



**Consolidated financial statements for**

**Boryszew Capital Group**

**for the period between 1 January and 31**

**December 2020**

**Report publication date:**  
**30 April 2021**





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**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	Note	01.01.2020 - 31.12.2020	01.01.2019 - 31.12.2019
<b>Continuing operations</b>			
Revenues from sales	6	5 554 579	6 259 519
Prime cost of sale	7	5 042 282	5 708 194
<b>Gross profit on sales</b>		<b>512 297</b>	<b>551 325</b>
Selling costs		145 605	143 529
General and administrative expenses		298 050	286 101
Other operating revenue	8	176 809	154 805
Other operating expenses	9	186 243	63 130
Profit/loss on impairment of trade receivables and other receivables	10	(5 119)	(3 072)
<b>Operating income</b>		<b>54 089</b>	<b>210 298</b>
Financial revenues	11	42 504	28 772
Financial expenses	12	82 947	88 044
Profit on sales of subsidiary		376 012	-
Profit/loss on impairment of financial assets	13	(3 456)	4 984
<b>Financial profit/loss</b>		<b>332 113</b>	<b>(54 288)</b>
Impairment write-off on assets		(50 018)	(179 913)
Share in profit of affiliates		(101)	780
<b>Profit before taxation</b>		<b>336 083</b>	<b>(23 123)</b>
Income tax	14.1	53 385	73 657
<b>Net profit on continuing operations</b>		<b>282 698</b>	<b>(96 780)</b>
<b>Net profit/loss on discontinued operations</b>		<b>(1 208)</b>	<b>(1 965)</b>
<b>Profit on continuing and discontinued operations including attributable to:</b>		<b>281 490</b>	<b>(98 745)</b>
<i>to shareholders of the parent</i>		279 106	(87 977)
<i>to non-controlling interests</i>		2 384	(10 768)
<b>Earnings / Diluted earnings per share</b>		<b>279 106</b>	<b>(87 977)</b>
Weighted average number of shares		202 000 000	202 445 256
Earnings / Diluted earnings per share (PLN)		1.38	(0.43)



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	01.01.2020 - 31.12.2020	01.01.2019 - 31.12.2019
<b>Net profit</b>	<b>281 490</b>	<b>(98 745)</b>
<b>Earnings recognised in equity</b>		
<i>Earnings recognised in equity, to be transferred to income statement</i>	<b>(70 187)</b>	<b>3 402</b>
Hedge accounting	(39 975)	7 300
Measurement of financial assets recognised in income statement		-
Exchange differences on translating foreign operations	(37 807)	(2 511)
Income tax expense (-provision/+asset)	7 595	(1 387)
<i>Earnings recognised in equity, not to be transferred to income statement</i>	<b>31 959</b>	<b>(2 863)</b>
Gains/losses on valuation of equity instruments	39 249	(2 235)
Gains/losses on disposal of equity instruments	-	-
Employee benefit capital reserve	206	(1 300)
Income tax	(7 496)	672
<b>Total earnings recognised in equity</b>	<b>(38 228)</b>	<b>539</b>
<i>to shareholders of the parent</i>	(38 228)	539
<i>to non-controlling interests</i>	-	-
<b>Total comprehensive income, including attributable:</b>	<b>243 262</b>	<b>(98 206)</b>
<i>to shareholders of the parent</i>	240 878	(87 438)
<i>to non-controlling interests</i>	2 384	(10 768)

**Consolidated profit and loss account – discontinued operations**

	01.01.2020 - 31.12.2020	01.01.2019 - 31.12.2019
Revenues from sales	30	2 069
Prime cost of sale	30	1 604
<b>Gross profit (loss) from sales</b>	<b>-</b>	<b>465</b>
Selling costs	-	21
General and administrative expenses	-	2 627
Other operating revenue	186	9 531
Other operating expenses	1 361	9 303
<b>Profit (loss) from operating activity</b>	<b>(1 175)</b>	<b>(1 955)</b>
Financial revenues	13	54
Financial expenses	46	64
<b>Financial profit/loss</b>	<b>(33)</b>	<b>(10)</b>
<b>Profit (loss) before income tax</b>	<b>(1 208)</b>	<b>(1 965)</b>
<b>Corporate income tax</b>		
<b>Net profit (loss) on discontinued operations</b>	<b>(1 208)</b>	<b>(1 965)</b>
<i>in the parent company</i>	338	(458)
<i>to non-controlling interests</i>	(1 546)	(1 507)



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**CONSOLIDATED BALANCE SHEET**

<b>ASSETS</b>	<b>Note</b>	<b>As at 31.12.2020</b>	<b>As at 31.12.2019</b>
<b>Non-current assets</b>			
Non-current assets	15	1 303 109	1 814 457
Investment property	16	152 079	159 189
Goodwill	17	6 418	23 464
Intangible assets	18	48 102	45 819
Right-of-use assets	19	317 929	368 849
Shares in affiliates	20	210	311
Financial assets	21	1 036	1 744
Long-term receivables	23	3 387	2 936
Deferred tax assets	14.2.	26 580	20 486
Other assets	25	27 625	27 308
<b>Total fixed assets</b>		<b>1 886 475</b>	<b>2 464 563</b>
<b>Current assets</b>			
Inventory	24	980 958	1 222 750
Trade receivables and other receivables	23	731 083	755 066
Short-term financial assets	21	249 458	33 048
Derivative financial instruments	22	4 250	22 881
Current tax assets	14.2.	8 306	15 335
Other assets	25	52 033	54 106
Cash and cash equivalents	26	185 211	219 641
<b>Total current assets</b>		<b>2 211 299</b>	<b>2 322 827</b>
<b>Assets classified as held for sale</b>	27	<b>1 004</b>	<b>982</b>
<b>Total assets</b>		<b>4 098 778</b>	<b>4 788 372</b>



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<b>LIABILITIES AND EQUITY</b>	Note	<b>As at 31.12.2020</b>	<b>As at 31.12.2019</b>
<b>Equity</b>			
Share capital		248 906	248 906
Share premium		114 435	114 435
Own shares		(236 753)	(236 753)
Hedge accounting capital		(6 250)	14 326
Capital reserve on translating employee payables		(1 851)	(2 637)
Revaluation reserve		31 792	(21 817)
Exchange differences on translating foreign entities		(56 542)	(18 735)
Retained earnings		1 518 803	1 248 784
<b>Total equity</b>		<b>1 612 540</b>	<b>1 346 509</b>
<b>Equity of non-controlling shareholders</b>		<b>21 054</b>	<b>188 548</b>
<b>Total equity</b>	28	<b>1 633 594</b>	<b>1 535 057</b>
<b>Liabilities and long-term provisions</b>			
Bank credits, loans, bonds	29	168 209	606 204
Lease liabilities	30	83 044	113 160
Liabilities associated with right-of-use assets	19	114 175	148 400
Payables on perpetual usufruct of investment land	31	56 826	58 339
Deferred tax provision	14.2.	83 842	125 644
Employee benefit provisions	32	27 112	28 626
Other provisions	33	47 859	31 387
Other long term equity and liabilities	35	53 710	49 111
<b>Liabilities and long-term provisions - total</b>		<b>634 777</b>	<b>1 160 871</b>
<b>Short-term liabilities</b>			
Bank credits, loans, bonds	29	755 622	883 573
Lease liabilities	30	50 440	45 786
Liabilities associated with right-of-use assets	19	5 107	8 687
Payables on perpetual usufruct of investment land	31	241	257
Trade payables and other liabilities	34	698 454	981 596
Derivative financial instruments	22	12 811	5 024
Current tax liabilities	14	64 202	28 319
Employee benefit provisions	32	33 189	31 793
Other provisions	33	154 550	53 090
Other liabilities and equity	35	38 264	38 022
<b>Liabilities and short-term provisions - total</b>		<b>1 812 880</b>	<b>2 076 147</b>
<b>Liabilities directly associated with assets classified as discontinued operations</b>	27	<b>17 527</b>	<b>16 297</b>
<b>Total liabilities and provisions</b>		<b>2 465 184</b>	<b>3 253 315</b>
<b>Total equity and liabilities</b>		<b>4 098 778</b>	<b>4 788 372</b>





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**CONSOLIDATED CASH FLOW STATEMENT**

	<b>01.01.2020 - 31.12.2020</b>	<b>01.01.2019 - 31.12.2019</b>
<b>Cash flows from operating activities</b>		
<b>Profit before taxation</b>	<b>336 083</b>	<b>(23 123)</b>
<b>Adjustments for (+/-)</b>	<b>(346 965)</b>	<b>478 540</b>
Amortisation/depreciation	195 292	203 344
Profit/loss on financial activity (including interest on financial liabilities)	56 362	30 656
Profit / loss on investment activities	(464 130)	118 542
Change in receivables	(159 552)	153 637
Change in inventories	63 957	105 328
Change in liabilities	(124 053)	(52 913)
Change in provisions and accruals as well as prepayments	132 139	(19 654)
Other items	4 357	(3 730)
Income tax paid	(51 337)	(56 670)
<b>Net cash from operating activities</b>	<b>(10 882)</b>	<b>455 417</b>
<b>Cash flows from investment activities</b>		
Profit on fixed assets disposal	42 833	66 873
Revenue on sales of subsidiary	470 400	-
Proceeds from redemption of bonds by issuers	25 206	181 368
Proceeds from repayment of loans granted	2 300	1 988
Other proceeds from investment activities	-	8 833
Expenses on acquisition of fixed assets	(175 101)	(282 415)
Acquisition of shares and stocks in capital group entities	(214 144)	(460 271)
Loans granted	(23 486)	(175)
Expenditure on bonds	-	(55 000)
Other capital expenditures	(14 409)	-
<b>Net cash from investing activities</b>	<b>113 599</b>	<b>(538 799)</b>
<b>Cash flows from financial activities</b>		
Incomes on credit and loan facilities	406 884	596 607
Loans received	13 700	-
Proceeds from grants and other proceeds	31 270	99 760
Share buy-back expense	-	(4 516)
Dividends paid	(27)	(11 396)
Loans repaid	(461 170)	(405 679)
Repayment of borrowings	(4 540)	(18 261)
Interest paid on loans, borrowings and leasing	(48 048)	(56 644)
Payment of liabilities under finance lease agreements	(53 404)	(51 252)
Other financial outflows	-	-
<b>Net cash from financing activities</b>	<b>(115 335)</b>	<b>148 619</b>
<b>Net change in cash</b>	<b>(12 618)</b>	<b>65 237</b>
Translation reserve	2 379	(429)
Cash opening balance	219 641	137 667
Cash and cash equivalents in acquired entities	-	17 166
Cash in divested entities	(24 191)	-
<b>Cash closing balance</b>	<b>185 211</b>	<b>219 641</b>



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**Discontinued operations**

	<b>01.01.2020 - 31.12.2020</b>	<b>01.01.2019 - 31.12.2019</b>
<b>Cash flows from operating activities</b>		
Profit (loss) before income tax	(1 208)	(1 965)
Adjustments	1 028	1 340
<b>Net cash flow from operating activity</b>	<b>(180)</b>	<b>(625)</b>
<b>Cash flows from investment activities</b>		
Inflows	183	71
Outflows	-	-
<b>Net cash flow from investment activity</b>	<b>183</b>	<b>71</b>
<b>Cash flows from financial activities</b>		
Inflows	-	-
Outflows	-	(2 728)
<b>Net cash flow from financial activity</b>	<b>-</b>	<b>(2 728)</b>
<b>Movement in cash and cash equivalents</b>	<b>3</b>	<b>(3 282)</b>
<b>Opening balance of cash and cash equivalents</b>	<b>247</b>	<b>3 529</b>
<b>Closing balance of cash and cash equivalents</b>	<b>250</b>	<b>247</b>





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**CONSOLIDATED STATEMENT ON CHANGES IN EQUITY**

	Share capital	Share premium	Treasury shares	Hedge accounting	Profit/Loss on restatement of employee benefits	Revaluation reserve	Exchange differences on recalculation of overseas controlled entities	Retained earnings	Capital of the controlling entity	Equity of non-controlling interest	Total equity
<b>As at 01.01.2020</b>	<b>248 906</b>	<b>114 435</b>	<b>(236 753)</b>	<b>14 326</b>	<b>(2 637)</b>	<b>(21 817)</b>	<b>(18 735)</b>	<b>1 248 784</b>	<b>1 346 509</b>	<b>188 548</b>	<b>1 535 057</b>
Valuation of hedge instruments				(32 380)					(32 380)		(32 380)
Valuation of employee benefits					167				167		167
Valuation of equity instruments						31 792			31 792		31 792
Currency translation differences (subsidiaries)							(37 807)		(37 807)		(37 807)
Profit/loss for 2020								279 106	279 106	2 384	281 490
<b>Total comprehensive income for 2020</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(32 380)</b>	<b>167</b>	<b>31 792</b>	<b>(37 807)</b>	<b>279 106</b>	<b>240 878</b>	<b>2 384</b>	<b>243 262</b>
Dividend distribution									-	(27)	(27)
Change of capital group structure					35			18 075	18 110	(169 024)	(150 914)
Disposal of subsidiary		-	-	11 804	584	21 817		(27 162)	7 043	(827)	6 216
<b>As at 31.12.2020</b>	<b>248 906</b>	<b>114 435</b>	<b>(236 753)</b>	<b>(6 250)</b>	<b>(1 851)</b>	<b>31 792</b>	<b>(56 542)</b>	<b>1 518 803</b>	<b>1 612 540</b>	<b>21 054</b>	<b>1 633 594</b>

	Share capital	Share premium	Treasury shares	Hedge accounting	Profit/Loss on restatement of employee benefits	Revaluation reserve	Exchange differences on recalculation of overseas controlled entities	Retained earnings	Capital of the controlling entity	Equity of non-controlling interest	Total equity
<b>As at 01.01.2019</b>	<b>248 906</b>	<b>114 435</b>	<b>(217 657)</b>	<b>4 797</b>	<b>(1 148)</b>	<b>(13 142)</b>	<b>(21 572)</b>	<b>1 101 613</b>	<b>1 216 232</b>	<b>578 675</b>	<b>1 794 907</b>
Valuation of hedge instruments				5 913					5 913		5 913
Valuation of employee benefits					(1 053)				(1 053)		(1 053)
Valuation of equity instruments						(1 810)			(1 810)		(1 810)
Currency translation differences (subsidiaries)							(2 511)		(2 511)		(2 511)
Profit/loss for 2019								(87 977)	(87 977)	(10 768)	(98 745)
<b>Total comprehensive income for 2019</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5 913</b>	<b>(1 053)</b>	<b>(1 810)</b>	<b>(2 511)</b>	<b>(87 977)</b>	<b>(87 438)</b>	<b>(10 768)</b>	<b>(98 206)</b>
Share buy-back			(4 516)						(4 516)		(4 516)
Dividend distribution									-	(11 396)	(11 396)
Change of capital group structure				3 616	(436)	(6 865)	5 348	235 148	236 811	(588 072)	(351 261)
Full consolidation of Alchemia Group			(14 580)						(14 580)	220 109	205 529
<b>As at 31.12.2019</b>	<b>248 906</b>	<b>114 435</b>	<b>(236 753)</b>	<b>14 326</b>	<b>(2 637)</b>	<b>(21 817)</b>	<b>(18 735)</b>	<b>1 248 784</b>	<b>1 346 509</b>	<b>188 548</b>	<b>1 535 057</b>



## NOTES

### To consolidated financial statements for the period between 1 January and 31 December 2020

#### 1. BASIC DATA

##### **Parent Company - Boryszew Spółka Akcyjna (joint stock company)**

##### **Boryszew Spółka Akcyjna (joint stock company)**

Registered office: 00-807 Warszawa; ul. Al. Jerozolimskie 92

Registered with the National Court Register of the District Court for the capital city of Warsaw in Warsaw, 12th Commercial Division,

KRS number 0000063824

Statistical registration number (REGON) 750010992

NIP (Tax ID) 837-000-06-34

The company is established for an indefinite period of time.

##### **Classification of the Parent Company on the listing market**

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

Company's business includes manufacturing, services and trade.

##### **SUPERVISORY BOARD OF BORYSZEW S.A.**

On 1 January 2020, the Supervisory Board had the following members:

Mr Arkadiusz Krężel	Chairman of the Supervisory Board
Mr Janusz Wiśniewski	Deputy Chairman of the Supervisory Board,
Mr Mirosław Kutnik	Secretary of the Supervisory Board
Mr Jarosław Antosik	Member of the Supervisory Board,
Ms Małgorzata Waldowska	Member of the Supervisory Board.

On 15 June 2020 the Extraordinary General Meeting of the Company adopted a resolution on appointing Mr Wojciech Kowalczyk to the Supervisory Board as of that date.

On 23 July 2020 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 Jarosław Antosik,
- Mr Andrzej Juszczyński,
- Mr Wojciech Kowalczyk,
- Mr Mirosław Kutnik,
- Ms Małgorzata Waldowska.

On 11 December 2020, Mr Andrzej Juszczyński handed in his resignation from the position of Vice-Chairman of the Supervisory Board. On the same day the Supervisory Board appointed Mr Damian Pakulski to the Supervisory Board, replacing Mr Andrzej Juszczyński.

As at the date of publication of the report, the following persons are members of the Supervisory Board:

Mr Wojciech Kowalczyk	Chairman of the Supervisory Board,
Mr Mirosław Kutnik	Secretary of the Supervisory Board
Mr Jarosław Antosik	Member of the Supervisory Board,
Mr Damian Pakulski	Member of the Supervisory Board,
Ms Małgorzata Waldowska	Member of the Supervisory Board.

##### **MANAGEMENT BOARD OF BORYSZEW S.A.**

As at 1 January 2020, the composition of the Management Board of Boryszew S.A. was as follows:

Mr Piotr Lisiecki	President of the Management Board, CEO,
Mr Mikołaj Budzanowski	Member of the Management Board
Mr Krzysztof Kołodziejczyk	Member of the Management Board, Chief Financial Officer.



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On 14 July 2020, the Supervisory Board of Boryszew S.A. appointed the Company's Management Board in its current composition for a new, three-year term of office (joint term of office), starting on the date of the Ordinary General Meeting approving the financial statements of the Company for 2019.

The following persons were appointed to the Management Board of the new term of office:

Mr Piotr Lisiecki as the President of the Management Board of Boryszew S.A., General Director,  
 Mr Mikołaj Budzanowski as Member of the Management Board, Development Director,  
 Mr Krzysztof Kołodziejczyk as Member of the Management Board, Financial Director.

On 11 December 2020, Mr Krzysztof Kołodziejczyk, Member of the Management Board handed in his resignation. At the same time, the Supervisory Board of the Company, on 11 December 2020, decided to appoint, as of the same date, Mr Andrzej Juszczyński as Member of the Management Board, Chief Financial Officer of the Company.

As at 31 January 2020, the composition of Boryszew S.A. Management Board was as follows:

Mr Piotr Lisiecki                      President of the Management Board, CEO,  
 Mr Andrzej Juszczyński              Vice-President of the Management Board, CFO,  
 Mr Mikołaj Budzanowski              Member of the Management Board

From 31 December 2020 to the date of submitting the report for publication, no changes took place in the composition of the Company's Management Board.

**COMPOSITION OF THE CAPITAL GROUP**

**a. Companies included in the consolidated financial statements**

Company name	Registered office	share of the parent in share capital (%)	subsidiary of:	Business segment
<b>Boryszew S.A. :</b>	<b>Warsaw</b>		<b>Parent Company</b>	
<i>Head Office</i>	Warsaw			Other
<i>Elana Branch in Toruń</i>	Toruń			Chemical products
<i>Energy 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 IN SOCHACZEW</i>	Sochaczew			Chemical products
<i>Nylonbor Branch in Sochaczew</i>	Sochaczew			Chemical products
Elimer Sp. z o.o.	Sochaczew	52.44	Boryszew S.A.	Chemical products
Elana Pet Sp. z o.o.	Toruń	100.00	Boryszew S.A.	Chemical products
Elana Energetyka Sp. z o.o.	Toruń	100.00	Boryszew S.A.	Other
SPV Boryszew 5 Sp. z o.o.	Warsaw	100.00	Boryszew S.A.	Inactive
Maflow Polska Sp. z o.o.	Warsaw	100.00	Boryszew S.A.	Automotive
Maflow BRS s.r.l	Italy	100.00	Boryszew S.A.	Automotive
Maflow Spain Automotive S.L.U	Spain	100.00	Boryszew S.A.	Automotive
Maflow France Automotive S.A.	France	100.00	Boryszew S.A.	Automotive
Maflow do Brasil Ltda	Brazil	100.00	Maflow Sp. z o.o.	Automotive
Maflow Components Co. Ltd	China	100.00	Maflow Sp. z o.o.	Automotive
Maflow India Private Limited	India	100.00	Boryszew S.A.	Automotive



**Boryszew Capital Group**  
**Notes**  
**to 2020 consolidated financial statements**

(amounts expressed in PLN '000 unless specified otherwise)

Company name	Registered office	share of the parent in share capital (%)	subsidiary of:	Business segment
Boryszew Automotive Mexico S.DE R.L.DE C.V	Mexico	100.00	Maflow Spain Automotive S.L.U., Maflow Sp. z o.o.	Company has not commenced operations
MAFMEX S.DE R.L.DE C.V	Mexico	100.00	Maflow Spain Automotive S.L.U., Maflow Sp. z o.o.	Automotive
Boryszew Automotive Plastics Sp. z o.o.	Toruń	100.00	Boryszew S.A.	Automotive
Boryszew Components Poland Sp. zo.o.	Warsaw	100.00	Boryszew Automotive Plastics Sp. z o.o.	Automotive
Boryszew HR Service Sp. z o.o.	Toruń	100.00	Boryszew S.A.	Automotive
Boryszew Commodities Sp. z o.o.	Warsaw	100.00	Boryszew Automotive Plastics Sp. z o.o.	Automotive
ICOS GmbH	Germany	100.00	Boryszew Automotive Plastics Sp. z o.o.	Automotive
Theysohn Kunststoff GmbH	Germany	100.00	ICOS GmbH	Automotive
Theysohn Formenbau GmbH	Germany	100.00	ICOS GmbH	Automotive
Boryszew Formenbau Deutschland GmbH	Germany	100.00	Boryszew Kunststofftechnik Deutschland GmbH	Automotive
Boryszew Kunststofftechnik Deutschland GmbH with Ymos branch	Germany	100.00	Boryszew Automotive Plastics Sp. z o.o.	Automotive
Boryszew Oberflächentechnik GmbH	Germany	100.00	Boryszew Kunststofftechnik Deutschland GmbH	Automotive
Boryszew Deutschland GmbH	Germany	100.00	Boryszew Automotive Plastics Sp. z o.o.	Automotive
AKT Plastikarska Technologie	The Czech Republic	100.00	Boryszew Automotive Plastics Sp. z o.o.	Automotive
Boryszew Plastic RUS Sp. z o.o.	Russia	100.00	Boryszew S.A., Boryszew Kunststofftechnik Deutschland GmbH	Automotive
Boryszew Tensho Poland Sp. z o.o.	Ostaszewo	100.00	Boryszew S.A.	Automotive
Hutmen Sp. z o.o.	Warsaw	100.00	Boryszew S.A., Impex – Invest Sp. z o.o.	Metals
Walcownia Metali Dziedzice S.A.	Czechowice-Dziedzice	100.00	Hutmen Sp. z o.o.	Metals
Huta Metali Nieżelaznych Szopienice S.A. in liquidation	Katowice	61.77	Polski Cynk Sp. z o.o.	discontinued operations
ZM Silesia S.A.	Katowice	100.00	Boryszew S.A.	Metals
Baterpol S.A.	Katowice	100.00	Polski Cynk Sp. z o.o.	Metals
Alchemia S.A.	Warsaw	100.00	Boryszew S.A.	Metals
Huta Bankowa Sp. z o.o.	Dąbrowa Górnicza	100.00	Eastside Bis Sp. z o.o.	Metals
Laboratoria Badań Batory Sp. z o.o.	Chorzów	100.00	Alchemia S.A.	Metals
Polski Cynk Sp. z o.o.	Katowice	100.00	Boryszew S.A.	Metals
FŁT Polska Sp. z o.o.	Warsaw	100.00	Boryszew S.A.	Metals
Metalix Ltd.(dawniej FLT & Metals Ltd.)	Great Britain	100.00	Boryszew S.A.	Metals
FLT USA L.L.C	USA	100.00	FŁT Polska Sp. z o.o.	Metals
FLT Bearings Ltd.	Great Britain	100.00	FLT France SAS	Metals
FLT France SAS	France	100.00	FŁT Polska Sp. z o.o.	Metals
FLT Wälzlager GmbH	Germany	100.00	FŁT Polska Sp. z o.o.	Metals
FLT & Metals s.r.l.	Italy	100.00	FŁT Polska Sp. z o.o.	Metals
FLT (Wuxi) Trading Co. Ltd.	China	100.00	FŁT Polska Sp. z o.o.	Metals
SPV Lakme InvestmentSp. z o.o.	Warsaw	100.00	Boryszew S.A.	Other
Impex – Invest Sp. z o.o.	Warsaw	100.00	Boryszew S.A.	Other
Eastside Capital Investments Sp. z o.o.	Warsaw	100.00	Boryszew S.A.	Other



**Boryszew Capital Group**  
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(amounts expressed in PLN '000 unless specified otherwise)

Company name	Registered office	share of the parent in share capital (%)	subsidiary of:	Business segment
Symonvit Ltd.	Cyprus	100.00	Boryszew S.A.	Metals
Baterpol Recycler Sp. z o.o.	Wrocław	100.00	Polski Cynk Sp. z o.o.	Metals
SPV Impexmetal Sp. z o.o.	Warsaw	100.00	Boryszew S.A.	Metals
Metal Zinc Sp. z o.o.	Katowice	100.00	ZM Silesia S.A.	Metals
Eastside Bis Sp. z o.o.	Warsaw	100.00	Eastside Capital Investments Sp. z o.o.	Other
Zakład Utylizacji Odpadów Sp. zo.o.	Konin	59.97	Boryszew S.A.	Metals

**b. Details regarding subsidiaries which have a significant impact on minority shares**

Subsidiaries of Boryszew CG, which hold non-controlling interest in 2020 are Zakład Utylizacji Odpadów S p. z o.o. and Elimer Sp. z o.o. Alchemia S.A., Huta Bankowa Sp. z o.o., Laboratorium Badań Batory Sp. z o.o. as at 31.12.2020 hold no non-controlling interest following acquisition of shares of Alchemia S.A. and obtaining 100% of its net assets. Remal Sp. z o.o. was excluded from consolidation due to the disposal of the subsidiary Impexmetal S.A. together with the shares of Remal Sp. z o.o.

