

Independent Certified Auditor's Report for the General Meeting and Supervisory Board of Boryszew S.A.

Report on audit of annual consolidated financial statements

Opinion

We have audited the annual consolidated financial statements of the capital group of which the parent entity is Boryszew S.A. ("Parent Entity") ("Group"), which comprise the consolidated statement of financial position as at 31 December 2020, as well as consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated cash flow statement for financial year from 1 January 2020 to 31 December 2020, and additional information consisting of description of adopted accounting principles and notes to financial statements ("consolidated financial statements").

In our opinion, the accompanying consolidated financial statements:

- give a true and fair view of the Group's consolidated assets and financial standing as at 31 December 2020 and of its consolidated financial result and consolidated cash flows for the financial year ended on that day, in compliance with the applicable International Financial Reporting Standards confirmed by the European Union and with adopted accounting principles (policy);
- are formally and substantially compliant with regulations applicable to the Group and with the Parent Entity's articles of association.

This opinion is consistent with the additional report for the Audit Committee, which we issued on 30 April 2021.

Basis of the opinion

We conducted the audit in compliance with the International Standards on Auditing adopted as the National Standards of Auditing ("NSA") by a resolution of the National Chamber of Certified Auditors, and pursuant to the Act of 11 May 2017 on certified auditors, audit firms and public supervision ("Certified Auditors Act" - consolidated text: Journal of Laws of of 2020 item 1415 as well as Regulation (EU) No. 537/2014 of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities („EU Regulation" - OJ L 158). Our responsibility under the standards is described below in the section *Scope of certified auditor's responsibility for audit of consolidated financial statements*.

We are independent of the Group's Companies as required by the International Code of Ethics for professional accountants (including the International Standards of Independence) issued by the International Federation of Accountants ("IFAC Code") and adopted by a resolution of the National Chamber of Certified Auditors, and in compliance with other ethical requirements applicable to audit of financial statements in Poland. We have discharged our other ethical obligations in compliance with those requirements and the IFAC Code. During the audit, the key certified auditor and the audit firm

remained independent of the Company in compliance with the independence requirements as laid down in the Certified Auditors Act and the EU Regulation.

We believe that the audit evidence we obtained is sufficient and appropriate to constitute the basis for our opinion.

Key audit issues

Key audit issues are the issues that, according to our professional judgment, were of the greatest importance during the audit of consolidated financial statements for the current reporting period. They include the most important assessed types of risk of material distortions, including assessed types of risk of material distortion caused by fraud. We have addressed these issues in the context of our audit of consolidated financial statements as a whole and when formulating our opinion; we have summarized our response to these risk types and, where we considered it appropriate, have provided key observations related to these risks. We do not express a separate opinion on those issues.

1 Estimation of provisions and contingent liabilities relating to pending proceedings conducted by tax authorities at Group companies

Provisions for tax risk and contingent liabilities have been recognized in the consolidated financial statements in connection with pending inspection proceedings regarding the correctness of VAT settlements in selected Group companies.

In view of audit decisions already issued by tax authorities and the risk that other transactions might be questioned as well, we consider this area to be a key issue for audit of the consolidated financial statements.

Disclosures made in financial statements

The relevant disclosures are contained in point 1 e) of consolidated financial statements

Certified auditor's procedures in response to identified risk

Our audit procedures included:

- assessment of the current situation of pending tax audits,
 - carrying out, with the support of internal tax experts, of analysis of issued decisions of tax authorities and assessment of potential risk of unfavorable conclusion of pending proceedings,
 - critical analysis of the assessment made by the Capital Group companies regarding the likelihood of an unfavorable resolution of ongoing tax disputes,
 - analysis of the content of independent opinions of the law firm handling the companies' affairs,
 - checking of correctness of provision calculations based on tax decisions issued and estimates of Group companies,
 - verification of correctness and completeness of disclosures made in consolidated financial statements.
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2 Analysis of impairment of goodwill and tangible fixed assets

In the consolidated financial statements prepared as at 31 December 2020, the Parent Entity presented goodwill and tangible fixed assets with a total value of PLN 1,310 million, representing 31.9% of balance sheet total.

For tangible fixed assets, impairment test is performed when indicators of impairment are identified. Having identified impairment indicators as at 31 December 2020, the Parent Entity's Management performed an impairment test and estimated the recoverable amount of selected cash generating centers comprising subsidiaries or branches of subsidiaries.

Impairment tests of goodwill and tangible fixed assets are largely dependent on estimates, including such estimates as: strategy, projected revenues and costs, planned investment expenditures, weighted average cost of capital and marginal growth rate. The estimates relate largely to future events and are therefore exposed to significant risk of change due to changing market conditions. Due to the inherent uncertainty regarding the achievement of significant assumptions in the future and the materiality of those assets, we consider impairment analysis of goodwill and tangible fixed assets to be a key audit issue.

Disclosures made in financial statements

Details of the Group's accounting policy with respect to valuation of tangible fixed assets have been disclosed in Note 3 to consolidated financial statements.

