED AND TERMINATED CREDIT AGREEMENTS IN 2017

BORYSZEW S.A.

Loan details	Loan liability as at 31.12.2017	Loan liability as at 31.12.2016	Change	Loan repayment date as per agreement	interest rate (%)	Loan collateral
BANK HANDLOWY	-	10 000	(10 000)	20.10.2017	WIBOR + margin	joint mortgage, assignment of rights under insurance policy
DNB Bank	8 510	11 000	(2 490)	30.08.2018	WIBOR + margin	joint mortgage, assignment of rights under insurance policy, pledge on machinery
ING Bank Śląski	13 932	13 736	196	30.06.2018	WIBOR + margin	pledge on materials, pledge on finished products, assignment of rights arising from trade contract, joint mortgage on real property, assignment of rights under insurance policy, lock on shares
ING Bank Śląski	4 037	-	4 037	30.06.2018	EURIBOR 1M + margin	registered pledge on materials, assignment of rights under insurance policies, registered pledge on claim from bank account,
mBank	9 708	-	9 708	12.10.2018	WIBOR ON+margin	joint mortgage on property, assignment of rights under insurance policy for property
mBank	8 000	-	8 000	14.10.2020	WIBOR1M+ margin	joint mortgage on property, assignment of rights under insurance policy,
PKO BP	9 790	9 790	-	31.12.2018	WIBOR + margin	Authorisation to access funds in bank account, Registered pledge on fixed assets; Cap (ceiling) mortgage, Assignment of rights under insurance policy, Lock on shares
PKO BP	5 719	10 972	(5 253)	31.12.2018	WIBOR + margin	Authorisation to access funds in bank account, Registered pledge on fixed assets; Cap (ceiling) mortgage, Assignment of rights under insurance policy, Lock on shares
PKO BP	27 443	-	27 443	31.12.2018	EURIBOR 1M + margin	Authorisation to access funds in bank account, Registered pledge on fixed assets; Cap (ceiling) mortgage, Assignment of rights under insurance policy, Lock on shares
DNB Bank	25 000	24 946	54	31.08.2018	WIBOR + margin	Registered pledge on shares mortgage on real estate in Germany
Alior Bank	11 961	11 994	(33)	24.03.2020	WIBOR + margin	Authorisation to bank account, registered pledge on shares
ING Bank Śląski	31 258	17 736	13 522	30.06.2018	EURIBOR + margin	Cap (ceiling) mortgage on real estate, register pledge on stocks, lock on shares
ING Bank Śląski	4 516	5 704	(1 188)	31.05.2021	WIBOR + margin	Capped mortgage on property plus assignment of rights under an insurance policy
BGK	59 195	46 222	12 973	30.06.2020	EURIBOR + margin	Mortgage on fixed assets, assignment of loan framework agreement, Pledge on bank accounts, pledge agreement on borrower's accounts, pledge agreement on shares
Credit Agricole Bank Polska	20 855	-	20 855	19.12.2022	3M EURIBOR + margin	Registered pledge on machines, assignment of rights under an insurance policy, registered pledge on stocks

Alior Bank	34 777	38 821	(4 044)	03.03.2019	EURIBOR + margin	Authorisation to access funds in bank account, registered pledge on shares
BZ WBK	29 994	25 972	4 022	31.05.2018	WIBOR + margin	Cap (ceiling) mortgage on perpetual usufruct of developed land and legal ownership of buildings and structures on real estate, lock, registered pledge on shares
BZ WBK Faktor	-340	2 402	(2 742)	unspecified period of time	EURIBOR + margin	Own promissory note with promissory note declaration, Authorisation to bank account, lock on funds on bank account, registered pledge
ING Commercial Finance	-168	7 101	(7 269)	unspecified period of time	EURIBOR + margin	Own promissory note with promissory note declaration
mBANK faktoring	24 664	23 991	673	unspecified period of time	EURIBOR + margin	Own promissory note with promissory note declaration, assignment of funds on bank account
PKO FAKTORING	6 540	-	6 540	25.07.2019	EURIBOR 1M + margin	Blank promissory notes, Authorisation to bank accounts
HSBC	19 264	-	19 264	23.08.2018	EURIBOR 1M + margin	Authorisation to bank accounts
PKO BP	20 215	20 321	(106)	31.05.2018	WIBOR + margin	Assignment of receivables from insurance agreement, Registered pledge on stocks, cap contractual mortgage on real estate properties, Registered pledge on machines
Raiffeisen Bank	7 859	7 574	285	30.11.2018	WIBOR + margin	Authorisation to current bank account and other accounts, Blank promissory note with declaration, Assignment of existing and future receivables, Cap (ceiling) mortgage on developed land with assignment of right from insurance policy on that property.
Raiffeisen Bank	3 268	3 117	151	04.01.2019	WIBOR + margin	Authorisation to current bank account and other accounts, Blank promissory note with declaration, Assignment of existing and future receivables, Cap (ceiling) mortgage on developed land with assignment of right from insurance policy on that property.
PKO BP	2 642	5	2 637	31.12.2018	WIBOR + margin	Authorisation to access funds in bank account, Registered pledge on fixed assets; Cap (ceiling) mortgage, Assignment of rights under insurance policy, Lock on shares
HSBC Bank Polska	50 000	50 000	-	12.06.2020	WIBOR + margin	Mortgage, Registered pledge on shares
HSBC Bank Polska	15 000	15 000	-	12.06.2020	WIBOR + margin	Mortgage, Registered pledge on shares
PKO BP	7 879	15 152	(273)	31.12.2018	WIBOR + margin	Authorisation to access funds in bank account, Registered pledge on fixed assets; Cap (ceiling) mortgage, Assignment of rights under insurance policy, Lock on shares
PKO BP	3 610	-	3 610	31.12.2018	WIBOR + margin	Authorisation to access funds in bank account, Registered pledge on fixed assets; Cap (ceiling) mortgage, Assignment of rights under insurance policy, Lock on shares
PKO BP	12 000	-	12 000	31.12.2018	WIBOR + margin	Authorisation to access funds in bank account, Registered pledge on fixed assets; Cap (ceiling) mortgage, Assignment of rights under insurance policy, Lock on shares

DNB Bank	2 127	-	2 127	31.08.2018	WIBOR + margin	Registered pledge on shares mortgage on real estate in Germany
Alior Bank	14 000	-	14 000	24.05.2020	WIBOR + margin	Registered pledge on shares
DM PKO BP - deferred payment for shares	816	-	816	03.01.2018		
<i>interest unpaid as at the balance sheet date</i>	478		478			
	494 549	371 556	122 993			

BORYSZEW CAPITAL GROUP

Loan details	Loan liability as at 31.12.2017	Loan liability as at 31.12.2016	Movement	Loan repayment date as per agreement
BANK HANDLOWY	-	10 000	(10 000)	20.10.2017
DNB Bank	8 510	11 000	(2 490)	30.08.2018
ING Bank Śląski	13 932	13 736	196	30.06.2018
ING Bank Śląski	4 037	-	4 037	30.06.2018
mBank	9 708	-	9 708	12.10.2018
mBank	8 000	-	8 000	14.10.2020
PKO BP	9 790	9 790	-	31.12.2018
PKO BP	5 719	10 972	(5 253)	31.12.2018
PKO BP	27 443	-	27 443	31.12.2018
DNB Bank	25 000	24 946	54	31.08.2018
Alior Bank	11 961	11 994	(33)	24.03.2020
ING Bank Śląski	31 258	17 736	13 522	30.06.2018
ING Bank Śląski	4 516	5 704	(1 188)	31.05.2021
BGK	59 195	46 222	12 973	30.06.2020
Credit Agricole Bank Polska	20 855	-	20 855	19.12.2022
Alior Bank	34 777	38 821	(4 044)	03.03.2019
BZ WBK	29 994	25 972	4 022	31.05.2018
BZ WBK Faktor	-340	2 402	(2 742)	unspecified period of time
ING Commercial Finance	-168	7 101	(7 269)	unspecified period of time
mBANK faktoring	24 664	23 991	673	unspecified period of time
PKO FAKTORING	6 540	-	6 540	25.07.2019
HSBC	19 264	-	19 264	23.08.2018
PKO BP	20 215	20 321	(106)	31.05.2018
Raiffeisen Bank	7 859	7 574	285	30.11.2018
Raiffeisen Bank	3 268	3 117	151	04.01.2019
PKO BP	2 642	5	2 637	31.12.2018
HSBC Bank Polska	50 000	50 000	-	12.06.2020
HSBC Bank Polska	15 000	15 000	-	12.06.2020
PKO BP	7 879	15 152	(7 273)	31.12.2018
PKO BP	3 610	-	3 610	31.12.2018
PKO BP	12 000	-	12 000	31.12.2018
DNB Bank	2 127	-	2 127	31.08.2018
Alior Bank	14 000	-	14 000	24.05.2020
DM PKO BP - deferred payment for shares	816	-	816	03.01.2018
<i>interest unpaid as at the balance sheet date</i>	478		478	
PKO BP S.A.	749	36 740	(35 991)	31.01.2018
PKO BP S.A.	349	3 969	(3 620)	
PKO BP S.A.	40 000	25 000	15 000	31.01.2020

Bank Pekao S.A.	2 216	18 422	(16 206)	30.06.2018
Bank Pekao S.A.	6 745	4 980	1 765	
Bank Millennium S.A.	916	42	874	19.10.2018
Bank Millennium S.A.	1 629	95	1 534	12.02.2018
Bank Millennium S.A.	0	253	(253)	
Bank Zachodni WBK S.A.	0	18 951	(18 951)	31.05.2018
Bank Zachodni WBK S.A.	72	4 481	(4 409)	
Alior Bank S.A.	460	14 198	(13 738)	26.04.2018
Credit Agricole Bank Polska S.A	1 469	4 809	(3 340)	30.11.2018
Credit Agricole Bank Polska S.A	5 732	1 734	3 998	
Bank Gospodarstwa Krajowego	1 061	2 570	(1 509)	31.05.2018
Bank Gospodarstwa Krajowego	448	4 269	(3 821)	31.05.2018
Bank Gospodarstwa Krajowego	24 005	24 006	(1)	30.05.2019
Bank Gospodarstwa Krajowego	14 598	15 485	(887)	
Bank Gospodarstwa Krajowego	74 013	60 391	13 622	30.09.2022
Bank Millennium S.A.	12	0	12	19.10.2018
Bank Millennium S.A.	46	0	46	
Coface Poland	28		28	no time limit
Factoring Sp. z o.o.	0	120	(120)	
Credit Agricole Bank Polska S.A	23 608	15 117	8 491	30.11.2018
Bank Handlowy w Warszawie S.A.	0	2 784	(2 784)	30.03.2018
Bank PKO BP S.A.	19 196	19 986	(790)	31.05.2018
ALIOR BANK SA	3 007	21 934	(18 927)	29.09.2018
BZ WBK SA	22 760	20 466	2 294	31.05.2018
Millennium SA	0	0	0	18.02.2018
PKO BP SA	18 042	9 964	8 078	31.05.2018
Credite Agricolle	18 743	21 287	(2 544)	30.11.2018
PEKAO SA	18 798	0	18 798	29.11.2018
PEKAO SA		87	(87)	
PKO BP	12 963	11 358	1 605	19.10.2018
BANK HANDLOWY	17 913	17 272	641	02.08.2018
BANK MILLENNIUM	39 450	39 761	(311)	19.10.2018
BANK HANDLOWY	4 674	9 453	(4 779)	02-08-2018
ALIOR BANK	22	9 759	(9 737)	29-09-2018
MILLENIUM	37 805		37 805	26-10-2018
PKO BP		34 752	(34 752)	
Raiffeisen Bank Polska S.A.	1 538	1 597	(59)	30.11.2018
Bank Pekao S.A.	2 389	1 517	872	30.06.2018
DnB NORD	1 212	2 064	(852)	30.08.2018
Banco Desio c/anticipo export	1 356	487	869	31.12.2018
Unicredit Factoring	5 193	5 083	110	no time limit
investment loans with mBank	35 870	0	35 870	30.04.2024
working capital facility with mBank	1 200	0	1 200	30.06.2018
Bank Gospodarstwa Krajowego	34 652	26 889	7 763	31.12.2024
Commerzbank AG	7 478	10 821	(3 343)	no time limit
Société Générale	1 022	3 181	(2 159)	14.06.2018
Banque Populaire	1 960	1 261	699	31.12.2026
Hewlett-Packard	405	907	(502)	31.05.2019
VW Bank Braunschweig	29	0	29	15.03.2019
GE Capital Bank AG	530	1 310	(780)	30.09.2018
DNB Bank	0	17 533	(17 533)	31.08.2017
HSBC Bank Polska	10 000	10 000	0	12.06.2020
DNB Bank	0	4 980	(4 980)	09.03.2018
La Caixa	4 554	3 946	608	30.11.2022
Liberbank	967	1 371	(404)	20.11.2020
Liberbank	2 904	3 859	(955)	31.12.2018
Bankinter	774	1 252	(478)	20.10.2019
Bankinter	1 480	2 938	(1 458)	30.11.2018
Banco Popular	4 266	3 283	983	31.12.2018

Banco Popular	1 789	2 234	(445)	19.04.2023
BBVA	2 198	1 857	341	16.09.2020
mBank	0	1 968	(1 968)	30.08.2018
UniCredit Bank	12 216	18 219	(6 003)	30.09.2020
Bank Intesa	542	1 292	(750)	30.03.2022
Bank IFIS	1 297	1 941	(644)	31.12.2018
BBVA	1 250	2 230	(980)	31.12.2018
HSBC Bank Polska	191		191	2018.06.26
Total loans	1 045 340	980 071	65 269	2 753 738