The data disclosed are amounts before elimination of transactions between the Group's entities and do not include data on discontinued operations in which non-controlling interests amount to PLN 2 126 thousand

	Zakład Utylizacji Odpadów Sp. z o.o. in Konin	Elimer Sp. z o.o.				
<b>As at 31.12.2020</b>						
non-controlling interest in %	40.03%	47.56%				
Fixed assets	13 978	40				
Current assets	43 014	1 661				
Long-term liabilities	6 789	66				
Short-term liabilities	4 621	558				
Net assets	<b>45 582</b>	<b>1 077</b>				
<b>Net assets attributable to non-controlling interests</b>	<b>18 247</b>	<b>681</b>				
	Zakład Utylizacji Odpadów Sp. z o.o. in Konin	Elimer Sp. z o.o.	Alchemia S.A.	Huta Bankowa Sp. z o.o.	Laboratoria Badań Batory Sp. z o.o.	Remal Sp. z o.o.
Revenues from sales	36 755	3 440	600 903	355 235	5 535	10 033
Net profit	14 018	381	(18 683)	6 118	703	504
Other comprehensive income						
<b>Comprehensive income attributable to non-controlling interests</b>	<b>5 611</b>	<b>181</b>	<b>(3 408)</b>	<b>1 301</b>	<b>144</b>	<b>101</b>

Shares of Alchemia S.A. were acquired in 2020 by Alchemia S.A. and Eastside Bis Sp. z o.o., as at 31.12.2020 Boryszew Group holds 100% stake in Alchemia CG.

Data on the acquisition transaction of 100% of shares in Alchemia S.A. are presented below:

Acquisition of Alchemia S.A. shares in 2020	share in %	Quantity	value in PLN '000
in Alchemia S.A.	8.08%	14 000 000	42 074
in Eastside Bis Sp. z o.o.	25.92%	44 980 000	108 865
<b>Total</b>	<b>34.00%</b>	<b>58 980 000</b>	<b>150 939</b>



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Acquired non-controlling interest (decrease in capital attributable to non-controlling interest) (169 024)

Settlement amount recognised in retained earnings 18 075

At the end of 2019 Boryszew CG held the following non-controlling shares:

The data disclosed are amounts before elimination of transactions between the Group's entities and do not include data on discontinued operations in which non-controlling interests amount to PLN 3 636 thousand

	Alchemia S.A.	Huta Bankowa Sp. z o.o.	Laboratoria Badań Batory Sp. z o.o.	Zakład Utylizacji Odpadów Sp. z o.o. in Konin	Remal Sp. z o.o.	Elimer Sp. z o.o.
<b>As at 31.12.2019</b>						
non-controlling interest in %	34%	34%	34%	40.03%	20%	47.56%
Fixed assets	225 614	212 300	6 892	26 721	2 051	30
Current assets	270 905	168 511	1 064	12 591	4 499	1 137
Long-term liabilities	33 388	70 534	32	5 045	384	54
Short-term liabilities	164 713	111 695	2 021	2 703	2 355	350
Net assets	<b>298 418</b>	<b>198 582</b>	<b>5 903</b>	<b>31 564</b>	<b>3 811</b>	<b>763</b>
<b>Net assets attributable to non-controlling interests</b>	<b>101 462</b>	<b>67 518</b>	<b>2 007</b>	<b>12 636</b>	<b>762</b>	<b>527</b>
Revenues from sales	680 797	376 754	5 314	24 407	13 843	3 183
Net profit	(36 304)	(953)	576	9 790	191	64
Other comprehensive income						
<b>Comprehensive income attributable to non-controlling interests</b>	<b>(12 238)</b>	<b>(1 127)</b>	<b>119</b>	<b>3 919</b>	<b>36</b>	<b>30</b>

**c. Companies not included in the consolidated financial statements**

Company name	Registered office	share of the parent in share capital (%)	Core activity
<b>Boryszew S.A. companies</b>			
Brick Factory "Vostochnya" Ltd. Belarus	Belarus	30	trade, production of secondary raw materials
Elana Ukraina Sp.z o.o.	Ukraine	90	trade, production of secondary raw materials
Boryszew Energy Sp. z o.o.	Toruń	100	dormant company
Boryszew Automotive Mexico S.DE R.L.DE C.V	Mexico	100	Maflow Spain Automotive S.L.U, Maflow Sp. z o.o.
SPV Boryszew 5 Sp. z o.o.	Warsaw	100	Boryszew SA
Brasco Inc	USA	65	dormant company
Hutnik Sp. z o.o.in liquidation	Konin	94	dormant company

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





#### **d. Changes in the Group structure**

##### **Torlen Sp. Z o.o. in liquidation**

Current year saw completion of the process of liquidation of Torlen Sp. z o.o. in Toruń. The Company was removed from the National Court Register on 20 May 2020.

##### **Merger of SPV Boryszew 3 Spółka. z o.o.**

**During the period covered by this report Boryszew S.A. with its registered office in Warsaw merged with SPV Boryszew 3 Spółka z o.o. with its registered office in Warsaw**

On 14 May 2020 Boryszew S.A. based in Warsaw ("Acquiring Company") and SPV Boryszew 3 Spółka z o.o. based in Warsaw ("Acquired Company") agreed and signed the Merger Plan of both companies. According to the plan, the merger will be effected under Art. 492 § 1 item 1 of the Commercial Companies Code (hereinafter referred to as CCC) - transfer of all assets of the Acquired Company to the Acquiring Company, by universal succession.

On 15 June 2020 the Extraordinary General Meeting of Boryszew S.A. agreed to merge Boryszew S.A. based in Warsaw (the Acquiring Company) and SPV Boryszew 3 Spółka z o.o. based in Warsaw (the Acquired Company). On 25 June 2020 the registry court of the National Court Register issued a decision on the registration of the merger of both Companies.

The merger was carried in under the provisions of article Art. 492 § 1 item 1) of the Commercial Companies Code, i.e. by transferring to Boryszew S.A. (the acquiring company) all the assets of SPV Boryszew 3 Spółka z o.o. (the acquired company) by universal succession (merger by acquisition). As a result of the merger Boryszew S.A. - according to CCP Art. 494 § 1 - entered into all rights and obligations of SPV Boryszew 3. Given that all shares in the share capital of the Acquired Company are held by the Acquiring Company, under CCC Article 515 § 1, the merger was carried out without increasing the share capital of the Issuer.

The objective of the merger is to simplify the organisational structure of Boryszew Capital Group. In the Management Board's assessment, further simplification of the structure would improve efficiency of management of Boryszew Group's policy and activities and of the management of resources at the Group's possession. Carrying out internal consolidation of Boryszew Capital Group will result in improved profitability, reduced costs of general management as well as financial costs.

The merger was accounted for according to the share pooling method; the share pooling method could be applied because the merger of companies resulted in no loss of control by their existing shareholders. This method involves summing the corresponding items of assets, liabilities, income and expenses of the merged companies as at the merger date subject to prior unification of measurement methods and appropriate exclusions. The value of the share capital of the acquired company, whose assets were transferred to the acquiring company and which was deleted from the register as a result of the merger, is excluded. Following that exclusion, the relevant equity items of the acquiring company are adjusted for the difference between the sum of assets and liabilities of the company being acquired.

The Acquiring Company included the net assets of the Acquired Company as at the merger date, i.e. 25 June 2020.

The following assets were included:

Assets of SPV BRS 3	59 802
including: Boryszew S.A.	12 620
Shares of Impexmetal S.A.	16 581
Shares of Hutmen	30 518
Cash and cash equivalents	46
Accounts receivable	37

Liabilities of SPV BRS 3	38 674
including: Bonds subscribed	31 000

In the period between the date of the merger, i.e. 25 June 2020 and 31 June 2020, the Acquired Company generated no revenue and thus no profit/loss.

Revenues and profits/losses included in the report of the Acquiring Company between 1 January 2020 and the merger date:

Revenues	37
Costs	(466)
Tax	(7)
Profit/loss	(436)





As a result of the merger of Boryszew S.A.:

- entered into the rights and obligations of SPV Boryszew 3 Spółka z o.o. under bonds issued by SPV Boryszew 3 Spółka z o.o., subscribed for by Hutmen S.A. in total amount of PLN 31 000 000, with redemption date on 30 June 2021.
- assumed 2 165 000 shares of Boryszew S.A. accounting for 0.902% of the share capital/total number of votes at the General Meeting of Shareholders, belonging to SPV Boryszew 3 Spółka z o.o., as a result of which it will directly hold 21 448 831 own shares accounting for approximately 8.94 % of the share capital and total number of votes at the General Meeting of Boryszew S.A.
- assumed 7 279 032 shares of Impexmetal S.A. accounting for 3.83% of the share capital/total number of votes at the General Meeting of Shareholders, belonging to SPV Boryszew 3 Spółka z o.o., as a result of which it will directly hold 125 000 000 own shares accounting for approximately 65.79 % of the share capital and total number of votes at the General Meeting of Impexmetal S.A.
- assumed 6 154 383 shares of Hutmen S.A. accounting for 24.04% of the share capital/total number of votes at the General Meeting of Shareholders, belonging to SPV Boryszew 3 Spółka z o.o., as a result of which it will directly hold 8 822 915 shares of Hutmen S.A. own shares accounting for approximately 34.43 % of the share capital and total number of votes at the General Meeting of Hutmen S.A.

#### **Disposal of shares of Impexmetal S.A.**

On 6 November 2020, following the fulfilment of the conditions precedent provided for in the preliminary conditional agreement of 27 November 2019 for sale of Impexmetal S.A. shares, Boryszew S.A. closed the transaction described in the Agreement by transferring to Gränges AB based in Stockholm (the "Parties") the ownership right of 125 000 000 registered shares of Impexmetal S.A. based in Warsaw in exchange for the price determined in the Agreement (the remaining 65 000 000 registered shares are Impexmetal own shares), whereas the calculation of the final sale price of the shares will be done by standard adjustment of the enterprise value of the Company, which the Parties agreed at PLN 938 000 000, by the value of: net debt, net working capital, prepaid investment outlays and other adjustments according to the conditions of the transaction. According to the agreement, the Issuer assumed 2 442 268 shares issued by Granges, accounting for approximately 3.13% of the share capital, with the value of PLN 90 000 000; it was considered as partial settlement of the price.

The final settlement of the price for which Impexmetal S.A. shares were sold took place in 2021 and the effect of this settlement is included in the report for 2020 as below:

The transaction was settled in cash and in non-cash form.

<b>Share sale price</b>	<b>566 455</b>
Settlement of the sale price in 2020	560 400
<i>Including:</i>	
<i>Proceeds from the sale - cash settlement</i>	<i>470 400</i>
<i>Proceeds from the sale - settlement of Granges shares</i>	<i>90 000</i>

Sales price settlement in 2021 Price adjustment as per the contract	
/price adjustment - cash settlement proceeds in 2021.	6 055

#### **Profit on sale of Impexmetal S.A. shares / exclusion of Impexmetal S.A. and Remal Sp. z o.o. from consolidation**

Revenue / Sales price as per the contract	566 455
Costs of the sale of shares	(4 405)
Net assets of Impexmetal and Remal excluded from consolidation	(174 234)
<i>including:</i>	
<i>Net assets of sold companies: Impexmetal S.A. and Remal Sp. z o.o.</i>	<i>(175 061)</i>
<i>Non-controlling interest Remal</i>	<i>827</i>
Reclassification of other comprehensive income relating to hedge accounting of Impexmetal S.A.	(11 804)

<b>Profit on sale of Impexmetal S.A. shares</b>	<b>376 012</b>
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**Settlement of the spin-off of Impexmetal S.A. and Remal Sp. z o.o.**

Following the transaction of sale by Boryszew S.A. of all Impexmetal shares held, Impexmetal and its subsidiary Remal were excluded from the consolidation as at the balance sheet date.

According to the adopted consolidation principles in relation to Impexmetal and Remal the Parent Company Boryszew S.A. in its consolidated financial statements presents Impexmetal S.A. for the period during which it exercised control i.e. until 6 November 2020 as a subsidiary, revenues and costs for the period between January 1 and the date of disposal are included in the consolidated revenues and costs and all transactions concluded until that date with companies of Boryszew Group are excluded as intragroup transactions.

As at the date of disposal all assets and liabilities of Impexmetal S.A. and its subsidiary Remal Sp. z o.o. were excluded from consolidation, and the effect of this exclusion was recognised in the consolidated result as the effect of disposal of the subsidiary.

Items measured and accounted for as equity through comprehensive income in the separate financial statements of Impexmetal S.A. included in consolidation during the period of control were excluded in accordance with IFRS 10. It means that the transactions which, in accordance with the accounting policy, were settled through equity were excluded through retained earnings and the transactions which, in as per the accounting policy, were recognised through equity and settled through profit or loss were excluded through profit or loss of the current period.

**Assets and liabilities of Impexmetal and Remal excluded as at the date of losing control on 6 November 2020**

**ASSETS**

**6 November 2020**

Total excluded fixed assets	(519 092)
Total excluded current assets	(399 222)
<b>Total excluded assets</b>	<b>(918 314)</b>

**LIABILITIES**

**6 November 2020**

Total excluded long-term liabilities and provisions	(66 329)
Total excluded short-term liabilities and provisions	(676 924)
<b>Total excluded liabilities</b>	<b>(743 253)</b>

**Assets less liabilities excluded from consolidation**

**(175 061)**

**Non-controlling interest in Remal**

**827**

**Total net assets excluded from consolidation**

**(174 234)**

**Sale of shares in Boryszew Automotive Plastics Spółka z o.o. to Maflow Polska Spółka z o.o.**

On 20 December 2020 Boryszew S.A. concluded the agreement on the sale of 100% of shares of Boryszew Automotive Plastics Sp. z o.o. ("BAP") - a subsidiary of Boryszew S.A. - to Maflow Polska Sp. z o.o. The transaction aims at organising the structure of Issuer's Capital Group by creating one entity that would concentrate both areas of automotive sector: production of air conditioning elements (Maflow Group) and production of plastic elements (BAP Group).

Maflow Polska Spółka z o.o. is a subsidiary of the Issuer (Boryszew S.A. holds 100% share in the share capital and votes the shareholders' meeting).

The aforementioned operation is of an intragroup transaction nature and will not affect the consolidated financial statements of the Issuer's Capital Group.

**e. Litigations underway**

**PROCEEDINGS BEFORE A COURT, ARBITRATION BODY OR PUBLIC ADMINISTRATION AUTHORITY**

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



## **TAX PROCEEDINGS IN THE CAPITAL GROUP COMPANIES**

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

### **Proceedings completed at first instance**

1. On 12 March 2018, ZM SILESIA S.A. received a decision of the Head of the Customs and Tax Office (Office) in Opole dated 28 February 2018, determining the outstanding VAT liability for 2012 in the amount of PLN 28.9 million plus interest on tax arrears in the amount of PLN 15.5 million. According to the position of the Office, ZM SILESIA S.A. failed to exercise due diligence in verifying the tax reliability of some of its suppliers, who, as it turned out, failed pay the due VAT to the state budget. As a result, ZM SILESIA S.A. should not have reduced its output tax by the input tax shown on invoices issued by dishonest contractors. Due to its different assessment of the facts from that of the inspection bodies, the company appealed against the decision of the Office. On 26 April 2021 the company received the decision of the Head of the Fiscal Administration Chamber in Katowice dated 19 April 2021 determining overdue VAT liability of ZM SILESIA S.A. for 2012 in the amount of PLN 28.6 million, plus interest on outstanding tax liability. This decision is final. Following different assessment of the above circumstances, the Company intends to appeal against that decision to the Provincial Administrative Court.
2. On 24 September 2020 ZM SILESIA S.A. received the decision of the Head of the Małopolska Customs and Tax Office determining the overdue VAT tax liability for 2013 and 2014 in the amount of PLN 97.3 million plus interest on outstanding tax liability. According to the position of the Office, ZM SILESIA S.A. failed to exercise due diligence in verifying the tax reliability of some of its suppliers, who, as it turned out, failed pay the due VAT to the state budget. As a result, ZM SILESIA S.A. should not have reduced its output tax by the input tax shown on invoices issued by dishonest contractors. Due to its different assessment of the facts from that of the inspection bodies, the company appealed against the decision of the Office. On 8 October 2020, the Company filed an appeal against this decision with the head of the tax administration. An appeal is currently pending. On 15 December 2020, the company received a decision on extending the appeal deadline to 6 August 2021.
3. On 14 February 2018 HUTMEN S.A. filed a cassation complaint against the judgment of the Provincial Administrative Court in Warsaw dismissing the company's complaint against the decision of the Director of the Tax Chamber in Warsaw concerning VAT settlement for November 2012. The subject of the dispute is the amount of PLN 548 thousand, which the Company paid and recognised in the result in 2018.
4. 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 company's VAT arrears for Q4 of 2014 at PLN 3.04 million plus interest on tax arrears. As claimed by the Office, HUTMEN S.A. failed to observe due diligence in verifying the tax reliability of some of its contractors, and consequently had no right to apply the VAT rate of 0% for the intra-Community supply of goods. Due to its different assessment of the facts from that of the inspection bodies, Hutmen S.A. appealed with the Tax Chamber against the decision of the office. On 23 September 2019 Director of the Fiscal Chamber in Wrocław repealed the decision of the 1st Instance Body in its entirety and referred the case for re-examination by that Body. On 16 November 2020, the company received a decision of the Head of the Lower Silesian Customs and Tax Office (Office) in Wrocław, determining again the outstanding VAT liability for Q4 '2014 in the amount of PLN 3.04 million plus interest on tax arrears. Due to its different assessment of the facts from that of the inspection bodies, Hutmen S.A. appealed with the Tax Chamber against the decision of the office. The decision is not final and is not enforceable. The anticipated date for hearing the appeal was indicated by the Director of the Tax Administration Chamber as 21.06.2021.
5. On 10 September 2018 Hutmen S.A. received a decision of the Tax Administration Chamber (Office) in Wrocław dated 4 September 2018 determining the outstanding VAT liability of HUTMEN S.A. for October and December 2012 in the amount of PLN 1.14 million plus interest on tax arrears. As claimed by the Office, HUTMEN S.A. failed to observe due diligence in verifying the tax reliability of some of its contractors, and as a consequence did not have the right to deduct input VAT. Due to its different assessment of the facts from that of the inspection bodies, the company appealed against the decision of the Office to the Provincial Administrative Court in Wrocław. On 13 March 2019 the Provincial Administrative Court issued a decision in favour of HUTMEN S.A., the judgment is final and binding. On 3 September 2019 the Director of the Fiscal Administration Chamber in Wrocław repealed fully the decision of the 1st Instance Body in its entirety and referred the case for re-examination by that Body. On 11 December 2019 Hutmen S.A. received a refund of the entire amount of the tax in question together with interest. On 12 April 2021, Hutmen S.A. received the decision issued on 8 April 2021 by the Head of Mazowiecki Tax and Customs Office, which again sets out company's VAT arrears for Q4 of 2012 at PLN 1.14 million plus interest on overdue tax liability. Due to its different assessment of the facts from that of the inspection bodies, Hutmen S.A. appealed with the Tax Chamber against the decision of the office. The decision is not final and is not enforceable.
6. Audit by the Małopolska Customs and Fiscal Office in Kraków, Tarnów Branch - audit of the correctness of VAT for 2015 - expected date of completion postponed to 12 October 2020. On 13 November 2020, Hutmen



S.A. received a Protocol on the audit of the books of accounts in tax proceedings in which the Office claims that the company failed to observe due diligence in verifying the tax reliability of some of its contractors, and consequently had no right to apply the VAT rate of 0% for the intra-Community supply of goods. Due to its different assessment of the facts from that of the inspection bodies, Hutmen S.A. will raise objections to protocol received from the Office. On 28 December 2020 HUTMEN S.A. received a decision of the Head of the Małopolska Customs and Fiscal Office in Kraków determining the outstanding VAT liability of HUTMEN S.A. in the first half of 2015 in the amount of PLN 7.8 million plus interest on outstanding tax liability. Due to its different assessment of the facts from that of the inspection bodies, Hutmen S.A. appealed with the Tax Chamber against the decision of the office. The decision is not final and is not enforceable. The expected date of completion of the case - 31.05.2021.

#### **Other significant pending VAT proceedings in the Capital Group companies**

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

Litigations underway:

1. ZM SILESIA S.A. - pending VAT audit proceedings for the period January - June 2015. On 25 January 2021 the Company received a notification from the Head of Małopolska Customs and Tax Office in Kraków on the expected date of completing the case - 28 June 2021
2. Baterpol S.A. received a VAT audit protocol - audited period: July 2013 - December 2015. Based on that protocol, the Company estimated the risk of questioning the deductible VAT to be PLN 3.2 million plus interest as at 31 December 2020 of PLN 1.6 million. The audit was conducted by the First Silesian Tax Office in Sosnowiec. On 20 March 2019, the Head of the First Tax Office in Sosnowiec initiated VAT proceedings for the period December 2013 to December 2015. The case is expected to close on 30 June 2021.
3. On 12 March 2019 the Head of the Lower Silesian Tax Office in Wrocław sent Baterpol Recycler Sp. z o.o. a notice of initiation of an investigation by the Regional Prosecutor's Office in Katowice, on 1 April 2016, into a tax offence suspending the period of limitation of company's tax liabilities for the period between 24 January 2014 and June 2015.
4. Boryszew S.A. - on 12 April 2021 the Company received a notification from the Head of Mazovian Tax and Customs Office in Warsaw on the initiation of VAT settlements audit for the period December 2015 - March 2016. By the date of publication of the financial statements, the company has not received the audit protocol.

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

On 22 October 2020 the President of the Office of Competition and Consumer Protection initiated proceedings against Boryszew S.A. due to the company's excessive delays in meeting its cash obligations in the period June-August 2020. By the date of publication of the financial statements, the company has not received the audit protocol.

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

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

The balance of provisions in the consolidated financial statement of Boryszew S.A. amounts to PLN 148 933 thousand (high risk). In addition, the Parent Company reduced its contingent liabilities to PLN 34 262 thousand (medium or low risk).

The Management Board of the Parent Company estimated the provisions considering the probability of cash outflow from the Group and chose leave such provisions out in cases where the probability of cash outflow is low. The Management Board of the Parent Company cannot exclude that in the event of new circumstances, the estimation of risks described above may change.





## **2. PLATFORM OF APPLIED IFRS**

### **CHANGES IN ACCOUNTING PRINCIPLES** **PLATFORM OF APPLIED IFRS**

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

Accounting principles (policy) applied when drafting these consolidated financial statements for the period of 12 months ended on 31 December 2020 are consistent with those applied when drafting annual financial statements for the financial year ended on 31 December 2019, except for changes described below.

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

#### **Changes resulting from changes in IFRS**

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

##### **▪ Amendment to IFRS 3 Business Combinations**

The amendment to IFRS 3 was published on 22 October 2018 and applies to annual periods beginning on or after 1 January 2020.

The purpose of the amendment was to clarify the definition of a business and to distinguish more easily between acquisitions of "businesses" and groups of assets for the purposes of merger accounting.

##### **▪ Amendments to IAS 1 and IAS 8: Definition of the term 'material'**

Amendments to IAS 1 and IAS 8 were published on 31 October 2018 and apply to annual periods beginning on or after 1 January 2020.