Besides, in Notes 15 and 17 to consolidated financial statements, the Parent Entity Company disclosed figures regarding the identified key audit issue and key assumptions for impairment testing.

Certified auditor's procedures in response to identified risk

Our audit procedures included in particular:

- assessment of compliance of the Group's accounting policy in the area of valuation of investments in subordinated entities with principles that arise from the relevant financial reporting standards;
 - understanding and critical assessment of the process of impairment write-offs;
 - assessment of the analysis of impairment indications performed by the Parent Entity's Management;
 - obtaining impairment tests of the identified cash flow generating centers exposed to impairment risk, as at 31 December 2020,
 - with the support of our valuation specialists, assessment of the macroeconomic assumptions used in the model, including the discount rate, adopted by the Parent Entity's Management by comparing them to publicly available information, and verification of key assumptions and rationality of business projections by comparing them to historical data;
 - assessment of the impact of Covid-19 and post balance sheet events on prudent valuation;
 - interviewing the auditors of significant components, reviewing their audit files and reporting for group audit purposes,
 - Assessment of the adequacy of disclosures for impairment testing against the requirements of IAS 36 Impairment of Assets and IAS 1 Presentation of Financial Statements.
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Responsibility of the Parent Entity's Management and Supervisory Board for consolidated financial statements

The Parent Entity's Management is responsible for preparation of consolidated financial statements giving a true and fair view of the Group's assets, financial standing and financial result in compliance with the International Financial Reporting Standards confirmed by the European Union, adopted accounting principles (policy) as well as regulations applicable to the Group and its articles of

association, and also for internal audit as considered indispensable by the Parent Entity's Management for preparation of consolidated financial statements free from any material distortions resulting from fraud or error.

Preparing the consolidated financial statements, the Parent Entity's Management is responsible for appraisal of the Group's going concern, disclosure of going concern-related matters if applicable, and adoption of the going concern principle as the basis for accounting, except in situations where the Parent Entity's Management contemplates either liquidation of the Group or discontinuance of its operations, or where no other realistic alternatives to such liquidation or discontinuance are available.

The Parent Entity's Management and members of the Supervisory Board are obliged to ensure compliance of the consolidated financial statements with requirements laid down in the Act of 29 September 1994 on accounting ("Accounting Act" - Journal of Laws of 2021, item 217). Members of the Parent Entity's Supervisory Board are responsible for supervision of the financial reporting process.

Certified auditor's responsibility for audit of consolidated financial statements

Our purposes are to acquire reasonable certainty that the consolidated financial statements as a whole contain no material distortions resulting from fraud and error, and to issue the audit report containing our opinion. Reasonable certainty means a high level of certainty but does not guarantee that an audit conducted pursuant to the NSA will detect all existing material distortions. Distortions may result from fraud or error; they are considered material if it can be reasonably expected that whether individually or jointly, they might influence the users' business decisions made on the basis of the consolidated financial statements containing such distortions.

The materiality concept is applied by the auditor both when planning and carrying out the audit, and when appraising the impact on financial statements of any misstatements and uncorrected misstatements identified within the audit, and also when formulating the audit opinion. Therefore, all opinions and statements contained in the audit report are formulated taking into account the materiality level in terms of quality and value, established in compliance with the audit standards and the certified auditor's professional judgment.

The scope of the audit does not include assurance as to future profitability of the Group or the effectiveness and efficiency of management of its affairs by the Parent Entity's Management at present or in the future.

During the audit compliant with the NSA, we apply professional judgment and maintain professional skepticism, as well as:

- we identify and assess the risk of material distortion of consolidated financial statements resulting from fraud or error; we design and carry out audit procedures corresponding to those risks; and we obtain audit evidence that is sufficient and appropriate as the basis for our opinion. The risk of non-detection of a material distortion resulting from fraud is higher compared to distortion resulting from error, as the fraud may relate to conspiracy, forgery, intentional omissions, misrepresentation or circumvention of internal audit;
- we acquire sufficient understanding of the internal audit so as to design appropriate audit procedures in specific circumstances, but not to give opinion on efficiency of the Group's internal audit;
- we assess the adequacy of the accounting principles (policy) applied and the validity of accounting estimates and related disclosures made by the Parent Entity's Management;
- we conclude on the adequacy of application by the Parent Entity's Management of the going concern principle as the basis of accounting and, based on audit evidence gathered, on existence

of any material uncertainty related to events or circumstances and capable of significantly challenging the Group's going concern. If we conclude that such material uncertainty does exist, we are required to call attention, in our certified auditor's report, to related disclosures made in the consolidated financial statements, or to modify our opinion if such disclosures are inadequate. Our conclusions base on audit evidence as obtained until the date of preparation of our certified auditor's report; however, the Group may cease operations due to future events or circumstances;

- we appraise the general presentation, structure and content of the consolidated financial statements, disclosures included, and whether the consolidated financial statements present the underlying transactions and events in a manner that guarantees their fair presentation.
- we gather sufficient and appropriate audit evidence relating to financial information on entities or business activities within the Group to give opinion on the consolidated financial statements. We are responsible for management, supervision and execution of audit of the Group, and solely responsible for our audit opinion.

