



Financial statements

Boryszew S.A.

for the period between 1 January and 31

December 2020

**Report publication date:
30 April 2021**





Table of contents	Party
STATEMENT OF COMPREHENSIVE INCOME	3
STATEMENT OF FINANCIAL POSITION	4
CASH FLOW STATEMENT	6
STATEMENT OF CHANGES IN EQUITY	7
ADDITIONAL INFORMATION	8
1. INTRODUCTION	8
2. BASIS FOR REPORT PREPARATION	10
3. ACCOUNTING PRINCIPLES APPLIED	13
4. BASIC ACCOUNTING JUDGMENTS AND THE BASIS FOR ESTIMATING UNCERTAINTY	25
5. REVENUES	26
6. OPERATING SEGMENTS	26
7. OPERATING EXPENSES	28
8. OTHER OPERATING REVENUES	28
9. OTHER OPERATING EXPENSES	29
10. REVALUATION OF TRADE AND OTHER RECEIVABLES	29
11. FINANCIAL REVENUES	29
12. FINANCIAL EXPENSES	30
13. MEASUREMENT OF FINANCIAL ASSETS	30
14. INCOME TAX	32
15. NON-CURRENT ASSETS	34
16. INVESTMENT PROPERTY	37
17. INTANGIBLE ASSETS	37
18. RIGHT-OF-USE ASSETS	38
19. SHARES IN SUBSIDIARIES	40
20. FINANCIAL ASSETS	45
21. DERIVATIVE FINANCIAL INSTRUMENTS	47
22. TRADE AND OTHER RECEIVABLES	47
23. INVENTORIES	48
24. OTHER ASSETS	49
25. CASH	49
26. RESERVES	49
27. BANK LOANS, BORROWINGS AND BONDS	51
28. LEASE LIABILITIES	56
29. TRADE PAYABLES AND OTHER LIABILITIES	60
30. PENSION AND SIMILAR EMPLOYEE BENEFITS LIABILITIES	60
31. OTHER PROVISIONS	61
32. DEFERRED INCOME	62
33. FINANCIAL INSTRUMENTS	62
34. BUSINESS RISKS	63
35. SIGNIFICANT EVENTS IN ISSUER'S ACTIVITY	70
36. SIGNIFICANT EVENTS OCCURRING AFTER THE BALANCE SHEET DATE	75
37. CONTINGENT LIABILITIES	75
38. TRANSACTIONS WITH AFFILIATED ENTITIES AND BENEFITS FOR KEY PERSONNEL	79
39. EMPLOYMENT	80
40. REPORT DRAFTED AS PER ART. 44 OF THE ENERGY LAW ACT	80
41. APPROVAL OF THE FINANCIAL STATEMENTS	86



STATEMENT OF COMPREHENSIVE INCOME

		01.01.2020 - 31.12.2020	01.01.2019 - 31.12.2019
	note		
Revenues from sales	5	1 183 300	1 382 688
Prime cost of sale	7	1 025 024	1 229 320
Gross profit on sales		158 276	153 368
Selling costs		27 121	26 709
Administrative expenses		76 715	71 678
Other operating revenue	8	953 203	38 535
including dividend		913 032	7 964
Other operating expenses	9	23 930	12 120
Profit/loss on impairment of trade receivables	10	2 244	(50 483)
Operating income		985 957	30 913
Financial revenues	11	302 050	16 964
including gain on disposal of a subsidiary		251 200	-
Financial expenses	12	45 171	40 277
Profit/loss on impairment of financial assets	13	(14 821)	(181 940)
Financial profit/loss		242 058	(205 253)
Profit before taxation		1 228 015	(174 340)
Income tax	14	51 278	(551)
Net profit		1 176 737	(173 789)
Earnings / Diluted earnings per share			
Weighted average number of shares		217 328 094	220 785 774
Earnings / Diluted earnings per share (PLN)		5.41	(0.79)
Net profit			
		1 176 737	(173 789)
Earnings recognised in equity			
Earnings recognised in equity, to be transferred to profit and loss account			
		(4 193)	388
Hedge accounting		(5 177)	689
Measurement of financial assets		-	-
Income tax expense (-provision/+asset)		984	(301)
Earnings recognised in equity, not to be transferred to income statement		32 004	(476)
Gains/losses on valuation of equity instruments		39 249	-
Employee benefit capital reserve		262	(588)
Income tax expense (-provision/+asset)		(7 507)	112
Total earnings recognised in equity		27 811	(88)
Total comprehensive income		1 204 548	(173 877)



STATEMENT OF FINANCIAL POSITION

ASSETS	Note	As at 31.12.2020	As at 31.12.2019
Non-current assets			
Non-current assets	15	245 567	230 313
Investment property	16	17 243	16 525
Intangible assets	17	32 783	31 350
Right-of-use assets	18	112 658	125 072
Shares in subsidiaries and associates	19	853 656	405 366
Financial assets	20	120 752	60 116
Long-term receivables	22	116 932	33 380
Deferred tax assets	14	-	730
Other assets	24	11 120	7 754
Total fixed assets		1 510 711	910 606
Current assets			
Inventory	23	208 282	178 152
Trade receivables and other receivables	22	259 189	255 355
Short-term financial assets	20	511 876	236 555
Derivative financial instruments	21	482	8
Current tax assets	14	-	2 064
Other assets	24	21 615	17 809
Cash and cash equivalents	25	32 894	35 788
Total current assets		1 034 338	725 731
Total assets		2 545 049	1 636 337



Boryszew S.A.
Financial statements
for the period between 1 January and 31 December 2020

(amounts expressed in PLN '000 unless specified otherwise)

LIABILITIES AND EQUITY	Note	As at 31.12.2020	As at 31.12.2019
Equity			
Share capital		248 906	248 906
Share premium		112 346	112 346
Own shares		(182 816)	(134 251)
Hedge accounting capital		(6 105)	(1 912)
Gains on investments in equity instruments		31 792	-
Capital from revaluation of other assets		-	-
Capital reserve on translating employee payables		(426)	(638)
Retained earnings		1 394 095	204 879
Total equity	26	1 597 792	429 330
Liabilities and long-term provisions			
Bank credits, loans, bonds	27	120 313	183 617
Liabilities under lease of fixed assets	28.1	20 868	23 516
Liabilities related to right-of-use assets - other assets	28.2	43 065	49 824
Payables on perpetual usufruct of investment land	28.4	1 941	1 942
Deferred tax provision	14	9 592	-
Employee benefit provisions	30	2 812	2 690
Other provisions	31	8 638	6 113
Other long term equity and liabilities	32	19 352	14 528
Liabilities and long-term provisions - total		226 581	282 230
Short-term liabilities			
Bank credits, loans, bonds	27	396 041	587 293
Liabilities under lease of fixed assets	28.1	15 732	21 912
Liabilities related to right-of-use assets - other assets	28.2	8 035	8 563
Payables on perpetual usufruct of investment land	28.4	-	9
Trade payables and other liabilities	29	239 339	293 806
Derivative financial instruments	21	922	851
Current tax liabilities	14	44 623	-
Employee benefit provisions	30	6 465	4 504
Other provisions	31	6 044	3 359
Other liabilities and equity	32	3 475	4 480
Liabilities and short-term provisions - total		720 676	924 777
Total liabilities and provisions		947 257	1 207 007
Total equity and liabilities		2 545 049	1 636 337



CASH FLOW STATEMENT

	01.01.2020 - 31.12.2020	01.01.2019 - 31.12.2019
Cash flows from operating activities		
Profit before taxation	1 228 015	(174 340)
Adjustments for (+/-)	(1 247 481)	266 387
Amortisation/depreciation	43 684	43 295
Profit/loss on financial activity (including interest on financial liabilities)	853	23 630
Dividend	(913 032)	(7 964)
Profit / loss on investment activities	(274 074)	170 604
Change in receivables	(10 464)	30 444
Change in inventories	(30 129)	3 339
Change in liabilities	(62 988)	11 782
Change in provisions and accruals as well as prepayments	3 764	(6 100)
Other items	(4 883)	(223)
Income tax paid	(212)	(2 420)
Net cash from operating activities	(19 466)	92 047
Cash flows from investment activities		
Profit on fixed assets disposal	3 038	1 905
Proceeds from disposal of shares	470 400	-
Proceeds from disposal of shares/dividends	6 424	360
Proceeds from redemption of bonds by issuers	1 050	182 732
Proceeds from repayment of loans granted	12 148	7 370
Other proceeds from investment activities	226	6 878
Expenses on acquisition of fixed assets	(37 432)	(26 701)
Acquisition of shares and stocks in capital group entities	(25 237)	(945)
Long term borrowings granted	(208 295)	(25 720)
Expenditure on bonds	-	(55 000)
Other capital expenditures	(4 405)	-
Net cash from investing activities	217 917	90 879
Cash flows from financial activities		
Incomes on credit and loan facilities	188 246	97 813
Loans received	124 274	46 500
Other inflows	9 659	20 501
Share buy-back expense	(35 945)	(4 516)
Loans repaid	(271 353)	(143 567)
Repayment of borrowings	(60 141)	(121 211)
Redemption of bonds	(109 828)	(25 000)
Interest paid on loans, borrowings and leasing	(21 000)	(25 720)
Payment of liabilities under finance lease agreements	(25 257)	(21 251)
Net cash from financing activities	(201 345)	(176 451)
Net change in cash	(2 894)	6 475
Cash opening balance	35 788	29 313
Cash closing balance	32 894	35 788



Boryszew S.A.
Financial statements
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STATEMENT OF CHANGES IN EQUITY