The purpose of these amendments was to clarify the definition of "materiality" and to facilitate its application in practice.

##### **▪ Amendments to IFRS 9, IAS 39 and IFRS 7: Reference rate reform**

Amendments to IFRS 9, IAS 39 and IFRS 7 were published on 26 September 2019 and apply to annual periods beginning on or after 1 January 2020.

These amendments introduce changes to the detailed requirements for hedge accounting to eliminate the potential effects of uncertainty associated with the reference rate reform. In addition, entities will be required to include additional disclosures on hedging relationships directly affected by the uncertainties associated with the reform.

These financial statements were drafted on the basis of International Financial Reporting Standards as approved by the European Union (EU).

In addition, as of 1 June 2020, following adoption by the European Commission in October 2020, the Group applies the Amendment to IFRS 16 *Leases: COVID-19 related rent concessions*. The amendment was published on 28 May 2020 and applies to annual periods beginning on or after 1 June 2020, with earlier application possible. The amendment introduces a simplification in IFRS 16 by permitting lessees not to assess whether particular rent concessions occurring as a direct consequence of the COVID-19 pandemic are lease modifications and instead to account for those rent concessions as if they are not lease modifications.

Implementation of the standard and the modification had no material impact on the financial statements. The Company decided to implement the standards in a retrospective manner.

##### **▪ Changes introduced independently by the Group**

The Group made no presentation adjustment to the comparative data as at 31 December 2019 and for the fiscal year ended on 31 December 2019.

#### **Non-compulsory standards (New standards and interpretations)**

The Company did not choose to early implement, in these financial statements, published standards or interpretations before their effective date.

The following standards and interpretations have been issued by the International Accounting Standards Committee or the International Financial Reporting Interpretations Committee, but have not yet come into effect:

##### **• IFRS 17 Insurance Contracts**

The new standard was published on 18 May 2017 then amended on 25 June 2020 and applies to annual periods beginning on or after 1 January 2023. Earlier application is permitted (but subject to simultaneous application of IFRS 9 and IFRS 15). The standard supersedes the existing regulations concerning insurance contracts (IFRS 4). IFRS 4 was also amended on 25 June 2020 - in terms of extending the exemption for insurers from the application of IFRS 9 *Financial Instruments* until 1 January 2023.



The Company is not involved in insurance activity, the new standard will not affect future financial statements of the Company.

- Amendment to IAS 1 Presentation of Financial Statements: *Classification of liabilities as short- and long-term liabilities*

The amendment to IAS 1 was published on 23 January 2020, the effective date was subsequently modified in July 2020 and it applies to annual periods beginning on or after 1 January 2023.

The amendment redefines the criteria for current liabilities. The change may affect the presentation of liabilities and their reclassification between current and non-current liabilities.

The Company will apply the amended standard as of 1 January 2023. As of the date of drafting of these financial statements, it is not possible to reliably estimate the impact of application of the new standard.

- Amendments to IFRS 3, IAS 16, IAS 37 and annual improvements to standards 2018-2020

The amendments to these standards were published on 14 May 2020 and apply to annual periods beginning on or after 1 January 2022. The changes include introduction of a prohibition to reduce the cost of fixed assets by revenues from the sale of test products generated in the process of creating/commissioning a fixed asset.

The Group will apply the amended standards as of 1 January 2022. As of the date of drafting of these financial statements, it is not possible to reliably estimate the impact of application of the amended standards.

- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 *Interest Rate Benchmark Reform - Phase 2*

The amendments to these standards were published on 27 August 2020 and are complementary to phase 1 of reporting changes resulting from the September 2019 interbank reference rate reform. The amendments are effective for annual periods beginning on or after 1 January 2021. Changes in phase 2 focus on the impact on the valuation, for instance of financial instruments, lease liabilities, of the replacement of existing reference rate by a new rate resulting from the reform.

The Group will apply the amended standards as of 1 January 2021. On the date of drafting of these financial statements, it is not possible to reliably estimate the impact of application of the amended standards.

- Amendments to IAS 1 - *Disclosure of Accounting Policies* and IAS 8 - *Definition of Accounting Estimates*

Amendments to these standards were published on 12 February 2021 and apply to annual periods beginning on or after 1 January 2023. The purpose of these amendments is to place greater importance on the disclosure of significant accounting policies and to clarify the nature of differences between changes in accounting estimates and changes in accounting policies.

The Group will apply the amended standards as of 1 January 2023. On the date of drafting of these financial statements, it is not possible to reliably estimate the impact of application of the amended standards.

IFRS, as approved by the EU, do not differ significantly from the regulations adopted by the International Accounting Standards Board (IASB), except for the following standards, interpretations and amendments to these standards and interpretations, that were not yet effective in EU states as at the date of publication of these financial statements:

- IFRS 17 *Insurance Contracts*, published on 18 May 2017, as amended on 25 June 2020,
- Amendment to IAS 1 *Presentation of Financial Statements: Classification of liabilities as short-term and long-term* published on 23 January 2020, as amended on 15 July 2020,
- Amendments to IFRS 3, IAS 16, IAS 37 and annual improvements to standards 2018-2020 published on 14 May 2020,
- Amendments to IAS 1 - *Disclosure of Accounting Policies* and IAS 8 - *Definition of Accounting Estimates* published on 12 February 2021.

### **3. ACCOUNTING PRINCIPLES APPLIED**

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

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

The statements were prepared on a going concern basis. The Management Board confirms that no threat exists to the continuity of Group's operations, except for the spin-off planned to be discontinued. The covid19-related effects of the pandemic described in note 39 do not currently threaten the continuation of operations.



The consolidated financial statements are based on historical cost concept, except for revaluation of some fixed assets and financial instruments

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

Cash flows from operating activities are determined using the indirect method, cash flows from financing and investing activities - using the direct method.

Most significant accounting principles applied by the Group are presented below.

The functional currency of the Capital Group and the presentation currency of these financial statements is PLN.

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

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

### **Consolidation principles**

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

Income and costs of the subsidiaries acquired or disposed during the year are recognized in the consolidated comprehensive income from the date of actual acquisition and to the date of effective disposal. The comprehensive income of the subsidiaries are attributed to the Company's owners and NCIs, event of such attribution results in the negative balance of NCIs.

If necessary, the financial statements of subsidiaries are adjusted in order to adjust their accounting policy to the Group's policy,.

All intra-group transactions, mutual balances and income and costs of the intra-group transactions are totally excluded from consolidation.

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

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

Cash flow statement is prepared using the indirect method

### **Principles and methods of valuating assets and liabilities**

#### **Model based on purchase price or production cost plus revaluation**

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

#### **Revaluation model**

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

#### **Fair value**

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

#### **Purchase price or production cost of an asset item**

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





by relevant charges and costs directly associated with the purchase and adaptation of the asset item to a condition suitable for use or introduction into trade, along with the costs of transport, loading, unloading, storage or introduction into trade, and decreased by discounts, allowances and other similar decreases or recoveries.

### **Tangible assets**

After the initial recognition at purchase price or production cost, the components of tangible fixed assets are measured by a valuation model based on purchase price or production cost and the revaluation for impairment loss.

Tangible fixed assets, which value has been determined as at the day of transition to IFRS, i.e. 01.01.2014 by fair value, after this date will be measured by the valuation model based on purchase price or production cost and the revaluation for impairment loss.

Tangible fixed assets, which are owned or jointly owned by the Company, purchased or produced in-house, under a finance lease and usable on the day of commissioning, with an expected use period longer than one year, used by the company for the purposes associated with business activity or let to use based on rental, tenancy or lease agreement, are subject to amortisation. The value, which is either a purchase price or cost of production of specific assets, reduced by the final value of this asset, should be amortised. The final value of an asset item is the amount, which according to the forecast the Group could currently obtain taking into consideration the age and state at the end of its life (after deducting the estimated selling costs). Amortisation begins in the month in which the asset is available for use. Amortisation of fixed assets is made on the basis of planned, systematic spread of the depreciable value over estimated life of the specific asset item. Amortisation ends in the month, in which the asset was classified as held for sale (in accordance with IFRS 5 Fixed Assets held for sale and discontinued operation) or in the month in which the asset is no longer disclosed, taking into consideration the earlier of these dates.

Depreciation rates applied for individual groups of tangible fixed assets:

Land	-
Buildings, premises, civil and water engineering structures	2.5% - 50%
Technical equipment and machines	5% - 50%
Means of transportation	10% - 33%
Other tangible fixed assets	6% - 50%

### **Investment outlays**

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

### **The right for perpetual usufruct of land acquired on the market**

The cost of acquisition of the right for perpetual usufruct of land is depreciated on a straight-line basis over the period for which the right is granted. An average depreciation rate for the right for perpetual usufruct of land is 1.1%-1.2%.

### **Intangible assets**

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

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

Limited life assets are amortised over their life.

Amortisation ends in the month, in which the asset was classified as held for sale (in accordance with IFRS 5 Fixed Assets held for sale and discontinued operation) or in the month in which the asset is no longer disclosed, taking into consideration the earlier of these dates.

Life of intangible assets should not be longer than 20 years from the date when the asset is ready to use, unless this is possible to prove longer period.

Depreciation rates applied for intangible fixed assets:

Patents, licenses, software	10% - 50%
Other intangible fixed assets	10% - 50%



## Leasing

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

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

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

### Leasing as of 1 January 2019

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

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

The lease obligations are measured at the present value of lease payments to the lessor over the lease term, where the discount rate is based on the interest rate of the lease, unless (as is usually the case) it is not readily determinable, in which case the company's/group's incremental rate of interest at the inception of the lease is used. Variable lease payments are included in the valuation of the lease liability only if they are based on an index or rate. In such cases, the initial measurement of the lease liability assumes that the variable element will remain the same throughout the lease term. Other variable lease payments are charged to costs in the period to which they relate.

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

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

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

- lease payments made at or before inception of the lease;
- initial direct costs incurred; and
- the amount of recognised provision in case the Group has a contractual obligation to dismantle, remove or retrofit the leased asset (destruct the leased asset).

After the initial measurement, lease liabilities increase due to interest charged at a fixed rate on the unpaid balance and decrease as a result of lease payments. Right-of-use assets are depreciated on a straight-line basis over the remaining lease term, or over the remaining economic life of the asset if, in rare cases, it is estimated to be shorter than the lease term.

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

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

- if the modification involves an additional lease of one or more asset items for an amount commensurate with the unit price of the additional use rights acquired, the modification is accounted for as a separate lease in accordance with the above policy,
- in all other cases where renegotiations broaden the scope of the lease (either by extending its term or by adding one or more assets), the lease liability is remeasured at the discount rate on the date on which the modification becomes effective and the right-of-use asset is adjusted for the same amount,
- if renegotiations involve a reduction in the scope of the lease, then both the carrying amount of the lease liability and the carrying amount of the right-of-use asset are reduced in the same proportion to reflect



partial or full termination of the lease and the resulting difference is recognised in profit or loss. The lease liability is then further adjusted to ensure that its carrying amount reflects the renegotiated payments over the renegotiated lease term, where the adjusted lease payments are discounted using the discount rate as at the date the change becomes effective. The right-of-use asset is adjusted by the same amount.

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

#### **Leaseback**

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

#### **Investment property**

Investment property is a property (land, building or a part of building or both), which the Group, as owner or leaseholder treats as a source of income from rent including operating lease or owns due to the increase in its value, or both, the property should not be used neither for production activities, deliveries, services or for administrative purposes nor should it be held for sale as part of company's ordinary activity.

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

Leased investment properties are recognised at the lower of the two values: property fair value or current value (discounted) of lease payments with simultaneous recognition of lease liability.

After the initial recognition, investment properties are recognised by the Group at fair value and differences of value, both increase and decrease, are recognised directly in the income statement. Fair value of investment property is determined by an expert once every three years or more frequently in case of a significant change in the parameters used in the valuation

#### **Impairment loss for tangible and intangible fixed assets.**

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

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

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

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

When the loss of value is subsequently reversed, the net value of the asset (or cash flow generating unit) is increased to the new estimated retrievable value, however not higher than the balance sheet value of the asset which would have been determined had the loss of value of the asset/cash flow generating unit not been recognized in the previous years. The amount of impairment loss reversal is recognised in the income statement.



### **Investment property**

Investment property is a property (land, building or a part of building or both), which the Group, as owner or leaseholder treats as a source of income from rent including operating lease or owns due to the increase in its value, or both, the property should not be used neither for production activities, deliveries, services or for administrative purposes nor should it be held for sale as part of company's ordinary activity.

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

Leased investment properties are recognised at the lower of the two values: property fair value or current value (discounted) of lease payments with simultaneous recognition of lease liability.

After the initial recognition, investment properties are recognised by the Group at fair value and differences of value, both increase and decrease, are recognised directly in the income statement. Fair value of investment property is determined by an expert once every three years or more frequently in case of a significant change in the parameters used in the valuation

### **Impairment loss for tangible and intangible fixed assets.**

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

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

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

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

When the loss of value is subsequently reversed, the net value of the asset (or cash flow generating unit) is increased to the new estimated retrievable value, however not higher than the balance sheet value of the asset which would have been determined had the loss of value of the asset/cash flow generating unit not been recognized in the previous years. The amount of impairment loss reversal is recognised in the income statement.

### **Shares in associates and subsidiaries**

Investments in subsidiaries are measured at acquisition cost.

### **Financial instruments**

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

### **Financial assets**

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

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

- long-term,
- short-term

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

As of 1 January 2018, the Group recognises financial assets in one of the three categories specified in IFRS 9:

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

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



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

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

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

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

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

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

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

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

### **Financial instruments**

The Group classifies financial assets into the following categories:

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

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

The Group classified trade receivables, loans granted, other financial receivables, cash and cash equivalents as assets measured at amortised cost.

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

The Group classifies financial liabilities into the following categories:

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

The Group classified trade liabilities, credits, loans and bonds as liabilities measured at amortised cost.

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

### **Financial asset impairment loss**

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

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

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

- trade receivables,
- loans granted

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

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

### **Derivative instruments**

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

Derivative instruments are recognised at fair value on the day of conclusion of a contract, and then they are remeasured to fair value for each balance sheet day. The resulting gain or loss is immediately recognised in profit





or loss unless a specific derivative has a hedging function. In such case the moment of recognition of a profit or loss depends on the nature of hedging relationship. The Group defines certain derivative instruments as:

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

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

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

#### **Embedded derivatives**

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

#### **Hedge accounting**

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

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

#### **Cash flow hedge**

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

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

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

#### **Fair value hedge**

Changes in the fair value of derivatives defined and classified as fair value hedges are recognised immediately in the profit and loss account, together with any changes in the fair value of the hedged item attributable to the hedged risk.

The market price of financial assets held by the Company and financial liabilities that the Group intends to take out, is the current purchase offer placed on market while the market price of financial assets, which the Group intends to purchase and financial liabilities is the current sales offer placed on the market.

#### **Inventories**

Inventories are valued at the lower of purchase price and net realisable value.

#### **Goods and materials**

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

The difference between higher net purchase and lower net sale price is written off to manufacturing costs. For inventories which are unnecessary or lost their commercial value, the Group creates write-downs recognised as production.



### **Goods and materials issue methodology**

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

### **Products and work in progress**

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

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

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

### **Product issue methodology**

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

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

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

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

### **Inventory impairment write-offs**

The Group accounts for impairment write-offs recognised in the profit and loss account for all inventories being unjustifiably obsolete. The Group takes into account the requirement that the carrying value cannot exceed net sales prices.

### **Cash and cash equivalents**

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

Cash disbursement in foreign currency is determined by using average weighted cost method.

Bank deposits, bonds, treasury and commercial bills with payment date of up to 3 months from the purchase date are considered by the Group as cash.

### **Accruals**

The Group recognises accruals and prepayments as well as their financial impact as follows:

- prepayments (included in trade and other receivables) are recognised if expenses incurred relate to future reporting periods;
- accruals (included in trade and other payables) are recognised at the amount of probable liabilities in the current reporting period, arising in particular:
  - from services provided to the Company by its suppliers (contractors), where the amount of liabilities can be reliably estimated,
  - from the obligation to provide future services to unknown persons, where such services related to current activity and where the amount can be estimated even though the date of the liability is not yet known, in particular for warranty and guarantee repairs of sold durable products.

### **Provisions, contingent liabilities and contingent assets**

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

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

#### **The Group recognises provisions, if:**

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

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





### **Shareholders' equity**

Shareholders' equity is measured at least at the balance sheet date in the nominal value and is recognised in the ledgers according to their nature and rules set by law or the Company's statute or agreement. In accordance with IFRS 29, art. 24 items of equity (except retained earnings and capital from revaluation of assets) were calculated at the date of transition to IFRS i.e. 01.01.2004 using general price indices since their contribution or otherwise. The amount arising from the hyperinflation revaluation increased share capital and the issue premium.

### **State subsidies**

Subsidies are divided into:

capital subsidies - for acquisition, financing of fixed tangible and intangible assets

revenue/cost subsidies - for financing of expenses in a given area.

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

Revenue from cash subsidies are accounted for in the profit and loss account parallel to the associated subsidy expenses. Costs and subsidies amounts are recognised separately in the income statement.

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

### **Revenues**

The Group recognises revenue on a one-off basis when the promised good or service is delivered to the customer.

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

### **Interest and dividends**

The Group recognises revenues occurring as the result of interest and dividend generating Company's assets being used by other entities as long as it is likely that the Group will generate economic benefits and the amount of revenues can be reliably estimated.

**Interest** are disclosed gradually to the time passage taking into account the effective yield.

**Dividends** are accounted for when shareholders receive the right to obtain them in the Other revenue section.

### **Principle of substance over form**

For each transaction, the Group analyses whether the transaction raises the economic effects, which would be expected for this kind of transaction. This rule is applied in case of sales, leasing, consignment or sales with recourse to the seller.

To demonstrate the sales, transfer of significant risks and profits for the buyer, the lack of ability to control by the seller and high probability of benefits impact should be taken into account.

### **Costs of external financing**

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

Costs of external financing include:

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

Costs of external financing are recognised as costs of the period, in which they were incurred, excluding the costs of external financing, which can be directly assigned to the adjusted assets. Costs of external financing for the period of adjusting the asset increase the cost of production of fixed assets or real estate investments.



### **Employee benefits**

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

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

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

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

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

### **Restructuring provision**

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

### **Accrued income**

Accrued income is recognised prudently and includes the equivalent of amounts received or receivable from customers for services that will be performed in future reporting periods.

### **Impact of foreign exchange rate changes**

Functional and presentation currency of the Company is the Polish currency.

### **Valuation as at transaction date**

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

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

### **Valuation as at balance sheet date**

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

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

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

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

### **Disclosure of exchange rate differences**

Exchange rate differences arising from implementation or conversion of monetary items are accounted for in the profit and loss account and are presented in net amount (exchange rate profit or loss).

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

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

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

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



	average EUR exchange rate during the period	EUR exchange rate the last day of the period
1.01- 31.12..2019	4.3018	4.2585
1.01- 31.12..2020	4.4742	4.6148

### Estimates of the Management Board

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

The main accounting estimates and the assumptions adopted refer to:

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

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

### Income tax

#### Net book and tax value of assets and liabilities

The Group accounts for provisions and recognises deferred income tax assets as a result of temporary differences between the book value of assets and liabilities and their tax value and tax loss or tax exemption deductible from taxable income in the future.

**Deferred tax assets** are determined by the Group as the future foreseeable amount, deductible from income tax in respect of deductible temporary differences, tax loss or tax exemption which will result in future reduction of the tax base, calculated in accordance with the prudence principle.

**Deferred income tax provision** is recognised by the Group in the amount of the income tax payable in future due to occurrence of taxable temporary differences which will increase the income tax base in the future.



The amount of deferred tax provision and deferred tax assets is determined by the Group according to income tax rates applied during the year, in which the tax obligation arose.

#### **Special funds**

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

#### **Events after the balance sheet date**

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

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

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

#### **Assets held for sale and discontinuation of operations**

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

##### **3.1. Conversion of financial data**

The Group did not restate comparable data in 2020.

#### **4. DECLARATIONS OF THE MANAGEMENT BOARD**

##### **Statement by the Management Board on compliance of accounting principles**

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

#### **REPRESENTATION OF THE MANAGEMENT BOARD ON THE SELECTION OF FINANCIAL STATEMENTS**

The Management Board for Boryszew S.A. represents that BDO Spółka z ograniczoną odpowiedzialnością sp. k. based in Warsaw, which audited separate and consolidated financial statements for 2020, was selected in accordance with the provisions of law and that BDO Spółka z ograniczoną odpowiedzialnością sp. k. and its statutory auditors performing this audit met the conditions to issue an impartial and independent opinion on the audit of the financial statements in accordance with applicable regulations and professional standards.

The Supervisory Board of Boryszew S.A., acting under § 15 point 1 of the Articles of Association of Boryszew S.A. appointed, by the resolution No. 37, BDO Spółka z ograniczoną odpowiedzialnością sp. k. with its seat in Warsaw to:

- a. conduct review of separate interim financial statements of Boryszew S.A. and the interim consolidated financial statements of Boryszew Capital Group drafted in accordance with the International Financial Reporting Standards and regulations on public trading in securities for the periods of 6 months ended 30 June 2020 and 30 June 2021,
- b. conduct audit of separate annual financial statements of Boryszew S.A. and the annual consolidated financial statements of Boryszew Capital Group drafted in accordance with the International Financial Reporting Standards and regulations on public trading in securities for the periods ending on 31 December 2020 - 2021.

BDO Spółka z ograniczoną odpowiedzialnością sp. k. based in Warsaw is entered in the list of entities authorised to audit financial statements under the number 3355, maintained by the National Council of Statutory Auditors.

The Supervisory Board chose the auditor in accordance with to its powers stipulated in the Company's Articles of Association and in accordance with applicable legal provisions in force (as per Article 66 item 4 of the Accounting Act) and based on internal policies and procedures.



**Statement regarding the report on non-financial data**

Management Board of the Parent Company: Piotr Lisiecki, Andrzej Juszczyński, Mikołaj Budzanowski represent that the Group has drafted a statement on non-financial information referred to in Article 49b section 1 of the Accounting Act as a separate part of the report on operations. The statement has been drafted both at the stand alone basis for Boryszew S.A. as well as consolidated basis for Boryszew Capital Group. Financial statements are available on Company's website - [www.boryszew.com](http://www.boryszew.com).



## 5. OPERATING SEGMENTS (continuing operations)

	Chemical products	Automotive	Metals	Other	Total	exclusions between segments	Total
<b>Continuing operations 01.01.2020 - 31.12.2020</b>							
Revenues from sales	208 115	1 615 575	3 670 186	189 186	5 683 062	(128 483)	5 554 579
Segment costs of sales	163 643	1 474 392	3 356 193	159 920	5 154 148	(111 866)	5 042 282
<b>Result on sales within segment</b>	<b>44 472</b>	<b>141 183</b>	<b>313 993</b>	<b>29 266</b>	<b>528 914</b>	<b>(16 617)</b>	<b>512 297</b>
General, administrative and sales expenses	32 866	191 698	212 699	18 669	455 932	(12 277)	443 655
Other operating profit/loss	3 769	(8 554)	(56 477)	924 096	862 834	(877 387)	(14 553)
<b>Segment profit/loss</b>	<b>15 375</b>	<b>(59 069)</b>	<b>44 817</b>	<b>934 693</b>	<b>935 816</b>	<b>(881 727)</b>	<b>54 089</b>
Amortisation/depreciation	6 967	91 720	111 335	5 646	215 668	(20 376)	195 292
EBITDA *)	22 342	32 651	156 152	940 339	1 151 484	(902 103)	249 381
Segment assets	261 559	1 398 644	2 800 713	2 426 522	6 887 438	(2 789 664)	4 097 774
Segment liabilities	117 942	1 806 577	1 159 416	473 582	3 557 517	(1 109 860)	2 447 657

	Chemical products	Automotive	Metals	Other	Total	exclusions between segments	Total
<b>Continuing operations 01.01.2019 - 31.12.2019</b>							
Revenues from sales	252 800	1 777 146	4 020 475	336 515	6 386 936	(127 417)	6 259 519
Segment costs of sales	218 452	1 617 821	3 679 366	308 334	5 823 973	(115 779)	5 708 194
<b>Result on sales within segment</b>	<b>34 348</b>	<b>159 325</b>	<b>341 109</b>	<b>28 181</b>	<b>562 963</b>	<b>(11 638)</b>	<b>551 325</b>
General, administrative and sales expenses	31 825	187 312	202 692	20 226	442 055	(12 425)	429 630
Other operating profit/loss	2 614	(1 157)	83 036	5 467	89 960	(1 357)	88 603
<b>Segment profit/loss</b>	<b>5 137</b>	<b>(29 144)</b>	<b>221 453</b>	<b>13 422</b>	<b>210 868</b>	<b>(570)</b>	<b>210 298</b>
Amortisation/depreciation	7 333	90 809	104 327	5 768	208 237	(4 893)	203 344
EBITDA *)	12 470	61 665	325 780	19 190	419 105	(5 463)	413 642
Segment assets	280 162	1 445 607	4 517 437	1 632 023	7 875 229	(3 087 839)	4 787 390
Segment liabilities	138 239	1 754 301	1 728 469	565 514	4 186 523	(949 505)	3 237 018

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





**Boryszew Capital Group**  
**Notes**  
**to 2020 consolidated financial statements**

(amounts expressed in PLN '000 unless specified otherwise)

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. As per IFRS 8, the following four operating segments have been identified

- Metals
- Automotive,
- Chemical products
- Other.