We provide the Parent Entity's Supervisory Board with information about, among other things, the planned scope and time of the audit and material findings made within it, including any material weaknesses of internal audit that we identify during our works.

We certify to the Parent Entity's Supervisory Board that we have complied with applicable ethical requirements for independence and that we will inform them of all relationships and other matters that could reasonably be deemed to pose a threat to our independence and, where applicable, we report on the safeguards in place.

Among issues reported to the Parent Entity's Supervisory Board, we have identified those most significant in our audit of the consolidated financial statements for the current reporting period, which we treated as key audit issues. We describe these issues in our certified auditor's report unless a law or regulation prohibits their public disclosure or when, in exceptional circumstances, we determine that the issue should not be presented in our report because the adverse consequences could reasonably be expected to outweigh the benefit of such information for the public interest.

Other information, including the report on operations

Other Information comprises the Report on Operations of the Company and Group for financial year ended on 31 December 2020 ("Report on Operations") together with the corporate governance statement constituting a separate part of the Report, a separate non-financial report referred to in Article 49b clause 9 of the Accounting Act, as well as the Annual Report for financial year ended on 31 December 2020 ("Annual Report") (jointly: "Other Information").

Responsibility of the Parent Entity's Management and Supervisory Board

The Parent Entity's Management is responsible for drafting Other Information in compliance with applicable law.

The Parent Entity's Management and members of the Supervisory Board are obliged to ensure compliance of the Report on Operations of the Company and the Group with requirements laid down in the Accounting Act.

Scope of responsibility of the certified auditor

Our opinion on the audit of consolidated financial statements does not cover Other Information. Within the audit of consolidated financial statements, we are obliged to familiarize ourselves with Other Information and, when doing so, to consider whether such Other Information is not materially

inconsistent with the consolidated financial statements or our knowledge gained during the audit, or seems materially misstated otherwise. Having found material misstatements within our work, we are obliged to include information to the effect in our audit report. It is also our duty pursuant to the Certified Auditors Act to assess whether the Report on Operations of the Group has been drafted in compliance with the law and corresponds to information contained in consolidated financial statements. Besides, we are obliged to formulate an opinion whether the Group has provided the required information in its corporate governance statement.

We obtained the Report on Operations of the Company and Group before the date of this audit report, while the Annual Report will be available after that date. Having identified a material distortion in the Annual Report, we are obliged to inform the Parent Entity's Supervisory Board accordingly.

Opinion on the Report on operations

Based on our works performed within the audit, we are of the opinion that the Report on Operations of the Company and of the Group:

- has been prepared in compliance with Article 49 of the Accounting Act and § 71 of Regulation of the Minister of Finance of 29 March 2018 concerning on current and periodic information provided by issuers of securities and on conditions under which information required by legal regulations of a non-EU member may be recognized as equivalent ("Current Information Regulation" - Journal of Laws item 757);
- conforms to information contained in the consolidated financial statements.

Besides, in the light of our knowledge of the Group and its environment as acquired during our audit, we hereby declare that we have found no material distortions in the Report on Operations of the Company and of the Group.

Opinion on the corporate governance statement

In our opinion, the Group provided in its corporate governance statement information specified in § 70 clause 6 point 5 of the Current Information Regulation. Besides, in our opinion, information specified in § 70 clause 6 point 5 letters "c"- "f", "h" and "i" of that Regulation that is contained in the corporate governance statement is compliant with applicable provisions and with information contained in consolidated financial statements.

Non-financial report

As required by the Certified Auditors Act, we hereby confirm that the Company informed, in its Report on Operations, on preparation of a separate non-financial report of the Company and Group, as referred to in Article 49b clause 9 of the Accounting Act, and that the Company prepared such a separate report.

We have not performed any certifying works on the non-financial report, and we make no assurance relating to that report.

Report on other legal requirements and regulations

Statement on non-audit services provided

To the best of our knowledge and belief, we represent that the non-audit services that we have provided to the Group comply with Polish laws and regulations, and that we have not provided non-

audit services that are prohibited under Article 5 clause 1 of the EU Regulation and Article 136 of the Certified Auditors Act.

The non-audit services that we provided to the Parent Entity and its subsidiaries in the period under review are listed in the Report on Operations of the Company and the Group.

Audit firm selection

We were appointed to audit the Group's consolidated financial statements by resolution of the Parent's Entity's Management Board of 26 May 2020. We have audited the Group's consolidated financial statements continuously starting from financial year ended on 31 December 2018, that is for 3 consecutive years.

The key certified auditor in charge of the audit that resulted in this independent certified auditor's report is Artur Staniszewski.

BDO spółka z ograniczoną odpowiedzialnością sp.k. with registered office in Warsaw
entered in the list of audit firms under No. **3355**

represented by the key certified auditor

Artur Staniszewski

Certified Auditor

Register No. 9841

Warsaw, 30 April 2021