LOANS GRANTED BY BORYSZEW S.A. AS AT 31.12.2017

The Company	Date of agreement	Repayment date	Loan amount stipulated in the agreement	Amount to be repaid	Currency	Amount to be repaid as translated into PLN	Interest
Boryszew Kunststofftechnik Deutschland GmbH	01.09.2011	31.12.2018	3 000 000	2 249 652	EUR	9 383 074	3M EURIBOR + margin
	02.08.2011	31.12.2018	14 500 000	14 371 899	EUR	59 943 754	3M EURIBOR + margin
BRS YMOS GmbH	07.06.2016	31.12.2018	460 000	300 000	EUR	1 251 270	3M EURIBOR + margin
	05.05.2017	30.09.2018	1 300 000	1 300 000	EUR	5 422 170	3M EURIBOR + margin
Boryszew Automotive Plastics Sp. z o.o.	27.11.2017	31.12.2020	49 700 000	49 700 000	EUR	207 293 730	3M EURIBOR + margin
Polish Wind Holding	14.09.2015	31.12.2018	1 100 000	1 100 000	PLN	1 100 000	WIBOR 3M + margin
	20.12.2016	31.12.2018	550 000	550 000	PLN	550 000	WIBOR 3M + margin
MAFMEX S. de R.L. de C.V.	18.11.2015	30.06.2020	689 772	689 772	EUR	2 876 970	EURIBOR 1M + margin
	19.02.2016	30.06.2020	1 695 000	1 695 000	EUR	7 069 676	EURIBOR 1M + margin
	14.09.2016	30.06.2020	1 046 712	1 046 712	EUR	4 365 731	EURIBOR 1M + margin
	16.12.2016	30.06.2020	568 516	568 516	EUR	2 371 223	EURIBOR 1M + margin
	23.12.2016	31.12.2022	448 337	448 337	EUR	1 869 968	EURIBOR 1M + margin
	29.05.2017	31.12.2022	1 151 287	1 151 287	EUR	4 801 903	EURIBOR 1M + margin
	03.07.2017	31.12.2022	1 507 210	1 507 210	EUR	6 286 422	EURIBOR 1M + margin
	08.08.2017	31.12.2022	592 906	592 906	EUR	2 472 950	EURIBOR 1M + margin
	31.08.2017	31.12.2022	421 996	421 996	EUR	1 760 103	EURIBOR 1M + margin
	19.12.2017	31.12.2022	678 265	678 265	EUR	2 828 976	EURIBOR 1M + margin
Maflow Components Dalian	20.03.2017	18.03.2020	1 160 000	250 000	EUR	1 042 725	EURIBOR 1M + margin
Maflow Polska Sp. z o.o.	05.07.2017	31.12.2019	30 000	30 000	PLN	30 000	1M WIBOR + margin
	11.07.2017	31.12.2019	50 000	50 000	PLN '000	50 000	1M WIBOR + margin
Total to be repaid					PLN	322 770 645	

The sum of the abovementioned loans granted by Boryszew SA does not include the interest accrued as at 31.12.2017.

LOANS GRANTED TO BORYSZEW S.A.

Lender	Loan liability as at 31.12.2017	Loan liability as at 31.12.2016	Change	Loan repayment date as per agreement	interest rate (%)	Loan collateral
IBM Polska	187	331	(144)	01.03.2019		surety by Boryszew S.A.
IBM Polska	-	217	(217)			
Impexmetal S.A.	42 500	29 500	13 000	31.12.2018	WIBOR + margin	
Impexmetal S.A.	-	10 000	(10 000)			
Impexmetal S.A.	-	3 000	(3 000)			
Impexmetal S.A.	24 256	24 256	-	31.12.2018	WIBOR + margin	
Impexmetal S.A.	20 000	20 000	-	31.12.2018	WIBOR + margin	
Impexmetal S.A.	10 000	-	10 000	31.12.2018	WIBOR + margin	
Impexmetal S.A.	5 000	5 000	-	31.12.2018	WIBOR + margin	
Impexmetal S.A.	5 000	5 000	-	31.12.2018	WIBOR + margin	
Metal Zink	800	800	-	31.12.2017	WIBOR + margin	
mLeasing	14 998	0	14 998	30.06.2022		blank promissory note with promissory note declaration
Siemens	5 345	6 245	(900)	31.03.2023	EURIBOR + margin	blank promissory note with promissory note declaration
Boryszew SPV3 Sp. z o.o.	8 024	21 445	(13 421)			
impact of exchange rate differences	-306	753	(1 059)			
	135 804	126 547	9 257			

The sum of the abovementioned loans does not include the interest accrued as at 31.12.2017.

LOANS GRANTED BY IMPEXMETAL S.A.

By the agreement dated 25 January 2017, as amended by an appendix dated 20 December 2017, Impexmetal S.A. has granted a loan to IMPEX INVEST Sp. z o.o. established in Warsaw in the amount of PLN 100,000 with a repayment deadline in 31 December 2018. The interest was determined on the arm's length basis.

On 17 March 2017 Impexmetal S.A. granted a loan to ZM SILESIA S.A. based in Katowice in the amount of PLN 10 000 000, with repayment on 30 September 2017. The interest was determined on the arm's length basis. The borrowing was repaid on 31 July 2017.

On 6 September 2017 Impexmetal S.A. granted a cash loan to Boryszew S.A. in the amount of PLN 10 000 000.00, with repayment by 31 December 2018. The interest was determined on the arm's length basis.

On 20 December 2017 Impexmetal S.A. granted a loan to Hutmen S.A. based in Wrocław in the amount of PLN 10 000 000, with repayment on 30 September 2018. The interest was determined on the arm's length basis.

EXTENSION OF REPAYMENT DATE FOR LOANS GRANTED BY IMPEXMETAL S.A.

On 31 March 2017 Impexmetal S.A. extended the repayment date of the following loans granted to Boryszew S.A. until 31 March 2018:

- loan of PLN 30 000 000 granted on 16 June 2015,
- loan of PLN 100 000 000 granted on 2 July 2015,
- loan of PLN 3 000 000 granted on 7 September 2015,

the aforementioned loans have been consolidated,

- loan of PLN 5 000 000 granted on 17 July 2014 under a loan agreement.

Impexmetal S.A. has extended, until 30 September 2018, the deadline for repayment of cash loans granted to the following companies of Boryszew Automotive Plastics Group:

- Boryszew Oberflächentechnik Deutschland GmbH established in Prenzlau – a loan in the amount of EUR 2,268,732.44,
- Boryszew Formanbau Deutschland GmbH established in Doberschau – a loan in the amount of EUR 2,084,149.64,
- Theysohn Kunststoff GmbH established in Salzgitter – a loan in the amount of EUR 3,100,000.00,
- AKT Plastikarska Technologie Cechy spol. s.r.o. established in Jablonex nad Nisou – a loan in the amount of EUR 664,829.32,
- BRS YMOS GmbH established in Idar-Oberstein – a loan in the amount of EUR 1,497,663.27.

On 29 December 2017 Impexmetal S.A. extended until 31 December 2018 the repayment date of the following loan granted to Boryszew S.A.:

- loan of PLN 30 000 000 granted on 20 April 2015, with subsequent amendments.

LOANS GRANTED BY EASTSIDE CAPITAL INVESTMENTS SP. Z O.O. Z O.O.

On 26 April 2017 Eastside Capital Investments Sp. z o.o. granted a loan to Eastside Bis Sp. z o.o. based in Warsaw in the amount of PLN 1 700 000.00, with repayment by 31 December 2018. The interest was determined on the arm's length basis.

LOANS GRANTED BY ELANA BRANCH

On 21 June 2017 Boryszew S.A. Elana Branch granted a loan to Eastside Bis Sp. z o.o. based in Warsaw in the amount of PLN 1 200 000.00, with repayment by 31 December 2017. The interest was determined on the arm's length basis. The borrowing was repaid on 17 July 2017.

On 7 September 2017 Boryszew S.A. Elana Branch granted a loan to Eastside Bis Sp. z o.o. based in Warsaw in the amount of PLN 3 000 000.00, with repayment by 29 December 2017. The interest was determined on the arm's length basis. The loan was repaid on 20 December 2017.

REPAYMENT OF LOANS GRANTED TO EASTSIDE BIS SP. Z O.O. BY BORYSZEWS S.A.

On 26 May 2017 Boryszew S.A. granted a loan to Eastside Bis Sp. z o.o. based in Warsaw in the amount of PLN 8 000 000.00, with repayment by 31 July 2017. The interest was determined on the arm's length basis. The borrowing was repaid on 17 July 2017.

On 21 June 2017 Boryszew S.A. Elana Branch granted a loan to Eastside Bis Sp. z o.o. based in Warsaw in the amount of PLN 1 200 000.00, with repayment by 31 December 2017. The interest was determined on the arm's length basis. The borrowing was repaid on 17 July 2017.

On 7 September 2017 Boryszew S.A. Elana Branch granted a loan to Eastside Bis Sp. z o.o. based in Warsaw in the amount of PLN 3 000 000.00, with repayment by 29 December 2017. The interest was determined on the arm's length basis. The loan was repaid on 20 December 2017.

LOANS GRANTED AND REPAID BY MAFLOW GROUP

LOANS GRANTED BY MAFLOW BRANCH IN 2017

The Company	Conclusion date	Repayment date	Amount as per agreement	Currency	Loan amount	Interest
Maflow Components Dalian Co., Ltd.	20.03.2017	18.08.2020	1 160 000.00	EUR	250 000.00	EURIBOR 1M + margin
	TOTAL:		1 160 000.00	EUR	250 000.00	
Maflow Polska sp. z o.o.	05.07.2017	31.12.2019	30 000.00	PLN '000	30 000.00	1M WIBOR + margin
	11.07.2017	31.12.2019	20 000.00	EUR	20 000.00	1M WIBOR + margin
	TOTAL:		50.000.00		50.000.00	
MAFMEX S. de R.L. de C.V.	29.05.2017	31.12.2022	1 151 286.67	EUR	1 151 286.67	EURIBOR 1M + margin
	03.07.2017	31.12.2022	1 507 209.84	EUR	1 507 209.84	EURIBOR 1M + margin
	08.08.2017	31.12.2022	592 905.55	EUR	592 905.55	EURIBOR 1M + margin
	31.08.2017	31.12.2022	421 995.98	EUR	421 995.98	EURIBOR 1M + margin
	19.12.2017	31.12.2022	678 265.22	EUR	678 265.22	EURIBOR 1M + margin
	TOTAL:		4 351 663.26		4 351 663.26	

The sum of the abovementioned loans does not include the interest accrued as at 31.12.2017. The loans were granted on arm's length basis.

REPAYMENT OF LOANS GRANTED TO MAFLOW BRANCH IN TYCHY

In Maflow Polska Sp. z o.o. repaid the following loans:

- partially a loan dated 20.07.2015 in the amount of EUR 1,000,000, with a repayment deadline of 31.12.2018, in the amount of EUR 100,000,
- a loan dated 14.06.2016 in the amount of EUR 1,000,000, with a repayment deadline of 31.12.2019,
- a loan dated 14.06.2016 in the amount of EUR 500,000, with a repayment deadline of 31.12.2019,
- a loan dated 14.06.2016 in the amount of EUR 1,000,000, with a repayment deadline of 31.12.2019.

PARTIAL REPAYMENT OF LOAN GRANTED BY MAFLOW BRS S.R.L.

In 2017, Maflow do Brazil Ltda. repaid EUR 316,067.21 from a loan of EUR 700,000 dated 22.12.2010.

14. GUARANTEES AND SURETIES

GUARANTEES AND SURETIES ISSUED BY BORYSZEW S.A. AS AT 31.12.2017

Entity for which guarantee or surety was issued	Issue date of guarantee or surety	Number of guaranteed contract/agreement	Subject of liability	Value of guarantee	Expiry date of guarantee
				EUR PLN	
Torlen Sp. z o.o.	24.07.2017	Guarantee 11/2017	Surety regarding liabilities, granted to Polytrade GmbH	6 256	31.07.2020
	11.12.2017	Guarantee 25/2017	Surety regarding liabilities, granted to MB Barter & Trading SA	2 085	31.12.2020
Boryszew Kunststofftechnik Deutschland GmbH	06.09.2012	Guarantee 20/2012	Guarantee granted to Deutsche Leasing International GmbH	3 712	02.05.2018
	31.01.2013	Guarantee 4/2013	Guarantee granted to Commerzbank	20 855	indefinite validity
	20.04.2013	Guarantee 12/2013	Guarantee granted to Hewlett-Packard International Plc.	626	30.04.2018
	23.07.2013	Guarantee 18/2013	Guarantee issued as security for loans granted by GE Capital Bank AG	4 139	30.08.2021
	24.07.2017	Guarantee 10/2017	Guarantee issued as security for repayment to ALD AutoLeasing D GmbH	834	30.06.2022
	11.12.2013	Guarantee 38/2013	Guarantee granted to Hewlett-Packard International Plc.	1 241	28.02.2018
	12.03.2014	Guarantee 4/2014	Guarantee granted to Hewlett-Packard International Plc.	1 241	28.02.2019
	06.06.2014	Guarantee 12/2014	Guarantee granted to Hewlett-Packard International Plc.	1 241	31.05.2019
	25.09.2014	Guarantee 16/2014	Guarantee granted to Hewlett-Packard International Plc.	1 117	31.05.2019
	22.01.2015	Guarantee 2/2015	Guarantee granted to Hewlett-Packard International Plc.	417	31.08.2019
	23.11.2017	Guarantee 1/2017	Guarantee issued as security for loan granted by DNB Bank Polska SA	95 722	28.03.2018
	23.11.2017	Guarantee 1/2017	Guarantee issued as security for loan granted by DNB Bank Polska SA	31 282	31.01.2019
Theysohn Formenbau GmbH	06.09.2017	Guarantee 13 and 14 /2017	Guarantee granted to akf Leasing GmbH	9 758	31.08.2023
Boryszew Oberflächentechnik Deutschland GmbH	26.01.2016	Guarantee 1/2016	Guarantee issued as security for loans granted by Bank Gospodarstwa Krajowego	91 084	31.12.2026
	27.03.2017	Guarantee 5/2017	Helag Electronic GmbH	834	31.12.2017
Boryszew Plastic RUS	11.07.2013	Guarantee 17/2013	Guarantee granted to ZAO Hewlett-Packard AO	696	indefinite validity
	27.08.2013	Guarantee 20/2013	Guarantee granted to RB Leasing Ltd.	1 875	15.06.2019
	29.01.2013	Guarantee 3/2013	Guarantee granted to Deutsche Leasing Vostok ZAO	35 396	07.10.2019