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

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 Dziedzice S.A., ZM SILESIA S.A., Baterpol S.A., Polski Cynk Sp. z o.o., Boryszew S.A NPA Skawina branch, Baterpol Recycler Sp. z o.o., Metal Zinc Sp. z o.o., SPV Impexmetal Sp. z o.o., FLT 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., Metalix Ltd. (formerly FLT & Metals Ltd.), FLT USA L.L.C., Zakład Utylizacji Odpadów Sp. z o.o., Symonvit Ltd. w likwidacji, Remal Sp. z o.o., Alchemia S.A., Huta Bankowa Sp. z o.o., Laboratoria Badań Batory Sp. z o.o. Impexmetal and Remal are part of the segment until the date when control is lost.
Chemical products	Elana Pet Sp. z o.o., Boryszew S.A. Elana branch, Boryszew S.A. Boryszew ERG branch, Boryszew S.A. Nylonbor branch, Elimer Sp. z o.o.
Other	Boryszew S.A. – HQ, Boryszew S.A. Energy branch, Eastside – Bis Sp. z o.o., 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. w likwidacji, SPV Boryszew.

## 6. REVENUES FROM SALE

	01.01.2020 - 31.12.2020	01.01.2019 - 31.12.2019
<b>Revenues from sale</b>		
Revenues from sales of products	4 811 999	5 423 692
REVENUES FROM SALES OF SERVICES	107 991	90 015
Revenues from sales of goods and materials	384 295	559 832
Revenue from long-term construction contracts	250 294	185 980
<b>Total (revenues from continuing operations)</b>	<b>5 554 579</b>	<b>6 259 519</b>

### REVENUES FROM SALE BY DESTINATION MARKET

	01.01.2020 - 31.12.2020	01.01.2019 - 31.12.2019
<b>Continuing operations</b>		
Domestic sales	1 898 566	2 204 618
Sales to EU member states *)	3 074 309	3 158 888
Sales to other European countries	276 959	528 869
Export outside Europe	304 745	367 144
<b>Total (revenues from continuing operations)</b>	<b>5 554 579</b>	<b>6 259 519</b>





**Boryszew Capital Group**  
**Notes**  
**to 2020 consolidated financial statements**

(amounts expressed in PLN '000 unless specified otherwise)

**SHARE OF EU MEMBER STATES IN INTRA-COMMUNITY SALES:**

**Share of EU member states in intra-Community sales:**

	<b>01.01.2020 - 31.12.2020</b>	<b>01.01.2019 - 31.12.2019</b>
Germany	40%	39%
The Czech Republic	16%	16%
Italy	8%	6%
Spain	5%	6%
France	5%	6%

**7. OPERATING EXPENSES**

**Costs of operating activities by type**

	<b>01.01.2020 - 31.12.2020</b>	<b>01.01.2019 - 31.12.2019</b>
Amortisation/depreciation	195 292	203 320
Consumption of materials and energy	3 494 461	4 065 890
External services	215 271	399 717
Taxes and charges	46 588	41 869
Costs of employee benefits, including:	<b>889 201</b>	<b>921 801</b>
<i>costs of remuneration</i>	720 708	760 608
<i>costs of social insurance</i>	137 035	132 269
<i>other employee benefits</i>	31 458	28 924
Other expenses	38 853	54 860
Value of sold goods and materials	591 306	503 657
<b>Total expenses by type</b>	<b>5 470 972</b>	<b>6 191 114</b>
Movements in products	53 595	(8 223)
Capitalised costs by type, consumption for own needs	(46 117)	(45 201)
Impairment write-offs on inventories in COGS	7 487	134
	<b>5 485 937</b>	<b>6 137 824</b>
Selling costs	(145 605)	(143 529)
General and administrative expenses	(298 050)	(286 101)
<b>Cost of sales</b>	<b>5 042 282</b>	<b>5 708 194</b>

**8. OTHER OPERATING REVENUES**

**Other operating revenues**

	<b>01.01.2020 - 31.12.2020</b>	<b>01.01.2019 - 31.12.2019</b>
Profit on sale of fixed assets and investment property	43 245	51 529
<b>Valuation of assets, including</b>	<b>31 039</b>	<b>17 269</b>
<i>fair value revaluation of investment real properties</i>	19 314	10 118
<i>reversal of revaluation write-downs on inventories</i>	10 808	6 041
<i>reversal of revaluation write-downs on fixed assets</i>	917	1 110
Reversal of unnecessary provisions	11 249	25 720
Dividends and other revenue from capital investments	-	-
Other income, of which:	42 470	41 708
<i>revenues from compensations</i>	3 093	7 978



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<i>write-off of liabilities</i>	725	736
<i>white certificates received</i>	128	9 764
<i>other</i>	38 524	23 230
Subsidies	48 806	18 579
<b>Total</b>	<b>176 809</b>	<b>154 805</b>

In 2020, Capital Group Companies received support from public funds for purposes related to:

1. implementation of developmental investment projects (NCRD), including in Alchemia S.A., Boryszew S.A. ERG branch, Boryszew S.A. NPA branch.
2. support for business during the period of the COVID -19 pandemic - including subsidies to salaries, guarantees from the Liquidity Guarantee Fund of Bank Gospodarstwa Krajowego as well as schemes of the Polish Development Fund and deferred payment of tax liabilities
3. compensations for energy-intensive sectors and subsectors, some of the companies of Boryszew Capital Group (Metal Segment) have met the conditions to obtain support for indirect costs of greenhouse gas emissions (so called CO<sub>2</sub> compensations).

## 9. OTHER OPERATING EXPENSES

	<b>01.01.2020 - 31.12.2020</b>	<b>01.01.2019 - 31.12.2019</b>
<b>Other operating expenses</b>		
<b>Loss on sale of fixed assets</b>	<b>15 066</b>	<b>7 311</b>
<b>Revaluation write-downs on non-financial assets, including:</b>	<b>21 068</b>	<b>21 700</b>
inventory impairment write-offs	7 441	11 561
revaluation write-offs of property, plant and equipment as well as intangible assets	6 645	9 491
fair value revaluation of investment real properties	6 982	648
write-offs on goodwill	-	-
<b>Provisions, including</b>	<b>118 520</b>	<b>8 649</b>
provisions for restructuring costs	1 454	-
provisions for liquidation of fixed assets	283	-
provisions for disputed claims	1 479	108
provisions for complaints and guarantees	1 459	388
provision for waste disposal	-	1 772
provisions for loss-making contracts	16 806	4 354
provision for tax claims	97 039	2 027
<b>Other expenses, including:</b>	<b>31 589</b>	<b>25 470</b>
cancellation and write-off of receivables	2 150	2 139
compensations and penalties paid	4 211	3 764
development works	4 450	4 403
other expenses	20 778	15 164
<b>Total</b>	<b>186 243</b>	<b>63 130</b>

## 10. REVALUATION OF TRADE AND OTHER RECEIVABLES

	<b>01.01.2020 - 31.12.2020</b>	<b>01.01.2019 - 31.12.2019</b>
Revaluation write-downs on trade receivables	(15 655)	(10 470)
Reversal of write-downs on trade receivables	5 535	7 715
Measurement of credit risk on trade receivables	(679)	-
Revaluation write-downs on other receivables	(1 490)	(572)
Reversal of revaluation write-downs on other receivables	7 170	255
<b>Total revaluation of trade and other receivables recognised in profit or loss</b>	<b>(5 119)</b>	<b>(3 072)</b>



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## 11. FINANCIAL REVENUES

	01.01.2020 - 31.12.2020	01.01.2019 - 31.12.2019
<b>Financial revenues</b>		
Interest income	3 666	5 712
Profit on sales of financial assets	-	2
Other financial revenues	38 838	23 058
<b>Total</b>	<b>42 504</b>	<b>28 772</b>

In 2020 the Group recognised a gain on disposal of Impexmetal S.A. in the amount of PLN 376 012 thousand, which is disclosed in the profit and loss account. See Item 1 of these consolidated financial statements for more information regarding the settlement for the disposal.

## 12. FINANCIAL EXPENSES

	01.01.2020 - 31.12.2020	01.01.2019 - 31.12.2019
<b>Financial expenses</b>		
Interest expense	53 195	61 468
Revaluation of shares in associates	-	-
Loss on derivative financial instruments	8 665	6 634
Negative exchange rate differences	15 385	9 617
Discount	1 758	1 653
Other financial costs	3 944	8 672
<b>Total</b>	<b>82 947</b>	<b>88 044</b>

### Interest expense

Interest on loans	37 278	45 319
Interests on loans	260	811
Interest on lease	10 510	10 514
Interest on treasury liabilities	1 795	2 009
Interest on trade liabilities and other interest	3 352	2 815
<b>Total</b>	<b>53 195</b>	<b>61 468</b>

## 13. MEASUREMENT OF FINANCIAL ASSETS

	01.01.2020 - 31.12.2020	01.01.2019 - 31.12.2019
<b>Revaluation of loans and bonds</b>		
Valuation of loans, bonds	(463)	4 984
Measurement of credit risk on financial assets	(2 993)	-

## 14. INCOME TAX

	01.01.2020 - 31.12.2020	01.01.2019 - 31.12.2019
<b>Income tax</b>		
Current tax	87 457	39 495
Deferred tax	(34 072)	34 162
<b>Total tax</b>	<b>53 385</b>	<b>73 657</b>
Effective tax rate	16%	(319)%



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**14.1. Current corporate income tax**

**Current corporate income tax**

**Gross profit (loss)**

Permanent differences increasing the tax base

Temporary differences in the tax base

Tax exempt income due to business activity in Special Economic Zones (-)

Other increases/decreases in the tax base

Deductions from income due to tax losses

**Income tax base**

**Current tax**

	<b>01.01.2020 - 31.12.2020</b>	<b>01.01.2019 - 31.12.2019</b>
<b>Gross profit (loss)</b>	<b>336 083</b>	<b>(23 123)</b>
Permanent differences increasing the tax base	188 455	194 265
Temporary differences in the tax base	122 712	180 043
Tax exempt income due to business activity in Special Economic Zones (-)	(21 914)	(26 897)
Other increases/decreases in the tax base	25 453	(4 825)
Deductions from income due to tax losses	(13 790)	(9 974)
<b>Income tax base</b>	<b>636 999</b>	<b>309 489</b>
<b>Current tax</b>	<b>87 457</b>	<b>39 495</b>

**14.2. Deferred tax**

**Deferred tax**

Deferred tax provision

Deferred tax asset

**Deferred tax balance**

	<b>As at 31.12.2020</b>	<b>As at 31.12.2019</b>
Deferred tax provision	179 156	211 848
Deferred tax asset	121 894	106 690
<b>Deferred tax balance</b>	<b>57 262</b>	<b>105 158</b>

**Change in deferred income tax asset**

	<b>As at 01.01.2020</b>	<i>provisions of units disposed of</i>	<i>Impact of exchange rate differences</i>	<i>tax recognized in other comprehensi ve income</i>	<i>tax recognized in the financial result</i>	<b>As at 31.12.2020</b>
Tax on provisions for employee benefits (balance sheet... item...	<b>7 913</b>	(607)	-	39	8 961	<b>16 306</b>
Deferred tax on other provisions	<b>4 587</b>	(578)	-	-	553	<b>4 562</b>
Impairment write-offs on assets (fixed assets, intangible assets, shares, trade receivables, inventories)	<b>30 322</b>	(2 337)	-	-	7 819	<b>35 804</b>
Valuation of derivative instruments	<b>3 557</b>	(6 995)	-	727	5 396	<b>2 685</b>
Unrealised negative currency exchange differences	<b>10 962</b>	(633)	-	-	(3 201)	<b>7 128</b>
Depreciation (difference between depreciation for tax and balance sheet purposes)	<b>30 926</b>	-	207	-	4 189	<b>35 322</b>
Deferred income tax asset on loss at the beginning of the year	<b>13 937</b>	-	-	-	(731)	<b>13 206</b>
Deferred income tax asset on SEZ taxation	-	-	-	-	-	-
Other deferred income tax assets	<b>4 486</b>	(1 750)	(331)	-	4 476	<b>6 881</b>
<b>Total</b>	<b>106 690</b>	<b>(12 900)</b>	<b>(124)</b>	<b>766</b>	<b>27 462</b>	<b>121 894</b>

**Change in deferred income tax provisions**

	<b>As at 01.01.2020</b>	<i>Effect of a change in the tax rate recognised in the current period result</i>	<i>provisions of units disposed of</i>	<i>Impact of exchange rate differences</i>	<i>tax recognized in other comprehensive income</i>	<i>tax recognized in the financial result</i>	<b>As at 31.12.2020</b>
Valuation of Assets	<b>54 291</b>	-	(3 955)	604	7 457	(17 905)	<b>40 492</b>
Balance sheet valuation of derivative instruments	<b>4 904</b>	-	(2 825)	-	(804)	(1 090)	<b>185</b>
Unrealised currency exchange rate differences	<b>4 437</b>	-	(501)	(138)	(1 028)	7 264	<b>10 034</b>
Fixed assets depreciation	<b>125 339</b>	-	(26 873)	547	-	5 609	<b>104 622</b>
Other deferred income tax provisions	<b>22 877</b>	415	(864)	885	7	503	<b>23 823</b>
<b>Total</b>	<b>211 848</b>	<b>415</b>	<b>(35 018)</b>	<b>1 898</b>	<b>5 632</b>	<b>(5 619)</b>	<b>179 156</b>



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**Change in deferred income tax asset**

	As at 01.01.2019	provisions from acquired companies	Impact of exchange rate differences	tax recognized in other comprehensive income	tax recognized in the financial result	As at 31.12.2019
Deferred income tax asset on provisions for employee benefits	4 619	2 401	-	672	221	7 913
Deferred income tax assets on other provisions	3 034	719	-	-	834	4 587
Impairment write-offs on assets	17 437	2 619	-	-	10 266	30 322
Valuation of derivative instruments	147	182	-	(2 146)	5 374	3 557
Unrealised negative currency exchange differences	10 415	56	-	-	491	10 962
Amortisation/depreciation	19 938	144	-	-	10 844	30 926
Deferred income tax asset on loss at the beginning of the year	29 579	1 990	(178)	-	(17 454)	13 937
Deferred income tax asset on SEZ taxation	3 254	-	-	-	(3 254)	-
Other deferred income tax assets	13 699	715	73	-	(10 001)	4 486
<b>Total</b>	<b>102 122</b>	<b>8 826</b>	<b>(105)</b>	<b>(1 474)</b>	<b>(2 679)</b>	<b>106 690</b>

**Change in deferred income tax provisions**

	As at 01.01.2019	Effect of a change in the tax rate recognised in the current period result	provisions from acquired companies	tax recognized in other comprehensive income	tax recognized in the financial result	As at 31.12.2019
Valuation of Assets	40 456	-	6 325	-	7 510	54 291
Balance sheet valuation of derivative instruments	1 873	-	-	(2 189)	5 220	4 904
Unrealised currency exchange rate differences	2 526	-	562	-	1 349	4 437
Fixed assets depreciation	77 398	-	35 034	-	12 907	125 339
Other deferred income tax provisions	17 601	-	779	-	4 497	22 877
<b>Total</b>	<b>139 854</b>	<b>-</b>	<b>42 700</b>	<b>(2 189)</b>	<b>31 483</b>	<b>211 848</b>

**15. NON-CURRENT ASSETS**

**Tangible fixed assets (by type groups)**

**Fixed assets by type:**

	As at 31.12.2020	As at 31.12.2019
<b>Fixed assets by type:</b>	<b>1 296 768</b>	<b>1 681 177</b>
land	36 004	35 758
buildings, premises, civil and water engineering structures	517 844	618 834
technical equipment and machines	708 394	973 984
vehicles	5 197	11 454
other tangible fixed assets	29 329	41 147
<b>Advances for tangible fixed assets</b>	<b>6 341</b>	<b>133 280</b>
<b>Total property, plant and equipment</b>	<b>1 303 109</b>	<b>1 814 457</b>





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**additional information**

	<b>01.01.2020 - 31.12.2020</b>	<b>01.01.2019 - 31.12.2019</b>
Capitalised cost of borrowing	249	687
Capitalised expenditure incurred due to construction of fixed assets	6 545	-
Outlays on fixed assets under construction	266 136	96 329
Incurred expenses for acquisition, construction of non-current assets	15 365	72 215
Purchase of fixed assets in the current period financed with working capital loans and own funds	12 124	58 669
Purchase of fixed assets in the current period financed with special purpose loans	-	-
Amount of the contractual liabilities due to the non-current assets acquisition	2 728	202 211
Amount of net non-current assets with the limited ownership right	16 988	65 336
Fixed assets provided as collateral to loan repayment	178 897	420 029
Compensation from third parties on impairment losses	368	301
Insurance value of fixed assets	1 406 481	-



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	Land	Buildings, premises, civil and water engineering structures	Technical equipment and machines	vehicles	Other tangible fixed assets	Total
<b>in the period 01.01.2020 - 31.12.2020</b>						
<b>Gross value of fixed assets at the beginning of the period</b>	<b>35 305</b>	<b>968 861</b>	<b>2 381 724</b>	<b>42 822</b>	<b>151 718</b>	<b>3 580 430</b>
Increase due to acquisition	285	15 494	95 960	1 144	5 461	118 344
Fixed assets redeemed after lease end	-	-	3 425	925	-	4 350
Received as in-kind contribution	-	316	647	-	35	998
Decrease due to disposal	-	(2 122)	(9 327)	(996)	(246)	(12 691)
Tangible fixed assets under construction	-	24 423	145 866	30	(461)	169 858
Liquidation (-)	-	(3 035)	(18 842)	(1 270)	(1 398)	(24 545)
Excluding an entity from consolidation and other	(210)	(183 878)	(697 798)	(14 375)	(35 441)	(931 702)
Impact of exchange rate differences	1 614	10 695	12 771	328	4 225	29 633
Other	(606)	(211)	(4 329)	271	(2 157)	(7 032)
<b>Gross value of fixed assets at the end of the period</b>	<b>36 388</b>	<b>830 543</b>	<b>1 910 097</b>	<b>28 879</b>	<b>121 736</b>	<b>2 927 643</b>
<b>Accumulated depreciation at the beginning of the period</b>	<b>(591)</b>	<b>318 428</b>	<b>1 320 646</b>	<b>30 731</b>	<b>107 420</b>	<b>1 776 634</b>
Planned depreciation of own fixed assets	23	28 226	112 537	2 846	8 797	152 429
Inclusion of entities in consolidation	-	-	(4 613)	-	-	(4 613)
Decrease due to disposal	-	(923)	(11 468)	(1 412)	(547)	(14 350)
Liquidation (-)	-	(989)	(8 428)	(546)	(896)	(10 859)
Sale of fixed assets to lessor- lease-back	-	-	(29)	-	-	(29)
Excluding an entity from consolidation and other	821	(55 114)	(337 067)	(9 153)	(27 152)	(427 665)
Impact of exchange rate differences	19	3 927	11 998	298	3 161	19 403
Other	-	11	(6 430)	578	(27)	(5 868)
<b>Accumulated depreciation at the end of the period</b>	<b>272</b>	<b>293 566</b>	<b>1 077 146</b>	<b>23 342</b>	<b>90 756</b>	<b>1 485 082</b>
<b>Impairment write-offs at the beginning of the period</b>	<b>138</b>	<b>31 599</b>	<b>87 094</b>	<b>637</b>	<b>3 151</b>	<b>122 619</b>
Write-off provision recognised in the profit/loss for the current period	-	128	41 880	-	14	42 022
Reversal of write-downs recognized in the profit/loss for the current period	-	(7)	(738)	-	(1 342)	(2 087)
Decrease due to disposal	-	-	(24)	(3)	(6)	(33)
Excluding an entity from consolidation and other	(26)	(12 562)	(3 706)	(287)	(167)	(16 748)
Impact of exchange rate differences	-	3	70	-	1	74
Other	-	(28)	(19)	(7)	-	(54)
<b>Impairment write-offs at the end of the period</b>	<b>112</b>	<b>19 133</b>	<b>124 557</b>	<b>340</b>	<b>1 651</b>	<b>145 793</b>
<b>Net fixed assets as at the end of period</b>	<b>36 004</b>	<b>517 844</b>	<b>708 394</b>	<b>5 197</b>	<b>29 329</b>	<b>1 296 768</b>



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**in the period 01.01.2019 -31.12.2019 2019**

	Land	Buildings, premises, civil and water engineering structures	Technical equipment and machines	Vehicles	Other tangible fixed assets	Total
<b>Gross value of fixed assets at the beginning of the period</b>	<b>35 256</b>	<b>745 496</b>	<b>1 931 220</b>	<b>48 862</b>	<b>131 746</b>	<b>2 892 580</b>
Transfer on 01.01.2019 of fixed assets under lease PdWA	(22 528)	(15 727)	(142 744)	(9 037)	(3 650)	(193 686)
Increase due to acquisition	55	36 379	170 520	1 303	8 795	217 052
fixed assets redeemed after lease end	-	-	-	3	-	3
Integration of the Alchemia Group in consolidation	22 648	194 121	521 238	3 473	9 859	751 339
Decrease due to disposal	(114)	(5 637)	(12 792)	(522)	1 002	(18 063)
Tangible fixed assets under construction	-	10 504	18 715	(49)	(285)	28 885
Liquidation (-)	-	(872)	(16 531)	(1 740)	(855)	(19 998)
Reclassification to assets held for sale	-	-	(3 754)	-	-	(3 754)
Sale of fixed assets to lessor- lease-back	-	-	(71 240)	-	-	(71 240)
Other	(12)	3 383	(12 458)	669	5 106	(3 312)
Impact of exchange rate differences	-	1 214	(450)	(140)	-	624
<b>Gross value of fixed assets at the end of the period</b>	<b>35 305</b>	<b>968 861</b>	<b>2 381 724</b>	<b>42 822</b>	<b>151 718</b>	<b>3 580 430</b>
<b>Accumulated depreciation at the beginning of the period</b>	<b>(621)</b>	<b>237 765</b>	<b>990 762</b>	<b>30 264</b>	<b>89 019</b>	<b>1 347 189</b>
Transfer on 01.01.2019 of fixed assets under lease PdWA	-	(3 592)	(26 935)	(3 589)	(375)	(34 491)
Integration of the Alchemia Group in consolidation	-	56 647	311 874	2 160	5 568	376 249
Planned depreciation of own fixed assets	30	28 557	122 326	3 112	10 014	164 039
Decrease due to disposal	-	(1 698)	(14 398)	(1 513)	(1 071)	(18 680)
Reclassification to assets held for sale	-	(113)	(3 691)	(137)	(3)	(3 944)
Sale of fixed assets to lessor- lease-back	-	-	(48 614)	-	-	(48 614)
Other	-	862	(10 678)	434	4 268	(5 114)
<b>Accumulated depreciation at the end of the period</b>	<b>(591)</b>	<b>318 428</b>	<b>1 320 646</b>	<b>30 731</b>	<b>107 420</b>	<b>1 776 634</b>
<b>Impairment write-offs at the beginning of the period</b>	<b>138</b>	<b>31 483</b>	<b>65 009</b>	<b>652</b>	<b>3 166</b>	<b>100 448</b>
Integration of the Alchemia Group in consolidation	-	-	7	-	-	7
Write-off provision recognised in the profit/loss for the current period	-	228	28 783	-	-	29 011
Reversal of write-downs recognized in the profit/loss for the current period	-	(4)	(7 308)	-	(2)	(7 314)
Decrease due to disposal	-	(108)	(81)	(15)	(13)	(217)
Other	-	-	684	-	-	684
<b>Impairment write-offs at the end of the period</b>	<b>138</b>	<b>31 599</b>	<b>87 094</b>	<b>637</b>	<b>3 151</b>	<b>122 619</b>
<b>Net fixed assets as at the end of period</b>	<b>35 758</b>	<b>618 834</b>	<b>973 984</b>	<b>11 454</b>	<b>41 147</b>	<b>1 681 177</b>



At the end of 2020, the shares of subsidiaries and other financial assets representing the total net investment in related parties listed in the table below were tested for impairment.

The tests showed no need for additional write-offs. The parameters adopted for the test are presented below.