	Share capital	Share premium	Treasury shares	Hedge accounting	Profit/Loss on restatement of employee benefits	Gains on investments in equity instruments	Retained earnings	Total equity
As at 01.01.2020	248 906	112 346	(134 251)	(1 912)	(638)	-	204 879	429 330
Valuation of hedge instruments				(4 193)				(4 193)
Valuation of employee benefits					212			212
Measurement of financial assets						31 792		31 792
Profit/loss for 2020							1 176 737	1 176 737
Comprehensive income for 2020	-	-	-	(4 193)	212	31 792	1 176 737	1 204 548
Share buy-back (merger with a subsidiary)			(48 565)					(48 565)
Merger with a subsidiary							12 479	12 479
As at 31.12.2020	248 906	112 346	(182 816)	(6 105)	(426)	31 792	1 394 095	1 597 792

	Share capital	Share premium	Treasury shares	Hedge accounting	Profit/Loss on restatement of employee benefits	Gains on investments in equity instruments	Retained earnings	Total equity
As at 01.01.2019	248 906	112 346	(129 735)	(2 300)	(162)	-	378 668	607 723
Valuation of hedge instruments				388				388
Valuation of employee benefits					(476)			(476)
Profit/loss for 2019							(173 789)	(173 789)
Comprehensive income for 2019	-	-	-	388	(476)	-	(173 789)	(173 877)
Share buy-back			(4 516)					(4 516)
As at 31.12.2019	248 906	112 346	(134 251)	(1 912)	(638)	-	204 879	429 330



ADDITIONAL INFORMATION **to the financial statements for the period between 1 January and 31 December 2020**

1. INTRODUCTION

COMPANY DETAILS

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

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

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

The company is established for an indefinite period of time.

Classification of the Company on the listing market

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

Company's business includes manufacturing, services and trade.

This report contains cumulative data.

HISTORY

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

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

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

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

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

The Capital Group employs more than 9 000 employees.

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.

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.

INTERNAL STRUCTURE

In 2020, Boryszew S.A. operated in seven branches, preparing separate financial statements:

Branch	Business segment
Headquarters	Other
Elana Branch in Toruń	Chemical products
Energy Branch in Toruń	Other
ERG Branch in Sochaczew	Chemical products
Nylonbor Branch in Sochaczew	Chemical products
NPA Skawina Branch	Metals
Maflow Branch in Tychy	Automotive



2. BASIS FOR REPORT PREPARATION

FINANCIAL STATEMENTS

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

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

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

The statements were prepared on a going concern basis. The Management Board confirms that no threat exists to the continuity of Company's operations. The covid19-related effects of the pandemic described in note 36 do not currently threaten the continuation of operations.

This report was approved for publication by a resolution of the Management Board on 30 April 2021 and presents the situation of Boryszew S.A. 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.

The financial statements are based on historical cost concept, except for certain fixed assets and financial instruments which are measured at revalued amounts or fair values at the end of each reporting period in accordance with the accounting policy set out below.

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

CONVERSION OF FINANCIAL DATA

In 2020 the Company did not restate comparative data

STATEMENT BY THE MANAGEMENT ON COMPLIANCE OF ACCOUNTING PRINCIPLES

The Management Board for Boryszew S.A.: Piotr Lisiecki, Andrzej Juszczyński, Mikołaj Budzanowski represent that to the best of their knowledge the financial statement and comparative data have been compiled in accordance with the binding accounting principles and that the financial statements truly reliably and clearly reflect the actual and financial condition as well as the financial result of Boryszew S.A. The Board confirms that the report on the activities of Boryszew S.A. 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 the 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 3 355, maintained by the National Council of Statutory Auditors.



The Supervisory Board chose the auditor in accordance with 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

The Management Board for Boryszew S.A.: Piotr Lisiecki, Andrzej Juszczyński, Mikołaj Budzanowski represent that the Company 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

DIVIDEND

During the period covered by this report, the Company paid no dividends.

Distribution of profit for 2020

The Management Board of the Company recommends that the net profit for 2020 in the amount of PLN 1 176 737 thousand be allocated to cover the loss for 2019 in the amount of PLN (173 789 thousand) and the balance in the amount of PLN 1 002 948 thousand be allocated to the supplementary capital and be retained as retained earnings.

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- 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

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

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

Principles and methods of valuating assets and liabilities

Model based on purchase price or production cost plus revaluation

The balance sheet value of an asset item is written down to the recoverable value only, if the retrievable value is lower than its balance sheet value. The above reduction is recognised as impairment write-off. This write-off is recognized immediately recognized in the income statement, unless sugc 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 the asset is the amount, which according to the forecast the company could currently obtain taking into consideration the age and state at the end of its life (after deducting the estimated selling costs). Amortisation begins in the month in which the asset is available for use. Amortisation of fixed assets is made on the basis of planned, systematic spread of the depreciable value over estimated life of the specific asset item. Amortisation ends in the month, in which the asset was classified as held for sale (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 company plans to renew them and it is expected that they will generate cash flow without any time restrictions. At the balance-sheet day, the company did not reveal such intangible assets.

Limited life assets are amortised over their 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%



Lease

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

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

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



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

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 company has chosen to recognise the entire agreement as a lease - no amount of lease (contractual) fees are not assigned to, or separately accounted for, any services provided by the supplier under the agreement.

The Company is a lessee of office space, which is partly leased to other related companies. Due to insignificant value, revenues from lease are recognised as revenues from lease services and not subleasing.

Leaseback

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

Investment property

Investment property is a property (land, building or a part of building or both), which the company, 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 valued by the Company according to fair value and fixed differences of value, both increase and decrease are recognised directly in the income statement. Fair value of investment property is determined by an expert once every three years or more frequently in case of a significant change in the parameters used in the valuation.

Impairment loss for tangible and intangible fixed assets.

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

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

The retrievable value is the higher of the two following values: fair value less sales costs or usable value. The latter corresponds to the current value of the estimated future cash flows expected by the company from the assets, discounted at the discount rate which takes into account the current money value in time and the asset-specific risk. If the retrievable value is lower than the balance sheet value of an asset (or a cash flow generating unit), the balance sheet value of the asset or unit is written-down to the retrievable value. The amount of impairment loss is immediately recognised as a cost for the period.

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.

For all financial assets in subsidiaries, the Company carries out an impairment test. Should an indication be determined that they may be impaired, an impairment loss is recognised in costs.



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 Company 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 Company as financial assets at amortised cost:

- trade receivables
- loans granted
- bonds

- other receivables and deposits, cash and cash equivalents

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

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

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

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 asset impairment loss

On 01.01.2018 the Company replaced its principles of recognition of credit losses based on incurred loss with, as per IFRS 9 Financial Instruments, the concept of expected credit loss resulting in recognition of impairment losses on assets from the moment of their initial recognition.¹ Impairment requirements for financial assets relate in particular to financial assets

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

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

- trade receivables,
- loans granted

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

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



Derivative instruments

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

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

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.

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.

Hedge accounting

The Company defines specific hedges of foreign exchange risk and market risk that cover derivatives, embedded derivatives and other instruments as fair value hedges, cash flows hedges.¹ Hedges of foreign exchange risk and market risk in relation to probable future liabilities are accounted for as cash flow hedges.

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

Cash flow hedge

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

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

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

The market price of financial assets held by the Company and financial liabilities that the Company intends to take out, is the current purchase offer placed on market while the market price of financial assets, which the Company 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 Company accounts for impairment write-offs recognised in the profit and loss account for all inventories being unjustifiably obsolete. The Company 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 Company as cash.

Accruals

The Company 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 Company recognises provisions, if:

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

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

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 Company 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 parallel to the associated amortisation of fixed or intangible assets.

Revenues

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

The company 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 Company estimates the probability of bonuses or customers and provides for their value at the end of each reporting month as an adjustment of sales revenue. The agreed transaction prices do not include variable elements. The Company does not recognise assets or liabilities under agreements. The company bears no significant costs of concluding contracts.

Interest and dividends

The Company 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 Company 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 recognised when the shareholders' right to receive them is established, under other operating income.

Principle of substance over form

For each transaction, the Company evaluates 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 income statement in the Administration costs or Cost of Goods Sold. All the actuarial profits and losses relating to demographic changes and discount rate changes are recognised directly in other comprehensive income.

Restructuring provision

Restructuring provision is recognised when the Company is certain that the cash outflow will be needed and that its amount was reliably estimated. Provisions include in particular severance payment for dismissed employees. Restructuring provision is recognised only when the Company 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

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

Valuation as at transaction date

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

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

Valuation as at balance sheet date

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

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

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

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



Disclosure of exchange rate differences

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

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

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

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 Laws No. 33, item 259 of 2009).

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

	average EUR exchange rate in the period	EURO exchange rate as at the last day of period
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 recognized in the period in which the verification occurred if it concerns that period only, or in the current period and future periods, if the change concerns both the current period and future periods.

The main accounting estimates and the assumptions adopted refer to:

- estimated useful life of the asset - the subject matter of the estimation is to determine the estimated useful life, which may be shortened or extended in use. The end value and amortisation/depreciation methods are verified by the Company once per fiscal year. The verification includes among others: economic useful life end value of asset expected method of consuming the economic benefits from an intangible asset expected physical wear and tear estimated on the basis of the present average useful life reflecting the speed of physical wear and tear and intensity of use etc. technical or market obsolescence legal and other limitations to the use of the asset expected use of the asset estimated under the expected production capacity or production size and other circumstances effecting the useful life of assets.
- Impairment losses- are made if there are any external or internal indications of no possible recovery of the carrying amount of the non-current assets. If the carrying amount assets exceeds the recoverable amount of the asset , the value of asset is lowered to the recoverable amount by the appropriate impairment and recognition of the costs in the income statement.
- allowances of current assets (inventories and receivables), for inventories the allowance is estimated on the basis of the difference between net realizable amount and expected amount of future cash-flows. On the other hand estimate of accounts receivable write-off is the difference between the carrying value of given asset item and the current value of future cash flows discounted at the effective interest rate.
- employee benefits and provisions for retirement benefits and similar- the current amount of benefits and provisions depend on many factors determined by actuarial methods. The assumptions adopted to establish the net amount (income) for the retirement benefit include the discount rate. Any and all changes of such assumptions shall affect the amount of the retirement liabilities. The Company determines relevant discount rate at the end of each year. It is the interest rate applied to determine the present value of the estimated future outflows of cash assessed as necessary to meet the liabilities.