	08.04.2013	Guarantee 8/2013	Guarantee granted to Deutsche Leasing Vostok ZAO	1 104	07.10.2019
	30.04.2014	Guarantee 7/2014	Guarantee granted to ZAO Hewlett-Packard AO	348	indefinite validity
	13.02.2017	Guarantee 3/2017	Guarantee granted to Volvo Group Trucks Operations	20 855	indefinite validity
BRS YMOS GmbH	27.05.2015	Guarantee 17/2015	Guarantee granted to Wurth Leasing GmbH & Co. KG	1 292	30.11.2020
	15.03.2016	Guarantee 12/2016	Wurth Leasing GmbH	1 480	15.03.2022
Boryszew Tensho Poland Sp. z o.o.	06.12.2017	Guarantee 24/2017	Guarantee granted to PGE Obrót S.A.	1 800	indefinite validity
	14.03.2017	Guarantee /2017	Guarantee granted to SPV Impexmetal Sp.z o. o for payment of financial liabilities	41 000	indefinite validity
	24.10.2017		Aval of lease agreement for mLeasing	749	15.04.2021
	24.10.2017		Aval of lease agreement for mLeasing	6 256	15.11.2020
	13.06.2016		Guarantee granted as collateral for a credit granted by HSBC Bank Polska	10 000	12.09.2020
Maflow BRS s.r.l.	01.01.2017	Letter of Comfort	Guarantee granted to Evercompounds S.p.A.	4 171	31.12.2017
	01.01.2017	Letter of Comfort	Guarantee granted to Arkema	417	31.12.2017
	01.01.2017	Letter of Comfort	Guarantee granted to CORDTECH INTERNATIONAL SAS	1 251	31.12.2018
	01.01.2017	Letter of Comfort	Guarantee granted to Mehler Engineered Products GmbH	1 668	31.12.2018
	01.01.2017	Letter of Comfort	Guarantee granted to Softer Spa	1 043	31.12.2017
	26.04.2016	Guarantee 16/2016	Banka IFIS	3 128	no time limit
	16.05.2017	Letter of Comfort	Guarantee granted to Cover	417	31.12.2018
Maflow France Automotive S.A.S.	07.07.2016	Letter of Comfort	Guarantee against a Leasing agreement in favour of Natixs Lease	1 572	07.07.2021
Boryszew Commodities	12.12.2017	Guarantee 23/2016	Borealis AG	1 043	31.12.2018
	08.02.2016	Guarantee 7/2016	BSB Recycling GmbH	10 427	31.12.2017
	19.12.2016	Guarantee 29/2016	Trinseo Europe GmbH	1 668	31.12.2017
	19.12.2016	Guarantee 28/2016	WMK Plastics GmbH	834	31.12.2017
	30.05.2016	Guarantee 20/2016	Guarantee granted to Basell Sales and Marketing Company B.V.	6 256	31.12.2017
	24.04.2017	Guarantee 6/2017	Guarantee granted to Sabic Sales Europe B.V., Sabc Innovative Plastics B.V.	2 085	01.05.2018
BAP Group companies - customers of Volkswagen AG	16.12.2016	Guarantee 31/2016	Volkswagen AG	83 418	no time limit
Elana Energetyka	01.12.2015	Guarantee 26/2015	PGE Obrót S.A.	3 000	no time limit
Impexmetal S.A.	01.02.2017	Guarantee 1/2017	Marshal Office of Wielkopolskie province	5 814	31.12.2018
Alchemia S.A.	01.10.2017	Guarantee 22/2017	Arcelormittal Poland S.A.	37 538	30.09.2018

Eastside-Bis	01.09.2017	Guarantee No. 15/2017	The Provincial Funds for Environmental Protection and Water Management in Toruń	3 284	no time limit
	11.07.2017		Aval for credit granted by mBank	4 500	29.06.2018
Total guarantees and sureties granted by Boryszew SA				574 672	

GUARANTEES AND SURETIES GRANTED BY INVESTMENT S.A. AS AT 21.12.2017

- Surety awarded by Impexmetal S.A. for liabilities of Baterpol S.A. arising from the Contract regarding partial conditional write-off of the loan awarded to Baterpol S.A. from the funds of WFOŚiGW. The surety was awarded by Impexmetal S.A. for PFEP&WM up to PLN 1 772 thousand.
- The surety awarded by Impexmetal S.A. for the liabilities of WM Dziedzice S.A. to the National Center for Research and Development with its registered office in Warsaw under the Project Co-financing Agreement as a part of the Smart Growth Operational Program. The surety was granted for up to PLN 5,800 plus interest.
- Surety awarded by Impexmetal S.A. in the form of registered pledge on 1 131 260 pcs of shares of Boryszew S.A. held by Impexmetal S.A. as a security for payment of liabilities of Boryszew S.A. arising from credit agreements concluded with Alior Bank S.A.

GUARANTEES AND SURETIES RECEIVED

Subject to the sureties indicated above, the companies from the Boryszew Group did not receive any sureties or guarantees other than those related to their basic operational activity (in particular, contract performance guarantees).

15. OWN SHARES

Acting within the limits of the authorisation granted by Resolution no. 19 of the Ordinary General Assembly of Shareholders of Boryszew S.A. dated 25 June 2014 on authorising the Company's Management Board to repurchase Boryszew S.A. own shares as well as pursuant to Art. 362 § 1 point 8) and Art. 362 § 4 of Commercial Companies Code in the period between 1 January 2017 and 31 December 2017 Boryszew S.A. acquired a total of 3 309 905 own shares with nominal value of PLN 1.00 for average unit price of PLN 10.50 per share, accounting for 1.3791 share in share capital and total number of votes during the General Assembly of Boryszew S.A. which together with the shares already held by the Company makes a total of 11 139 905 own shares, accounting for 4.6416% of share capital and total number of votes during the General Assembly of Boryszew S.A. shareholders.

As at 31 December 2017 Boryszew Capital Group held 25 299 905 shares of Boryszew S.A., which represented a 10.5416% share in share capital and total number of votes during the General Assembly of Boryszew S.A. shareholders, including:

- Boryszew S.A. : 10 002 831 own (treasury) shares, accounting for 4.6416% share in the share capital and total votes during the General Assembly of Boryszew S.A.,
- Impexmetal S.A.: 11 990 000 shares, accounting for 4.9958% share in the share capital and total votes during the General Assembly of Boryszew S.A.,
- SPV Boryszew 3 Sp. z o.o. 2 165 000 shares, accounting for 0.9021% share in the share capital and votes during the General Assembly of Boryszew S.A.,

- Polski Cynk Sp. z o.o. 5 000 shares, accounting for 0.0021% share in the share capital and votes during the General Assembly of Boryszew S.A.,

As at 31 December 2017 Alchemia, an associated entity, held 3 200 000 shares of Boryszew S.A., which represented a 1.333% share in share capital and total number of votes during the General Assembly of Boryszew S.A. shareholders.

As of the day of publication of the report, the state of shares of Boryszew S.A., owned by Boryszew Capital Group, is as follows:

Boryszew Capital Group holds 26 643 831 shares of Boryszew S.A., which represented a 11.1016% share in share capital and total number of votes during the General Assembly of Boryszew S.A. shareholders, including:

- Boryszew S.A. : 12 483 831 own (treasury) shares, accounting for 4.6416% share in the share capital and total votes during the General Assembly of Boryszew S.A.,
- Impexmetal S.A.: 11 990 000 shares, accounting for 4.9958% share in the share capital and total votes during the General Assembly of Boryszew S.A.,
- SPV Boryszew 3 Sp. z o.o. 2 165 000 shares, accounting for 0.9021% share in the share capital and votes during the General Assembly of Boryszew S.A.,
- Polski Cynk Sp. z o.o. 5 000 shares, accounting for 0.0021% share in the share capital and votes during the General Assembly of Boryszew S.A.,

As at the date of report publication Alchemia, an associated entity, holds 3 200 000 shares of Boryszew S.A., which represented a 1.333% share in share capital and total number of votes during the General Assembly of Boryszew S.A. shareholders.

16. ISSUES OF SECURITIES

DEBT SECURITIES

ISSUES OF BONDS

- I. Under registered bond issue scheme adopted under Resolution No. 153/2016 of the Management Board for Boryszew S.A, dated 28 July 2016 (with amendments), Boryszew S.A. issued:
 - on 2 January 2017, 15 A5 series registered bond with nominal value of PLN 1 000 000.00 each. The total nominal value of bonds issued this series was PLN 15 000 000.00. The interest on the bonds was determined on the arm's length basis. Bonds redemption date - 31 December 2017. These bond are a replacement for bonds issued by Boryszew S.A. on 31 February 2013 under the registered Bond Issue Scheme on 31 December 2015 and acquired by Hutmen S.A.
 - on 2 January 2017 1 A6 series registered bond with nominal value of PLN 1 000 000.00. The total nominal value of bonds issued this series was PLN 1 000 000.00. The interest on the bonds was determined on the arm's length basis. Bond redemption date - 31 December 2017. These bond are a replacement for bonds issued by Boryszew S.A. on 31 February 2013 under the registered Bond Issue Scheme on 31 December 2015 and acquired by S&I S.A. based in St. Sulpice, Switzerland.
 - on 30 June 2017 16 A7 series registered bonds with a nominal value of PLN 1 000 000.00 each. The total nominal value of bonds issued this series was PLN 16 000 000.00. The interest on the bonds was determined on the arm's length basis. Bonds redemption date - 30 June 2018. These bond are a replacement for bonds issued by Boryszew S.A. under the registered Bond Issue Scheme on 27 August and 1 October 2015 and acquired by WM Dzierżycie S.A. based in Czechowice – Dzierżycie.

- on 30 June 2017 11 A8 series registered bonds with a nominal value of PLN 1 000 000.00 each. The total nominal value of bonds issued this series was PLN 11 000 000.00. The interest on the bonds was determined on the arm's length basis. Bonds redemption date - 30 June 2019. These bond are a replacement for bonds issued by Boryszew S.A. under the registered Bond Issue Scheme on 22 December 2015 and acquired by Metal Zinc Spółka z o.o. based in Katowice.
- on 2 October 2017 7 A9 series registered bonds with nominal value of PLN 1 000 000.00 each bond. The total nominal value of bonds issued this series was PLN 7 000 000.00. The interest on the bonds was determined on the arm's length basis. The redemption date for the bonds was determined at 30 September 2018. These bonds were issued with the purpose to refinance the debt due to bonds of Boryszew S.A. held by Hutmen S.A. with redemption date of 2 December 2017, according to the bond issue terms and conditions.
- on 20 October 2017 - 5 A10 series registered bonds with a nominal value of PLN 1 000 000.00 each bond. The total nominal value of bonds issued this series was PLN 5 000 000.00. The interest on the bonds was determined on the arm's length basis. The redemption date for the bonds was determined at 31 December 2018.
- on 25 January 2017 - 3 A11 series registered bond with nominal value of PLN 1 000 000.00 each bond. The total nominal value of bonds issued this series was PLN 3 000 000.00. The interest on the bonds was determined on the arm's length basis. The redemption date for the bonds was determined at 31 December 2018.
- on 20 December 2017 - 4 A12 series registered bond with nominal value of PLN 1 000 000.00 each bond. The total nominal value of bonds issued this series was PLN 4 000 000.00. The interest on the bonds was determined on the arm's length basis. The redemption date for the bonds was determined at 31 December 2020.
- on 29 December 2017 14 A13 series registered bonds with a nominal value of PLN 1 000 000.00 each. The total nominal value of bonds issued this series was PLN 14 000 000.00. The interest on the bonds was determined on the arm's length basis. The redemption date for the bonds was determined at 31 December 2018.
- on 29 December 2017 1 A14 series registered bond with nominal value of PLN 1 000 000.00. The total nominal value of bonds issued this series was PLN 1 000 000.00. The interest on the bonds was determined on the arm's length basis. The redemption date for the bonds was determined at 31 December 2018.
- on 29 December 2017 1 A15 series registered bond with nominal value of PLN 1 000 000.00. The total nominal value of bonds issued this series was PLN 1 000 000.00. The interest on the bonds was determined on the arm's length basis. The redemption date for the bonds was determined at 31 December 2018.

Proceeds from the issue of the above mentioned bonds were used to finance operating activity of Boryszew S.A.

- II. Under registered 5-year bond issue scheme adopted under Resolution No. 124/2013 of the Management Board for Boryszew S.A, dated 13 September 2013, Boryszew S.A. issued:
 - on 30 June 2017 3 BE series registered bonds with a nominal value of EUR 500 000.00 each. The total nominal value of bonds issued this series was EUR 1 500 000.00.
The interest on the bonds was determined on the arm's length basis. Bonds redemption date: 30 September 2018.

Proceeds from the issue of the above mentioned bonds were used to finance operating activity of Boryszew S.A.

EQUITY SECURITIES

In 2017 and until publication of the report the Company did not issue any equity securities.

17. DIVIDEND PAID OR DECLARED

Proposed distribution of profit for 2017

Management Board of the Company recommends to retain the 2017 profit of PLN 84 504 thousand with the Company to be allocated to supplementary capital.

Distribution of profit for 2016

On 18 May 2017, the Ordinary General Meeting of Shareholders of Boryszew S. A. adopted resolution No. 18, on the basis of which it was decided to allocate the Company's net profit for 2016 in the amount of PLN 3 707 thousand to increase the Company's retained profits.

18. FINANCIAL RESULT FORECAST

In the period covered by this report, the entity published the financial projections for 2017 (EBITDA PLN 539,700,000, net profit PLN 305,500,000). On January 2, 2018, it was decided to withdraw the selected items of the financial projection of the Boryszew Capital Group for 2017. The withdrawal of the projection occurred in connection with the planned recognition of risks related to tax liabilities of earlier periods.

19. PRINCIPLES OF MANAGEMENT OF FINANCIAL RESOURCES

BORYSZEW S.A.

Boryszew 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. Boryszew strategy is that of continuous improvement of the funding structure. The company cooperates with several Polish banks, but also holds talks with other financial institutions to optimize costs in terms of financing the operational activity.