The Group tested the following cash-generating units in subsidiaries or branches of subsidiaries, for impairment of non-current assets at the end of 2020

Nazwa podmiotu	Okres prognozy	Wartość rezydualna	Przepływy pieniężne realne / nominalne*	Stopa wzrostu po okresie prognozy	WACC	Wynik testu
Baterpol	5 lat	Tak	Realne	0,00%	7,88%	Brak odpisu
ZMS Silesia oddział Katowice	5 lat	Tak	Realne	0,00%	11,11%	Odpis
ZMS Silesia oddział Oława	5 lat	Tak	Realne	0,00%	10,74%	Odpis
Hutmen	5 lat	Tak	Realne	0,00%	7,74%	Odpis
Alchemia SA	9 lat	Tak	Nominalne	2,50%	8,64%	Odpis
Huta bankowa	9 lat	Tak	Nominalne	2,50%	8,51%	Brak odpisu
WM Dziedzice	5 lat	Tak	Realne	0,00%	9,22%	Brak odpisu

\*Real flows - unadjusted for inflation; nominal flows - adjusted for inflation.

The reason for the tests was the failure to meet 2020 forecasts and the deterioration in financial performance due to the Covid-19 pandemic.

The tests were carried out following the value in use assessment method based on five-year discounted projected cash flows, in accordance with the approved plans of the Management Boards of the Group companies, except for Alchemia SA and Huta Bankowa for which the forecast covered longer periods.

The tests resulted in write-offs recognised in the Issuer's consolidated financial statements, adjusting the value of the assets being used:

ZMS Silesia Oława branch - write-off on goodwill in the amount of PLN 14 924.0 thousand

Hutmen - write-off on machinery and equipment in the amount of PLN 8 606.3 thousand

Alchemia SA - write-off on machinery and equipment in the amount of PLN 26 478.9 thousand

The above amounts will decrease the net result in the consolidated financial statements by the amount of the recognised revaluation write-offs less a deferred tax asset. The above operations are of a non-cash nature and have no impact on Issuer's liquidity.

### Impact of revaluations

Following revaluation of different assets, subject to the transfer of ownership rights by the Issuer to shares of other companies held by Impexmetal SA in October 2020 in comparison to the current impairment tests conducted with the participation of an external expert, the Company declares to have identified external factors that have a significant impact on the outcome of the tests

#### 1. Cost of capital

The weighted average cost of capital in nominal terms assumed in the October revaluation was in the range of 7.5%-13.2% while for the revaluation conducted in Q1 of 2021 the weighted average cost of capital was in the range of 7.74%-11.1%.

Factors affecting the assumptions included the pandemic situation until vaccines were developed (early November) and the resulting high market volatility. Key indices reached their successive minima (SWIG80 chart below). Accordingly, during the October revaluation, market pessimism was reflected in the revaluation by assuming high levels of the WACC components associated with specific risk premium and the market risk premium (MRP). Accordingly, the weighted average cost of capital assumed in October was between 0.2 and 2.7 percentage points higher.

**SWIG80 chart** (which includes Boryszew), which shows an 18% increase in the price between October and the end of 2020, and a 42% increase today.



Chart showing the specific risk premium based on KPMG recommendations:

## KPMG Corporate Finance NL recommends a MRP of 5.75% as per 31 March 2021

We recommend the use of an equity market risk premium ("MRP") of 5.75% as per 31 March 2021. Following the substantial increase in share prices in the final quarter of 2020, share prices continued to increase in the first quarter of 2021. This share price development is contradictory to the forecasted growth outlooks, that have decreased slightly compared to 31 December 2020. In addition, risk-free rates have increased in the first quarter of 2021. These developments resulted in a decrease in the MRP of 50 bps compared to 31 December 2020.



Chart showing specific risk premium - historical view

## Appendix



### Historic MRP estimates

Please find an overview of the historic MRP estimates by KPMG Corporate Finance in the graph below.





## 2. Tax risks

During the period under assessment and with regard to the assumptions on which the revaluations was based, tax risks changed in the case of Hutmen and Baterpol and this is related to the decisions by the tax authorities, significantly reducing the risk estimated by the Company in Q3 of 2020, which will ultimately lead to the release of reserves.

## 3. Adopted forecasts

The pandemic factor had a significant impact on market demand in Q2 and Q3 of 2020 and thus on industrial production. The market recovery that has been observed since November 2020 (following the approval of vaccines for COVID-19) has had an impact on the market forecasts published by financial institutions and recognised advisors, which is also reflected in the Companies' forecasts adopted for the current analysis.

During the spring lockdown, some facilities were closed, contrary to the 2nd and 3rd pandemic waves in winter and spring 2021, when all facilities were operational.

These graphs show forecasts for steel production vs. global consumption

**Figure 4. Global steel consumption**



**Figure 5. Steel supply and demand balance (mln tonnes)**



Source: Deloitte 12/2020 report based on the Economist Intelligence Unit (EIU)

The tables show the forecast for steel production and consumption by region, increasing in the EU by +11% in 2021 and by +5% in 2022



**Table 2a. Forecast steel production (% , year-on-year)**

	2019	2020	2021	2022
Global consumption	3.9%	-4.3%	6.2%	4.8%
Asia	6.5%	-0.1%	4.4%	4.3%
China	9.0%	4.5%	3.1%	4.0%
Other Asian countries	1.2%	-11.0%	7.8%	5.0%
EU	-3.0%	-18.0%	11.0%	5.0%
North America	-1.0%	-17.0%	15.0%	7.0%
CIS	1.0%	-6.0%	4.5%	4.5%

**Table 2b. Forecast steel consumption (mln tonnes)**

	2019	2020	2021	2022
Global consumption	1,862	1,782	1,893	1,983
Asia	1,296	1,294	1,350	1,408
China	909	950	979	1,018
Other Asian countries	387	344	371	390
EU	166	136	151	159
North America	149	124	142	152
CIS	40	38	40	41

Source: Deloitte 12/2020 report based on the Economist Intelligence Unit (EIU)

The nearest export market for the Group's products is Germany.

The table shows mismatch between steel production and consumption in Germany in the period 2019-2030

**Table 9.8 Germany Steel Production Forecast 2020-2030 (Million Tons, AGR %, CAGR%)**

Germany	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Production (M Tons)	40.7	41.2	41.8	42.4	43.0	43.7	44.4	45.1	45.8	46.6	47.3	47.9
AGR (%)	4.12%	1.31%	1.40%	1.45%	1.50%	1.57%	1.65%	1.62%	1.59%	1.55%	1.51%	1.45%
CAGR % (2020-25)	1.52%				CAGR % (2025-30)				1.54%			
CAGR % (2020-30)	1.53%											

Source: Visiongain 2020

**Table 9.9 Germany Steel Consumption Forecast 2020-2030 (Million Tons, AGR %, CAGR%)**

Germany	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Consumption (M Tons)	61.2	61.7	62.2	62.7	63.3	63.8	64.5	65.1	65.6	66.2	66.7	67.3
AGR (%)	2.88%	0.93%	0.80%	0.81%	0.86%	0.90%	0.97%	0.94%	0.88%	0.85%	0.82%	0.79%
CAGR % (2020-25)	0.87%				CAGR % (2025-30)				0.85%			
CAGR % (2020-30)	0.86%											

Source: Visiongain 2020



## 16. INVESTMENT PROPERTY

Change	As at 31.12.2020	As at 31.12.2019
<b>Balance at the beginning of the period</b>	<b>159 189</b>	<b>150 906</b>
<b>Additions</b>	<b>20 206</b>	<b>12 090</b>
disclosure of land in perpetual usufruct	-	1 520
acquisition of investment real estate	286	-
Inclusion of entities in consolidation	-	360
valuation to fair value (-)	19 314	10 100
reclassification (from fixed assets, inventories)	606	110
<b>Reductions</b>	<b>(27 316)</b>	<b>(3 807)</b>
sale/disposal	(2 786)	(3 159)
excluding an entity from consolidation	(11 084)	-
valuation to fair value (-)	(6 982)	(648)
other	(6 464)	-
<b>Balance as at period end</b>	<b>152 079</b>	<b>159 189</b>

Investment real estate property at fair value	As at 31.12.2020	As at 31.12.2019
Eastside Bis real property in Toruń	106 161	100 018
Property of Boryszew S.A. in Toruń	12 397	16 525
WM Dziedzice SA real property	20 313	18 922
ZM Silesia SA real property	8 019	8 019
Properties of Alchemia	146	146
Properties of Huta Bankowa	197	200
Real estate properties in Konin	4 846	15 359
<b>Total</b>	<b>152 079</b>	<b>159 189</b>

Real estate properties in Toruń are used as a collateral for repayment of loans

	As at 31.12.2020	As at 31.12.2019
Revenues from investment property (rental agreements)	11 169	10 070
Maintenance cost of investment property	10 317	8 807

Some of the investment properties included in the books of Eastside bis are used by Boryszew Capital Group companies. For consolidation purposes, these investments were recognised as fixed assets (PLN 62 549 thousand). Revenues from the lease of these properties were eliminated in the consolidation process (PLN 8 425 thousand)

Investment real property is real property treated as a source of incomes in the form of rent or/ and held in books due to expected value increase. The components of the investment lands in the perpetual usufruct right buildings located in the above mentioned locations.

Profits and loss on the change of investment real property fair value are recognized in the income statement in the period in which they occurred. For some of the investment properties the revaluation was carried out in 2020, the revaluation of investment properties in Eastside bis was carried out as at 31.12.2018 by an independent expert. The market value of the real property is determined by revenue approach, using the investment method, using simple capitalization method assuming the stable net operating income in the long prospectus and the comparative method was applied using the method of adjusted average price (estimation of the market value at the average prices of the similar real properties at the moment of appraisal). According to the Management Board, no evidence of impairment exists as at the balance sheet date. In accordance with the accounting policy, measures the value of real estate properties once every 3 years.



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**17. GOODWILL**

	<b>As at 31.12.2020</b>	<b>As at 31.12.2019</b>
Baterpol S.A.	6 418	6 418
Impexmetal S.A.	-	2 122
ZM Silesia S.A.	-	14 924
<b>Total</b>	<b>6 418</b>	<b>23 464</b>

**Changes in goodwill**

	<b>As at 31.12.2020</b>	<b>As at 31.12.2019</b>
<b>Goodwill at the beginning of the period</b>	<b>23 464</b>	<b>23 464</b>
Increase due to acquisition (subsidiary)	-	163 254
Inclusion of entities in consolidation	-	-
Write-down on goodwill	(14 924)	(163 254)
Decrease in goodwill after disposal of a subsidiary	-	-
Excluding an entity from consolidation	(2 122)	-
Impact of exchange rate differences	-	-
<b>Goodwill at the end of the period</b>	<b>6 418</b>	<b>23 464</b>

**18. INTANGIBLE ASSETS**

<b>Intangible assets</b>	<b>As at 31.12.2020</b>	<b>As at 31.12.2019</b>
R&D expenses	11 166	9 429
Patents, licenses, software	24 073	23 972
Perpetual land usufruct right	-	-
Other intangible assets	11 514	12 410
<i>Advances for intangible assets</i>	1 349	8
<b>Total</b>	<b>48 102</b>	<b>45 819</b>

	R&D expenses	Patents, concessions, licence, software	Perpetual land usufruct right	Other intangible assets	Total
<b>in the period 01.01.2020 - 31.12.2020</b>					
<b>Gross value at the beginning of the period</b>	<b>37 892</b>	<b>55 163</b>	<b>3</b>	<b>23 694</b>	<b>116 752</b>
Additions (purchase)	7 279	5 221	-	6 061	18 561
Received as in-kind contribution	-	(981)	-	-	(981)
Disposal	-	(4)	-	(39)	(43)
Liquidation (-)	(127)	(851)	-	(4 080)	(5 058)
Excluding entities from consolidation	(5 844)	(1 925)	-	(4 855)	(12 624)
Impact of exchange rate differences	(84)	608	-	258	782
Other	(362)	2 702	-	(3 298)	(958)
<b>Gross value of intangible assets at the end of the period</b>	<b>38 754</b>	<b>59 933</b>	<b>3</b>	<b>17 741</b>	<b>116 431</b>
<b>Accumulated depreciation at the beginning of the period</b>	<b>28 463</b>	<b>31 157</b>	<b>3</b>	<b>11 284</b>	<b>70 907</b>
Planned depreciation	5 174	4 068	-	640	9 882
Decrease due to disposal	-	(3)	-	(31)	(34)
Liquidation (-)	(127)	(981)	-	(18)	(1 126)
Excluding an entity from consolidation	(5 775)	(1 555)	-	(3 764)	(11 094)



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Impact of exchange rate differences	(15)	473	-	193	<b>651</b>
Other	(132)	2 303	-	(2 077)	<b>94</b>
<b>Accumulated depreciation at the end of the period</b>	<b>27 588</b>	<b>35 462</b>	<b>3</b>	<b>6 227</b>	<b>69 280</b>
<b>Impairment write-offs at the beginning of the period</b>	<b>-</b>	<b>34</b>	<b>-</b>	<b>-</b>	<b>34</b>
other	-	364	-	-	<b>364</b>
<b>Impairment write-offs at the end of the period</b>	<b>-</b>	<b>398</b>	<b>-</b>	<b>-</b>	<b>398</b>
<b>Net value of intangible assets at the end of the period</b>	<b>11 166</b>	<b>24 073</b>	<b>-</b>	<b>11 514</b>	<b>46 753</b>

**in the period 01.01.2019 -31.12.2019 2019**

	R&D expenses	Patents, concessions, licence, software	Perpetual land usufruct right	Other intangible assets	Total
<b>Gross value at the beginning of the period</b>	<b>37 083</b>	<b>46 223</b>	<b>8 314</b>	<b>15 702</b>	<b>107 322</b>
Additions (purchase)	2 346	6 140	-	5 109	<b>13 595</b>
Inclusion of entities in consolidation	235	4 439	-	2 889	<b>7 563</b>
Decrease due to disposal	-	(3 214)	-	(22)	<b>(3 236)</b>
Liquidation (-)	-	(318)	-	(4)	<b>(322)</b>
Transfer of leased patents to the right-of-use assets as of 01.01.2019	(1 747)	-	(8 311)	-	<b>(10 058)</b>
Impact of exchange rate differences	(25)	1 893	-	20	<b>1 888</b>
Other	-	-	-	-	<b>-</b>
<b>Accumulated depreciation at the beginning of the period</b>	<b>25 851</b>	<b>24 374</b>	<b>1 710</b>	<b>8 489</b>	<b>60 424</b>
Planned depreciation	2 377	3 285	-	1 396	<b>7 058</b>
Inclusion of entities in consolidation	235	1 903	-	1 425	<b>3 563</b>
Decrease due to disposal	-	(424)	-	(26)	<b>(450)</b>
Transfer of leased patents to the right-of-use assets as of 01.01.2019	-	-	(1 707)	-	<b>(1 707)</b>
Impact of exchange rate differences	-	2 019	-	-	<b>2 019</b>
<b>Accumulated depreciation at the end of the period</b>	<b>28 463</b>	<b>31 157</b>	<b>3</b>	<b>11 284</b>	<b>70 907</b>
<b>Impairment write-offs at the beginning of the period</b>	<b>-</b>	<b>34</b>	<b>205</b>	<b>-</b>	<b>239</b>
Creation of impairment write-off	-	-	-	-	<b>-</b>
Reversal of impairment write-down	-	-	(205)	-	<b>(205)</b>
<b>Impairment write-offs at the end of the period</b>	<b>-</b>	<b>34</b>	<b>-</b>	<b>-</b>	<b>34</b>
<b>Net value of intangible assets at the end of the period</b>	<b>9 429</b>	<b>23 972</b>	<b>-</b>	<b>12 410</b>	<b>45 811</b>



(amounts expressed in PLN '000 unless specified otherwise)

## 19. RIGHT-OF-USE ASSETS

	<i>Buildings and structures</i>	<i>Technical equipment and machines</i>	<i>Vehicles</i>	<i>Other tangible fixed assets</i>	<i>Intangible assets - software</i>	<i>Land - SMA</i>	<i>The Lease Agreement</i>	<i>Total</i>
<b>in the period 01.01.2020 - 31.12.2020</b>								
<b>Gross value at the beginning of the period</b>	<b>15 726</b>	<b>201 957</b>	<b>15 934</b>	<b>5 605</b>	<b>-</b>	<b>125 826</b>	<b>72 227</b>	<b>437 275</b>
Acceptance for use under new lease agreements signed during the current year	-	9 533	1 389	80	2 197	1 250	512	<b>14 961</b>
Disposal						(1 799)		<b>(1 799)</b>
Transfer under leaseback		(1 623)	-	-	-	-	(9 440)	<b>(11 063)</b>
Reduction due to end of lease term	-	(8 442)	(3 757)	-	-	-	(23)	<b>(12 222)</b>
Excluding an entity from consolidation		(472)	(213)			(17 267)		<b>(17 952)</b>
Impact of exchange rate differences	1 027	5 944	382	-	-	-	(571)	<b>6 782</b>
<b>Gross value at the end of the period</b>	<b>16 753</b>	<b>206 897</b>	<b>13 735</b>	<b>5 685</b>	<b>2 197</b>	<b>108 010</b>	<b>62 705</b>	<b>415 982</b>
<b>Accumulated depreciation at the beginning of the period</b>	<b>4 243</b>	<b>40 552</b>	<b>6 328</b>	<b>930</b>	<b>-</b>	<b>2 242</b>	<b>12 531</b>	<b>66 826</b>
Planned depreciation of own fixed assets	663	16 546	3 537	626	-	1 391	12 637	<b>35 400</b>
Reduction due to termination of lease	-	(2 450)	(2 317)	-	-	(36)	(2 628)	<b>(7 431)</b>
Excluding an entity from consolidation		(165)	(108)			(446)		<b>(719)</b>
Impact of exchange rate differences	266	2 347	114	-	-	-	(115)	<b>2 612</b>
<b>Accumulated depreciation at the end of the period</b>	<b>5 172</b>	<b>56 830</b>	<b>7 554</b>	<b>1 556</b>	<b>-</b>	<b>3 151</b>	<b>22 425</b>	<b>96 688</b>
<b>Impairment write-offs at the beginning of the period</b>	<b>-</b>	<b>853</b>	<b>287</b>	<b>-</b>	<b>-</b>	<b>460</b>	<b>-</b>	<b>1 600</b>
Creation of impairment write-off		-	-	-	-	65	-	<b>65</b>
Reversal of impairment write-down	-	-	-	-	-	(3)	-	<b>(3)</b>
Reduction due to termination of lease	-	-	(302)	-	-	-	-	<b>(302)</b>
Impact of exchange rate differences	-	5	-	-	-	-	-	<b>5</b>
<b>impairment write-offs at the end of the period</b>	<b>-</b>	<b>858</b>	<b>(15)</b>	<b>-</b>	<b>-</b>	<b>522</b>	<b>-</b>	<b>1 365</b>
<b>Net value of fixed assets at the end of period</b>	<b>11 581</b>	<b>149 209</b>	<b>6 196</b>	<b>4 129</b>	<b>2 197</b>	<b>104 337</b>	<b>40 280</b>	<b>317 929</b>





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<b>in the period 01.01.2019 -31.12.2019 2019</b>	<i>Buildings and structures</i>	<i>Technical equipment and machines</i>	<i>Vehicles</i>	<i>Other tangible fixed assets</i>	<i>Intangible assets - software</i>	<i>Land - SMA</i>	<i>The Lease Agreement</i>	<i>Total</i>
Transfer on 01.01.2019 of leased fixed assets	15 726	144 527	9 859	3 729	-	39 909	68 782	<b>282 532</b>
Acceptance for use under new lease agreements signed during the current year	-	37 006	6 872	1 876	-	93 412	3 445	<b>142 611</b>
Disposal	-	-	-	-	-	(6 401)	-	<b>(6 401)</b>
Transfer under leaseback	-	23 843	-	-	-	-	-	<b>23 843</b>
Reduction due to end of lease term	-	(4 373)	(789)	-	-	(1 094)	-	<b>(6 256)</b>
Impact of exchange rate differences	-	954	(8)	-	-	-	-	<b>946</b>
<b>Gross value at the end of the period</b>	<b>15 726</b>	<b>201 957</b>	<b>15 934</b>	<b>5 605</b>	<b>-</b>	<b>125 826</b>	<b>72 227</b>	<b>437 275</b>
Transfer to 01.01.2019 of existing depreciation of leased fixed assets	3 592	28 252	3 305	375	-	1 085	-	<b>36 609</b>
Planned depreciation of own fixed assets	651	12 663	3 545	555	-	1 260	12 531	<b>31 205</b>
Decrease due to lease termination/disposal	-	(365)	(518)	-	-	(103)	-	<b>(986)</b>
Impact of exchange rate differences	-	2	(4)	-	-	-	-	<b>(2)</b>
<b>Accumulated depreciation at the end of the period</b>	<b>4 243</b>	<b>40 552</b>	<b>6 328</b>	<b>930</b>	<b>-</b>	<b>2 242</b>	<b>12 531</b>	<b>66 826</b>
<b>Impairment write-offs at the beginning of the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Transfer to 01.01.2019 of existing write-offs of leased fixed assets	-	51	287	-	-	205	-	<b>543</b>
Write-off provision recognised in the profit/loss for the current period	-	802	-	-	-	258	-	<b>1 060</b>
Reduction due to termination of lease	-	-	-	-	-	(3)	-	<b>(3)</b>
Impact of exchange rate differences	-	-	-	-	-	-	-	<b>-</b>
<b>impairment write-offs at the end of the period</b>	<b>-</b>	<b>853</b>	<b>287</b>	<b>-</b>	<b>-</b>	<b>460</b>	<b>-</b>	<b>1 600</b>
<b>Net value of leased fixed assets at the end of the period</b>	<b>11 483</b>	<b>160 552</b>	<b>9 319</b>	<b>4 675</b>	<b>-</b>	<b>123 124</b>	<b>59 696</b>	<b>368 849</b>



## 20. SHARES IN AFFILIATES

	As at 31.12.2020	As at 31.12.2019
<b>Carrying amount of investments in associates - beginning of the year</b>	<b>311</b>	<b>337 137</b>
Disposal of shares during the year		-
Derecognition due to assumption of control		(337 137)
<b>Value at cost at year-end</b>	<b>210</b>	<b>-</b>
Cumulative valuation of associates acquired		351
Valuation during the year	(101)	(40)
<b>Carrying amount of investments in associates</b>	<b>210</b>	<b>311</b>

## 21. FINANCIAL ASSETS

	As at 31.12.2020	As at 31.12.2019
<b>Financial assets</b>		
Shares at fair value through other comprehensive income	152 882	3
Shares at fair value through profit and loss	39 473	78
Debt instruments (bonds)	34 579	34 529
Loans granted	23 560	182
	<b>250 494</b>	<b>34 792</b>
<i>Long-term assets</i>	<i>1 036</i>	<i>1 744</i>
<i>Short-term assets</i>	<i>249 458</i>	<i>33 048</i>

	As at 31.12.2020	As at 31.12.2019
<b>Bonds</b>		
Unibax Sp. Z o.o.	24 870	24 554
Impairments	-	(18)
	<b>24 870</b>	<b>24 536</b>
Skotan S.A.	10 135	9 912
Impairments	(514)	-
	<b>9 621</b>	<b>9 912</b>
other	88	81
	<b>34 579</b>	<b>34 529</b>

Unibax bonds are currently unsecured.  
 Skotan Bonds secured on the assets of the issuer.