- provisions for expected liabilities due to the business activities- they are established in the amount representing the best estimate of the expenditure required to settle the present obligation or substantiation of the future obligation at the end of the reporting period.
- 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 Company 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 Company 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 Company 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 Company according to income tax rates applied during the year, in which the tax obligation arose.

Special funds

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

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

Events after the balance sheet date

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

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

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

Assets held for sale and discontinuation of operations

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

Financial instruments - IFRS 9

As of 1 January 2018 Company classifies financial assets in the following categories:

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

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



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

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

As of 1 January 2018 Company classifies financial liabilities in the following categories:

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

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

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

Hedging financial instruments are measured and presented in accordance with the hedge accounting principles.

FINANCIAL STATEMENTS

Statement of comprehensive income

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

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

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

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

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

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

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

Statement of financial position

In the statement of financial position, the Company recognizes the state of assets and liabilities as at the last day of the current and previous reporting period. The value of particular groups of assets recognized in the balance sheet assets results from their net book value adjusted by depreciation, the effects of revaluation and write-offs revaluating the value of assets due impairment loss. Financial assets and liabilities are recognized in the report as net amount if the Company has an unconditional right to the compensation of assets and liabilities of a given type and intends to settle them on a net basis or simultaneously spend a financial asset and settle a financial liability.

Other financial statements applicable to the Company

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

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

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



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

Report on Company's activities

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

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

4. BASIC ACCOUNTING JUDGMENTS AND THE BASIS FOR ESTIMATING UNCERTAINTY

Basic accounting judgments and the basis for estimating uncertainty

Estimates of the Management Board

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

The main accounting estimates and the assumptions adopted refer to:

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



5. REVENUES

REVENUES FROM SALE BY DESTINATION MARKET

	01.01.2020 - 31.12.2020	01.01.2019 - 31.12.2019
Sales revenues by geographical areas		
Continuing operations		
Domestic sales	460 924	603 377
Sales to EU countries	583 791	599 696
Sales to other European countries	72 016	100 099
Export outside Europe	66 569	79 516
Total (revenues from continuing operations)	1 183 300	1 382 688

**) the United Kingdom was counted among the other European countries*

SHARE OF EU MEMBER STATES IN INTRA-COMMUNITY SALES:

	01.01.2020 - 31.12.2020	01.01.2019 - 31.12.2019
Germany	28%	27%
Sweden	15%	16%
The Czech Republic	10%	9%

6. OPERATING SEGMENTS

Branch	Business segment
Headquarters	Other
Elana Branch in Toruń	Chemical products
Energy Branch in Toruń	Other
ERG Branch in Sochaczew	Chemical products
Nylonbor Branch in Sochaczew	Chemical products
NPA Skawina Branch	Metals
Maflow Branch in Tychy	Automotive

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



(amounts expressed in PLN '000 unless specified otherwise)

REVENUES AND RESULTS BY OPERATING SEGMENTS IN 2020 (data regarding continuing operations)

	Chemical products	Automotive	Metals	Other	Total	exclusions between segments	Total
01.01.2020 - 31.12.2020							
Revenues from sales	192 132	519 708	330 422	157 682	1 199 944	(16 644)	1 183 300
Segment costs of sales	148 862	442 262	309 211	136 639	1 036 974	(11 950)	1 025 024
Result on sales within segment	43 270	77 446	21 211	21 043	162 970	(4 694)	158 276
General, administrative and sales expenses	30 202	47 984	16 225	14 202	108 613	(4 777)	103 836
Other operating profit/loss	2 458	10 336	6 422	912 767	931 983	(466)	931 517
Segment profit/loss	15 526	39 798	11 408	919 608	986 340	(383)	985 957
Amortisation/depreciation	5 050	30 703	6 306	1 625	43 684	-	43 684
EBITDA *)	20 576	70 501	17 714	921 233	1 030 024	(383)	1 029 641
Segment assets	231 950	599 253	205 547	1 821 048	2 857 798	(312 749)	2 545 049
Segment liabilities	107 066	670 148	131 285	351 507	1 260 006	(312 749)	947 257

	Chemical products	Automotive	Metals	Other	Total	exclusions between segments	Total
01.01.2019 - 31.12. 2019							
Revenues from sales	227 647	573 787	300 075	293 073	1 394 582	(11 894)	1 382 688
Segment costs of sales	194 867	489 830	280 587	272 862	1 238 146	(8 826)	1 229 320
Result on sales within segment	32 780	83 957	19 488	20 211	156 436	(3 068)	153 368
General, administrative and sales expenses	29 601	39 881	16 355	15 778	101 615	(3 228)	98 387
Other operating profit/loss	2 303	(49 399)	4 048	19 161	(23 887)	(181)	(24 068)
Segment profit/loss	5 482	(5 323)	7 181	23 594	30 934	(21)	30 913
Amortisation/depreciation	5 410	30 346	6 205	1 332	43 293	2	43 295
EBITDA *)	10 892	25 023	13 386	24 926	74 227	(19)	74 208
Segment assets	217 877	646 955	168 051	764 554	1 797 437	(161 100)	1 636 337
Segment liabilities	94 858	652 622	127 001	493 626	1 368 107	(161 100)	1 207 007

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



7. OPERATING EXPENSES

	01.01.2020 - 31.12.2020	01.01.2019 - 31.12.2019
Costs of operating activities by type		
Amortisation/depreciation	43 684	43 295
Consumption of materials and energy	647 752	636 375
Third party services	101 794	96 582
Taxes and charges	7 390	7 214
Costs of employee benefits, including:	191 284	199 708
<i>costs of remuneration</i>	151 614	158 354
<i>costs of social insurance</i>	28 452	29 982
<i>other employee benefits</i>	11 218	11 372
Other expenses	4 908	7 862
Value of sold goods and materials	158 315	327 895
Total expenses by type	1 155 127	1 318 931
Movements in products	(14 532)	12 773
Capitalised costs by type, consumption for own needs	(11 735)	(3 997)
Impairment write-offs on inventories in COGS	-	-
Costs by type:	1 128 860	1 327 707
Selling costs	(27 121)	(26 709)
General and administrative expenses	(76 715)	(71 678)
Cost of sales	1 025 024	1 229 320

8. OTHER OPERATING REVENUES

	01.01.2020 - 31.12.2020	01.01.2019 - 31.12.2019
Other operating revenues		
Profit from sale of non-current assets	7 230	15 967
Reversal of write-offs on non-financial assets	3 544	3 357
Reversal of provisions (-)	511	27
Other revenue	5 911	5 606
Dividends and other revenue from capital investments	913 032	7 964
Subsidies	22 975	5 614
Total	953 203	38 535

In 2020, the Company received support from public funds for purposes related to:

1. implementation of developmental investment projects (NCRD), including in 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 CO₂ compensations).



9. OTHER OPERATING EXPENSES

	01.01.2020 - 31.12.2020	01.01.2019 - 31.12.2019
Other operating expenses		
Loss on sale of fixed assets	1 817	324
Write-offs on non-financial assets	8 373	3 717
Creation of provisions	295	689
Other expenses	13 445	7 390
Total	23 930	12 120

10. REVALUATION OF TRADE AND OTHER RECEIVABLES

	01.01.2020 - 31.12.2020	01.01.2019 - 31.12.2019
Revaluation of trade and other receivables		
Revaluation write-downs on trade receivables	(6 457)	(53 343)
Reversal of write-downs on trade receivables	1 865	2 876
Revaluation write-downs on other receivables	(319)	(16)
Reversal of revaluation write-downs on other receivables	7 155	-
Total revaluation of trade receivables recognised in profit or loss	2 244	(50 483)

11. FINANCIAL REVENUES

	01.01.2020 - 31.12.2020	01.01.2019 - 31.12.2019
Financial revenues		
Interest income, including:	16 496	14 437
Interests on loans	15 228	12 002
Interest on bonds	316	1 936
Other interest	952	499
Gain on sale of shares in Impexmetal	251 200	-
Exchange rate differences	34 114	2 234
Other	240	293
Total	302 050	16 964



12. FINANCIAL EXPENSES

	01.01.2020 - 31.12.2020	01.01.2019 - 31.12.2019
Financial expenses		
Interest expense, including:	24 758	29 413
Interest on loans	11 130	12 821
Interest on factoring	2 094	1 849
Interest on borrowings	3 784	5 186
Interest from issued bonds	2 967	3 966
Interest on lease	2 582	2 845
Interest on other liabilities	2 201	2 746
Recognition of value impairment write-offs	1 460	-
Loss on sales of financial assets	-	-
Other financial expenses, including:	18 953	10 864
Exchange rate differences	15 681	6 429
Loss on derivative financial instruments	-	-
Other	3 272	4 435
Total	45 171	40 277

13. MEASUREMENT OF FINANCIAL ASSETS

	01.01.2020 - 31.12.2020	01.01.2019 - 31.12.2019
Measurement of financial assets		
Borrowings		
<i>Recognition of value impairment write-offs</i>	(15)	(122 711)
<i>Reversal of revaluation write-downs</i>	-	-
<i>Valuation of credit risk</i>	(11 729)	-
Bonds		
<i>Recognition of value impairment write-offs</i>	(105)	-
<i>Reversal of revaluation write-downs</i>	18	-
<i>Valuation of credit risk</i>	-	(83)
Shares		
<i>Recognition of value impairment write-offs</i>	(2 990)	(59 146)
<i>Reversal of revaluation write-downs</i>	-	-
Total impact on profit/loss	(14 821)	(181 940)