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

BORYSZEW CAPITAL GROUP

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

Group's entities show no arrears in servicing their interest debt, both in terms of principal amounts as well as interest. Boryszew SA monitors overdue receivables in the scope of the entire Capital Group. This is particularly important as often different companies within the Group share the same customers which may lead to accumulation of overdue receivables on the Group level - measuring clients' risk.

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. Unfortunately, this process is

not easy to carry out, especially within the scope of suppliers of key raw materials. Companies follow an active policy regarding financial risk management and raw materials price variability risk. The majority of companies of the metal segment of the Group has introduced a risk management policy accepted by the Supervisory Board. This policy regulates the rules of application of security metal prices and exchange rates in relation to conducted commence activity.

20. ASSESSMENT OF POSSIBILITIES OF IMPLEMENTATION OF THE INTENDED INVESTMENTS

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

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

- 1) Activities of holding companies include acquisitions of other entities in compliance with the guidelines of the Group's growth strategy. This strategy defines the range of geographical expansion, expansion into new products and markets, and the integration of the value chain within markets in which the Group operates, etc.
- 2) Within the framework of their production activities, companies carry out investment tasks aiming to maintain the ability of fixed assets to support on-going contracts. Another group of investments comprises expenditure ensuring the maximum economic life of fixed assets in order to achieve additional return on the assets held. If new contracts are concluded (such as a successful tender for long-term deliveries of components to car manufacturers), investments are implemented to enable these contracts to generate maximum return while at the same time maintaining superior quality of products and security of deliveries.

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

21. FACTORS AND UNUSUAL EVENTS AFFECTING THE RESULT

BORYSZEW S.A.

Significant factors that impacted the results of 2017 of one-off nature have been described in the commentaries to particular segments.

CAPITAL GROUP

Major factors and unusual events having a significant impact on the results of 2017 should include:

- Creation of provisions for risks related to tax liabilities for earlier periods in the amount of PLN 66,100,000.
- final settlement of property damages and loss of profit caused by the fire of the plant (Boryszew Oberflächentechnik GmbH in Prenzlau) for PLN 50,400,000.
- write-downs updating the value of the shares of the Alchemia S.A. affiliates for the amount of PLN 26,900,000.

22. GROWTH PROSPECTS

The purpose of the long-term growth strategy assumptions adopted by Boryszew Capital Group is to strengthen its market positions in the sectors in which the Capital Group operates. The intended effect should be an increase

in the companies' assets and their profitability, and thus increase in value for the shareholders in the long run. The increase in value may also be generated through the sale of selected business lines of the Capital Group.

Short-term actions and growth plans are focused on completion of investments underway at the Capital Group's companies and on maximising their effect, as well as on continuing the assets and organisation restructuring processes in relation to the dynamically changing market environment. The development prospects for the two most important Capital Group segments are described below.

AUTOMOTIVE SEGMENT

MAFLOW GROUP

The Maflow Group companies located outside of Poland will focus on: the operational efficiency improvement and using the opportunities resulting from the increase in car production, especially outside Europe. Organizational improvements (including planning), cost control, performance evaluation and management by objectives will be continued. An important element will be the dissemination of uniform operating standards and the promotion of the best operational, technical and organizational practices throughout the Group. It is assumed that production will increase significantly in the plants in Mexico and China launched in 2016. Marketing activities will focus in particular on: fast growing markets (Mexico, China) and adapting the offer to specific requirements (India). The largest entity of the Boryszew Group S.A., the Boryszew Maflow Branch in Tychy anticipates the stabilization of its achieved product sales and operational activity growth, thanks to the opening of the Toruń production plant. As a continuation of performance improvement measures, to optimize the logistic processes, improve the use of machines and labour resources, production deployment optimization for plants in Poland will be carried out. It is planned to increase the activity of the Department in the field of research and development: launch a new laboratory, increase the number of research staff and developing innovative programs for energy saving (electric cars, heat pump), new cooling agents (new type of low permeability rubber, use of CO2 in car air conditioning). The technical development of products will be a marketing lever used to win new orders from existing and new customers – car manufacturers.

BORYSZEW AUTOMOTIVE PLASTICS GROUP

The BORYSZEW AUTOMOTIVE PLASTICS Group is implementing both development plans and saving plans aimed at continuous improvement of the operating profitability of the plants. Among the on-going tasks there is, for instance, an innovation project of over PLN 33,000,000 worth. "The Development and implementation of advanced technologies for components production and integration in the form of an innovative door panel for motor vehicles" co-financed from EU funds under the so-called "fast track" scheme of the National Center for Research and Development. The Group anticipates further progressing acquisition of new nominations at a rate slightly different from the last year's progress. Also analytical work on further production sites is being carried out.

The table below lists new contracts, acquired in the Automotive segment for performance in the years to come.

New contracts acquired in the Automotive Segment in 2017 [in PLN '000]

in PLN million	2018	2019	2020	2021	2022	2023 (and later years)
In 2017	80 768	145 145	189 789	199 144	189 931	478 404

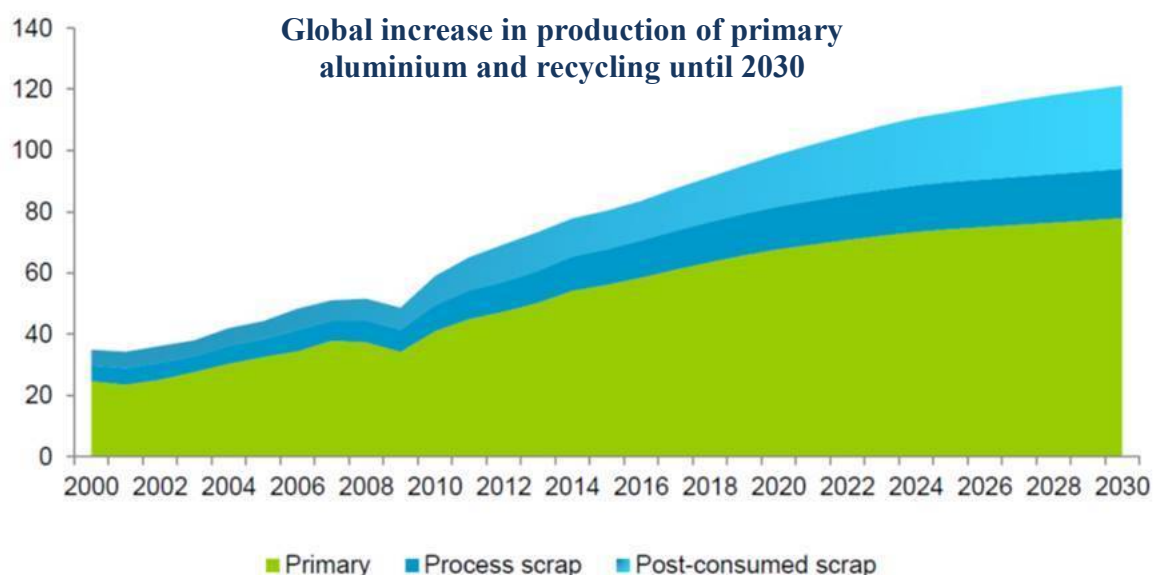
Additionally, before 2017, contracts for PLN 167 514 thousand were signed (with maturity in 2018-2022).

ALUMINIUM SEGMENT

BORYSZEW S.A. NOWOCZESNE PRODUKTY ALUMINIOWE SKAWINA BRANCH NPA Skawina branch focuses on the development of production and advanced aluminium wire rod and aluminium alloy processing. In 2017, in the area of wire rod production, an installation project for the most modern milling line in Europe was commenced, that will enable the production of aluminium alloys dedicated to welding and mechanical applications. The continuous casting and rolling line project is being carried out as part of a research project co-financed by the National Center for Research and Development (Demonstrator project) under the Intelligent Development Operational Program, and its launch will take place in 2019. On the other hand, the wire rod processing is mainly the start-up and development of the production of components for the automotive segment, such as aluminium and aluminium alloy tubes, and class V aluminium conductors. In 2017, a new processing line for continuous extrusion of aluminium alloy tubes was launched and the product validation process with the customers from the automotive industry begun. The implemented investments and development activities of the Branch are aimed not only at increasing the production capacity, but also take into account the prospective market directions for aluminium products. Connected to the entry into new market areas, the Branch began to implement a program for quality, environmental, production and health and safety management systems, which in 2017 resulted in obtaining certificates confirming compliance with norms and standards. Thanks to this, NPA Skawina from the aluminium wire rod supplier for the cable industry has become a producer of innovative products dedicated to strategic industries such as: automotive, construction, welding and modern power engineering.

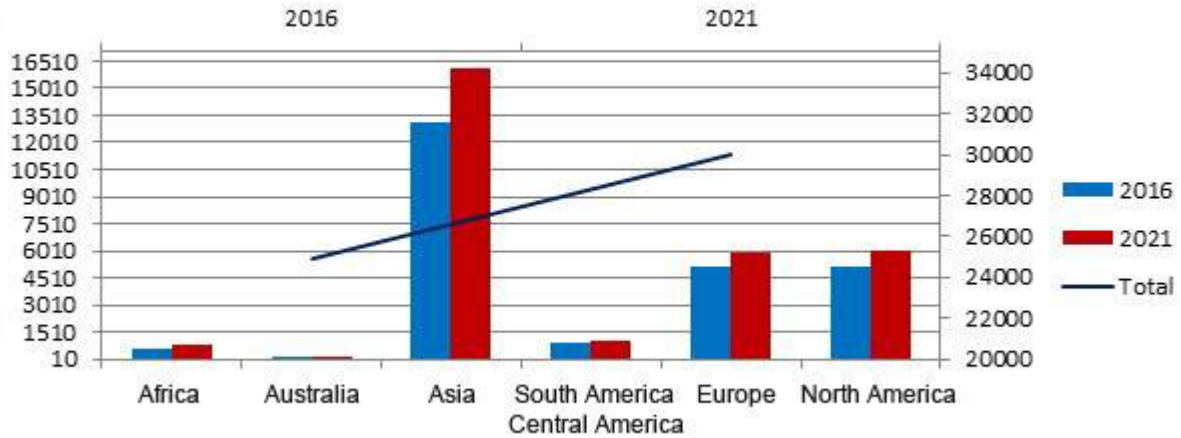
IMPEXMETAL S.A. (ALUMINIUM KONIN)

The aluminium products market is one of the most dynamic raw materials markets in the world. The increase in aluminium consumption is due to its features such as strength, formability and low weight. Thanks to these properties, aluminium is used in all industry branches of industry, and aluminium alloys elements are used by us at every step. The success of aluminium is also due to its recycling qualities. All these factors combined provide a picture of the market, that will reach the level of 120 million tons in 2030.



As part of aluminium processing, a crucial activity segment is the plastic working, which is a rolled products production process. The aluminium products market is expanding rapidly. The projection analysis shows that already in 2021, this market will reach 30 million tons per year. The Asian market is the largest producer and consumer and the American and European markets are ranked second and third respectively.

Global consumption of rolled aluminium products, '000 t

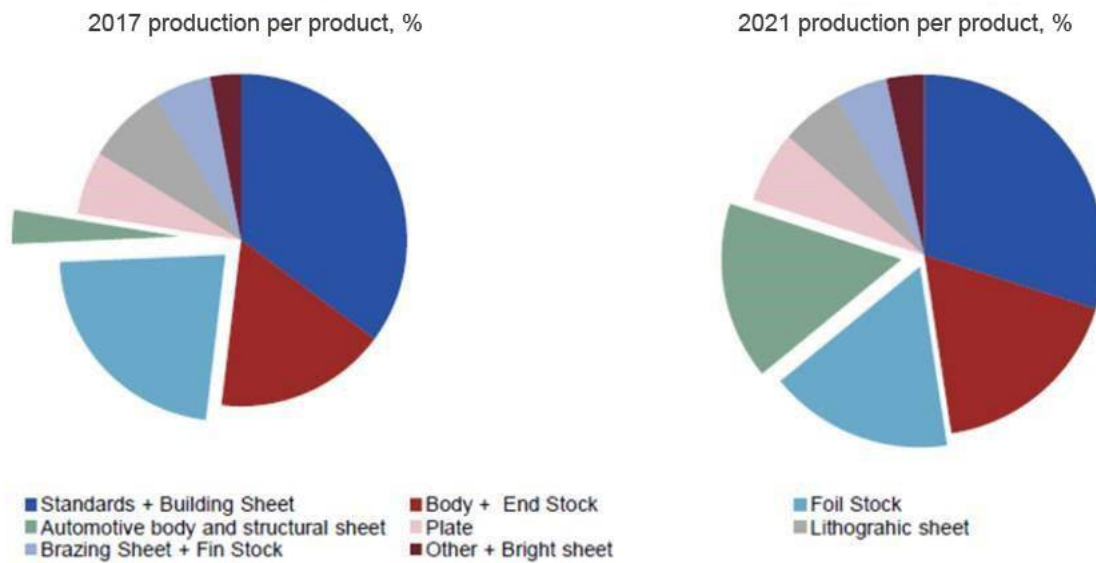


The global use of aluminium focuses on the packaging industry, in which the dominant role is played by two product types – the beverage can and foil. The second important industry is the automotive industry, where the dynamically growing part of the market is related to the vehicle interior and exterior body.

Impexmetal SA focuses on the European market in particular. This market, as the global market, is described by a positive growth dynamics. In addition, the diversity of industries and applications allows the concentration of production on selected product ranges.

The European market has been evolving over the past 15 years. The visible trend shows the departure of producers from the production of standard general-purpose products and the shift towards specialized products, including products for the automotive industry.

Product mix change in Western Europe



In 2018-2026, the Company will implement the Development Program, the purpose of which is to increase the sales of rolled products from 100,000 to 200,000 tons per year, as well as the development and launch of production and sale of innovative products for:

Automotive industry:

High-strength AlMgVHS alloys (aluminium alloys with magnesium content above 5%), for interior vehicle body elements production. These products will be characterized by much higher strength parameters than the currently used EN AW-5xxx series alloys.

Multilayer aluminium alloys for the production of automotive heat exchangers. These products will be produced with the use of a highly advanced technology of joining various aluminium alloys in the hot rolling process. Compared with currently used plated products, these products will have much higher strength parameters and increased corrosion resistance.