	As at 31.12.2020	As at 31.12.2019
<b>Borrowings</b>		
Unipartner sp. z o.o.	21 603	
Other	1 957	182
	<b>23 560</b>	<b>182</b>



<b>Change in financial assets between 01.01.2020 and 31.12.2020</b>	<b>Bonds</b>	<b>Borrowings</b>
<b>Carrying amount - beginning of the period</b>	<b>34 529</b>	<b>182</b>
Reduction in assets - bought-in / repaid during the year	(24 000)	(9 146)
Acquired bonds / loans granted in current year	-	32 115
Interest on bonds recognised in P&L in current year	1 302	356
Interest received	(1 206)	(1 783)
Write-offs on bonds + interest recognised in P&L in current year	(475)	(4)
Excluding an entity from consolidation	(81)	-
Reversal of impairment losses recognised in P&L during the year	18	-
write-off reversal following asset disposal	-	(270)
Interest cancelled in the current year	-	(2 699)
Compensations and other non-monetary changes	24 319	317
Exchange differences	173	4 492
<b>Carrying amount of bonds - end of the period</b>	<b>34 579</b>	<b>23 560</b>

## 22. DERIVATIVE FINANCIAL INSTRUMENTS

<b>As at 31.12.2020</b>	<b>assets</b>	<b>liabilities</b>
<b>Cash flows hedging instruments</b>	<b>3 354</b>	<b>4 413</b>
<i>Commodity swaps</i>	2 352	775
<i>Foreign exchange contracts</i>	1 002	3 638
<b>Fair value hedges</b>	<b>502</b>	<b>6 772</b>
<i>Interest rate swaps</i>	-	323
<i>Foreign exchange contracts</i>	-	1 577
<i>Commodity swaps</i>	502	4 872
<b>Instruments held for trading</b>	<b>394</b>	<b>1 626</b>
<i>Foreign exchange contracts</i>	-	1 444
<i>Commodity swaps</i>	394	182
	<b>4 250</b>	<b>12 811</b>
<i>long-term part</i>	-	-
<i>short-term part</i>	4 250	12 811
<b>balance</b>	<b>(8 561)</b>	

<b>As at 31.12.2019</b>	<b>assets</b>	<b>liabilities</b>
<b>Cash flows hedging instruments</b>	<b>19 373</b>	<b>4 116</b>
<i>Commodity swaps</i>	4 421	1 665
<i>Foreign exchange contracts</i>	14 952	2 451
<b>Fair value hedges</b>	<b>2 314</b>	<b>863</b>
<i>Interest rate swaps</i>	-	340
<i>Foreign exchange contracts</i>	913	6
<i>Commodity swaps</i>	1 401	517
<b>Instruments held for trading</b>	<b>1 194</b>	<b>45</b>
<i>Foreign exchange contracts</i>	305	31
<i>Commodity swaps</i>	889	14
	<b>22 881</b>	<b>5 024</b>



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<i>long-term part</i>	-	-
<i>short-term part</i>	22 881	5 024
<b>balance</b>	<b>17 857</b>	

**Presentation of derivative instruments in the income statement**

**Income statement items**

	<b>As at 31.12.2020</b>	<b>As at 31.12.2019</b>
<b>Revenues from sale</b>	(2 927)	980
<b>Manufacturing cost of products sold</b>	1 574	(24 871)
<b>Other operating expenses</b>	-	-
<b>Financial income, including:</b>	25 576	23 281
<i>profit on trading in derivatives</i>	7 059	878
<i>ineffective portion of cash flow hedges (positive value)</i>	-	-
<i>exchange rate differences - correction by the effective portion</i>	18 517	22 403
<b>Financial expenses, including:</b>	34 330	11 605
<i>loss on trading in derivatives</i>	8 692	(279)
<i>ineffective portion of cash flow hedges (negative value)</i>	-	-
<i>exchange rate differences - correction by the effective portion</i>	25 638	11 884

Changes in the fair value of derivatives for cash flow hedging in such part in which they operate as effective hedge are recognized in equity while in such part in which they do not operate as effective hedge are recognized as financial income or expenses of the reporting period. At the moment of realisation and recognition in the income statement of the hedged item, the effective part of the hedge corrects its value, e.g. sales revenues or costs of production. The amount representing the ineffective part of the hedge is recognized as financial income or expense.

Changes in the fair value of derivatives for fair value hedging in such part in which they operate as effective hedge are recognised in the profit and loss account with an offset against valuation of the hedged item, while in such part in which they do not operate as effective hedge are recognized as financial income or expenses of the reporting period. At the moment of realisation and recognition in the income statement of the hedged item, the effective part of the hedge corrects its value in the same position. The amount representing the ineffective part of the hedge is recognized as financial income or expense.

Commercial instruments are instruments designed for hedging against specific risks that do not feature formally established hedging relationships. Effects of changes in their fair value are recognised in the income statement and disclosed in financial income and expenses.

**Commodity derivatives as at 12.31.2020**

<b>currency</b>	<b>&lt;1 month</b>	<b>1-3 months</b>	<b>3-12 months</b>	<b>1-3 years</b>	<b>total</b>
USD	(2 092)	(834)	39		(2 887)
EUR	(428)	965	(231)	-	306
<b>Total</b>	<b>(2 520)</b>	<b>131</b>	<b>(192)</b>	<b>-</b>	<b>(2 581)</b>

**Commodity derivatives as at 12.31.2020**

<b>currency</b>	<b>&lt;1 month</b>	<b>1-3 months</b>	<b>3-12 months</b>	<b>1-3 years</b>	<b>total</b>
USD	31	(6)	431	-	456
EUR	(2 561)	(1 777)	(1 606)	(169)	(6 113)
<b>Total</b>	<b>(2 530)</b>	<b>(1 783)</b>	<b>(1 175)</b>	<b>(169)</b>	<b>(5 657)</b>



**Commodity derivatives as at 12.31.2019**

currency	<1 month	1-3 months	3-12 months	1-3 years	total
USD	555	629	607	-	1 791
EUR	2 355	68	245	56	2 724
<b>Total</b>	<b>2 910</b>	<b>697</b>	<b>852</b>	<b>56</b>	<b>4 515</b>

**Commodity derivatives as at 12.31.2019**

currency	<1 month	1-3 months	3-12 months	1-3 years	total
USD	(526)	(978)	(288)	(278)	(2 070)
EUR	3 867	5 447	4 890	1 548	15 752
<b>Total</b>	<b>3 341</b>	<b>4 469</b>	<b>4 602</b>	<b>1 270</b>	<b>13 682</b>

**23. TRADE AND OTHER RECEIVABLES**

	<b>As at 31.12.2020</b>	<b>As at 31.12.2019</b>
<b>Trade receivables and other receivable</b>		
Trade receivables from sale of products, goods and services	578 545	644 037
Valuation of credit risk	272	(95)
Receivables from sale of fixed assets and intangible assets	-	93
Receivables from the sale of shares	6 055	-
Payables and receivables with shareholders	-	-
Budget receivables	113 545	83 462
Other debtors	36 053	30 505
<b>Trade receivables and other receivables</b>	<b>734 470</b>	<b>758 002</b>
<i>long-term</i>	3 387	2 936
<i>short-term</i>	731 083	755 066
Receivables securing loan repayments	72 854	96 212
<b>Cumulative revaluation write-downs on receivables</b>		
Write-offs on overdue trade receivables	73 576	75 161
Write-offs for estimated credit risk (IFRS 9)	344	-
Write-offs on other receivables (except trade receivables)	13 301	34 856
<b>Total allowances</b>	<b>87 221</b>	<b>110 017</b>
<b>Gross accounts receivable</b>	<b>821 691</b>	<b>868 019</b>
<b>Write-downs on trade receivables</b>		
<b>Write-downs on trade receivables</b>	<b>01.01.2020 - 31.12.2020</b>	<b>As at 31.12.2019</b>
<b>Balance as at the beginning</b>	<b>75 161</b>	<b>49 100</b>
Write-offs on overdue receivables	6 982	10 470
Inclusion of entities in consolidation	-	25 414
Removal of write-off together with the receivable as irrecoverable/overdue	(4 428)	(1 361)
Excluding an entity from consolidation	(8 158)	-
Write-downs derecognized from recovered receivables	(315)	(391)
Reversal of write-offs on overdue receivables	(7 623)	(7 715)
currency exchange rate differences	11 957	(356)
Write-offs according to IFRS 9 - credit risk	344	-
<b>Write-downs at the end of the period</b>	<b>73 920</b>	<b>75 161</b>



### Trade receivables aging

#### net accounts receivable with the remaining repayment period from the balance sheet date

up to 3 months	472 400	523 797
up to 6 months	470 181	492 313
up to 1 year	7 222	31 484
above 1 year	-	-
Write-offs according to IFRS 9 - credit risk	2 072	-
	(7 075)	-
<b>overdue accounts receivable</b>	<b>106 145</b>	<b>120 240</b>
up to 3 months	51 720	109 501
up to 6 months	5 073	2 244
up to 1 year	18 387	948
above 1 year	31 350	7 547
Write-offs according to IFRS 9 - credit risk	(385)	-
<b>total trade receivables</b>	<b>578 545</b>	<b>644 037</b>

#### cumulative impairment write-off for trade receivables

up to 3 months	1 524	4 533
up to 6 months	2 655	5 655
up to 1 year	4 876	3 573
above 1 year	64 521	61 400
<b>Write-downs at the end of the period</b>	<b>73 576</b>	<b>75 161</b>

## 24. INVENTORIES

#### Structure of inventories

	As at 31.12.2020	As at 31.12.2019
Materials and raw materials	372 211	412 422
Work in progress	197 178	288 868
Finished products	307 117	431 776
Traded goods	63 355	61 548
Energy certificates	468	4 386
<b>Total</b>	<b>940 329</b>	<b>1 199 000</b>
Advances on supplies	40 629	23 750
<b>Carrying value of inventories</b>	<b>980 958</b>	<b>1 222 750</b>

Impairments	36 835	41 160
<b>Gross value of inventories</b>	<b>1 017 793</b>	<b>1 263 910</b>

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

Increase of impairments in the period	41 160	31 323
Inclusion of entities in consolidation	7 441	11 561
Reversal of write-downs in the period	-	4 914
Excluding an entity from consolidation	(10 808)	(6 041)
Fair value measurement of energy certificates	(467)	-
- exchange rate differences from opening balance	-	(81)
Other decrease of write-downs in the period (written down with inventories)	26	-
	(517)	(516)
<b>Revaluation write-offs for inventories at the end of the period</b>	<b>36 835</b>	<b>41 160</b>

Impairment write-offs in manufacturing cost	479	599
Impairment write-offs in other operating expenses	7 441	11 561
Write-offs reversed in other operating income	(10 808)	(6 041)





## 25. OTHER ASSETS

### Accrued costs

#### OTHER ASSETS

	As at 31.12.2020	As at 31.12.2019
Prepayments - other than financial expenses	14 935	17 249
Prepayments - financial expenses	2 061	595
Quick savings (only automotive)	17 038	14 467
Capitalised costs of new projects	45 624	49 103
<b>Total</b>	<b>79 658</b>	<b>81 414</b>
<i>Long-term part</i>	<i>27 625</i>	<i>27 308</i>
<i>Short-term part</i>	<i>52 033</i>	<i>54 106</i>

Quick savings concern the fees which automotive branch providers are required to pay to their customers (OEM). These fees occur at the time of conclusion of a contract for production of parts (granting nominations) and are charged against standard prices of supplied products. The amount of these charges reflects the savings that result from cooperation in production of the same or similar products using the same technologies and procedures as well as the exchange of technical knowledge and experience. Therefore, it is assumed that the Supplier obtains specific cost savings that would have otherwise been necessary to expand manufacturing process and to achieve the target process efficiency. These charges are depreciated in the period of life of relevant project.

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

## 26. CASH

### Cash and cash equivalents

	As at 31.12.2020	As at 31.12.2019
Cash in hand and at bank	161 011	208 192
Other (deposits)	24 200	11 449
<b>Total</b>	<b>185 211</b>	<b>219 641</b>

## 27. DISCONTINUED OPERATIONS AS WELL AS ASSETS AND LIABILITIES AVAILABLE FOR SALE

The assets and liabilities associated with assets held for sale concern discontinued operations, i.e. the assets and liabilities of the subsidiary HMN Szopienice SA in liquidation. In 2018 these companies were: HMN Szopienice S.A. in liquidation Torlen Sp. z o.o. in liquidation. In 2019 the process of liquidation of Torlen, which was removed from the National Court Register on 20 May 2020, was completed.

Below are the individual items of fixed and current assets as well as liabilities and provisions for commitments statement of cash flows shown in the separate financial statements of HMN Szopienice SA in liquidation as well as Torlen Sp. z o.o. w likwidacji. The initial part of these consolidated financial statements includes the income statement from discontinued operations as well as statement of cash flows.

### Assets held for sale from discontinued operations

	As at 31.12.2020	As at 31.12.2019
Non-current assets	459	459
Investment property	-	-
Intangible assets	-	-
Financial assets	14	14
Deferred tax assets	-	-
Inventory	-	-
Trade receivables and other receivable	279	262
Other assets	2	-
Cash and cash equivalents	250	247
<b>Total assets</b>	<b>1 004</b>	<b>982</b>



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

	<b>As at 31.12.2020</b>	<b>As at 31.12.2019</b>
Loans and borrowings, debt securities	-	-
Trade and other liabilities	17 329	16 080
Provisions for income tax	-	16
Other provisions	198	201
<b>Total liabilities</b>	<b>17 527</b>	<b>16 297</b>

**28. EQUITY**

The table below presents Shareholders holding more than 5% of the share capital and of the total number of votes as at 31.12.2020 and the date of submitting the report for publication:

The table below presents Shareholders holding more than 5% of the share capital and of the total number of votes as at 31.12.2020 and the date of submitting the report for publication:

<b>Shareholders</b>	<b>Number of shares</b>	<b>% of capital</b>	<b>Number of votes</b>	<b>% of votes</b>
Roman Krzysztof Karkosik (*)	156 832 020	65.35%	156 832 020	65.35%
Including:				
Boryszew S.A. (**)	34 795 000	14.50%	34 795 000	14.50%
RKKK Investments Sp. z o.o.	119 998 000	50.00%	119 998 000	50.00%
Others	83 167 980	34.65%	83 167 980	34.65%
<b>Total:</b>	<b>240 000 000</b>	<b>100.00%</b>	<b>240 000 000</b>	<b>100.00%</b>

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

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

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.

**Own shares**

In 2020 Boryszew S.A. acquired in total 15 511 169 its own shares, making a total of 34 795 000 own shares together with the shares already held, which accounted for 14.50 % votes during the General Meeting of Boryszew S.A.

2 165 000 own shares, accounting for 0.902% of share capital/total number of votes during the General Meeting, were entered into the register following business combination of Boryszew S.A. and SPV Boryszew 3 Sp. z o.o., which took place on 25 June 2020.

on 30 October 2020 the Company acquired in a block transaction on the Warsaw Stock Exchange 13 346 169 own shares previously held by Impexmetal S.A. (the transaction was settled on 30 October 2020).

The Group holds no preference shares. Each share carries one vote at the Shareholders' Meeting.

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



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<b>Change in equity</b>	<b>As at 31.12.2020</b>	<b>As at 31.12.2019</b>
<b>Number of shares as at the balance sheet date</b>	<b>240 000 000</b>	<b>240 000 000</b>
<i>number of own shares</i>	<i>38 000 000</i>	<i>38 000 000</i>
<i>number of shares entitled to dividend</i>	<i>202 000 000</i>	<i>202 000 000</i>
<b>Share capital at the beginning of the period, including:</b>	<b>248 906</b>	<b>248 906</b>
<i>Paid-up capital</i>	<i>240 000</i>	<i>240 000</i>
<i>Revaluation *)</i>	<i>8 906</i>	<i>8 906</i>
<b>Share capital at the end of the period</b>	<b>248 906</b>	<b>248 906</b>
<b>Share premium at beginning of period</b>	<b>114 435</b>	<b>114 435</b>
<i>change</i>	<i>-</i>	<i>-</i>
<b>Balance as at period end</b>	<b>114 435</b>	<b>114 435</b>
<b>Own shares</b>		
<b>Balance as at the beginning</b>	<b>(236 753)</b>	<b>(217 657)</b>
<i>share buy-back</i>		<i>(4 516)</i>
<i>shares of Boryszew SA held by Alchemia</i>		<i>(14 580)</i>
<i>Redemption of own shares</i>		
<b>Balance as at period end</b>	<b>(236 753)</b>	<b>(236 753)</b>
<b>Reserve capital - hedge accounting</b>		
<b>Balance as at the beginning</b>	<b>14 326</b>	<b>4 797</b>
<i>Profit/loss for the current period</i>	<i>(39 975)</i>	<i>5 913</i>
<i>Income tax</i>	<i>7 595</i>	
<i>Change due to change in Capital Group structure</i>	<i>11 804</i>	<i>3 616</i>
<b>Balance as at period end</b>	<b>(6 250)</b>	<b>14 326</b>
<b>Share revaluation reserve</b>		
<b>Balance as at the beginning</b>	<b>(21 817)</b>	<b>(13 142)</b>
<i>Increase/decrease</i>	<i>39 249</i>	<i>(1 810)</i>
<i>Change due to change in Capital Group structure</i>	<i>21 817</i>	<i>(6 865)</i>
<i>Income tax</i>	<i>(7 457)</i>	<i>-</i>
<b>Balance as at period end</b>	<b>31 792</b>	<b>(21 817)</b>
<b>Restatement of employee benefits</b>		
<b>Balance as at the beginning</b>	<b>(2 637)</b>	<b>(1 148)</b>
<i>Profit/loss for the current period</i>	<i>206</i>	<i>(1 053)</i>
<i>Income tax</i>	<i>(39)</i>	
<i>Change due to change in Capital Group structure</i>	<i>619</i>	<i>(436)</i>
<b>Balance as at period end</b>	<b>(1 851)</b>	<b>(2 637)</b>
<b>Exchange differences on recalculation of overseas controlled entities</b>		
<b>Balance as at the beginning</b>	<b>(18 735)</b>	<b>(21 572)</b>
<i>Profit/loss for the current period</i>	<i>(37 807)</i>	<i>(2 511)</i>
<i>Income tax</i>		<i>-</i>
<i>Change due to change in Capital Group structure</i>	<i>-</i>	<i>5 348</i>
<b>Balance as at period end</b>	<b>(56 542)</b>	<b>(18 735)</b>



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**Retained earnings**

<b>Balance as at the beginning</b>	<b>1 248 784</b>	<b>1 101 613</b>
Correction-implementation of IFRS 9		
Result of the current year	279 106	(87 977)
Change due to change in Capital Group structure	(9 087)	235 148
<b>Balance as at period end</b>	<b>1 518 803</b>	<b>1 248 784</b>

**Total equity of the parent company**

**1 612 540      1 346 509**

**Equity of non-controlling interests**

<b>Balance as at the beginning</b>	<b>188 548</b>	<b>578 675</b>
Result of the current year	2 384	(10 768)
Dividend distribution	(27)	(11 396)
Change due to change in Capital Group structure	(169 851)	(367 963)
<b>Balance as at period end</b>	<b>21 054</b>	<b>188 548</b>

**Total equity**

**1 633 594      1 535 057**

(\*) As per IAS 29 section 24 items of equity (except retained earnings and capital from revaluation of assets) were calculated at the date of transition to IFRS that is 01.01.2004 using general price indices since their contribution or otherwise. The amount of the hyperinflationary revaluation increased the share capital and the issue premium while the value of the retained earnings was reduced.

**29. BANK LOANS, BORROWINGS AND BONDS**

**External financing liabilities**

	<b>As at 31.12.2020</b>	<b>As at 31.12.2019</b>
Bank loan facilities	897 260	1 472 617
Loans received	26 571	17 160
Bonds	-	-
<b>Total loans, including:</b>	<b>923 831</b>	<b>1 489 777</b>
<i>Bank loans - long-term</i>	<i>168 209</i>	<i>606 204</i>
<i>Bank loans - short-term</i>	<i>755 622</i>	<i>883 573</i>

**29.1. Bank loan facilities**

	<b>As at 31.12.2020</b>	<b>As at 31.12.2019</b>
Investment bank loans	170 659	258 505
Working capital facility	455 357	879 207
Revolving loans (including unpaid interest)	215 337	285 875
Factoring	55 907	49 030
<b>Total loans, including:</b>	<b>897 260</b>	<b>1 472 617</b>
<i>Bank loans - long-term</i>	<i>151 431</i>	<i>594 721</i>
<i>Bank loans - short-term</i>	<i>745 829</i>	<i>877 896</i>



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	As at 31.12.2020	As at 31.12.2019
<b>interest expense</b>		
interest expense in P&L	37 278	45 319
interest expense (fixed assets)	249	291
capitalised interest expense (intangible assets)	-	-
capitalised interest expense (shares)	-	-
<b>total interest expenses</b>	<b>37 527</b>	<b>45 610</b>

**Change in loans**

	As at 31.12.2020	As at 31.12.2019
<b>Change in loans</b>		
<b>nominal value of loans at the beginning of the year</b>	<b>1 472 617</b>	<b>1 161 306</b>
proceeds from new loans received	406 884	596 607
repayment of loans	(461 170)	(405 679)
repayment of interest	(177)	(547)
unpaid interest at the end of the period	223	557
other cash changes	(854)	-
<b>total cash change</b>	<b>(55 094)</b>	<b>190 938</b>
<b>non-cash changes</b>		
excluding an entity from consolidation	(488 882)	-
impact of exchange rate differences	21 915	(1 992)
unpaid interest at the end of the period recognised in the balance sheet	243	-
other non-cash changes	(53 539)	122 365
<b>sum of non-cash changes</b>	<b>(520 263)</b>	<b>120 373</b>
<b>carrying amount of loans</b>	<b>897 260</b>	<b>1 472 617</b>

Free credit limits (applicable to overdraft facilities and revolving working capital loans) amounted to PLN 130 875 thousand at the end of 2020 and to PLN 181 382 thousand in 2019.

All loans are secured. Loan collaterals include:

- investment real estate
- tangible fixed assets
- stocks: Boryszew S.A. (in subsidiaries)
- inventories,
- receivables from customers,
- assignment of rights under insurance policies,
- guarantees issued by Capital Group companies.
- guarantees and sureties of Boryszew S.A
- loan repayment guarantees from the Liquidity Guarantee Fund of Bank Gospodarstwa Krajowego



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**Change in the balance of loans in between 1 January and 31 December 2020**

Loan details	Loan liabilities 31.12.2020	Loan liability as at 31.12.2019	Change
ALIOR Bank	4 375	-	4 375
ALIOR Bank	14 294	11 994	2 300
ALIOR Bank	-	36 919	(36 919)
ALIOR Bank	-	14 000	(14 000)
BGK	25 451	35 228	(9 777)
BGK	23 049	21 274	1 775
BNP Paribas	20 716	12 840	7 876
BNP Paribas	-	-	-
BNP Paribas	-	3 686	(3 686)
Credit Agricole Bank Polska	14 528	14 195	333
DNB Bank	-	5 100	(5 100)
DNB Bank	-	24 865	(24 865)
HSBC FRANCE Branch in Poland	9 380	4 301	5 079
HSBC FRANCE Branch in Poland	36 812	56 875	(20 063)
ING Bank Śląski	20 666	12 041	8 625
mBank	43 378	-	43 378
mBank	9 468	4 161	5 307
mBank	9 700	8 000	1 700
mBank	8 397	-	8 397
mBank	13 000	-	13 000
mFaktoring	18 730	18 745	(15)
PKO BP	7 327	-	7 327
PKO BP	23 429	16 677	6 752
PKO BP	27 445	36 879	(9 434)
PKO BP	10 000	10 000	-
PKO BP	-	25 034	(25 034)
PKO BP	-	17 685	(17 685)
PKO FAKTORING	5 545	8 493	(2 948)
Santander	15 589	-	15 589
Santander	16 409	34 965	(18 556)
Santander	17 869	-	17 869
Santander	21 104	60 997	(39 893)
<i>unpaid interest as at the balance sheet date</i>		34	(34)
<b>Boryszew SA loans</b>	<b>416 660</b>	<b>494 988</b>	<b>(78 328)</b>





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Loan details	Loan liabilities 31.12.2020	Loan liability as at 31.12.2019	Change
Alfa Bank	-	1 394	(1 394)
Alfa Bank	-	104	(104)
Alfa Bank	-	1 946	(1 946)
Alfa Bank	-	715	(715)
Alfa Bank	-	148	(148)
Alfa Bank	-	233	(233)
Alior Bank S.A.	23 457	26 277	(2 820)
Alior Bank S.A.	5 716	5 802	(86)
Alior Bank S.A.	-	23	(23)
Alior Bank S.A.	-	953	(953)
Bank Popular / Santander	918	1 158	(240)
Bank Popular / Santander	2 603	2 176	427
Bank Popular / Santander	600	-	600
Banco Desio	-	732	(732)
Banca Intesa SanPaolo	111	362	(251)
Banca Intesa SanPaolo	65	106	(41)
Banca Intesa SanPaolo	23 384	-	23 384
Bank Ochrony Środowiska S.A.	1 960	1 383	577
Bankinter	-	1 691	(1 691)
BGK S.A.	21 906	25 270	(3 364)
BGK S.A.	23 074	14 905	8 169
BGK S.A.	-	21 292	(21 292)
BGK S.A.	-	42 013	(42 013)
BGK S.A.	-	24 000	(24 000)
BGK S.A.	-	4 947	(4 947)
BGK S.A.	-	4 497	(4 497)
BNP Paribas	-	592	(592)
BNP Paribas	-	6 850	(6 850)
BNP Paribas	19 164	37 153	(17 989)
BNP Paribas	15 445	16 817	(1 372)
Banque Populaire	1 694	1 695	(1)
Banque Populaire	13 844	-	13 844
BBVA	5 256	3 045	2 211
BBVA	-	138	(138)
BBVA	-	28	(28)
Bnl	-	852	(852)
Caixa	5 362	3 036	2 326
Caixa	1 181	1 043	138
Caixa	1 084	31	1 053



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Loan details	Loan liabilities 31.12.2020	Loan liability as at 31.12.2019	Change
Commerzbank AG	21 279	20 437	842
Credit Agricole Bank Polska S.A.	32 942	17 100	15 842
Credit Agricole Bank Polska S.A.	22 258	17 164	5 094
Credit Agricole Bank Polska S.A.	-	5 321	(5 321)
Credit Agricole Bank Polska S.A.	-	2 414	(2 414)
Credit Agricole Bank Polska S.A.	-	-	-
ČSOB	2 948	3 067	(119)
ČSOB	2 704	2 813	(109)
ČSOB	1 225	1 349	(124)
ČSOB	251	276	(25)
DNB Bank Polska S.A.	-	17 664	(17 664)
DNB Bank Polska S.A.	-	12 796	(12 796)
DNB Bank Polska S.A.	-	-	-
DNB Bank Polska S.A.	-	16 421	(16 421)
DNB Bank Polska S.A.	-	907	(907)
DNB Bank Polska S.A.	-	4 821	(4 821)
DNB Bank Polska S.A.	-	5 781	(5 781)
HSBC FRANCE Branch in Poland	-	3 333	(3 333)
HSBC FRANCE Branch in Poland	8 125	8 750	(625)
HSBC FRANCE Branch in Poland	-	21 224	(21 224)
HSBC FRANCE Branch in Poland	-	270 000	(270 000)
ING Bank Śląski S.A.	22 774	3 361	19 413
ING Bank Śląski S.A.	17 375	-	17 375
Liberbank	1 061	1 823	(762)
Liberbank	-	298	(298)
Liberbank	923	532	391
mBank S.A.	-	62	(62)
mBank S.A.	25 848	28 110	(2 262)
Millennium SA	-	14 186	(14 186)
Millennium SA	36 208	26 459	9 749
Millennium SA	-	9 511	(9 511)
Millennium SA	-	14	(14)
Millennium SA	-	55	(55)
Millennium SA	-	9 588	(9 588)
Millennium SA	-	7 566	(7 566)
Pekao S.A.	-	1 896	(1 896)
Pekao S.A.	-	4 860	(4 860)
Pekao S.A.	15 139	18 603	(3 464)
Pekao S.A.	60	10	50



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Loan details	Loan liabilities 31.12.2020	Loan liability as at 31.12.2019	Change
Pekao S.A.	-	17 968	(17 968)
PKO BP S.A.	31 361	40 000	(8 639)
PKO BP S.A.	20 607	26 649	(6 042)
PKO BP S.A.	14 624	26 492	(11 868)
PKO BP S.A.	1 941	17 086	(15 145)
PKO BP S.A.	-	4 482	(4 482)
PKO BP S.A.	-	3 631	(3 631)
PKO BP S.A.	-	3 510	(3 510)
UniCredit Bank	14 488	16 045	(1 557)
UniCredit Bank	11 060	1 863	9 197
UniCredit Bank	673	-	673
UniCredit Bank	6 313	-	6 313
UniCredit Bank	1 587	-	1 587
overdraft	-	3 883	(3 883)
factoring	-	4 041	(4 041)
<b>Loans of subordinated companies</b>	<b>480 600</b>	<b>977 629</b>	<b>(497 029)</b>
<b>Total Boryszew Capital Group</b>	<b>897 260</b>	<b>1 472 617</b>	<b>(575 357)</b>

**Forecast undiscounted cash flows on account of loans taken**

	<b>As at 31.12.2020</b>	<b>As at 31.12.2019</b>
up to 3 months	226 503	331 991
up to 6 months	208 776	178 391
up to 1 year	310 550	265 814
between 1 year and 3 years	120 185	559 894
from 3 years to 5 years	29 773	87 580
over 5 years	1 473	48 947
<b>Total</b>	<b>897 260</b>	<b>1 472 617</b>

**Information on breach of material provisions of credit or loan agreements**

As at 31 December 2020 no overdue liabilities occurred due to borrowings and loans and no breach occurred of material provisions of borrowing and loan agreements.