As at the end of 2019, the Company carried out impairment tests on assets involved in BAP CG. The test resulted in a write-off of EUR 42.7 million. Therefore the Company wrote off shares in BAP Group described in note 19 and the loans granted described in note 20

As at the end of 2020, the Company carried out impairment tests on assets involved in BAP CG

The tests showed no need for additional write-offs. The parameters adopted for the test are presented below. As at the end of 2020, the Company carried out impairment tests on assets involved in entities presented in the table:



Name of entity	Projection Period	Residual value	Actual / nominal cash flow*	Growth rate after the forecast period	WACC	Result of the test
BAP Group	5 years	Yes	Actual	0,76%	5.67%	No write-off necessary
Boryszew Kunststofftechnik Deutschland GmbH	5 years	Yes	Actual	None	5.15%	No write-off necessary
Eastside BIS Sp. z o.o.	5 years	Yes	Nominal	2.50%	4.17%	No write-off necessary
Elana Pet Sp. z o.o.	5 years	Yes	Actual	None	3.55%	No write-off necessary
Maflow Spain Automotive S.L.U	5 years	Yes	Actual	3.07%	7.22%	No write-off necessary
Maflow France Automotive S.A.	5 years	Yes	Actual	2.82%	5.82%	No write-off necessary
Maflow do Brasil Ltda	5 years	Yes	Actual	3.83%	11.65%	No write-off necessary
Maflow Components Co. Ltd	5 years	Yes	Actual	4.79%	7.65%	No write-off necessary
Maflow India Private Limited	5 years	Yes	Actual	4.26%	7.52%	No write-off necessary
Boryszew Automotive Mexico S.DE R.L.DE C.V	5 years	Yes	Actual	2.69%	9.64%	No write-off necessary

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

The impairment tests of the assets involved were performed on a discounted cash flow basis consistent with the budgets approved by the Management Board. The discount rate was calculated based on WACC. To determine the cost of equity, the CAPM valuation model and industry average beta value were used.

The tests on impairment of Boryszew engaged assets showed no need to recognise any write-offs.

Asset impairment test was conducted as at 31 December 2020 and based on five-year discounted forecasted cash flows.

Cash flows were discounted in each test period at a weighted average cost of capital in the range 3.55-11.65%.

The test also assumed a between 2.50 % and 4.79 % increase in the value of flows after the forecast period.

Key forecast assumptions:

- sales based on forecasts of the Sales Department for 2021-2025 taking into consideration sales price increases,
- cost optimisations:
 - reduction of management fees following the liquidation of BDE/BAP, in the future period only recharge of management costs from Maflow was assumed,
 - optimisation of employment structure in production companies, optimisation of fixed costs of business,
- variable costs estimated on the basis of 2020 (% to sales),
- replacement CAPEX data - according to the capex plans prepared by the Operations Department,
- the forecasts show much better results than those recorded by the Group in recent years, mainly due to the implementation of the restructuring process (improvement of the management system, optimisation of costs, centralisation of processes, improvement of communication),
- at the time of preparing forecasts, work is in progress on the restructuring project, which will be carried out with the support of a strategic customer. The process is supported by a consulting firm. An interim agreement has already been accepted by the strategic partner/client in which the client committed to price increases as of December 2020.



14. INCOME TAX

Income tax	01.01.2020 - 31.12.2020	01.01.2019 - 31.12.2019
Current tax	46 662	227
Deferred tax	4 616	(778)
Total tax	51 278	(551)

14.1. Current corporate income tax

Current corporate income tax	01.01.2020 - 31.12.2020	01.01.2019 - 31.12.2019
Gross profit (loss)	1 228 015	(174 340)
Permanent differences in the tax base	(895 108)	129 837
Temporary differences in the tax base	(70 379)	80 367
Income after permanent and temporary differences	262 528	35 864
Eligible costs of R&D activities	(1 941)	(5 302)
Tax exempt income due to business activity in Special Economic Zones (-)	(13 266)	(21 914)
Income tax base	247 321	8 648
Tax rate	19.0%	19.0%
Income tax	46 991	1 643
Tax paid on capital gains		68
Tax effect Deductible loss from previous years	(1 530)	(1 394)
Adjustments to the tax of previous years	-	(26)
Income tax for current year	46 662	227
Advances paid during the year	2 016	2 420
Current tax liabilities	44 623	-
Tax assets (due tax refund)	-	2 064

14.2. Deferred tax

Deferred tax disclosed in the balance sheet	01.01.2020 - 31.12.2020	01.01.2019 - 31.12.2019
Deferred tax provision	79 866	61 897
Deferred tax asset	(70 274)	(62 627)
Deferred tax balance disclosed in the balance sheet	9 592	(730)
Change in the balance sheet recognised in profit or loss	4 616	(778)
Change in the balance recognised in other comprehensive income	5 706	189



Change in deferred income tax asset	As at 01.01.2020	Change recognized in the current year	<i>tax recognized in other comprehensive income</i>	<i>tax recognized in the financial result</i>	As at 31.12.2020
Deferred income tax asset on provisions for employee benefits	1 143	107	3	104	1 250
Deferred tax on other provisions	2 093	548	-	548	2 641
Impairment write-offs on assets (fixed assets, intangible assets, shares, trade receivables, inventories)	24 241	612	-	612	24 853
Valuation of derivative instruments	690	16	16	-	706
Unrealised negative currency exchange differences	455	1 844	144	1 700	2 299
Depreciation (difference between depreciation for tax and balance sheet purposes)	30 829	4 154	-	4 154	34 983
Deferred income tax asset on loss at the beginning of the year	2 165	330	657	(327)	2 495
Deferred income tax asset on SEZ taxation	-	-	-	-	-
Other deferred income tax assets	1 011	36	-	36	1 047
Total	62 627	7 647	820	6 827	70 274

Change in deferred income tax provisions	As at 01.01.2020	Change recognized in the current year	<i>tax recognized in other comprehensive income</i>	<i>tax recognized in the financial result</i>	As at 31.12.2020
Valuation of Assets	13 908	8 658	7 457	1 201	22 566
Balance sheet valuation of derivative instruments	-	90	90	-	90
Unrealised currency exchange rate differences	1 907	3 725	(1 028)	4 753	5 632
Fixed assets depreciation	38 398	5 139	-	5 139	43 537
Other deferred income tax provisions	7 684	357	7	350	8 041
Total	61 897	17 969	6 526	11 443	79 866

Change in deferred income tax asset	As at 01.01.2019	Change recognized in the current year	<i>tax recognized in other comprehensive income</i>	<i>tax recognized in the financial result</i>	As at 31.12.2019
Deferred income tax asset on provisions for employee benefits	1 045	98	(14)	112	1 143
Deferred tax assets on other provisions	2 209	(116)	(116)	-	2 093
Impairment write-offs on assets	18 773	5 468	5 468	-	24 241
Valuation of derivative instruments	540	150	451	(301)	690
Unrealised negative currency exchange differences	548	(93)	(93)	-	455
Amortisation/depreciation	17 641	13 188	13 188	-	30 829
Deferred income tax asset on loss at the beginning of the year	2 584	(419)	(419)	-	2 165
Deferred income tax asset on SEZ taxation	3 254	(3 254)	(3 254)	-	-
Other deferred income tax assets	815	196	196	-	1 011
Total	47 409	15 218	15 407	(189)	62 627



Change in deferred income tax provisions

	As at 01.01.2019	tax recognized in other comprehensiv e income	tax recognized in the financial result	As at 31.12.2019
Valuation of Assets	12 095	-	1 813	13 908
Balance sheet valuation of derivative instruments	-	-	-	-
Unrealised currency exchange rate differences	1 982	-	(75)	1 907
Fixed assets depreciation	26 052	-	12 346	38 398
Other deferred income tax provisions	7 139	-	545	7 684
Total	47 268	-	14 629	61 897

15. NON-CURRENT ASSETS

Tangible fixed assets (by type groups)

	As at 31.12.2020	As at 31.12.2019
Fixed assets by type:	241 293	229 445
land	9 358	9 358
buildings, premises, civil and water engineering structures	60 964	62 722
technical equipment and machines	164 578	150 214
vehicles	660	848
other tangible fixed assets	5 733	6 303
Advances for tangible fixed assets	4 274	868
Total property, plant and equipment	245 567	230 313

additional information

	01.01.2020 - 31.12.2020	01.01.2019 - 31.12. 2019
Capitalised cost of borrowing	249	687
Capitalised expenditure incurred due to construction of fixed assets	-	-
Outlays on fixed assets under construction	70 767	44 481
Incurred expenses for acquisition, construction of non-current assets	13 860	19 763
Purchase of fixed assets in the current period financed with working capital loans and own funds	12 124	19 612
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	775	1 313
Amount of net non-current assets with the limited ownership right	16 988	57 999
Fixed assets provided as collateral to loan repayment	55 120	11 018
Compensation form third parties on impairment losses	146	52
Insurance value of fixed assets	618 591	513 824