Packaging industry:

New aluminium alloys for the production of bottle caps. These products will be characterized by high susceptibility to pressing, excellent thermal resistance and increased strength properties, which will allow their use in the production of carbonated beverage caps.

The investment program assumes an increase in the production and sale of flat rolled products up to 200,000 tons per year, including:

- 30 000 tons of high-strength products,
- 50 000 of thick metal straps,
- 30 000 tons of thick metal sheets used in cap production,
- 20 000 tons of clad products

The scope of investment tasks of the entire program includes:

- Expansion of the Foundry's production capacity to 340,000 tons of ingots.
- Expansion of the Rolling Plant production capacity to 200,000 tons of rolled products.

The planned increase in production is the optimal use of the current production potential and assumes its increase and is a continuation of the investment program implemented in 2015-2017, the aim of which was to increase the production of rolled products up to 100,000 tons. An increase in production capacity to 200,000 tons of rolled products per year requires further investment measures to ensure the simultaneous expansion of production capacities of the ingot production and processing segments. In order to cover the increased demand of the Rolling Plant Department, it is necessary to increase the melting and foundry capacity of up to 340,000 tons per year.

The project involves the construction of new Foundry and Rolling Mill Departments. Increasing the production of rolled products up to 200,000 tons requires investment in the expansion of a hot rolling mill, cold rolling mills, heat treatment furnaces and finishing processing lines.

The planned benefits from the investment include, first of all, increasing the sales volume, launching new high-strength products for the car segment and increasing the production capacity of thin and plated products, which will significantly strengthen Impexmetal's position in the automotive and packaging market. An important effect is also the reduction of production costs and energy consumption for production processes.

23. DESCRIPTION OF SIGNIFICANT RISK FACTORS AND HAZARDS

The activities of Boryszew generate exposure to market risk (including interest rate risk, currency risk and risk of change in prices of raw materials and products), as well as credit risk and liquidity risk.

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

market risk, including:

- 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 related to stability of debt and cash flow:
- liquidity risk;
- credit risk.
- risk of changes in applicable law

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. 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.

Net debt to equity ratio	As at 31.12.2017	As at 31.12.2016
Loan, lease, borrowings debt	1 145 728	1 117 210
Cash and cash equivalents	(216 120)	(205 108)
Net debt	929 608	912 102
Equity	1 722 090	1 617 052
Net debt to equity	54.0%	56.4%

Debt ratio	As at 31.12.2017	As at 31.12.2016
Liabilities	2 367 468	2 223 860
Assets	4 109 581	3 863 077
Debt rate	57%	58%

Liquidity ratios	As at 31.12.2017	As at 31.12.2016
current ratio	1.74	1.74
quick ratio	0,70	0,63
current ratio	0.14	0.13

Credit risk is understood as the risk of a counterparty failing to fulfil its contractual obligations, thus exposing the lender to financial loss.

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

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

The Group recognises write-off on possible losses resulting from credit risk.

Accumulated write-downs on receivables

Write-downs on trade receivables	46 373	56 801
Doubtful debt allowance on other receivables	13 463	21 012
Total allowances	59 836	77 813

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. Of crucial importance in crediting activities is evaluation of credit-worthiness of customers and adequate collateral provided by the borrower, which enables reduction of losses in case of customer's failure to repay the debt. The customer's credit risk is assessed prior to conclusion of contract and then again, periodically, on subsequent deliveries of goods according to procedures in force. 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.

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, although falling, proportion of short-term third party financing (overdraft facilities and working capital facilities) in the Group's financing structure. Currently, the Group has secured its access to third-party financing and has no difficulty in obtaining new loans or renewing the existing ones. Potential risk may exist in the event of significant deterioration of results of the Group's companies or large scale disturbances in financial markets.

Group's entities show no arrears in servicing their interest debt, both in terms of principal amounts as well as interest. In 2017 the Group refinanced approximately PLN [142 931] thousand of repaid loans.

The analysis of contractual maturities of undiscounted cash flows due to financial liabilities as at

31.12.2017

	1-3 months	4-6 months	7-12 months	1-3 years	3-5 years	>5 years	Total	Carrying value
Bank loans maturities	86 800	155 955	377 147	307 576	110 422	7 440	1 045 340	1 045 340
Maturities of borrowings	993	992	4 259	13 123	3 480	1 478	24 325	24 325

Maturities of leasing liabilities	9 332	8 350	12 247	27 963	15 384	8 479	81 755	76 063
The maturity of WUG charges	1 985	0	0	4 064	4 111	132 174	142 334	60 969
payment of trade liabilities and other items	761 285	18 479	876	46 968			827 608	827 608
Total	860 395	183 776	394 529	399 694	133 397	149 571	2 121 362	2 034 305

The analysis of contractual maturities of undiscounted cash flows due to financial liabilities as at 31.12.2016

converted data	1-3 months	4-6 months	7-12 months	1-3 years	3-5 years	>5 years	Total	Carrying value
Bank loans maturities	263 470	169 044	204 546	299 501	34 727	8 783	980 071	980 071
Maturities of borrowings	134	2 167	4 519	674	813	-	8 307	8 307
Maturities of leasing liabilities	22 517	20 542	39 110	50 686	6 077		138 932	128 832
The maturity of WUG charges	2 075	0	0	4 244	4 291	150 521	161 131	40 631
payment of trade liabilities and other items	612 392	168 402	29 040	34 763	0	0	844 597	844 597
Total	900 588	360 155	277 215	389 868	45 908	159 304	2 133 038	2 002 438

Undiscounted cash flows include amounts of future interest cost

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 2017 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.

For the purposes of this analysis, the data concerning companies for which the functional currencies are: EUR, USD.

Analysis of sensitivity to risk of foreign exchange changes 2017

Currency	Exrate as at 31.12.2017	5% exrate change
	(PLN)	(PLN)
EUR	4.1709	0.2085
USD	3.4813	0.1741

Receivables and payables in EUR	Net value in currency	effect of increase in exchange rate 5%	effect of decrease in exchange rate 5%
trade and other receivables	63 482	13 236	(13 236)
trade and other liabilities	69 780	(14 549)	14 549
loans and advances	71 902	(14 992)	14 992
bonds	0	0	0
lease	13 643	(2 845)	2 845
Result		(19 150)	19 150

Receivables and payables in USD			
trade receivables	4 567	795	(795)
other liabilities	26 657	(4 641)	4 641
borrowings and loans and lease	359	(63)	63
Result		(3 909)	3 909

Analysis of sensitivity to risk of foreign exchange rates changes 2016

Currency	Exrate as at 31.12.2016 (PLN)	5% exrate change (PLN)
EUR	4.424	0.2212
USD	4.1793	0.2090

Receivables and payables in EUR	Net value in currency	effect of increase in exchange rate 5%	effect of decrease in exchange rate 5%
trade and other receivables	77 390	17 119	(17 119)
trade and other liabilities	61 065	(13 508)	13 508
loans and advances	68 657	(15 187)	15 187
bonds	0	0	0
lease	15 305	(3 385)	3 385
Result		(14 961)	14 961

Receivables and payables in USD			
trade receivables	8 354	1 746	(1 746)
other liabilities	21 958	(4 589)	4 589
loans and advances	938	(196)	196
Result		(3 039)	3 039

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 Impexmetal Group defines, as a rule, two types of risks:

- risk of changes in metal prices,
- 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, tin, nickel and to a lesser extent silver.

Risk of changes in metal prices exists at the operational level while risk of changes in currency exchange rates occurs at the strategic / fundamental / and operational level.

Operational risk in terms metal prices was identified at: Boryszew S.A. branch NPA, Impexmetal S.A., Baterpol S.A., Hutmen S.A., Walcowania Metali Dziedzice S.A, Zakłady Metalurgiczne Silesia S.A., and is associated with future revenue and cash flows, which 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 for Boryszew S.A. NPA branch, Impexmetal S.A., Baterpol S.A., Hutmen S.A., Walcowania Metali Dziedzice S.A., Zakłady Metalurgiczne Silesia S.A.

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, there is still operational risk 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 the nature of 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 in Impexmetal Group are mainly financed by debt with variable interest coupon, 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 price risk and exchange rate risk is subject to an on-going monitoring.

Planned dates of cash flows associated with derivatives

Commodity derivatives as at 12.31.2017

currency	<1 month	1-3 months	3-12 months	1-3 years	3-5 years	>5 years	total
USD	(1 407)	(1 526)	(450)	-	-	-	(3 383)
EUR	(53)	(3 565)	(483)	(259)	-	-	(4 360)
Total	(1 460)	(5 091)	(933)	(259)	-	-	(7 743)

Commodity derivatives as at 12.31.2016

currency	<1 month	1-3 months	3-12 months	1-3 years	3-5 years	>5 years	total
USD	(2 466)	427	1 322	-	-	-	(717)
EUR	(11 432)	578	10 625	(248)	-	-	(477)
Total	(13 898)	1 005	11 947	(248)	-	-	(1 194)

Commodity derivatives as at 12.31.2017

currency	<1 month	1-3 months	3-12 months	1-3 years	3-5 years	>5 years	total
USD	(557)	(1 964)	(1 139)	(1 636)	-	-	(5 296)
EUR	3 725	8 738	6 010	7 600	-	-	26 073
PLN '000	-	-	-	-	-	-	-
Total	3 168	6 774	4 871	5 964	-	-	20 777

Commodity derivatives as at 12.31.2016

currency	<1 month	1-3 months	3-12 months	1-3 years	3-5 years	>5 years	total
USD	(504)	628	1 232	2 112	-	-	3 468
EUR	(1 679)	(2 470)	(1 961)	(5 961)	-	-	(12 071)
PLN '000	(185)	(1 191)	20	-	-	-	(1 356)
Total	(2 368)	(3 033)	(709)	(3 849)	-	-	(9 959)

Analysis of sensitivity of derivatives to the change in foreign exchange rates and metal prices

Analysis of sensitivity of financial derivatives recognised in the statement on financial situation as at 31.12.2017 to the change in metal prices and in EUR/PLN exchange rates as well as impact of these changes on the financial result and equity.

Derivative instruments	31/12/2017			31/12/2016		
	increase (+) / decline (-) in listed prices	impact on financial profit/loss in PLN thousand	impact on equity in PLN thousand	increase (+) / decline (-) in listed prices	impact on financial profit/loss in PLN thousand	impact on equity in PLN thousand
USD/PLN	+10.0%	1 299	6 899	+12.5%	3 840	14 814
	-10.0%	(1 299)	(6 899)	-12.5%	(3 840)	(14 814)
EUR/PLN	+ 5%	(7 260)	(33 699)	+ 7.5%	(6 861)	(44 479)
	- 5,%	7 260	33 699	- 7.5%	6 861	44 479
METAL- Aluminium	+15%	-	(4 251)	+15%	-	11 652
	-15%	-	4 251	-15%	-	(11 652)
Metal - Lead	+25%	(521)	(16 828)	+30%	(737)	(19 120)
	-25%	521	16 828	-30%	737	19 120
Metal - Zinc	+20%	(7 813)	1 966	+30%	(8 288)	276
	-20%	7 813	(1 966)	-30%	8 288	(276)
Metal - Copper	+20%	(22 428)	4 787	+25%	(12 546)	149
	-20%	22 428	(4 787)	-25%	12 546	(149)
Metal - Zinc	+15%	-	-	+25%	(357)	-
	-15%	-	-	-25%	357	-
Metal - Silver	+20%	(198)	-	+25%	(88)	-
	-20%	198	-	-25%	88	-
Total impact on financial result	Increase in listed prices	(36 921)	(41 126)		(25 037)	(36 708)
and equity before tax	Decline in listed prices	36 921	41 126		25 037	36 708

Interest rate risk

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

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

Due to lower variability of interest rates and to their current relatively low level, the risk of changes in interest rates does not constitute the main risk from the point of view of its impact on the volume of companies' cash flows.

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

Analysis of sensitivity to changes of interest rates

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

	As at 31.12.2017	Interest rate increase by 0.5 p.p.	Interest rate decrease by 0.5 p.p.
Interest-bearing (variable %) financial assets	80 098	400	(400)
Loans granted	1 820	9	(9)
Debt instruments other	78 278	391	(391)
Interest-bearing (variable %) financial liabilities	1 206 697	(6 033)	6 033
Loans	973 480	(4 867)	4 867
Factoring	71 860	(359)	359
Borrowings	24 325	(122)	122
Debt instruments	-	-	-
Financial lease	76 063	(380)	380
Other	60 969	(305)	305
Impact on future profit/loss before tax		(5 633)	5 633
Impact on future net profit/loss		(4 563)	4 563

	As at 31.12.2016	Interest rate increase by 0.5 p.p.	Interest rate decrease by 0.5 p.p.
Interest-bearing (variable %) financial assets	65 700	328	(328)
Loans granted	1 693	8	(8)
Debt instruments other	64 007	320	(320)
Interest-bearing (variable %) financial liabilities	1 157 841	(5 789)	5 789
Loans	910 661	(4 553)	4 553
Factoring	69 410	(347)	347
Borrowings	8 307	(42)	42
Debt instruments	-	-	-
Financial lease	128 832	(644)	644
Other	40 631	(203)	203
Impact on future profit/loss before tax		(5 461)	5 461
Impact on future net profit/loss		(4 423)	4 423

Risk of changes in applicable law, in particular regulations pertaining to Group's business

Also tax provisions in Poland are highly volatile. Any changes in taxation on business, both in income tax, VAT as well as other taxes, may have an adverse impact on Group's business and performance.

The Group is exposed to risk of volatility in interpretations of tax provisions, issued by tax authorities, which have an impact on the operational activity and financial results.

Fair value

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

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

In the reporting period as well as in the comparable period, no shift of instruments between level 1 and 2 occurred.