**29.2. Loan liabilities**

<b>Loan liabilities</b>	<b>As at 31.12.2020</b>	<b>As at 31.12.2019</b>
Loans from related entities	5	-
Loans from other entities	26 566	17 160
<b>Total loans, including:</b>	<b>26 571</b>	<b>17 160</b>
Long-term loans	16 778	11 483
Bank loans - short-term	9 793	5 677



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(amounts expressed in PLN '000 unless specified otherwise)

**Change in loans**

**nominal value of loans at the beginning of the year**

proceeds from loans

repayment of loans

**total cash change**

**non-cash changes**

compensations

impact of exchange rate differences

other non-cash changes

**sum of non-cash changes**

**carrying amount of loans**

	<b>As at 31.12.2020</b>	<b>As at 31.12.2019</b>
<b>nominal value of loans at the beginning of the year</b>	<b>17 160</b>	<b>22 693</b>
proceeds from loans	13 700	-
repayment of loans	(4 540)	(18 261)
<b>total cash change</b>	<b>9 160</b>	<b>(18 261)</b>
<b>non-cash changes</b>		
compensations	-	(467)
impact of exchange rate differences	251	-
other non-cash changes	-	13 195
<b>sum of non-cash changes</b>	<b>251</b>	<b>12 728</b>
<b>carrying amount of loans</b>	<b>26 571</b>	<b>17 160</b>

**interest expenses on loans**

interest expense in P&L

interest expense (fixed assets)

capitalised interest expense (intangible assets)

capitalised interest expense (shares)

**total interest expenses**

interest expense in P&L		811
interest expense (fixed assets)	249	
capitalised interest expense (intangible assets)	-	
capitalised interest expense (shares)	-	
<b>total interest expenses</b>	<b>249</b>	<b>811</b>

**Expected undiscounted cash flows from borrowings**

up to 3 months

up to 6 months

up to 1 year

between 1 year and 3 years

from 3 years to 5 years

over 5 years

**Total**

	<b>As at 31.12.2020</b>	<b>As at 31.12.2019</b>
up to 3 months	1 186	1 610
up to 6 months	1 192	1 115
up to 1 year	7 415	3 371
between 1 year and 3 years	16 778	9 411
from 3 years to 5 years	-	1 653
over 5 years	-	-
<b>Total</b>	<b>26 571</b>	<b>17 160</b>

**30. LEASE LIABILITIES**

**in the period 01.01.2020 - 31.12.2020**

**Balance brought forward of lease liabilities**

new discounted lease liabilities

Inclusion of entities in consolidation

repayment of capital lease instalments

interest payment, which was included in the balance brought forward

Excluding an entity from consolidation

Derecognition due to sale

unpaid interest at the end of the period recognised in the balance sheet

Revaluation of lease liabilities

impact of exchange rate differences

disposal during the year

**Carrying amount of lease liabilities**

	<i>Leasing of tangible and intangible assets</i>	<i>Land - SMA</i>	<i>The Lease Agreement</i>	<i>Total</i>
<b>Balance brought forward of lease liabilities</b>	<b>158 946</b>	<b>95 263</b>	<b>61 824</b>	<b>316 033</b>
new discounted lease liabilities	9 898	1 250	512	11 660
Inclusion of entities in consolidation	(97)			(97)
repayment of capital lease instalments	(32 898)	(368)	(11 735)	(45 001)
interest payment, which was included in the balance brought forward	(170)		(153)	(323)
Excluding an entity from consolidation	(227)	(17 129)		(17 356)
Derecognition due to sale		(610)		(610)
unpaid interest at the end of the period recognised in the balance sheet	60	10		70
Revaluation of lease liabilities	(134)	(1 085)	(6 954)	(8 173)
impact of exchange rate differences	6 699		(1 543)	5 156
disposal during the year	(8 593)	-		(8 593)
<b>Carrying amount of lease liabilities</b>	<b>133 484</b>	<b>77 331</b>	<b>41 951</b>	<b>252 766</b>



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(amounts expressed in PLN '000 unless specified otherwise)

**in the period 01.01.2019 - 31.12.2019**

**Balance brought forward of lease liabilities**

	<i>Leasing of tangible and intangible assets</i>	<i>Land - SMA</i>	<i>The Lease Agreement</i>	<i>Total</i>
<b>Balance brought forward of lease liabilities</b>	<b>102 720</b>	<b>-</b>	<b>-</b>	<b>102 720</b>
Liabilities - implementation of IFRS 16	-	79 335	68 018	147 353
Liabilities included in consolidation Alchemia Capital Group	5 579	23 785	-	29 364
new discounted lease liabilities	95 798	-	2 458	98 256
repayment of capital lease instalments	(42 254)	(299)	(8 448)	(51 001)
interest payment, which was included in the balance brought forward	(489)	(356)		(845)
unpaid interest at the end of the period recognised in the balance sheet	-	-		-
Revaluation of lease liabilities	(196)	(7 202)		(7 398)
impact of exchange rate differences	(2 212)	-	-	(2 212)
disposal during the year	-		(204)	(204)
<b>Carrying amount of lease liabilities</b>	<b>158 946</b>	<b>95 263</b>	<b>61 824</b>	<b>316 033</b>

The leased assets include mainly machinery and equipment in Boryszew branches, as well as metal and automotive companies and passenger cars in all Group's companies.

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

**Undiscounted finance lease liabilities**

	<b>As at 31.12.2020</b>	<b>As at 31.12.2019</b>
3 months	17 364	12 091
from 4 to 6 months	13 819	13 219
from 7 months to 12 months	22 199	25 533
between 1 year and 3 years	62 980	77 192
from 3 years to 5 years	19 202	35 402
over 5 years	3 867	3 875
<b>Total undiscounted payments remaining until the end of the lease term</b>	<b>139 431</b>	<b>167 312</b>
future interest payments	(5 947)	(8 366)
<b>Carrying amount of lease liabilities</b>	<b>133 484</b>	<b>158 946</b>

**Non-discounted liabilities due to SMA**

	<b>As at 31.12.2020</b>	<b>As at 31.12.2019</b>
annual SMA fee	3 300	3 860
between 1 year and 3 years	6 847	7 733
from 3 years to 5 years	6 600	7 733
over 5 years - up to 10 years	16 500	19 331
over 10 years - up to 20 years	33 005	38 662
over 20 years	154 213	178 613
<b>Total undiscounted payments remaining until the end of the lease term</b>	<b>220 465</b>	<b>255 932</b>
future interest payments	(143 134)	(160 669)
<b>Carrying amount of lease liabilities</b>	<b>77 331</b>	<b>95 263</b>

SAM leasing interest costs recognised in the result of the current period	3 535	3 690
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	<b>As at 31.12.2020</b>	<b>As at 31.12.2019</b>
<b>Undiscounted liabilities under lease agreements</b>		
<b>monthly undiscounted rent under the agreement</b>	555	1 254
from 2 to 6 months	4 273	5 965
above 7 month and up to 12 months	4 547	7 527
between 1 year and 3 years	22 057	23 892
from 3 years to 5 years	10 562	21 566
over 5 years	1 683	8 875
<b>Total undiscounted payments remaining until the end of the lease term</b>	<b>43 122</b>	<b>67 825</b>
future interest payments	(1 171)	(6 001)
<b>Carrying amount of lease liabilities</b>	<b>41 951</b>	<b>61 824</b>

**31. PAYABLES ON PERPETUAL USUFRUCT OF INVESTMENT LAND**

	<b>As at 31.12.2020</b>	<b>As at 31.12.2019</b>
<b>Liability to SMA - investment property</b>		
<b>Liability</b>		
long-term liabilities	56 826	58 339
short-term liabilities	241	257
<b>Total liabilities</b>	<b>57 067</b>	<b>58 596</b>
Lease interest costs recognised in profit or loss of current period	93	1 720

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

	<b>01.01.2020 - 31.12.2020</b>	<b>01.01.2019 - 31.12.2019</b>
<b>Change in liabilities</b>		
<b>Liabilities at the beginning of the period</b>	<b>58 596</b>	<b>57 327</b>
<b>recognition in the balance sheet under IFRS 16</b>	-	431
repayment of capital instalments	(18)	(251)
Excluding entities from consolidation	(1 084)	
Revaluation of lease liabilities (such as due to changes in interest rates, changes in lease term)	(427)	1 089
impact of exchange rate differences	-	-
<b>Carrying amount of lease liabilities</b>	<b>57 067</b>	<b>58 596</b>





## 32. PENSION AND SIMILAR EMPLOYEE BENEFITS LIABILITIES

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

As at 31.12.2020 for the calculation of provisions for liabilities to employees, the following parameters and assumptions were adopted: the rate of mobility (rotation) of employees at the level of 1-5%, depending on age, the rate of return on investment at 1.2% and wage growth rate at 1.8%.

	Retirement severance pay	Disability severance pay	Death benefits	Long-service benefits	Provision for payments in lieu of leaves not taken	Bonuses and other benefits	Total
<b>As at 01.01.2020</b>	<b>19 011</b>	<b>1 082</b>	<b>729</b>	<b>11 672</b>	<b>20 382</b>	<b>7 543</b>	<b>60 419</b>
<b>Movement:</b>	<b>(2 103)</b>	<b>(288)</b>	<b>(139)</b>	<b>(42)</b>	<b>1 390</b>	<b>1 064</b>	<b>(118)</b>
Inclusion of entities in consolidation	-	-	-	-	-	-	-
Excluding entities from consolidation	(2 922)	(3)	-	-	(1 508)	(1 261)	(5 694)
Interest expense	122	9	6	28	1 283	-	1 448
Current employment costs	1 641	129	(1)	(192)	3 965	4 538	10 080
Past employment costs	(449)	(1)	-	-	(1 824)	(41)	(2 315)
Benefits paid	(435)	(112)	(30)	(321)	(1 059)	(3 663)	(5 620)
impact of exchange rate differences and other	17	(260)	(112)	301	722	1 537	2 205
Actuarial gains and losses - demographic changes	243	(17)	(26)	-	-	-	200
Actuarial gains and losses - financial changes	(320)	(33)	24	142	(189)	(46)	(422)
<b>As at 31.12.2020</b>	<b>16 908</b>	<b>794</b>	<b>590</b>	<b>11 630</b>	<b>21 772</b>	<b>8 607</b>	<b>60 301</b>
<b>Change</b>	<b>(2 103)</b>	<b>(288)</b>	<b>(139)</b>	<b>(42)</b>	<b>1 390</b>	<b>1 064</b>	<b>(118)</b>
change recognised in P&L (- cost, + decrease in cost)	(2 026)	(238)	(137)	(184)	1 579	1 110	104
Change included in equity (gain+/lose-)	(77)	(50)	(2)	142	(189)	(46)	(222)

	Retirement severance pay	Disability severance pay	Death benefits	Long-service benefits	Provision for payments in lieu of leaves not taken	Bonuses and other benefits	Total
<b>As at 01.01.2019</b>	<b>14 282</b>	<b>652</b>	<b>1 982</b>	<b>7 385</b>	<b>14 173</b>	<b>7 735</b>	<b>46 209</b>
Provisions of entities included in consolidation	2 652	112	-	3 947	3 399	1 512	11 622
<b>Movement:</b>	<b>2 077</b>	<b>318</b>	<b>(1 253)</b>	<b>340</b>	<b>2 810</b>	<b>(1 704)</b>	<b>2 588</b>
Interest expense	173	42	46	3	-	-	264
Current employment costs	844	250	191	(44)	2 949	4 964	9 154
Past employment costs	505	(4)	(1 654)	134	2 752	(13)	1 720
Benefits paid	(732)	(111)	(12)	259	(2 891)	(6 655)	(10 142)
Actuarial gains and losses - demographic changes	(27)	(32)	(22)	-	-	-	(81)
Actuarial gains and losses - financial changes	1 314	173	198	(12)	-	-	1 673
<b>As at 31.12.2019</b>	<b>19 011</b>	<b>1 082</b>	<b>729</b>	<b>11 672</b>	<b>20 382</b>	<b>7 543</b>	<b>60 419</b>
<b>Change</b>	<b>4 729</b>	<b>430</b>	<b>(1 253)</b>	<b>4 287</b>	<b>6 209</b>	<b>(192)</b>	<b>14 210</b>
change recognised in P&L	3 442	289	(1 429)	4 299	6 209	(192)	12 618
Change recognised in equity	1 287	141	176	(12)	-	-	1 592



(amounts expressed in PLN '000 unless specified otherwise)

### 33. OTHER PROVISIONS

	As at 01.01.2020	creation of provision	provisions used during the year	reversal of unused provision	exchange differences on translation and other	Provisions of acquired/disposed entities	As at 31.12.2020
Provisions for restructuring costs	-	1 500					1 500
Provisions for liquidation of fixed assets	5 804	-	(465)	-	-	-	5 339
Provisions for waste disposal and land reclamation	5 646	2 726	(364)	(1 772)	-	-	6 236
Provisions for non-execution of contracts	2 970	5 890	(675)	(1 307)	65	-	6 943
Provisions for court proceedings	1 223	1 657	(178)	(32)	41	-	2 711
Provisions for warranty repairs, complaints	7 912	3 756	(137)	(405)	416	-	11 542
Provision for tax risks and fiscal claims	56 015	98 017	-	(5 077)	38	-	148 993
Provisions for loss-making contracts (onerous contracts)	4 907	15 931	(2 073)	-	380	-	19 145
<b>Total</b>	<b>84 477</b>	<b>129 477</b>	<b>(3 892)</b>	<b>(8 593)</b>	<b>940</b>	<b>-</b>	<b>202 409</b>

	As at 01.01.2019	creation of provision	provisions used during the year	reversal of unused provision	exchange differences on translation and other	Provisions of acquired/disposed entities	As at 31.12.2019
Provisions for liquidation of fixed assets	5 819	6	(21)	-	-	-	5 804
Provisions for waste disposal and land reclamation	3 357	2 425	(136)	-	-	-	5 646
Provisions for non-execution of contracts	85	2 817	(901)	(337)	(1)	1 307	2 970
Provisions for court proceedings	1 824	339	(671)	(1 543)	(26)	1 300	1 223
Provisions for warranty repairs, complaints	9 946	3 070	(605)	(4 466)	(33)	-	7 912
Provision for tax risks and fiscal claims	73 707	2 635	(73)	(20 254)	-	-	56 015
Provisions for loss-making contracts (onerous contracts)	3 518	4 542	(3 116)	-	(37)	-	4 907
<b>Total</b>	<b>98 256</b>	<b>15 834</b>	<b>(5 523)</b>	<b>(26 600)</b>	<b>(97)</b>	<b>2 607</b>	<b>84 477</b>



### 34. TRADE PAYABLES AND OTHER LIABILITIES

#### Trade payables and other liabilities

	As at 31.12.2020	As at 31.12.2019
Trade liabilities due to purchase of materials, services and goods	538 173	798 635
Trade liabilities accrued on account of purchase of materials, services and goods	24 821	25 395
Penalty and indemnity obligations	-	-
Liabilities due to purchase of fixed assets, intangible assets and organised part of an enterprise	13 155	31 168
Liabilities due to purchase of shares and stocks	-	253
Settlements with shareholders (dividends payable, capital contributions payable)	-	-
Liabilities to state budget (except income tax)	57 540	59 937
Other liabilities (except for deposits, advance payments listed above)	27 277	26 703
Payroll liabilities	37 162	39 356
Special funds	340	386
<b>In total, including:</b>	<b>698 468</b>	<b>981 833</b>
<i>long-term liabilities</i>	14	26
<i>short-term liabilities</i>	698 454	981 596

### 35. OTHER LIABILITIES AND EQUITY

	As at 31.12.2020	As at 31.12.2019
State subsidies	49 784	50 309
Other (deferred revenues)	42 176	36 824
	<b>91 960</b>	<b>87 133</b>
<i>long-term</i>	53 696	49 111
<i>short-term</i>	38 264	38 022

### 36. FINANCIAL INSTRUMENTS

#### Financial assets per balance sheet as at 31.12.2020

	Financial assets measured at amortised cost	Financial assets measured at fair value through profit or loss	Derivatives used for hedges	Financial assets at fair value through other comprehensive income	Carrying value
Shares and stock	210	39 453		152 902	192 565
Trade receivables	502 251	76 566			578 817
Derivative financial instruments		394	3 856		4 250
Loans granted	23 560				23 560
Bonds	34 579				34 579
Other debtors	42 108				42 108
Cash and cash equivalents	185 211				185 211
<b>Total</b>	<b>787 919</b>	<b>116 413</b>	<b>3 856</b>	<b>152 902</b>	<b>1 061 090</b>



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**Financial assets per balance sheet as at 31.12.2019**

	Financial assets measured at amortised cost	Financial assets measured at fair value through profit or loss	Derivatives used for hedges	Financial assets at fair value through other comprehensive income	Carrying value
Bonds	34 529				34 529
Trade receivables held for collection	605 064				605 064
Receivables intended for factoring		38 973			38 973
Derivative financial instruments		3 508		19 373	22 881
Loans granted	182				182
Other debtors	30 503				30 503
Cash and cash equivalents	219 641				219 641
<b>Total</b>	<b>889 919</b>	<b>42 481</b>	<b>-</b>	<b>19 373</b>	<b>951 773</b>

**Financial liabilities as at 31.12.2020**

	Financial liabilities measured at amortised cost	Financial liabilities measured at fair value through profit or loss	Derivatives used for hedges	Carrying value
Bank loans, factoring, borrowings	923 831			923 831
Bonds	-			-
Derivative financial instruments		1 626	11 185	12 811
Lease liabilities	133 484			133 484
Liabilities to SMA and PdUA	119 282			119 282
Liabilities to SMA - investment property	57 067			57 067
Trade and other liabilities	576 149			576 149
<b>Total</b>	<b>1 809 813</b>	<b>1 626</b>	<b>11 185</b>	<b>1 822 624</b>

**Financial liabilities as at 31.12.2019**

	Financial liabilities measured at amortised cost	Financial liabilities measured at fair value through profit or loss	Derivatives used for hedges	Carrying value
Bank loans, factoring, borrowings	1 489 777			1 489 777
Bonds				-
Derivative financial instruments	908		4 116	5 024
Leasing liabilities	220 770			220 770
SMA liabilities	153 859			153 859
Trade and other liabilities	855 198			855 198
<b>Total</b>	<b>2 720 512</b>	<b>-</b>	<b>4 116</b>	<b>2 724 628</b>



### 37. BUSINESS RISKS

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

- credit risk.
- foreign exchange rate risk (change in PLN exchange rate to other currencies);
- interest rate risk (increase in interest rates),
- liquidity risk.

#### Credit risk

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

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

Where corporate clients have an independent rating, this rating is used to determine their credit risk. Otherwise, where no such rating is available, the Company evaluates credit risk for a group of customers, separately for each operating segment, taking into consideration past experience and other factors.

In the Automotive segment Company's customers are subsidiaries and acknowledged global manufacturers of vehicles and their production components. In this case the credit POLICY on payment terms and limits is determined within the framework of general terms of cooperation. The company has the possibility of flexible payment management in this segment, inter alia thanks to cash discount instruments. Receivables from Automotive customers are not insured.

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

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

#### Net debt to equity ratio

	As at 31.12.2020	As at 31.12.2019
Loan, lease, borrowings debt	1 057 315	1 648 723
Cash and cash equivalents	(185 211)	(219 641)
<b>Net debt</b>	<b>872 104</b>	<b>1 429 082</b>
<b>Equity</b>	<b>1 633 594</b>	<b>1 535 057</b>
Net debt to equity	53%	93%

#### Debt ratio

	As at 31.12.2020	As at 31.12.2019
Liabilities	2 465 184	3 253 315
Assets	4 098 778	4 788 372
Debt rate	59%	67%

#### Liquidity ratios

	As at 31.12.2020	As at 31.12.2019
current ratio	1.46	1.21
quick ratio	0.81	0.57
current ratio III	0.12	0.11



**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 customers (described in note 20)
- own loans granted (described in note 18)
- guarantees and sureties granted (described in note 35)
- cash and bank deposits.

#### **Cumulative impairment losses on receivables**

##### **Impairment write-off for receivables**

impairment write-offs on trade receivables  
 revaluation write-offs of loan receivables  
 revaluation write-offs of bond receivables  
 risk related to granting guarantees  
 doubtful debt allowance on other receivables

##### **Total**

	<b>As at 31.12.2020</b>	<b>As at 31.12.2019</b>
	73 920	75 161
	-	4
	514	18
	992	992
	13 301	34 856
<b>Total</b>	<b>88 727</b>	<b>111 031</b>

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.

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

- External customers for the automotive segment
- Customers for chemicals segment
- Customers for metal segment

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

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

#### **Liquidity risk**

Liquidity risk is the risk of difficulties in meeting the obligations of the Company related to financial liabilities, settled by the expenditure of cash or other financial assets. Company's liquidity management is about ensuring, as far as possible, that the Company always enjoys sufficient liquidity to settle the required commitments, both in normal and crisis situation, without exposure to unacceptable loss or undermining the Company's reputation.