(amounts expressed in PLN '000 unless specified otherwise)

in the period 01.01.2020 - 31.12.2020	Land	Buildings, premises, civil and water engineering structures	Technical equipment and machines	vehicles	Other tangible fixed assets	Total
Gross value of fixed assets at the beginning of the period	9 358	100 421	314 112	5 148	20 342	449 381
Increase due to acquisition	-	1 329	10 260	4	996	12 589
fixed assets redeemed after lease end	-	-	826	3	-	829
Received as in-kind contribution	-	-	620	-	-	620
Disposal	-	(76)	(1 357)	(388)	(2)	(1 823)
Tangible fixed assets under construction	-	83	19 883	30	(69)	19 927
Liquidation	-	(41)	(3 682)	(197)	(581)	(4 501)
Other	-	47	1 917	194	-	2 158
Gross value of fixed assets at the end of the period	9 358	101 763	342 579	4 794	20 686	479 180
Accumulated depreciation at the beginning of the period	-	34 488	159 271	4 040	13 843	211 642
Planned depreciation of own fixed assets	-	3 130	16 976	264	1 438	21 808
Decrease due to disposal	-	(58)	(2 574)	(430)	(195)	(3 257)
Liquidation	-	(18)	(490)	-	(323)	(831)
Other	-	46	(7 102)	-	-	(7 056)
Accumulated depreciation at the end of the period	-	37 588	166 081	3 874	14 763	222 306
Impairment write-offs at the beginning of the period	-	3 211	4 627	260	196	8 294
Reversal of write-downs recognized in the profit/loss for the current period	-	-	(237)	-	-	(237)
Decrease due to disposal	-	-	-	-	(6)	(6)
Other	-	-	7 530	-	-	7 530
Impairment write-offs at the end of the period	-	3 211	11 920	260	190	15 581
Net fixed assets as at the end of period	9 358	60 964	164 578	660	5 733	241 293



(amounts expressed in PLN '000 unless specified otherwise)

	Land	Buildings, premises, civil and water engineering structures	Technical equipment and machines	vehicles	Other tangible fixed assets	Total
in the period 01.01.2019 - 31.12.2019						
Gross value of fixed assets at the beginning of the period	9 303	94 404	347 834	9 063	20 803	481 407
Transfer on 01.01.2019 of fixed assets under lease PdWA	-	-	(59 099)	(3 817)	(990)	(63 906)
Increase due to acquisition	55	1 616	27 083	47	1 565	30 366
fixed assets redeemed after lease end	-	-	-	3	-	3
Disposal	-	(29)	(7 844)	-	-	(7 873)
Tangible fixed assets under construction	-	4 433	21 882	-	(873)	25 442
Liquidation	-	(3)	(2 442)	(114)	(163)	(2 722)
Sale of fixed assets to lessor- lease-back	-	-	(12 843)	-	-	(12 843)
Other	-	-	(459)	(34)	-	(493)
Gross value of fixed assets at the end of the period	9 358	100 421	314 112	5 148	20 342	449 381
Accumulated depreciation at the beginning of the period	-	31 388	154 375	5 541	12 590	203 894
Transfer on 01.01.2019 of fixed assets under lease PdWA	-	-	(3 955)	(1 874)	(135)	(5 964)
Planned depreciation of own fixed assets	-	3 127	17 510	475	1 541	22 653
Decrease due to disposal	-	(27)	(2 025)	(101)	(125)	(2 278)
Reduction due to sale of fixed assets to lessor- lease-back	-	-	(6 696)	-	-	(6 696)
Other	-	-	62	(1)	(28)	33
Accumulated depreciation at the end of the period	-	34 488	159 271	4 040	13 843	211 642
Impairment write-offs at the beginning of the period	-	3 211	4 308	260	196	7 975
Creation of impairment write-off	-	-	349	-	-	349
Decrease due to disposal	-	-	(2)	-	-	(2)
Other	-	-	(28)	-	-	(28)
Impairment write-offs at the end of the period	-	3 211	4 627	260	196	8 294
Net fixed assets as at the end of period	9 358	62 722	150 214	848	6 303	229 445



16. INVESTMENT PROPERTY

Investment real estate property at fair value

	As at 31.12.2020	As at 31.12.2019
Investment property	17 243	16 525

Change in investment properties in 2020

Investment property at the beginning of 1.01.2020	16 525
Additions in 2020 due to acquisitions	4 846
Reductions in 2020 due to revaluation	(4 128)
Investment property at the end of the period 31.12.2020	17 243

In accordance with the accounting policy, the Company measures the value of property once every 3 years. For properties entered the records in 2020 due to acquisitions, an appraisal was prepared in 2020.

For properties located in Toruń, based on the an independent expert's valuation, the Company recognised a change in fair value of minus PLN 4 128 thousand against the previous year.

	As at 31.12.2020	As at 31.12.2019
Revenues from investment property (rental agreements)	120	731
Maintenance cost of investment property	145	81

17. INTANGIBLE ASSETS

	As at 31.12.2020	As at 31.12.2019
R&D expenses	6 005	4 637
Patents, licenses, software	15 599	16 367
Perpetual land usufruct right	-	-
Other intangible assets	11 179	10 346
<i>Advances for intangible assets</i>	-	-
Total	32 783	31 350

in the period 01.01.2020 - 31.12.2020	R&D expenses	Patents, concessions, licence, software	Perpetual land usufruct right	Other intangible assets	Total
Gross value at the beginning of the period	13 757	24 516	57	14 641	52 971
Transfer of leased patents to the right-of-use assets	-	-	(57)	-	(57)
Additions (purchase)	4 059	1 513	-	5 896	11 468
Received as in-kind contribution	-	1	-	-	1
Disposal	-	(1)	-	-	(1)
Liquidation	(127)	(64)	-	(4 080)	(4 271)
Other	(230)	-	-	-	(230)
Gross value of intangible assets at the end of the period	17 459	25 965	-	16 457	59 881
Accumulated depreciation at the beginning of the period	9 120	8 149	57	4 295	21 621
Transfer of leased patents to the right-of-use assets	-	-	(57)	-	(57)
Scheduled depreciation of intangible assets	2 461	2 274	-	1 001	5 736
Liquidation	(127)	(57)	-	(18)	(202)
Accumulated depreciation at the end of the period	11 454	10 366	-	5 278	27 098
Net value of intangible assets at the end of the period	6 005	15 599	-	11 179	32 783



Boryszew S.A.
Notes
to 2020 financial statements

(amounts expressed in PLN '000 unless specified otherwise)

in the period 01.01.2019 - 31.12.2019	R&D expenses	Patents, concessions, licence, software	Perpetual land usufruct right	Other intangible assets	Total
	Gross value at the beginning of the period	11 514	24 201	2 215	12 409
Additions (purchase)	2 243	401	-	2 232	4 876
Liquidation	-	(86)	-	-	(86)
Transfer to PdWA	-	-	(2 158)	-	(2 158)
Gross value of intangible assets at the end of the period	13 757	24 516	57	14 641	52 971
Accumulated depreciation at the beginning of the period	7 525	5 908	439	3 352	17 224
Scheduled depreciation of intangible assets	1 595	2 326	-	943	4 864
Liquidation	-	(85)	-	-	(85)
Transfer to PdWA	-	-	(382)	-	(382)
Accumulated depreciation at the end of the period	9 120	8 149	57	4 295	21 621
Impairment write-offs at the beginning of the period	-	-	-	-	-
impairment write-offs at the end of the period	-	-	-	-	-
Net value of intangible assets at the end of the period	4 637	16 367	-	10 346	31 350

18. RIGHT-OF-USE ASSETS

As at 31.12.2020	Buildings and structures	Technical equipment and machines	Vehicles	Other tangible fixed assets	Land - SMA	The Lease Agreement	Total
Value at the beginning of the period	-	73 619	4 152	1 069	18 912	49 981	147 733
Transfer of leased fixed assets	-	-	-	-	57	-	57
Acceptance for use under new lease agreements signed during the current year	-	8 415	555	-	-	-	8 970
Disposal	-	-	-	-	(44)	-	(44)
Transfer from under leaseback	-	(1 623)	-	-	-	-	(1 623)
Reduction du to end of lease term	-	(4 538)	(942)	-	-	-	(5 480)
Gross value of fixed assets at the end of the period	-	75 873	3 765	1 069	18 925	49 981	149 613
Accumulated depreciation of leased assets - beginning of the period	-	9 930	2 391	277	635	8 626	21 859
Transfer of existing depreciation of leased fixed assets	-	-	-	-	57	-	57
Planned depreciation of own fixed assets	-	6 008	866	144	213	8 908	16 139
Disposal	-	-	-	-	(8)	-	(8)
Reduction at the end of lease (-)	-	(1 116)	(843)	-	-	-	(1 959)
Accumulated depreciation at the end of the period	-	14 822	2 414	421	897	17 534	36 088
Impairment write-offs at the beginning of the period	-	802	-	-	-	-	802
Write-off provision recognised in the profit/loss for the current period	-	-	-	-	65	-	65
impairment write-offs at the end of the period	-	802	-	-	65	-	867
Net value of leased fixed assets at the end of the period	-	60 249	1 351	648	17 963	32 447	112 658



Boryszew S.A.
Notes
to 2020 financial statements

(amounts expressed in PLN '000 unless specified otherwise)

As at 31.12.2019	<i>Buildings and structures</i>	<i>Technical equipment and machines</i>	<i>Vehicles</i>	<i>Other tangible fixed assets</i>	<i>Land - SMA</i>	<i>The Lease Agreement</i>	<i>Total</i>
Gross value at the beginning of the period	-	-	-	-	-	-	-
Transfer of leased fixed assets	-	59 073	3 817	1 069	19 171	-	83 130
Implementation of IFRS 16	-	-	-	-	-	47 156	47 156
Acceptance for use under new lease agreements signed during the current year	-	11 628	755	-	-	2 825	15 208
Disposal	-	-	-	-	(259)	-	(259)
Transfer under leaseback	-	7 291	-	-	-	-	7 291
Reduction due to end of lease term	-	(4 373)	(420)	-	-	-	(4 793)
Gross value of fixed assets at the end of the period	-	73 619	4 152	1 069	18 912	49 981	147 733
Accumulated depreciation at the beginning of the period	-	-	-	-	-	-	-
Transfer of leased fixed assets	-	4 579	1 767	135	382	-	6 863
Planned depreciation of own fixed assets	-	5 716	1 041	142	253	8 626	15 778
Decrease due to lease termination/disposal	-	(365)	(417)	-	-	-	(782)
Accumulated depreciation at the end of the period	-	9 930	2 391	277	635	8 626	21 859
Impairment write-offs at the beginning of the period	-	-	-	-	-	-	-
Write-off provision recognised in the profit/loss for the current period	-	802	-	-	-	-	802
impairment write-offs at the end of the period	-	802	-	-	-	-	802
Net value of leased fixed assets at the end of the period	-	62 887	1 761	792	18 277	41 355	125 072

The Company recognised in its assets all fixed assets except for short-term low value leases. The Company has leased back some of its fixed assets for financing in comparable period. Cash inflows on this transaction in the comparable period amounted to PLN 7 359 thousand. No such transaction occurred in the current year.