In the reporting period as well as in the comparable period, level 3 instruments were not reclassified to level 1 and 2

Fair value of financial assets and liabilities

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

	Fair value as at		Hierarchy of fair value
	As at 31.12.2017	As at 31.12.2016	
Financial investments			
Listed shares	8	3 462	Level 1
Derivative financial instruments	33 750	18 231	Level 2
Financial obligations			
Derivative financial instruments	25 250	27 779	Level 2

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

	Fair value as at		Hierarchy of fair value
	As at	As at	
	31.12.2017	31.12.2016	
Financial investments			
Not listed shares	1 890	1 907	Level 3
Shares held for trading	25 068	25 089	Level 3
Bonds	78 278	64 007	Level 3
Borrowings	1 820	1 693	Level 3
Trade receivables	729 397	675 247	Level 3
Investment property	154 984	111 879	Level 3
Cash and cash equivalents	216 120	205 108	Level 3
Financial obligations			
Borrowings and loans	1 069 665	988 378	Level 3
Leasing	76 063	128 832	Level 3
Trade liabilities	680 348	668 017	Level 3
SMA liabilities	60 969	40 631	Level 3

Risk insurance

Boryszew S.A. and subsidiaries had insurance policies for 2017 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:

- own property
- loss of profit due to any risk
- machinery against damage
- machinery loss of profit
- electronic equipment
- business activity and property owners civil liability insurance
- liability of the members of corporation bodies - basic insurance policy and excess policies (used upon exhaustion of the basic sum insured, regardless of whether the sum insured is exhausted at one or multiple events).

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.

24. FACTORS WHICH WILL INFLUENCE THE ISSUER'S FINANCIAL PERFORMANCE IN 2018

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

- global economic situation, especially in the key sectors (motorization and construction) as well as in the main sales markets (the European Union, including Germany). The market situation is characterized by high volatility and it is not possible to make unambiguous predictions on the future situation,

- demand for new cars, especially for products of the VW Group, which is the most important customer of the Boryszew Capital Group,
- the possibility of trade war escalation between the USA and China,
- the level of metal quotations and currencies determining the amount of working capital and effectiveness of export and domestic sales. The high volatility of metal rates causes changes in demand and margins for the Capital Group's products, as well as affects products having cheaper substitutes. An example can be installation copper pipes and zinc sheets for roofing,
- 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,
- cost of energy carriers, which are important in the energy-intensive metal processing industry.

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

- the dynamics of the Group's sales volumes,
- the improvement of the technological level and new products implementation enabling the high-margin clients portfolio expansion,
- the effectiveness of actions reducing variable costs, including actions focused on purchase consolidation for raw materials, materials and energy within the Group,
- the effectiveness of actions reducing fixed costs, ensuring the Group's resilience to changes in the market situation,
- the implementation of pro-effectiveness programs aimed at improving the Group's results, in particular for the Automotive Segment entities,
- activities aimed at further development of the Automotive Segment contract portfolio in the,
- the effects of development investments, including the use of new production capacities handed-over in recent years (production capacity increase to 100 thousand tons/year at Impexmetal SA, and new production plants of the Maflow Group in Toruń, and the BAP Group in Prenzlau),
- the effects of project subsidies received by the Group's entities (NPA Skawina and WM Dziejzice),
- the manner and rate of liquid assets development (mainly land), as well as the effectiveness of the Group's asset restructuring involving the sale of non-productive assets.

25. EMPLOYMENT

EMPLOYMENT AT BORYSZEW S.A

	As at 31.12.2017	As at 31.12.2016
Employment structure (in full-time equivalents)		
Blue-collar workers	2 605	2 553
White-collar workers	686	630
Total	3 291	3 183

EMPLOYMENT AT BORYSZEW CAPITAL GROUP

	As at 31.12.2017	As at 31.12.2016
Employment structure (in full-time equivalents)		
Blue-collar workers	7 663	7 468
White-collar workers	2 472	1 890
Total	10 135	9 358

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

Since 2017, the Boryszew Management Board has adopted a new division of responsibility of the Management Board members for individual operational activity areas of the Capital Group companies, simultaneously assigning the most important companies of the Group to three basic business segments:

- Chemical products segment,
- Metal Segment,
- Automotive Segment,

Organizational units not belonging to the business segments will be presented in the Remaining Segment.

A graphical representation of the Management Board responsibilities for individual areas of the Company's and the Capital Group's operations is presented in point 3 of the report.

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

Agreements concluded between Boryszew S.A. and its officers do not provide for any payments other than those stipulated in the Polish Labour Code.

28. REMUNERATION FOR THE MANAGEMENT BOARD AND THE SUPERVISORY BOARD

Gross remuneration of the members of the Management Board of the Company in 2017 (in PLN thousand).

	remuneration in Boryszew SA		remuneration obtained in subsidiaries		Total
	remuneration for Management Board membership at Boryszew S.A.	other benefits	remuneration for Management Board and Supervisory Board membership	other benefits	
Management Board:					
Jarosław Michniuk	960.00	240.00	0.00	0.00	1 200.00
Aleksander Baryś	589.24	28.80	0.00	0.00	618.05
Piotr Szeliga	600.00	362.42	12.00	0.00	974.42
Cezary Pyszkowski	600.00	307.61	0.00	0.00	907,61
Mikołaj Budzanowski	600.00	315.22	0.00	0.00	915.22
total	3 349.24	1 254.05	12.00	0.00	4 615.30

Remuneration of members of the Supervisory Board - gross (in PLN '000)

	remuneration in Boryszew SA		remuneration in other companies		Total
	Remuneration for Supervisory Board membership	other benefits	Remuneration for Supervisory Board membership	other benefits	
Supervisory Board:					
Janusz Siemienieć	120.00	0.00	36.00	0.00	156.00
Arkadiusz Krężel	60.00	0.00	132.00	0.00	192.00
Mirosław Kutnik	60.00	0.00	0.00	0.00	60.00
Małgorzata Iwanejko	60.00	0.00	36.00	0.00	96.00
Piotr Lisiecki	60.00	0.00	0.00	0.00	60.00
Roman Wieczorek	6.83	0.00	0.00	0.00	6.83
Jarosław Antosik	9,77	0.00	0.00	0.00	9,77
total	376.60	0.00	204.00	0.00	580.60

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

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

THE COMPANY'S SHARES HELD BY MEMBERS OF THE MANAGEMENT BOARD AND SUPERVISORY BOARD AS AT DECEMBER 31, 2017 AND AS AT THE DATE OF THIS REPORT

Person	Function	As at the date of publication of the report for Q3 '2017	As at 31.12.2017	Face value [in PLN]
Aleksander Baryś	Member of the Management Board	3 000	3 000	3 000

As on the day of submission of this report for publication, members of supervisory bodies do not hold any shares in Boryszew S.A.

SHARES IN ENTITIES AFFILIATED WITH THE ISSUER, HELD BY THE MANAGEMENT BOARD AND THE SUPERVISORY BOARD MEMBERS AS AT 31.12.2017 AND AS AT THE DATE OF DRAFTING THIS REPORT.

Members of managing and supervisory bodies of the Company do not hold any shares in subsidiaries.

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

On 13 April 2016, an agreement was concluded between Sanko & Co., Ltd. (Sanko) as well as Impexmetal S.A. and Boryszew S.A., pursuant to which the parties agreed that Boryszew shares transferred on 17 June 2014 by Impexmetal S.A. to Sanko in the amount of 1.356.169 units in exchange for the receivables of Sanko against Boryszew Tensho Poland Spółka z o.o. acquired by Impexmetal S.A. will be blocked on a securities account for the subsequent two years.

After this period, Impexmetal SA shall be entitled to a call option for the amount equalling the price of the acquired shares increased by 20% and Sanko Corp. Ltd to a put option for an amount equal to the purchase price.

The Company is not aware of any agreements under which in future changes might occur in the proportions of shares held by the existing shareholders and bondholders.

31. INFORMATION ON THE SYSTEM OF CONTROLLING EMPLOYEE SHARES

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

32. AGREEMENT WITH INDEPENDENT STATUTORY AUDITOR

Agreement concluded in 2017:

On 5 May 2017, the Supervisory Board appointed Deloitte Polska Spółka z ograniczoną odpowiedzialnością Spółka komandytowa (limited partnership) to audit the financial statements of Boryszew S.A. and Boryszew Capital Group for the period from 1 January 2017 to 31 December 2017.

On 14 June 2017 an Agreement on audit and review of the financial statements was signed. Per the agreement, the net remuneration for its performance will amount to PLN 215 000, including:

- PLN 100 000 for the review of condensed interim consolidated financial statements for the period of 6 months, and the review of condensed interim financial statement for the period of 6 months ended on 30 June 2017,
- PLN 115 000 for the audit of consolidated financial statement for the period of 12 months, and the audit of financial statements for the period of 12 months ended on 31 December 2017.

Agreement concluded in 2016:

On 12 July 2016, the Supervisory Board of Boryszew S.A. appointed Deloitte Polska Spółka z ograniczoną odpowiedzialnością Spółka komandytowa (limited partnership) to audit the financial statements of Boryszew S.A. and Boryszew Capital Group for the period from 1 January 2016 to 31 December 2016.

On 18 July 2016 an agreement for audit and review of the financial statements was signed. Per the agreement, the net remuneration for its performance will amount to PLN 215 000, including:

- PLN 100 000 for the review of condensed interim consolidated financial statements for the period of 6 months, and the review of condensed interim financial statement for the period of 6 months ended on 30 June 2016,
- PLN 115 000 for the audit of consolidated financial statement for the period of 12 months, and the audit of financial statements for the period of 12 months ended on 31 December 2016.

33. LITIGATION UNDERWAY

Indication of procedures pending before courts, in arbitration proceedings, or public administration bodies, in consideration of information related to:

proceedings concerning the issuer's or its subsidiary's liabilities or claims whose value equals at least 10% of the issuer's equity, defining: the subject matter of the proceedings, associated value, the date of initiation of the proceedings, parties to the proceedings and the views of the issuer,

b) two or more proceedings on debts or claims of total amounting to at least 10% of issuer's equity, including the specification of the total value of proceedings in the debt group and the receivables group separately, as well as issuer's position on the subject and, for the proceedings of the broadest scope in the group of debts and the group of claims – indicating their subject matter, the associated value, the date of the initiation of the proceedings and the parties to the proceedings;

TAX PROCEEDINGS IN CAPITAL GROUP COMPANIES

The Group operates in a sector which is particularly vulnerable to extortion of VAT on the part of dishonest contractors. Group companies are subject to control proceedings, at various stages, on the correctness of VAT settlements. Hence the Parent Entity took measures to capture the risks that could be estimated and which are associated with these on-going proceedings.

Significant proceedings closed at first instance

1. On 12 March 2018, ZM SILESIA S.A. received the decision issued on 28 February 2018 by the Head of the Tax and Customs Office in Opole (Office), which sets out VAT arrears for 2012 amounting to PLN 28.9 million plus interest on tax arrears amounting to PLN 15.5 million. The Office claims that ZM SILESIA S.A. did not exercise due diligence in verifying the tax accuracy of some of its suppliers, who, as it turned out, did not pay the due VAT to the budget. Consequently, ZM SILESIA S.A. was not entitled to a reduction in output tax by input tax shown on invoices issued by dishonest suppliers. Since the Company subject to control construes the facts distinctly from the controlling authorities, it has appealed from the Office's decision.
2. On 3 April 2018, HUTMEN S.A. received the decision issued on 26 March 2018 by the Head of the Lower Silesian Tax and Customs Office (Office), which sets out HUTMEN S.A.'s VAT arrears for Q4 of 2014 amounting to PLN 3.04 million plus interest on tax arrears. The Office claims that HUTMEN S.A. did not exercise due diligence in verifying the tax accuracy of some of its suppliers and consequently was not entitled to use the 0% VAT rate in intra-Community supply of goods.

Since the Company subject to control construes the facts distinctly from the controlling authorities, it has appealed from the Office's decision.

Other significant on-going tax procedures regarding VAT in companies of the Capital Group

Apart from the procedures described above, control procedures have been established in companies of the Capital Group, which are in an initial phase (no decisions have been issued). These procedures may result in negative authorities' decisions about the Company, however this risk is difficult to estimate.

On-going proceedings:

1. ZM SILESIA S.A. - on-going audit proceedings regarding VAT for 2013 to 2014,
2. Baterpol Recycler Spółka z o.o. - on-going proceedings regarding VAT for March to September 2016 period,
3. Baterpol S.A. - on-going proceedings regarding VAT for the July 2013 to December 2015 period,
4. Hutmen S.A. - on-going proceedings regarding VAT for 2015.

As of the date of publication of the consolidated financial statement, the established controls have not been concluded with a decision. 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 on-going procedures and estimated risks by classifying them according to the likelihood of occurrence:

- a) **probable** (high) **risk** – there is strong likelihood of emergence of negative tax consequences (i.e., suffering consequences is more likely than not suffering them);
- b) **possible** (average) **risk** – there is a risk of suffering negative tax consequences, however, it is equally likely that they might arise and that they might not;
- c) **potential** (low) **risk** – there is some risk of suffering negative tax consequences, however, it more unlikely than likely to happen.

These risks are recognised in the consolidated financial statement partially as provisions for liabilities (for those considered highly risky), i.e., amounting to PLN 65 million, and partially as contingent liabilities (for those with average or low risk) amounting to PLN 38 million. The Management Board of the Parent Company estimated the provisions by also taking into account the probability of cash outflow from the Group and decided not to provide for events, if the likelihood of cash outflow in connection with them is low.

The Parent Company's Management Board may not rule out that if new circumstances arise, the risk estimation provided above might change.

OTHER PROCEEDINGS IN THE GROUP

HMN SZOPIENICE S.A. IN LIQUIDATION

Settlement after final conclusion of proceedings relating to HMN Szopienice S.A. w likwidacji

The court proceedings of HMN Szopienice S.A. in liquidation against the State Treasury - the Minister of Treasury, which should determine the non-existence of Treasury's claim of PLN 10 342.9 thousand along with relevant interest, as the refund of public aid provided to the Company according to the agreement of 6 March 2003 and later changed by Annex no. 1 of 28 December 2005 was disclosed in previously issued periodical reports. The conclusion of the proceedings was such that the Company must now refund the public aid it received.

The Company and the State Treasury entered into an agreement providing for repayment of the principal in instalments plus postponing of the payments on account of the refund of the public aid. The agreement provides for suspension of interest on the principal amount as of the date of its conclusion and the deadline for final payment was determined as 25 December 2025. The principal amount will be repaid in part with cash generated from revenues from sales of Company's non-current assets.