The Company has secured cash payable on demand in the amount which is sufficient to cover the expected operating expenses, including the handling of loan liabilities

#### **Analysis of contractual maturity dates of undiscounted cash flows due to financial liabilities as at 31.12.2020**

	1-3 months	4-6 m-cy	7-12 months	1-3 years	3-5 years	>5 years	Total	Carrying value
Bank loans maturities	226 503	208 776	310 550	120 185	29 773	1 473	897 260	<b>897 260</b>
Maturities of borrowings	1 186	1 192	7 415	16 778	-	-	26 571	<b>26 571</b>
Maturity of liabilities on issued bonds	-	-	-	-	-	-	-	-





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Maturities of leasing liabilities	17 364	13 819	22 199	62 980	17 005	-	133 367	<b>131 287</b>
Maturities of liabilities of leased rental services	555	4 273	4 547	22 057	10 562	1 683	43 677	<b>41 951</b>
Maturity of PMA fees	3 300	-	-	6 847	6 600	203 718	220 465	<b>77 331</b>
Maturity of SMA fees - investment properties	114	-	-	227	227	7 394	7 962	<b>57 067</b>
payment of trade liabilities and other items	674 420	5 586	7 161	11 209	-	-	698 376	<b>576 149</b>
<b>Total</b>	<b>923 442</b>	<b>233 646</b>	<b>351 872</b>	<b>240 283</b>	<b>64 167</b>	<b>214 268</b>	<b>2 027 678</b>	<b>1 807 616</b>

**Analysis of contractual maturity dates of undiscounted cash flows due to financial liabilities as at 31.12.2019**

	1-3 months	4-6 m-cy	7-12 months	1-3 years	3-5 years	>5 years	Total	Carrying value
bank loans	331 991	178 391	265 814	559 894	87 580	48 947	1 472 617	<b>1 472 617</b>
borrowings	1 610	1 115	3 371	9 411	1 653	-	17 160	<b>17 160</b>
liabilities arising from issued bonds	-	-	-	-	-	-	-	-
leasing liabilities	12 091	13 219	25 533	77 192	35 402	3 875	167 312	<b>158 946</b>
liabilities of leased rental services	1 254	5 965	7 527	23 892	21 566	8 875	69 079	<b>61 824</b>
SMA fees	3 860	-	-	7 733	7 733	236 606	255 932	<b>95 263</b>
SMA fees - investment properties	164	-	-	329	329	7 346	8 168	<b>58 596</b>
payment of trade liabilities and other items	877 723	4 341	8 336	8 926	-	-	899 326	<b>855 198</b>
<b>Total</b>	<b>1 228 693</b>	<b>203 031</b>	<b>310 581</b>	<b>687 377</b>	<b>154 263</b>	<b>305 649</b>	<b>2 889 594</b>	<b>2 719 604</b>

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

**Foreign exchange rate change risk**

Foreign exchange rate risk arises primarily from the fact that approximately 55% of the Company's revenue is from sales to European Union countries and other European countries and the contracts are concluded in EUR. The company granted the Group entities with loans in EUR for their operating activities. Change (decrease) EUR exchange rate may have a significant impact on sales revenues and the cost of exchange rate differences for valuation of receivables. In 2020 the Company was not involved in currency option or any other derivative instruments of a speculative nature. The Company does not hedge its currency risk by entering into long-term transaction hedging foreign exchange risk, the Company does not exclude the conclusion of such currency contracts in the future.

Currency	Exchange rate as at 31.12.2020 (PLN)	5% exrate change (PLN)
EUR	4.6148	0.2307
USD	3.7584	0.1879

Currency	Exchange rate as at 31.12.2019 (PLN)	5% exrate change (PLN)
EUR	4.2585	0.2129
USD	3.7977	0.1899



**Analysis of sensitivity to risk of foreign exchange rates changes 2020**

	Value in currency	effect of increase in exchange rate 5%	effect of decrease in exchange rate 5%
<b>Receivables and payables in EUR</b>			
trade and other receivables	131 484	30 333	(30 333)
borrowings	-	-	-
bonds	500	115	(115)
other liabilities	174 195	(40 187)	40 187
borrowings and loans	78 877	(18 197)	18 197
bonds	3 274	(755)	755
leasing	55 223	(12 740)	12 740
<b>Result</b>		<b>(41 431)</b>	<b>41 431</b>
<b>Receivables and payables in USD</b>			
trade receivables	42 160	7 922	(7 922)
other liabilities	-	-	-
loans, borrowings, leasing	-	-	-
<b>Result</b>		<b>7 922</b>	<b>(7 922)</b>

**Analysis of sensitivity to risk of foreign exchange rates changes 2019**

	Value in currency	effect of increase in exchange rate 5%	effect of decrease in exchange rate 5%
<b>Receivables and payables in EUR</b>			
trade and other receivables	31 132	6 628	(6 628)
borrowings	-	-	-
bonds	500	106	(106)
other liabilities	-	-	-
borrowings and loans	403 039	(85 807)	85 807
bonds	-	-	-
leasing	68 543	(14 593)	14 593
<b>Result</b>		<b>(93 666)</b>	<b>93 666</b>
<b>Receivables and payables in USD</b>			
trade receivables	102 611	19 486	(19 486)
other liabilities	-	-	-
loans, borrowings, leasing	-	-	-
<b>Result</b>		<b>19 486</b>	<b>(19 486)</b>



### **Market risk - metal prices and currency exchange rates**

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

#### **Description of exposure**

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

- risk of changes in metal prices,
- 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, steel. The Group applies a hedging policy but it does not cover 100% of purchases.

The risk of changes in metal prices occurs at the operating level, whereas the risk of changes in foreign exchange rates occurs at the strategic /fundamental/ as well as operating level.

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

Strategic risk involving currencies is associated with throughput bonus (USD/PLN and EUR/PLN) This risk exists in case of: Boryszew S.A. Oddział NPA, Impexmetal S.A., Baterpol S.A., Hutmen S.A., Walcowania Metali Dziedzice S.A., Zakłady Metalurgiczne Silesia S.A., Alchemia S.A., Huta Bankowa Sp. z o.o., some Companies of Maflow and BAP group.

In case of currency operational risk, the risk source is mainly the operational risk of metal segment and in part the sales to the Automotive Segment, 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 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 Group companies of are mainly financed by debt with variable interest coupon, these companies are exposed to changes in interest rates. The profile of the interest rate risk in Companies is characterized by adverse impact of increased interest rates on the level of cost of interest. Due to lower impact of interest rates on costs and revenues of the Companies, the risk of changes in interest rates does not constitute the basic risk from the point of view of its effect on the volume of companies' cash flows.

This risk, similarly to metal price risk and exchange rate risk is subject to an on-going monitoring.

#### **Interest rate risk**

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

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

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



### Analysis of sensitivity to interest rate changes

The table above illustrates sensitivity of the Group's results to changing rates of interest. The discussed impact on results refers to the time span of subsequent 12 months, assuming that the amount of interest-bearing assets and liabilities will not change.

	As at 31.12.2020	Interest rate increase by 0.5 p.p.	Interest rate decrease by 0.5 p.p.
<b>Interest-bearing (variable %) financial assets</b>	<b>58 227</b>	<b>291</b>	<b>(291)</b>
Loans granted	23 648	118	(118)
Debt instruments	34 579	173	(173)
other			
		-	-
<b>Interest-bearing (variable %) financial liabilities</b>	<b>1 057 315</b>	<b>(5 287)</b>	<b>5 287</b>
Loans	841 353	(4 207)	4 207
Factoring	55 907	(280)	280
Borrowings	26 571	(133)	133
Debt instruments	-	-	-
Financial leasing of fixed assets	133 484	(667)	667
Other		-	-
<b>Impact on future profit/loss before tax</b>		<b>(4 996)</b>	<b>4 996</b>
<b>Impact on future net profit/loss</b>		<b>(4 047)</b>	<b>4 047</b>

	As at 31.12.2019	Interest rate increase by 0.5 p.p.	Interest rate decrease by 0.5 p.p.
<b>Interest-bearing (variable %) financial assets</b>	<b>34 711</b>	<b>174</b>	<b>(174)</b>
Loans granted	182	1	(1)
Debt instruments	34 529	173	(173)
other			
		-	-
<b>Interest-bearing (variable %) financial liabilities</b>	<b>1 648 723</b>	<b>(8 244)</b>	<b>8 244</b>
Loans	1 423 587	(7 118)	7 118
Factoring	49 030	(245)	245
Borrowings	17 160	(86)	86
Debt instruments	0	0	0
Financial leasing of fixed assets	158 946	(795)	795

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

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

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



## Fair value

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

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

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

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

### Fair value of financial assets and liabilities

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

	Fair value as at		Hierarchy of fair value
	As at 31.12.2020	As at 31.12.2019	
<b>Financial assets</b>			
Listed shares	152 882	-	Level 1
Derivative financial instruments	4 250	22 881	Level 2
<b>Financial obligations</b>			
Derivative financial instruments	12 811	5 024	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 31.12.2020	As at 31.12.2019	
<b>Financial assets</b>			
Shares and stock	39 473	-	Level 3
Bonds	34 579	34 529	Level 3
Borrowings	23 560	182	Level 3
Trade and other receivables	620 925	674 540	Level 3
Investment property	152 079	159 189	Level 3
Cash and cash equivalents	185 211	219 641	Level 1
<b>Financial obligations</b>			
Borrowings and loans	923 831	1 489 777	Level 2
Trade and other liabilities	576 149	220 770	Level 3
Lease liabilities	133 484	855 198	Level 2
Liabilities to SMA and PdUA	119 282	153 859	Level 2
Liabilities to SMA - investment property	57 067	1 951	Level 2



### Insurance of risks

Boryszew S.A. and subsidiaries had insurance policies for 2020 within the framework of general agreements concluded by the Parent Company with several insurance companies for the entire Boryszew Group.

The insurance cover was contracted for:

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

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

### 38. OFF-BALANCE-SHEET LIABILITIES

#### Guarantees and sureties as at 31.12.2020

Entity for which guarantee or surety was issued	Subject of liability	Value of guarantee	Expiry date of guarantee
		PLN '000	
<b>Boryszew Plastic RUS</b>	Guarantee granted to Volvo Group Trucks Operations	23 074	indefinite validity
<b>MAFMEX S. de R.L. de C.V.</b>	Mafmex's performance bond for AB Volvo	23 074	term of the Agreement
	Mafmex's rent payment bond to Innova Dintel	11 760	2030-01-01
<b>Total</b>		<b>57 908</b>	

#### Guarantees and sureties as at 31.12.2019

Entity for which guarantee or surety was issued	Subject of liability	Value of guarantee	Expiry date of guarantee
		PLN	
Boryszew Plastic RUS	Guarantee granted to Volvo Group Trucks Operations	21 292 500	indefinite validity
Mafmex S. de R.L. de C.V.	Guarantee granted to Volkswagen Group of America	5 696 550	15.01.2021
BAP Group companies - customers of Volkswagen AG	Guarantee granted to Volkswagen AG	85 170 000	indefinite validity
Veolia Industry Polska Sp. z o.o. (formerly Eastside-Bis Sp. z o.o.)	Guarantee granted to the Provincial Fund for Environmental Protection and Water Management in Toruń	3 283 600	indefinite validity
Total		<b>115 442 650</b>	





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	As at 31.12.2020	As at 31.12.2019
Guarantees granted to subsidiaries and jointly-controlled companies		
and guarantees for repayment of financial liabilities	57 908	115 443
Liabilities due to tax risk	34 262	38 900
	<b>92 170</b>	<b>154 343</b>

### 39. TRANSACTIONS WITH AFFILIATED ENTITIES AND BENEFITS FOR KEY PERSONNEL

Transactions between subsidiaries mainly include commercial transactions concluded between Capital Group companies and personally related entities excluded from consolidation; these transactions are sale or purchase of traded goods and products of typical, conventional nature for the Group's operations. Transactions between consolidated companies were eliminated in the consolidation process.

Listed below are transactions associated with securities in Boryszew Capital Group. These transactions were concluded on the basis of standard liquidity management mechanisms at the Group used for balancing of funds for the purpose of financing the operations of individual Group companies.

#### Transactions and balances of payables and receivables with personally related entities

	01.01.2020 - 31.12.2020	01.01.2019 - 31.12.2019
Revenues from sales (of products, services, goods)	3 124	2 177
Interest income	1 466	2 802
Other revenues (waiver of liabilities)	13	405
Purchase of goods and services	18 809	10 356
Share acquisition	-	94 351
Interest expense	155	-
Other transactions.	-	32

	As at 31.12.2020	As at 31.12.2020
Trade receivables	6 093	369
Loans granted	23 560	-
Bonds purchased	34 479	34 516
Other receivables (advances, deposits)	6 849	691
Trade liabilities	529	929
Liabilities arising from loans and borrowings	2 307	-
Other liabilities (advances, deposits)	-	1 825

	01.01.2020 - 31.12.2020	01.01.2019 - 31.12.2019
<b>Remuneration of Management Board and Supervisory Board</b>		
Remuneration of Supervisory Board members	402	713
Remuneration of Management Board members	1 886	2 139

### 40. EMPLOYMENT

	As at 31.12.2020	As at 31.12.2019
<b>Employment</b>		
<b>Employment structure (in full-time equivalents)</b>		
Blue-collar workers	7 672	8 770
White-collar workers	2 208	2 384
<b>Total</b>	<b>9 880</b>	<b>11 154</b>



#### **41. SIGNIFICANT EVENTS**

##### **Adoption of the Programme for buy-back of treasury shares of Boryszew S.A.**

On 26 October 2020, the Management Board of Boryszew S.A., acting based on the authorisation granted by the Ordinary General Meeting of the Company by resolution No. 22 of 25 June 2019, authorising the Company's Management Board to carry out a buy-back of own shares of Boryszew S.A., adopted the Programme for buy-back of treasury shares of Boryszew S.A., which defines detailed conditions of purchase of shares.

The programme will feature two stages.

During stage 1 of the Program, Boryszew S.A. purchased shares owned by Impexmetal S.A., namely 13 346 169 shares of Boryszew S.A., which account for approximately 5.56% of the share capital/total number of votes at the General Meeting of the Company.

The second stage will cover acquisition of the Company's own shares other than those indicated above.

##### **Buy-back of treasury shares of Boryszew S.A.**

Acting within the limits of the authorisation granted by way of Resolution no. 22 of the Ordinary General Meeting of Shareholders of Boryszew S.A. of 25 June 2019 on authorising the Company's Management Board to buy-back treasury shares of Boryszew S.A. and according to Art. 362 § 1 point 8) and Art. 362 § 4 of Commercial Companies Code, On 30 October 2020 the Company acquired in a block transaction on the Warsaw Stock Exchange 13 346 169 own shares previously held by Impexmetal S.A. (the transaction was settled on 30 October 2020) of nominal value PLN 1.00 per share and total nominal value of PLN 13 346 169, representing 13 346 169 votes at the General Meeting, which accounts for approximately 5.561 % of the share capital and total number of votes at the General Meeting of Boryszew S.A., for PLN 2.69 per share.

Following the transaction Boryszew S.A. exceeded the 10 % threshold of the total number of votes, represented by treasury shares, at the General Meeting of Boryszew S.A.

On the day on which the above mentioned transaction was settled, the direct share of Boryszew S.A., increased by Boryszew S.A. shares held so far by Impexmetal S.A., changed. However, the total number of shares held, directly and indirectly through subsidiaries, did not change and includes 38 000 000 shares of Boryszew S.A., representing 38 000 000 votes at the General Meeting, which accounts for approximately 15.833 % of the total number of votes at the General Meeting of Boryszew S.A.

On the day on which the above mentioned transaction was settled the total share of Boryszew S.A., direct and indirect, was as follows:

- Boryszew S.A. - 34 795 000 treasury shares, representing 34 795 000 votes at the General Meeting, which accounts for approximately 14.498 % share in the share capital and total number of votes at the General Meeting of Boryszew S.A.,
- Alchemia S.A. - 3 200 000 shares of Boryszew S.A., representing 3 200 000 votes at the General Meeting, which accounts for approximately 1.333 % share in the share capital and total number of votes at the General Meeting of Alchemia S.A.,
- Polski Cynk Sp. z o.o. - 5.000 shares of Boryszew S.A., representing 5 000 votes at the General Meeting, accounting for 0.002% of share capital and the total number of votes at the General Meeting of Boryszew S.A.

##### **Impact of the COVID-19 pandemic on the operations of Boryszew Group**

On 11 March 2020 the World Health Organisation assessed that the Covid-19 epidemic can be considered a pandemic. As a result of the spread of the virus, many sectors of the economy have been forced to reduce or stop their operations, resulting in reduced demand, disruption of supply chains, increased unemployment as well as a number of economic and social problems.

In 2020 Boryszew Capital Group recorded some negative impact of the epidemic on the results.

In 2020 Boryszew Group implemented measures to minimise the effects of the pandemic. Due to their diversified business profile, individual companies are exposed to COVID-19 to varying degrees. The initiatives undertaken consider the nature of the sector concerned and the impact of the pandemic on specific sector. Companies keep track of the market environment and react to changing circumstances in order to adapt their operations to changing demand. Programmes were implemented to adjust costs to the changing environment of the Group.

The reporting period saw temporary suspensions of production in the companies of Maflow Group and BAP Group. Short-term production limitations could be experienced in Baterpol S.A. and ZM Silesia S.A. At the end of the reporting period and as at the report date, the Group experienced no limitations in production, inventory management or supply chain management, and its liquidity remained at a good level. Liquidity forecasts are updated on an ongoing basis and verified on the basis of applicable agreements in order to secure cash at an appropriate level. The Group benefited from some elements of shielding programs in Poland (including subsidies to salaries, guarantees from the Liquidity Guarantee Fund of Bank Gospodarstwa Krajowego as well as schemes of the Polish Development Fund and deferred payment of tax liabilities) and in other countries where Boryszew Group is present. The group had no problems with access to external financing. Commercial contract contain no



provisions that may pose a material risk due to COVID-19 at the end of the reporting period and at the time of publication of the report. Owing to constant monitoring of contractors' situation and security measures implemented, the Group is not exposed to additional risks resulting from the difficult situation of its customers or suppliers.

At the end of the reporting period the financial indicators of Boryszew Capital Group did not breach the covenants in the agreements with the financing institutions. The Group meets its reporting deadlines; finance and accounting departments meet all their reporting obligations within the required deadlines.

The Group's Head Office as well as individual companies and branches monitor the situation at home and abroad on an ongoing basis.

Due to dynamically changing circumstances, government regulations and legal situation, at the moment of drafting the financial statements it is not possible to accurately estimate the impact of the pandemic on the operational and financial situation in upcoming reporting periods. Boryszew S.A. Headquarters as well as companies and branches verify macroeconomic information on an ongoing basis as well as information obtained by the control and analysis departments during their operations, to forecast, on this basis, the impact of the pandemic on Company's results.

Due to diversified business profile of Boryszew Group and different level of risk, the impact of COVID-19 is presented by segments.

**AUTOMOTIVE SEGMENT** In 2020 Mafrow Group reported sales lower by more than 10% compared to 2019 - as a consequence of temporary suspension of production. In Q3 '2020 sales of Mafrow Group were higher than in the previous year. Boryszew Automotive Plastics Group (BAP Group) recorded reduced orders from its main customers against the previous year. As a result of a shutdown of automotive production facilities in Europe in the second half of March, production companies of BAP Group temporarily suspended their production. In order to counteract the decline in sales, BAP Group has implemented cost saving programmes, partly financed by the governments of the countries where the production facilities are located. BAP Group generated sales in Q3 of 2020 at a level similar to the sales in the same period of 2019, while sales in Q4 of 2020 were higher than in the last quarter of the previous year.

**METALS SEGMENT** NPA Skawina Branch did not experience a significant Covid-19 negative impact on its sales volume in 2020. In the reporting period, the turnover of the branch was 10% higher than in the entire 2019. The COVID-19 pandemic has had an impact on the operations of BATERPOL S.A. since the second quarter of 2020, causing a decrease in sales. Since June, however, there has been observing a gradual recovery in the demand for its products.

In 2020, Zakład Utylizacji Odpadów Sp. z o.o. recorded sales at the level higher by 50% against previous year. Hutmen S.A. recorded in the reporting period turnover which slightly exceeded the figure of the previous year.

Walcownia Metali Dziedzice S.A. and F&T Group experienced the impact of the disruption caused by the COVID-19 pandemic as their turnover dropped in 2020 (2020/2019 year-on-year), but both companies rebuilt their turnover volumes in Q4 of 2020 and recorded sales at a level similar to the previous year.

ZM Silesia S.A. experienced the impact of COVID-19 in the form of decreased demand in 2020, however, in Q4 the Company recorded sales at the pre-pandemic level.

**CHEMICAL PRODUCTS SEGMENT** In 2020, the Segment recorded a decrease in sales by several percent compared to the corresponding period of 2019. In Q4 sales volumes recovered and the recorded turnover was slightly below the level in the corresponding period of the previous year.

Production and sale of ERG CleanSkin disinfecting liquids was launched in Boryszew S.A. Boryszew ERG Branch in March 2020. Despite the development and launch of a new product range, sales in 2020 were down by more than 10% compared to the previous year. We anticipate that the demand for disinfectants, due to the maintenance of epidemiological safety requirements, will remain high.

**OTHER COMPANIES NOT ASSIGNED TO SEGMENTS** The COVID-19 pandemic in 2020 had no negative impact on the EBITDA of Boryszew S.A. Boryszew Energy branch, mainly due to the structure of contracts with related companies as well as with external customers (acquisition price plus margin formula). During the 12 months of 2020 no significant negative impact of the pandemic on sales was observed, compared to the budget assumptions. EBITDA may be lowered in case of significant deviations from the assumed natural gas consumption volumes at Boryszew Energy Branch Customers. Until the date of the report Contractors notified no planned significant contract drops.

The COVID-19 pandemic, the stagnation on the real estate market, had no negative impact on revenues generated by Eastside-Bis Sp. z o.o.

All other significant events regarding activities of the Group are disclosed in the Statement of the Management Board on Capital Group activities.



#### **42. SIGNIFICANT EVENTS OCCURRING AFTER THE BALANCE SHEET DATE**

##### **Conclusion of a loan agreement with BNP Paribas**

On 8 April 2021 Boryszew S.A. signed on agreement on non-revolving facility in the amount of PLN 75 million with BNP Paribas Bank Polska S.A. in order to finance the Company's current operations. Financing term is 9 months of the agreement conclusion date. Bank's claims are secured by a financial pledge on company's shares in Granges AB, Stockholm.

##### **Update on capital interest in EW Rywałd Spółka z o.o.**

On 27 April 2021, SPV Impexmetal Sp. z o.o., a subsidiary company, based in Warsaw ("Seller") and KGAL ESPF 4 Holding S.à r.l. ("Buyer") signed an agreement on the sale of 1 000 shares of a nominal value of PLN 50 each, accounting for 100% of the share capital of EW Rywałd Sp. z o.o. based in Toruń (EW Rywałd) for the price of EUR 11 million, of which EUR 9.6 million was paid on the day of concluding the agreement and the balance will be paid in four instalments payable in line with the progress of construction of the wind farm progresses, which should be completed by the end of 2022.

The provisions of the agreement on significant contractual obligations (indemnities) that may be imposed on individual parties (including in particular provision on the occurrence of circumstances that will result in the inability to implement the investment in accordance with the currently estimated budget, schedule and other key assumptions) as well as on assurances made, termination of the agreement or withdrawal from the agreement are not different to conditions generally applied in agreements of this type.

The Buyer is an operator with no organisational or personal relations with the Parent Company or the Seller.

The Management Board of the Parent Company announces that the sale of EW Rywałd was carried out as it was possible to obtain an attractive rate of return on transactions involving the assets of EW Rywałd as well as due to the intention to focus the Group's capital expenditure on projects involving primarily the current segments of the Group's operations

##### **Attachment of bank accounts of a subsidiary**

On 29 April 2021 ZM SILESIA received a notice from the Head of the Fiscal Office in Katowice on the blocking of ZM SILESIA's bank accounts as a security of claims associated with the execution of the Decision of the Head of the Fiscal Administration Chamber in Katowice dated 19 April 2021 determining overdue VAT liability of ZM SILESIA S.A. for 2012 in the amount of PLN 28.6 million, plus interest on outstanding tax liability of approximately PLN 16 million.

#### **43. STATEMENT BY THE MANAGEMENT BOARD OF**

The report presents the situation of Boryszew Capital Group for the period between 1 January 2020 and 31 December 2020, in accordance with legal requirements, taking into consideration the events that occurred until the date of preparing this report.

The financial statements were prepared on a going concern basis.

The report was approved for publication on 30 April 2021.

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

#### **44. APPROVAL OF THE FINANCIAL STATEMENTS**

This report was approved for publication by a resolution of the Management Board on 30 April 2021 and presents the situation of the Company pursuant to the legal requirements for the period between 1 January 2020 and 31 December 2020, including any events which occurred by the date of approval of this report for publication.

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



**SIGNATURES:**

Piotr Lisiecki - President of the Management Board

absent \*)

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Andrzej Juszczyński - Vice President of the Management Board

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Mikołaj Budzanowski – Member of the Management Board

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\*) the report was not signed by Mr Piotr Lisiecki - President of the Management Board of the Company due to his absence for health reasons.

Agata Kęszczyk-Grabowska - Chief Accountant

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