(amounts expressed in PLN '000 unless specified otherwise)

19. SHARES IN SUBSIDIARIES

Company name	As at 01.01.2020				change			As at 31.12.2020			
	share of the parent in share capital (%)	Value of shares	Impairment write-off	Net value	Acquisition of a subsidiary/merger	Liquidation /disposal	change in revaluation write-offs and valuation	share of the parent in share capital (%)	Value of shares	Impairment write-off	Net value
Direct subsidiaries:											
Elimer Sp. z o.o.	52.44	53	-	53				52.44	53	-	53
Elana Pet Sp. z o.o.	100.00	4 707	-	4 707				100.00	4 707	-	4 707
Nylonbor Sp.zo.o.	100.00	50	-	50	3			100.00	53	-	53
Elana Energetyka Sp. z o.o.	100.00	1 500	1 500	-				100.00	1 500	1 500	-
SPV Boryszew 3 Sp. z o.o.	100.00	9 086	-	9 086		(9 086)		100.00	-	-	-
Nowoczesne Produkty Aluminiowe Skawina Sp. z o.o.	100.00	17.00	-	17.00	10			100.00	27	-	27
SPV Boryszew 6 Sp. z o.o.	100.00	25	-	25				100.00	25	-	25
SPV Maflow Sp. z o.o.	100.00	25	-	25				100.00	25	-	25
SPV Boryszew 9 Sp. z o.o.	100.00	25	-	25				100.00	25	-	25
Boryszew Automotive Plastics Sp. z o.o.	100.00	59 875	59 875	-		(59 875)	(59 875)	-	-	-	-
Boryszew Tensho Poland Sp. z o.o.	80.00	7 919	7 919	-				80.00	7 919	7 919	-
BOR Plastic RUS Sp.z o.o., Rosja	11.00	2 242	2 242	-				11.00	2 242	2 242	-
HR Service Sp.zo.o.Toruń	100.00	354	354	-				100.00	354	354	-
Maflow Polska Sp. z o.	100.00	5	-	5				100.00	5	-	5
Maflow BRS s.r.l	100.00	40	-	40		(1)		100.00	39	-	39
Maflow Spain Automotive S.L.U	100.00	6 080	-	6 080				100.00	6 080	-	6 080
Maflow France Automotive S.A.	100.00	3 951	3 951	-				100.00	3 951	3 951	-
Maflow do Brasil Ltda, Brazil					108 053		96 249		108 053	96 249	11 804
Maflow India Private Ltd	100.00	14 294	-	14 294				100.00	14 294	-	14 294
MAFMEX S.DE R.L.DE C.V, Mexico					47 749		32 872		47 749	32 872	14 877
Eastside Bis Sp. z o.o.	65,02	58 668	-	58 668	52			65,02	58 720	-	58 720
Elana Ukraina Sp. z o.o.	90.00	338	338	-				90.00	338	338	-



Boryszew S.A.
Notes
to 2020 financial statements

(amounts expressed in PLN '000 unless specified otherwise)

Company name	As at 01.01.2020				change			As at 31.12.2020			
	share of the parent in share capital (%)	Value of shares	Impairment write-off	Net value	Acquisition of a subsidiary/merger	Liquidation /disposal	change in revaluation write-offs and valuation	share of the parent in share capital (%)	Value of shares	Impairment write-off	Net value
Impexmetal S.A.	100	294 278	-	294 278	16 573	(310 851)	-	-	-	-	-
FLT Polska Sp. z o.o.	100	-	-	-	62 800	-	-	100.00	62 800	-	62 800
Hutmen Sp. z o.o.	-	-	-	-	46 020	-	-	100.00	46 020	-	46 020
Walcoownia Metali Dziedzice S.A.	-	-	-	-	17 229	-	-	100.00	17 229	-	17 229
ZM SILESIA S.A., Katowice	100	-	-	-	100	-	-	100.00	100	-	100
Zakład Utylizacji Odpadów Sp. z o.o.,	-	-	-	-	57 000	-	-	59.97	57 000	-	57 000
Polski Cynk Sp. z o.o., Olawa	100	-	-	-	46 900	-	-	100.00	46 900	-	46 900
SPV Impexmetal Sp. z o.o.	-	-	-	-	218 000	-	-	100.00	218 000	-	218 000
Symonvit Ltd in liquidation Cyprus	100	-	-	-	1 500	-	-	100.00	1 500	-	1 500
Impex-invest Sp. z o.o.	100	-	-	-	26 000	-	-	100.00	26 000	-	26 000
Impexmetal Holding Sp. z o.o.	100	-	-	-	50	-	-	100.00	50	-	50
Eastside Capital Investment Sp. z o.o.	-	-	-	-	66 800	-	-	100.00	66 800	-	66 800
SPV Lakme Investment Sp. z o.o.	-	-	-	-	1	-	-	100.00	1	-	1
HMN Szopienice w likwidacji	-	-	-	-	1 500	-	-	61,77	1 500	-	1 500
Alchemia S.A.	-	-	-	-	200 603	-	1 581	100.00	200 603	1 581	199 022
		463 532	76 179	387 353	916 943	(379 813)	70 827		1 000 662	147 006	853 656
Indirect subsidiaries											
Hutmen Sp. z o.o.	10.38	14 101	-	14 101	-	(14 101)	-	-	-	-	-
Walcoownia Metali Dziedzice S.A.	1.92	1 529	-	1 529	-	(1 529)	-	-	-	-	-
Alchemia S.A.	0,25	2 503.00	120,00	2 383.00	-	(2 503)	(120)	-	-	-	-
		18 133	120	18 013	-	(18 133)	(120)		-	-	-



(amounts expressed in PLN '000 unless specified otherwise)

Affiliated entities											
Zavod Mogiliev - Sp. z o.o. Belarus	30.00	1 091	1 091	-				30.00	1 091	1 091	-
		1 091	1 091	-	-	-	-		1 091	1 091	-
Total shares and stocks		482 756	77 390	405 366	916 943	(397 946)	70 707		1 001 753	148 097	853 656

Company name	As at 01.01.2019				change			As at 31.12.2019			
	<i>share of the parent in share capital (%)</i>	<i>Value of shares</i>	<i>Impairment write-off</i>	<i>Net value</i>	<i>acquisition</i>	<i>Liquidation /disposal</i>	<i>change in the balance of revaluation write-offs</i>	<i>share of the parent in share capital (%)</i>	<i>Value of shares</i>	<i>Impairment write-off</i>	<i>Net value</i>
Direct subsidiaries:											
Elimer Sp. z o.o.	52.44	53	-	53				52.44	53	-	53
Torlen Sp. z o.o.	100.00	15 808	15 808	-		(15 808)	(15 808)	-	-	-	-
Elana Pet Sp. z o.o.	100.00	4 707	-	4 707				100.00	4 707	-	4 707
Nylonbor Sp.zo.o.	100.00	50	-	50				100.00	50	-	50
Elana Energetyka Sp. z o.o.	100.00	1 500	1 500	-				100.00	1 500	1 500	-
SPV Boryszew 3 Sp. z o.o.	100.00	9 086	-	9 086				100.00	9 086	-	9 086
Nowoczesne Produkty Aluminiowe Skawina	100.00	17	-	17				100.00	17	-	17
Boryszew Commodities Sp. z o.o.	-	-	-	-				-	-	-	-
SPV Boryszew 6 Sp. z o.o.	100.00	25	-	25				100.00	25	-	25
SPV Maflow (d.SP.V Boryszew 8) Sp. z o.o.	100.00	25	-	25				100.00	25	-	25
SPV Boryszew 9 Sp. z o.o.	100.00	25	-	25				100.00	25	-	25
Boryszew Automotive Plastics Sp. z o.o.	100.00	59 875	11 244	48 631			48 631	100.00	59 875	59 875	-
Boryszew Tensho Poland Sp. z o.o.	80.00	7 919	-	7 919			7 919	80.00	7 919	7 919	-



Boryszew S.A.
Notes
to 2020 financial statements

(amounts expressed in PLN '000 unless specified otherwise)