34. SPONSORING AND CHARITY ACTIVITIES

The sponsoring activity of Boryszew S.A. is focused on promoting the image of the Company and the Boryszew Capital Group. The activities carried out are aimed at supporting the organization of cultural events, including

exhibitions, concerts and festivals, primarily on the local level, at the operation locations of the Group and its members.

The Group also helps local communities in charity activities, supporting them, inter alia, through donations.

The Group companies are also supported by institutions hosting, inter alia, thematic conferences related to the Boryszew Capital Group activity area.

35.REMUNERATION POLICY

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

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

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

1. 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.
2. Bonus and/or award rules defining the manner, form and type of incentives and the value of awarded bonuses/awards, diversified according to the organization's goals and expectations. The bonus and/or award rules define:
 - a. the basis for calculating the bonus/award,
 - b. goals for implementation,
 - c. percentage or value of the bonus/award amount depending on the degree of the goals completion,
 - d. rules for determining the amount of bonuses/awards reduction for a given period (sick leave, penalty for breach of order, employment/dismissal of a worker during the month),
 - e. rules and dates of bonus/award payment.
3. The Boryszew Capital Group uses fixed and variable remuneration.
 - a. Reference salaries are permanent and determined for a given position in a given Company/Branch of the Boryszew Capital Group in relation to tasks performed in a given organizational unit and the level of responsibility of a given employee. They are awarded to the employees for their work and do not depend on criteria related to work results.
 - b. Variable remuneration is defined separately for individual employee/professional groups – depending on the achieved work results and business goals set for a given organizational unit, including financial

and non-financial criteria. They are awarded on the basis of work quality and the degree of commitment to achieve the objectives set for the employees.

- c. A separate group of remuneration components are compulsory components resulting from the legal national regulations in force. With regard to companies in Poland, these are the components specified in the Labor Code, including, among others, overtime allowance, night work allowance, annual leave remuneration, retirement and disability packages and benefits due to temporary inability to work.
4. The following rules apply to the remuneration of the Boryszew SA Management Board management members:
- a. the Management Board members are employed under management or employment contracts,
 - b. 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,
 - c. 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,
 - d. the remuneration of Management Board members consists of the following elements:
 - i. permanent reference remuneration,
 - ii. annual bonus depending on the results of the Capital Group and/or the Company/Branch and implementation of quantitative and qualitative objectives of the Management Board members (variable part),
 - e. 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,
 - f. detailed rules for remunerating the Management Board members are specified in the Resolutions undertaken by the Supervisory Board,
 - g. 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.

In 2017, no significant changes in the remuneration policies implemented in the Group occurred.

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

36. CORPORATE GOVERNANCE PRINCIPLES STATEMENT

Pursuant to §91 section 5 point 4 of the Regulation of the Minister of Finance of 19 February 2009 on current and interim information to be submitted by issuers of securities and conditions for considering as equivalent information required under the law of a non-member state (with subsequent amendments) 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 2018.

Boryszew Spółka Akcyjna listed on the Warsaw Stock Exchange was bound to observe in 2017 the rules of corporate governance specified in the "Code of Best Practice for WSE Listed Companies 2016" (attachment to Resolution No 26/1413/2015 of the Warsaw Stock Exchange Supervisory Board of 13 October 2015.) The content of the rules is available on the website of the Warsaw Stock Exchange.

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.

In 2017, the company complied with the general corporate governance standards included in the "Code of Best Practice of WSE Listed Companies", except for the following rules/recommendations:

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

	Recommendation / Principle	Explanation of non-compliance with specific rules for 2017
I.Z.1.20.	<i>A company should operate a corporate website and publish on it, in a legible form and in a separate section, in addition to information required under the legislation, the course of general assembly in audio or video form</i>	<i>The Company has not so far recorded the course of general assembly in audio or video form. Due to the failure to register the course of the general meeting in any other than by preparing the protocol required by law, the Company does not publish the course of the general meeting in its audio or video form on its website.</i>
IV.R.2.	<i>If justified due to the shareholder structure or the shareholders' expectations reported to the company, provided that the company is able to provide the technical infrastructure necessary for the orderly conduct of the general meeting by means of electronic communication, it shall enable shareholders to participate in the general meeting using such means</i>	<i>In 2017, the Company did not follow the recommendation. Some risks are involved in the implementation of this recommendation at present, including the quality of transfer, delay in the data transfer etc and also it would undermine the effectiveness of the Resolutions adopted by the General Meeting. The Company does not rule out the possibility of implementing this rule the future.</i>
IV.Z.2.	<i>If justified due to the company's shareholder structure, the company shall provide a real-time generally available broadcast of the general meeting</i>	<i>According to the Company, a real-time generally available transmission of the general meeting is not expected by shareholders. In addition, the current form of documenting the debates of the General Meeting allowed for transparency and protection of shareholders' rights. In addition, the Company provides information on the adopted resolutions in the form of current reports, and publishes it on its website www.boryszew.com.pl</i>

V.Z.6.	<i>In its internal regulations, the company should define the criteria and circumstances under which a conflict of interest may arise in the company, as well as the rules of conduct where a conflict of interest has arisen or may arise. The company's internal regulations should among others provide for ways to prevent, identify and resolve conflicts of interest, as well as rules of excluding members of the management board or the supervisory board from participation in reviewing matters subject to a conflict of interest which has arisen or may arise</i>	<i>In its internal regulations, the company does not currently define the criteria and circumstances under which a conflict of interest may arise in the company, as well as the rules of conduct where a conflict of interest has arisen or may arise. After verification of the practices in this area, the company will consider the possibility of introducing such regulations in the future.</i>
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THE MAIN CHARACTERISTICS APPLIED IN THE COMPANY'S INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS IN RELATION TO THE PROCEDURE OF COMPILING FINANCIAL REPORTS AND CONSOLIDATED FINANCIAL REPORTS

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

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

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

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

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

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

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

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

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

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

The Company updates the accountancy rules on an on-going basis, based on which it prepares financial reports. In order to ensure the stability of Boryszew Capital Group, the Company co-ordinates and influences the activities of its subsidiaries through representatives of the Company in statutory bodies of companies

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

The table below presents Shareholders holding more than 5% of the share capital and of the total number of votes as at 31.12.2017:

Shareholders	Number of shares	% of capital	Number of votes	% of votes
(*)Roman Krzysztof Karkosik	153 101 002	63.792%	153 101 002	63.792%
including: subsidiaries	47 814 905	19.923%	47 814 905	19.923%
Nationale - Nederlanden Otwarty Fundusz Emerytalny	14 773 261	6.156%	14 773 261	6.156%
Others	72 125 737	30.052%	72 125 737	30.052%
Total:	240 000 000	100.00%	240 000 000	100.000%

(*) Mr Roman Krzysztof Karkosik with subsidiaries (as per notification of 29 November 2017).

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

Shareholders	Number of shares	% of capital	Number of votes	% of votes
(*)Roman Krzysztof Karkosik	151 052 734	62.939%	151 052 734	62.939%
including: subsidiaries	87 135 108	36.306%	87 135 108	36.306%
Boryszew S.A.	12 483 831	5.202%	12 483 831	5.202%
RKK Investments Sp. z o.o.	57 291 277	23.871%	57 291 277	23.871%
Nationale - Nederlanden Otwarty Fundusz Emerytalny	14 773 261	6.156%	14 773 261	6.156%
Others	74 174 005	30.906%	74 174 005	30.906%
Total:	240 000 000	100.00%	240 000 000	100.000%

(*) Mr Roman Krzysztof Karkosik with subsidiaries (as per notification of 9 April 2018).

The Company is not aware of any agreements other than those disclosed in point 30 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 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.

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

The 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.

RULES ON AMENDING ARTICLES OF ASSOCIATION

Amendments to the Articles of Association require resolution of the General Meeting of Shareholders and must be registered with 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.

In exceptional cases the Articles of Association can be amended not by way of resolution of the General Meeting but by a notarized resolution of the Management Board. This is possible in strictly defined circumstances, as stipulated in the Commercial Companies Code, in case of decrease of the share capital (e.g. redemption of own shares which were not purchased by the Company's employees during the year).

An amendment to the Articles of Association becomes effective upon its registration with 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 the given 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. 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 1/20 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 2016 the Ordinary General Meeting of Boryszew S.A. took place on 15 June.

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

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, granting 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 parties. 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. If the Chairman fails to convene a meeting of the Supervisory Board the applicant may convene such independently specifying 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.

A secret ballot is ordered for elections and dismissal of the Chairman, Vice Chairman or Secretary of the Board as well as on appointment and dismissal of members of the Management Board and on suspending duties, for important reasons, of individual members or the entire Management Board, and also at the request of any member of the Board, participating in the meeting.

Meetings of the Supervisory Board are minuted. 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 following function in the structure of the Supervisory Board: Audit Committee and Remuneration Committee.

On 18 May 2017 the Supervisory Board of Boryszew S.A. appointed the Audit Committee and the Remunerations Committee.

The composition of the Audit Committee as of 18 May 2017:

Mr Piotr Lisiecki

Mr Roman Wieczorek

Mr Arkadiusz Krężel

Due to the fact that Mr Roman Wieczorek resigned from the function of a Member of the Supervisory Board on 3 October 2017, the Supervisory Board appointed Mr Jarosław Antosik as a member of the Audit Committee.

The composition of the Audit Committee as of day of publication of the statement:

Mr Piotr Lisiecki

Mr Jarosław Antosik

Mr Arkadiusz Krężel

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 of:
 - 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 analyses 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.

The composition of the Remuneration Committee as of 18 May 2017:

Mr Roman Wieczorek

Mr Janusz Siemieniec

Mr Arkadiusz Krężel

The composition of the Remuneration Committee as of day of publication of the statement:

Mr Janusz Siemieniec

Mr Arkadiusz Krężel

The statutory tasks of the Compensation Committee include in particular:

- presenting to the Supervisory Board opinions and proposals on shaping the management structure, including the organizational solutions, the remuneration system and selection of staff with qualifications relevant to the implementation of the Company's strategy.

CHANGES IN THE COMPOSITION OF THE SUPERVISORY BOARD

SUPERVISORY BOARD OF BORYSZEW S.A.

As at 1 January 2017, the composition of the Supervisory Board was as follows:

Mr Janusz Siemieniec - Chairman of the Supervisory Board,

Mr Arkadiusz Krężel - Vice-Chairman of the Supervisory Board,

Mr Mirosław Kutnik – Secretary of the Supervisory Board

Mr Piotr Lisiecki – Member of the Supervisory Board,

Ms Małgorzata Waldowska - Member of the Supervisory Board.

On 18 May 2017 the Ordinary General Meeting of Shareholders of the Company appointed the Supervisory Board for a new three-year term of office in the following composition:

Mr Janusz Siemieniec

Mr Arkadiusz Krężel

Mr Piotr Lisiecki

Ms Małgorzata Waldowska

Mr Mirosław Kutnik

Mr Roman Wieczorek

On 27 June 2017 Mr Roman Wieczorek handed in his resignation from the position of a Member of the Supervisory Board

On 3 October 2017 the Supervisory Board of the Company resolved to appoint Mr Jarosław Antosik, as of 3 October 2017, as a member of Supervisory Board. Mr Jarosław Antosik was appointed to the Supervisory Board to replace Mr Roman Wieczorek who resigned from his membership in the Supervisory Board.

As at 31 December 2017 the composition of the Supervisory Board was follows:

Mr Janusz Siemieniec - Chairman of the Supervisory Board,

Mr Piotr Lisiecki – Vice-Chairman of the Supervisory Board,

Mr Mirosław Kutnik – Secretary of the Supervisory Board

Mr Jarosław Antosik – Member of the Supervisory Board,

Mr Arkadiusz Krężel – Member of the Supervisory Board,

Ms Małgorzata Waldowska - Member of the Supervisory Board,

No changes in the composition of the Supervisory Board occurred between 31 December 2017 and the date of publication of the report.

CVs OF MEMBERS OF THE SUPERVISORY BOARD OF BORYSZEW S.A.:

JANUSZ SIEMIENIEC - CHAIRMAN OF THE SUPERVISORY BOARD OF BORYSZEW S.A.

Member of the Supervisory Board of Boryszew S.A. since 2014.

Mr Janusz Siemieniec is a graduate from Wrocław University of Technology, Faculty of Electrical Engineering. He completed training courses at the French Institute of Management (IGF) in management of enterprises and training courses for members of management and supervisory boards of commercial companies, organized by the Ministry of Treasury.

In 1981 - 1990 he worked on management positions in the energy and mining industry.

In 1990 - 2000 he was employed as director of KWK Nowa Ruda in Nowa Ruda and Chairman of the Supervisory Board of Węglózbyt SA.

In 2000 - 2006 he served as President of the Management Board for Spółka Restrukturyzacji Kopalń SA in Katowice, member of the Supervisory Board of Kopex SA.

In 2006 - 2013 he managed investment projects in renewable energy sector, member of management board of investment companies NordWind sp. z o.o., NordEnergy sp. z o.o.

Since 2014 as Vice-President of Management Board of Alchemia S.A., responsible for operations

Mr Janusz Siemieniec is a member of Hutmen Hutmen S.A Supervisory Board,

PIOTR LISIECKI – VICE-CHAIRMAN OF BORYSZEW S.A. SUPERVISORY BOARD,

Member of Boryszew S.A. Supervisory Board since 15 June 2016.

Mr Piotr Lisiecki graduated from the Physics and Astronomy Faculty of Nicolaus Copernicus University in Toruń. He obtained a scholarship at Leeds University and graduated from PhD studies at the Faculty of Management and Marketing, Poznań University of Economics and Business.

In the period from August 1999 to June 2000 delegated to AIB Bank in Dublin.

Between July 1995 and August 2010 employed at BZ WBK S.A. (previously WBK S.A.), where he passed a professional path from the IT System Administrator, Team Manager, Branch Director to Corporate Banking Center Director.

Between September 2010 and April 2012 – Managing Director, Department of Corporate Banking Centre Networks at Kredyt Bank S.A.

Between April 2012 and May 2013 – Director, Department of Corporate Client at DZ Bank S.A.

Between June 2013 and March 2016 Mr Piotr Lisiecki was employed at Bank Ochrony Środowiska S.A., initially as Managing Director, Department of Corporate Sale, then as Vice-President of the Management Board for Bank Ochrony Środowiska S.A.