Company name	As at 01.01.2019				change			As at 31.12.2019			
	share of the parent in share capital (%)	Value of shares	Impairment write-off	Net value	acquisition	Liquidation /disposal	change in the balance of revaluation write-offs	share of the parent in share capital (%)	Value of shares	Impairment write-off	Net value
BOR Plastic RUS Sp.z o.o., Rosja	11.00	2 242	-	2 242			2 242	11.00	2 242	2 242	-
HR Service Sp.zo.o.Toruń	100.00	354	-	354			354	100.00	354	354	-
Maflow Polska Sp. z o.	100.00	5	-	5				100.00	5	-	5
Maflow BRS s.r.l	100.00	40	-	40				100.00	40	-	40
Maflow Spain Automotive S.L.U	100.00	6 080	-	6 080				100.00	6 080	-	6 080
Maflow France Automotive S.A.	100.00	3 951	3 951	-				100.00	3 951	3 951	-
Maflow India	100.00	14 294	-	14 294				100.00	14 294	-	14 294
Eastside Bis Sp. z o.o.	65,02	58 668	-	58 668				65,02	58 668	-	58 668
Boryszew Energy Sp. z o.o.	100.00	-	-	-				100.00	-	-	-
Elana Ukraina Sp. z o.o.	90.00	338	338	-				90.00	338	338	-
Impexmetal S.A.	55.07	293 333	-	293 333	945			55.07	294 278	-	294 278
		478 395	32 841	445 554	945	(15 808)	43 338 -		463 532	76 179	387 353
Indirect subsidiaries											
Hutmen Sp. z o.o.	10.38	14 101	-	14 101				10.38	14 101	-	14 101
Walcownia Metali Dziedzice S.A.	1.92	1 529	-	1 529				1.92	1 529	-	1 529
Alchemia S.A.					2 503		120	0,25	2 503	120	2 383
		15 630	-	15 630	2 503	-	120 -		18 133	120	18 013
Total											



(amounts expressed in PLN '000 unless specified otherwise)

Affiliated entities

Zavod Mogiliev - Sp. z o.o. Belarus	30.00	1 091	1 091	-					30.00	1 091	1 091	-	
Alchemia S.A.	0,25	2 503	165	2 338	(2 503)	(165)							
	30.00	3 594	1 256	3 338	(2 503)	(165)			-	30.00	1 091	1 091	-
Total shares and stocks	30.00	497 619	34 097	463 522	-	945	(15 973)	43 458	-	30.00	482 756	77 390	405 366

The Company conducted a test on the assets involved as at 31.12.2019 in BAP Capital Group. Described in note 13.

As at 31.12.2019 the Company wrote off shares in BAP Capital Group in the amount of PLN 59 146 thousand. The Company did not recognise a deferred tax asset on the write-off

The tests carried out as at 31.12.2020 showed no need for additional write-offs.



20. FINANCIAL ASSETS

	As at 31.12.2020	As at 31.12.2019
Financial assets - loans and bonds		
Debt instruments (bonds)	17 709	19 266
Loans granted	462 037	277 405
In total, including:	479 746	296 671
<i>Long-term financial assets</i>	120 732	60 116
<i>Short-term financial assets</i>	359 014	236 555

	As at 31.12.2020	As at 31.12.2019
Statement of bonds subscribed for		
Unibax Sp. z o.o.	-	1 046
Maflow India Private Ltd	15 101	15 493
Skotan S.A.	2 608	2 791
Valuation of credit risk		-64
Total	17 709	19 266

	As at 31.12.2020	As at 31.12.2019
Receivables from loans granted (with interest due) by borrowers		
Boryszew Automotive Plastics Sp.z o.o.	193 198	113 447
Theysohn Kunststoff GmbH	37 964	-
Boryszew Kunststofftechnik Deutschland GmbH	88 664	114 333
Boryszew Oberfachentechnik Deutschland G	8 907	-
Boryszew Formenbau GmbH	9 618	-
AkT Plastikarska Technologie Features spol.	2 305	-
Boryszew Tensho Poland Sp.z o.o.	8 774	-
Maflow BRS Srl	9 220	8 510
MAFMEX S. de R.L. de C.V.	38 643	37 958
Boryszew Commodities	26 415	-
Eastside Bis	15 314	-
Metal Zinc Sp. z o.o.	11 036	-
Baterpol SA	8 655	-
Unibax Sp. z o.o.	2 324	-
Elana Pet Sp. Z o.o.	1 000	1 007
Boryszew SPV 3 Sp.zo.o.	-	2 150
Total	462 037	277 405

The above summary includes net receivables included in the balance sheet, including write-downs. The Company conducted a test on the assets involved as at 31.12.2019 in BAP Capital Group. It wrote off loans granted in the amount of PLN 122 645 thousand (EUR 28 800 thousand). The test carried out as at 31.12.2020 suggested that no additional write-off is necessary. The Company recognised credit risk in the amount of PLN 11 729 thousand



	As at 31.12.2020	As at 31.12.2019
write-offs on loans		
Boryszew Automotive Plastics Sp.z o.o.	132 541	121 310
Theysohn Kunststoff GmbH	272	272
Boryszew Kunststofftechnik Deutschland GmbH - Ymos branch	159	159
Boryszew Formenbau GmbH	417	418
Boryszew Deutschland GmbH	486	486
AkT Plastikarska Technologie Features spol.	2	-
Boryszew Tensho Poland Sp.z o.o.	508	-
Boryszew Commodities	30	-
Metal Zinc Sp. z o.o.	5	-
Unibax Sp. z o.o.	4	-
	134 424	122 645

Change in bonds purchased and loans granted between 01.01.2020 and 31.12.2020

	Bonds	borrowings
Carrying amount - beginning of the period	19 266	277 405
Reduction in assets - repaid/purchased during the year (-)	(900)	(13 473)
Bonds purchased during the current year	-	210 295
Interest on bonds/loans recognised in P&L during the current year	316	15 228
Interest received	(319)	(80)
Write-offs recognised in P&L of the current year (-)	(105)	(15)
Reversal of impairment losses recognised in P&L during the year	18	-
Interest cancelled in the current year	-	(33 757)
Expected credit loss	-	(11 729)
Exchange differences recognised in current year P&L	(567)	18 163
Carrying amount as at period end	17 709	462 037

Change in bonds purchased and loans granted between 01.01.2019 and 31.12.2019

	Bonds	borrowings
Carrying amount - beginning of the period	144 915	373 648
Reduction in assets - repaid/purchased during the year (-)	(178 970)	(7 370)
Bonds purchased during the current year	55 000	25 720
Interest on bonds/loans recognised in P&L during the current year	1 936	13 933
Interest received	(3 926)	(239)
Write-offs recognised in P&L of the current year (-)	(46)	(124 662)
Exchange differences recognised in current year P&L	357	(3 625)
Carrying amount - end of period	19 266	277 405



21. DERIVATIVE FINANCIAL INSTRUMENTS

As at 31.12.2020	assets	liabilities
Cash flows hedging instruments	482	922
<i>Commodity swaps</i>	-	604
<i>Foreign exchange contracts</i>	482	318
Fair value hedges	-	-
Instruments held for trading	-	-
	482	922
<i>long-term part</i>	-	-
<i>short-term part</i>	482	922
balance	(440)	

As at 31.12.2019	assets	liabilities
Cash flows hedging instruments	8	851
<i>Commodity swaps</i>	-	760
<i>Foreign exchange contracts</i>	8	91
Fair value hedges	-	-
Instruments held for trading	-	-
	8	851
<i>long-term part</i>	-	-
<i>short-term part</i>	8	851
balance	(843)	

22. TRADE AND OTHER RECEIVABLES

	As at 31.12.2020	As at 31.12.2019
Trade receivables and other receivable		
Trade receivables from sale of products, goods and services	216 592	230 380
Payables and receivables with shareholders	6 055	7 604
Budget receivables	32 328	14 399
Other debtors	121 146	36 352
Trade receivables and other receivables	376 121	288 735
<i>long-term</i>	116 932	33 380
<i>short-term</i>	259 189	255 355



	01.01.2020 - 31.12.2020	As at 31.12.2019
Write-downs on trade receivables		
Balance as at the beginning	133 043	83 231
Write-offs on overdue receivables	3 499	53 747
Inclusion of entities in consolidation	-	-
Removal of write-off together with the receivable as irrecoverable/overdue	(3 090)	(894)
Excluding an entity from consolidation	-	-
Write-downs derecognized from recovered receivables	(8)	(17)
Reversal of write-offs on overdue receivables	(73 818)	(2 877)
Impact of exchange rate differences	(1 106)	(147)
Write-downs at the end of the period	58 520	133 043

	As at 31.12.2020	As at 31.12.2019
Aging of net trade receivables		
net accounts receivable with the remaining repayment period from the balance sheet date	106 559	120 398
up to 3 months	113 978	116 998
up to 6 months	-	2 036
up to 1 year	-	-
above 1 year	-	1 364
Write-offs according to IFRS 9 - credit risk	(7 419)	-
overdue accounts receivable	110 033	109 966
up to 3 months	27 154	54 073
up to 6 months	9 643	27 921
up to 1 year	41 307	16 721
above 1 year	31 929	11 251
total trade receivables	216 592	230 364

23. INVENTORIES

	As at 31.12.2020	As at 31.12.2019
Structure of inventories		
Materials and raw materials	99 073	84 202
Work in progress	21 854	15 808
Finished products	79 381	65 363
Traded goods	5 757	10 400
Energy certificates	459	1 749
Total	206 524	177 522
Advances on supplies	1 758	630
Carrying value of inventories	208 282	178 152

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

	15 494	24 453
Increase of impairments in the period	4 212	2 763
Inclusion of entities in consolidation	-	(3 343)
Reversal of write-downs in the period	(3 167)	
Other decrease of write-downs in the period (written down with inventories)	(517)	(8 379)



Revaluation write-offs for inventories at the end of the period	16 022	15 494
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Creation of impairments for inventories results from comparing the carrying value of inventories with their recoverable value by use or sale. Write-downs are also created for stocks that fall due in accordance with the accounting policy. A write-down is charged to particular period's costs. Reversal of write-downs occurs during cessation of the cause for creation and it is credited to the particular period's incomes.