Since 10 July 2017 - President of Management Board for Huta Bankowa Sp. z o.o. based in Dąbrowa Górnicza.

MIROSLAW KUTNIK – SECRETARY OF BORYSZEW S.A. SUPERVISORY BOARD

Member of the Supervisory Board of Boryszew S.A. since 2011.

Mr Mirosław Kutnik graduated in 1989 from the Faculty of Law at the Nicolaus Copernicus University in Toruń, earning his master's degree in law. In 1994 he was entered in the list of legal advisers under TR - 467 of the District Chamber of Legal Advisers in Toruń.

In 1995 - 2005 was ran a General Counsel Practice in Toruń, and since 2005 he has been the Managing Partner of "Kutnik, Kalinowski and Partners" in Toruń.

Since 2005 he has been an advisor to the President of the Confederation of Polish Employers for the promotion of employment and vocational and social rehabilitation of persons with disabilities. Furthermore, he is an expert of the Tripartite Commission for the amendment of legislation on professional rehabilitation and employment of disabled persons.

Since 2002 he sits on boards of public companies.

Mr Mirosław Kutnik is an expert in tax law, constitutional law, aid law. He was an attorney in a number of proceedings before the Constitutional Court.

JAROSŁAW ANTOSIK – MEMBER OF BORYSZEW S.A. SUPERVISORY BOARD

Member of the Supervisory Board of Boryszew S.A. since 3 October 2017.

Mr Jarosław Antosik holds a university diploma. He graduated Warsaw School of Economics, University of Finance and Banking (1997) In 1998 he graduated a post graduate program with the French Institute of Management earning his International Management Diploma. In 2008 Mr Jarosław Antosik graduated a PhD program at the School of Law and Administration, Łódź University. In 1997 Mr Jarosław Antosik commenced his employment with Arthur Andersen Sp. z o.o. to earn a tax advisor certificate in 2002. In 2002 - 2005 Mr Jarosław Antosik was an employee of the tax department at Ernst &Young Sp. z o.o. Currently he is a Partner at Accreo Sp. z o.o., and a Management Board member as well. Mr Jarosław Antosik holds the Certificate of English for Business awarded by the London Chamber of Commerce and Industry as well as the Certificate of Russian for Business awarded by the Pushkin Institute and the Russian Chamber of Commerce and Industry.

Mr Jarosław Antosik is a Member of the Supervisory Board, which he joined in 2009.

ARKADIUSZ KRĘŻEL – MEMBER OF BORYSZEW S.A. SUPERVISORY BOARD

Member of the Supervisory Board of Boryszew S.A. since 2006.

Mr Arkadiusz Krężel graduated from the Silesian University of Technology in Gliwice, majoring in Automation and Electrification of Mining.

In 1981 - 1992 he worked for "Kazimierz – Juliusz" Coal Mine in Sosnowiec.

In 1992 - 2006 he served as President of the Industrial Development Agency S.A.

In 1981 - 1992 he worked for "Kazimierz – Juliusz" Coal Mine in Sosnowiec.

Since 1991 member of many Supervisory Boards of a number of companies from different industries, including Państwowa Agencja Węgla Kamiennego S.A.,

Polski Bank Rozwoju S.A., Polskie Koleje Państwowe S.A., PLIVA Kraków Zakłady Farmaceutyczne S.A., Centrala Zaopatrzenia Hutnictwa S.A..

He is a member of the Management Board of the Franco - Polish Chamber of Commerce in Paris and Polish - Japanese Economic Committee.

Ms MAŁGORZATA WALDOWSKA - MEMBER OF BORYSZEW S.A. SUPERVISORY BOARD.

Member of the Supervisory Board of Boryszew S.A. since 2015.

Ms Małgorzata Waldowska graduated from the Law and Administration Faculty of Nicolaus Copernicus University in Toruń.

Since 2012 she has held office of the President of Management Board for Przedsiębiorstwo Badań Geofizycznych Sp. z o.o. based in Warsaw. In recent years she was temporarily the President of the Management Board for NFI Krezus S.A., Taleja Sp. z o.o. and Nova Capital Sp. z o.o. and a Member of the Supervisory Board for NPA Skawina Sp. z o.o., Krezus S.A.

Member of the Supervisory Board for Hutmen S.A. Eastside - Bis Sp. z o.o. and Skotan S.A.

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.

Statutory functions of the Management Board are implemented in the form of:

- resolutions passed during the meetings of the Management Board,

- motions to the Supervisory Board, General Meeting of Shareholders or court,
- declarations of will,
- implementing resolutions of the Supervisory Board and the General Meeting of Shareholders.

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 minuted and signed by members of the Management Board present during the meeting.

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

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

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

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

CHANGES IN THE COMPOSITION OF THE MANAGEMENT BOARD

As at 1 January 2017, the composition of the Management Board of Boryszew S.A. was as follows:

Mr Jarosław Michniuk – President of the Management Board, Chief Executive Officer,

Mr Aleksander Baryś – Member of the Management Board, Finance Director,

Mr Mikołaj Budzanowski – Member of the Management Board

Mr Cezary Pyszkowski – Member of the Management Board, Director for Automotive Sector Development,

Mr Piotr Szeliga – Member of the Management Board, Director for the Metal Segment.

On 18 May 2017, the Supervisory Board of Boryszew S.A. appointed the Company's Management Board for a 3-years' term of office (joint term of office).

The following persons were appointed to the Management Board of the new term of office:

Mr Jarosław Michniuk as the President of the Management Board, General Director,

Mr Aleksander Baryś as Member of the Management Board, CFO,

Mikołaj Budzanowski as Member of the Management Board, Development Director,

Mr Paweł Surówka as Member of the Management Board, Director for Automotive Sector Development.

Mr Piotr Szeliga – Member of the Management Board, Director for the Metal Segment.

As at 31 December 2017, the composition of the Management Board of the Company was as follows:

Mr Jarosław Michniuk – President of the Management Board, Chief Executive Officer,

Mr Aleksander Baryś – Member of the Management Board, Finance Director,

Mr Mikołaj Budzanowski – Member of the Management Board

Mr Cezary Pyszkowski – Member of the Management Board, Director for Automotive Sector Development,

Mr Piotr Szeliga – Member of the Management Board, Director for the Metal Segment.

On 19 January 2018 Mr Jarosław Michniuk, President of the Management Board, Chief Executive Officer, resigned from his function. No reasons for this resignation were revealed by Mr Michniuk.

Also on 19 January 2018 the Supervisory Board of the Company appointed Mr Piotr Szeliga, Member of the Management Board, as acting President of the Management Board, Chief Executive Officer.

No changes in the composition of the Management Board occurred between 19 January 2018 and the date of publication of the report.

CVs OF MEMBERS OF BORYSZEW S.A. MANAGEMENT BOARD

JAROSŁAW MICHNIUK – PRESIDENT OF BORYSZEW S.A. MANAGEMENT BOARD

President of the Management Board, Managing Director of Boryszew S.A. between 1 October 2016 and 19 January 2018.

Mr Jarosław Michniuk graduated Warsaw University of Technology, earning his MA Eng, title in Processing of Plastics.

In 1982 – 1984 - employed as process engineer for Polskie Nagrania.

Between 1985 and 1989 – employed as scientific worker and process specialist for Instytut Technologii Elektronowych in Warsaw;

In 1988 – 1989 - Chief Process Specialist for Zakłady Elektronicznych Układów Specjalizowanych in Toruń.

In 1990 – technical and commercial advisor for Plaskon, Rohm and Hass Group in Central and Eastern Europe.

1991 marks the start of his 20-year career at BASF; initially employed as sales representative, product manager to move to the position of Director and BASF Management Board member responsible for BASF and Basell plastics sales in Poland.

In 2001 - 2004 still at BASF, as Regional Sales Director, styrene plastics in Central and Eastern Europe;

2004 - 2008 also BASF, as Marketing Director, Europe (Germany), then acting Group Vice President Northern America (Mexico);

2008 - 2011 BASF, Senior Vice President, styrene plastics in Europe, Africa and the Middle East.

Between July 2011 and August 2016 - President of Management Board of Selena FM SA, a parent for Selena Group, global manufacturer for construction chemical products, based in Wrocław.

ALEKSANDER BARYŚ – MEMBER OF THE MANAGEMENT BOARD

Member of the Management Board, CFO for Boryszew S.A. since 1 October 2016.

Mr Aleksander Baryś graduated Warsaw School of Economics (Finance and Banking) earning his MA title in economics, he also graduated Mannheim University (Germany). Earned his Chartered Financial Analyst certificate in 2008, CFA Society Poland, member of the Association of Chartered Certified Accountants since 2017.

In 2003 - 2008 employed at PKN ORLEN Capital Group (Financial Controller for Basell Orlen Polyolefins Sp. z o.o. and Deputy Director for Unipetrol at PKN ORLEN S.A.).

In 2009 - 2016 at Ciech Group as: CFO at CIECH S.A. (2009 – 2014), President of the Management Board for CIECH Soda Deutschland (2014– 2016), Management Office Director for CIECH S.A. (2016), member of supervisory boards for CIECH Group companies.

Since 2018 - member of Zortrax S.A. Supervisory Board, also appointed to Magellan S.A. Supervisory Board and Elemental Holding S.A. Supervisory Board.

MIKOŁAJ BUDZANOWSKI – MEMBER OF THE MANAGEMENT

Member of the Management Board, Development Director for Boryszew S.A. since 26 July 2013.

Mr Mikołaj Budzanowski is a graduate of the Jagiellonian University in Krakow. In 2004 he received the degree of Doctor of Humanities.

He was a listener at Stanford Executive Institute, Stanford University (Management Science and Engineering) and received scholarship from the Japanese Sasakawa Foundation (Nippon Foundation), Deutsch Akademischer Austausch Dienst (DAAD).

From July 2004 to December 2007, he was an adviser to the Polish delegation to the European Parliament in Brussels.

In 2008 he served as Director of the Department of Climate Change in the Ministry of Environment.

In 2008 - 2009 - Director in the Ministry of State Treasury, supervising strategic companies in the oil and gas sector. He was responsible for, inter alia, preparation of special act for the construction of the LNG terminal in Świnoujście and associated investments.

Between 2009 and 2011 – Vice-Minister for State Treasury.

In 2011 - 2013 - Minister of Treasury, responsible for overseeing strategic companies in the oil and gas sector and diversification projects, including construction of the LNG terminal in Świnoujście, shale gas exploration and development of infrastructure for exploitation and transmission of energy resources. Initiator of new energy and mining projects in Poland. Responsible for the integration of the chemical sector around Azoty Group. He oversaw and completed the process of price negotiations for the Yamal contract in 2012.

CEZARY PYSZKOWSKI – MEMBER OF THE MANAGEMENT BOARD

Member of the Management Board, Director, Automotive Sector Development for Boryszew S.A. since 1 January 2015.

Mr Cezary Pyszowski hold the title of Master of Arts in Economics. He graduate a post graduate programme at SGH in Warsaw. He is also a bachelor of Zachodniopomorska Szkoła Biznesu. He also studied at Banking and Management Academy, Bocconi University, Milano.

Mr Cezary Pyszowski has years of experience in investment banking. In 2008 - 2014 he worked for UniCredit CAIB Poland SA, where he held several leadership positions, and where from 2012 he worked as Managing Director, Corporate & Investment Banking. Before that he was employed by CDM Pekao S.A. (2008 – 1997) and by Pomorski Bank Kredytowy S.A. (1997 – 1995).

PIOTR SZELIGA – MEMBER OF THE MANAGEMENT BOARD

Member of the Management Board, Director, Metals Segment of Boryszew S.A. between 1 October 2016 and 18 January 2018.

From 19 January 2018 also acting President of the Management Board, Managing Director.

Mr Piotr Szeliga is a graduate the Cracow University of Economics in Cracow and Stockholm University/Stockholm International Banking Institute. A certified auditor (registered under No. 10363) and holder of the ACCA Diploma in International Financial Reporting.

In 1996 - 2000 he was employed in Arthur Andersen Sp. Ltd., most recently as Experienced Senior Consultant - Project Manager.

Between 2000 and 2003 he held the position of Financial Controller for ce-market.com.

Between 2003 and 2012 he was employed with Impexmetal S.A. in turn as: Finance Director for Planning and Development of the Capital Group, Accounting Director; acting CFO as well as CFO and Management Board member Finance Director for Planning and Development of the Capital Group, Accounting Director; acting CFO as well as CFO and Management Board member In September 2007 he was appointed the President of the Management Board, General Manager of Impexmetal S.A.

Joined Boryszew in 2006, as President of the Management Board of the Company, Accounting Director, acting CFO and Management Control Advisor.

Mr Piotr Szeliga performs supervisory duties in companies of Boryszew Capital Group: Impexmetal S.A., Hutmen S.A., HMN Szopienice S.A. in liquidation, ZM Silesia S.A., SPV Lakme Investment Sp. z o.o., Baterpol S.A., FŁT Polska Spółka z o.o., Eastside – Bis Sp. z o.o.

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.

On the Company's website: www.boryszew.com.pl all corporate documents of the Company and current and periodic information can be found.

The Company also runs its website in English.

37. DECLARATIONS OF THE MANAGEMENT BOARD

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

- 1) 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.
- 2) this annual report on operations presents a true view of development, accomplishments and situation of Boryszew S.A., including a description of fundamental risks and threats.
- 3) 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.
- 4) this annual report on operations presents a true view of development, accomplishments and situation of Boryszew Capital Group, including a description of fundamental risks and threats.
- 5) the entity authorised to audit separate financial statements of Boryszew S.A. and consolidated financial statements of Boryszew Capital Group was selected in line with the law, and the entity and the auditors responsible for the audit met the criteria necessary to provide the unbiased and impartial opinion on the audit, in line with the applicable provisions of the national law and professional standards.

SIGNATURES OF MEMBERS OF THE MANAGEMENT BOARD OF BORYSZEW S.A.

Piotr Szeliga—acting President of the Management Board _____

Aleksander Baryś—Member of the Management Board _____

Mikołaj Budzanowski – Member of the Management Board _____

Cezary Pyszkowski— Member of the Management Board _____