24. OTHER ASSETS

	As at 31.12.2020	As at 31.12.2019
Prepayments	4 526	4 318
Prepayments - financial expenses	559	-
Quick savings (automotive)	12 614	8 885
Activated costs for new projects (automotive)	15 036	12 360
Total	32 735	25 563
<i>Long-term part</i>	<i>11 120</i>	<i>7 754</i>
<i>Short-term part</i>	<i>21 615</i>	<i>17 809</i>

25. CASH

	As at 31.12.2020	As at 31.12.2019
Cash and cash equivalents		
Cash in hand and at bank	32 894	35 788
Including cash with restricted access	1 278	-
Total	32 894	35 788
Unused credits in current bank accounts	30 422	5 823

26. RESERVES

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

Shareholders	Number of shares	% of capital	Number of votes	% of votes
Roman Krzysztof Karkosik (*)	156 832 020	65,35%	156 832 020	65,35%
Including:				
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%
Total:	240 000 000	100.00%	240 000 000	100.00%

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



Boryszew S.A.
Notes
to 2020 financial statements

(amounts expressed in PLN '000 unless specified otherwise)

(**) 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 Company holds no preferred 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.

Change in equity	As at 31.12.2020	As at 31.12.2019
Number of shares as at the balance sheet date	240 000 000	240 000 000
<i>number of own shares</i>	<i>34 795 000</i>	<i>19 283 831</i>
<i>number of shares entitled to dividend</i>	<i>205 205 000</i>	<i>220 716 169</i>
Share capital as at the beginning of the year, including:	248 906	248 906
<i>Redemption of shares</i>		
<i>issue of new shares</i>		
Share capital as at the end of the year	248 906	248 906
Share premium as at the beginning of the year	112 346	112 346
<i>share premium in 2014</i>		
Balance as at the end	112 346	112 346
Own shares		
Balance as at the beginning of the year	(134 251)	(129 735)
<i>share buy-back</i>	<i>(48 565)</i>	<i>(4 516)</i>
<i>Redemption of own shares</i>		
Balance as at the end	(182 816)	(134 251)
Reserve capital - hedge accounting		
Balance as at the beginning	(1 912)	(2 300)
<i>Recognised profit/loss</i>	<i>(5 177)</i>	<i>689</i>
<i>Income tax</i>	<i>984</i>	<i>(301)</i>
Balance as at the end	(6 105)	(1 912)
Gains/losses on investments in equity instruments		
Balance as at the beginning	-	-
<i>Valuation to fair value</i>	<i>39 250</i>	
<i>Income tax</i>	<i>(7 458)</i>	



Balance as at the end	31 792	-
Capital from revaluation of other assets		
Balance as at the beginning	-	-
Recognised profit/loss	-	
Income tax		
Balance as at the end	-	-
Restatement of employee benefits		
Balance as at the beginning of the year	(638)	(162)
Valuation of liabilities against retirement benefits in the period	262	(588)
podatek dochodowy	(50)	112
Balance as at the end	(426)	(638)
Retained earnings		
Balance as at the beginning of the year	204 879	378 668
Correction - implementation of IFRS 9		
Merger with a subsidiary	12 479	
Result of the current year	1 176 737	(173 789)
Balance as at the end	1 394 095	204 879
Total equity	1 597 792	429 330

27. BANK LOANS, BORROWINGS AND BONDS

	As at 31.12.2020	As at 31.12.2019
External financing liabilities		
Bank credits	416 661	494 988
Loans received	35 693	133 534
Bonds	64 000	142 388
Total loans, including:	516 354	770 910
<i>Bank loans - long-term</i>	<i>120 313</i>	<i>183 617</i>
<i>Bank loans - short-term</i>	<i>396 041</i>	<i>587 293</i>

The amount of credit liability includes incomplete factoring with recourse as at 31.12.2020 of PLN 33 654 thousand; as at 31.12.2019 PLN 31 539 thousand

27.1. Bank credits

	As at 31.12.2020	As at 31.12.2019
Investment bank loans	23 838	86 146
Working capital facility	331 878	359 582
Revolving loans (including unpaid interest)	27 291	17 721
Factoring	33 654	31 539
Total loans, including:	416 661	494 988
<i>Bank loans - long-term</i>	<i>109 309</i>	<i>160 134</i>
<i>Bank loans - short-term</i>	<i>307 352</i>	<i>334 854</i>



unused lending limits

634 019

34 705

Change in loans

	01.01.2020 - 31.12.2020	As at 31.12.2019
Change in loans		
nominal value of loans at the beginning of the year	494 988	542 720
proceeds from new loans received	189 502	97 813
repayment of loans	(271 353)	(143 567)
other cash changes	(854)	-
total cash change	(82 705)	(45 754)
non-cash changes		
impact of exchange rate differences	4 780	(1 978)
other non-cash changes	(402)	-
sum of non-cash changes	4 378	(1 978)
carrying amount of loans	416 661	494 988



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

Loan details	Loan liabilities 31.12.2020	Loan liabilities 31.12.2019	Movement between periods	Date of loan repayment as per the agreement	interest rate (%)	Loan collateral
ALIOR Bank	4 375	-	4 375	2021-09-13		liquidity guarantee by BGK
PKO BP	7 327	-	7 327	2022-10-10	WIBOR + margin	liquidity guarantee by BGK
Santander	15 589	-	15 589	2022-10-10		liquidity guarantee by BGK, mortgage, pledge
BNP Paribas	20 716	12 840	7 876	2021-01-31	WIBOR + margin	mortgage, pledge, transfer of receivables
PKO BP	23 429	16 677	6 752	2022-11-30	WIBOR + margin	liquidity guarantee by BGK, mortgage, pledge, transfer of receivables
ALIOR Bank	14 294	11 994	2 300	2021-09-13	WIBOR + margin	liquidity guarantee by BGK
BGK	25 451	35 228	(9 777)	2023-03-31	EURIBOR + margin	mortgage, pledge
BGK	23 049	21 274	1 775	2021-06-30	EURIBOR + margin	mortgage, pledge
Credit Agricole Bank Polska	14 528	14 195	333	2023-10-19	EURIBOR + margin	pledge
HSBC France Branch in Poland	9 380	4 301	5 079	unspecified	EURIBOR + margin	authorisation to the bank accounts
HSBC France Branch in Poland	36 812	56 875	(20 063)	2021-06-11	WIBOR + margin	mortgage, pledge, transfer of receivables
mBank	43 378	-	43 378	2021-09-27		liquidity guarantee by BGK, transfer of receivables
mFactoring	18 730	18 745	(15)	unspecified	EURIBOR + margin	assignment of receivables
PKO BP	27 445	36 879	(9 434)	2021-12-31	EURIBOR + margin	mortgage, pledge, transfer of receivables
PKO BP	10 000	10 000	-	2021-12-31	WIBOR + margin	mortgage, pledge, transfer of receivables
PKO FAKTORING	5 545	8 493	(2 948)	2021-07-25	EURIBOR + margin	assignment of receivables
Santander	16 409	34 965	(18 556)	2022-08-26	WIBOR + margin	liquidity guarantee by BGK, mortgage, pledge
Santander	17 869	-	17 869	2021-01-15	WIBOR + margin	liquidity guarantee by BGK, mortgage, pledge
Santander	21 104	60 997	(39 893)	2022-08-26	WIBOR + margin	liquidity guarantee by BGK, mortgage, pledge
ING Bank Śląski	20 666	12 041	8 625	2021-08-30	WIBOR + margin	liquidity guarantee by BGK, pledge, transfer of receivables, mortgage,
mBank	9 468	4 161	5 307	2021-01-15	WIBOR + margin	liquidity guarantee by BGK, mortgage



(amounts expressed in PLN '000 unless specified otherwise)

Loan details	Loan liabilities 31.12.2020	Loan liabilities 31.12.2019	Movement between periods	Date of loan repayment as per the agreement	interest rate (%)	Loan collateral
mBank	9 700	8 000	1 700	2021-01-15	WIBOR + margin	mortgage
mBank	8 397	-	8 397	2021-09-27	WIIBOR + margin	liquidity guarantee by BGK, transfer of receivables
mBank	13 000	-	13 000	2021-09-23	WIIBOR + margin	liquidity guarantee by BGK
BNP Paribas	-	-	-	28.02.2021	WIIBOR + margin	assignment of receivables
ALIOR Bank	-	36 919	(36 919)	2022-03-31	EURIBOR + margin	
ALIOR Bank	-	14 000	(14 000)	2020-05-24	WIIBOR + margin	
BNP Paribas	-	3 686	(3 686)	2020-01-30	WIBOR + margin	
DNB Bank	-	5 100	(5 100)	2020-09-29	WIBOR + margin	
DNB Bank	-	24 865	(24 865)	2020-09-30	WIBOR + margin	mortgages, pledges
PKO BP	-	25 034	(25 034)	2020-01-31	EURIBOR 1M + margin	
PKO BP	-	17 685	(17 685)	2020-01-31	WIBOR + margin	
<i>unpaid interest as at the balance sheet date</i>		34				
	416 661	494 988	(78 293)			



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.

27.2. Loan liabilities

	As at 31.12.2020	As at 31.12.2019
Loans from related entities	17 330	116 374
Loans from other entities	18 363	17 160
Total loans, including:	35 693	133 534
Long-term loans	11 004	11 483
<i>Bank loans - short-term</i>	24 689	122 051
interest expenses on loans		
interest cost included in the result	3 784	5 186
interest expense (fixed assets)	249	-
capitalised interest expense (intangible assets)	-	-
capitalised interest expense (shares)	-	-
total interest expenses	4 033	5 186

Statement of changes in loans received between 1 January and 31 December 2020

	01.01.2020 - 31.12.2020	As at 31.12.2019
Change in loans		
nominal value of loans at the beginning of the year	133 534	193 898
proceeds from new borrowings	124 274	46 500
repayment of loans	(59 612)	(121 210)
interest payment	(1 618)	-
interest unpaid at the end of the period	96	-
total cash change	63 140	(74 710)
non-cash changes		
compensations	(167 256)	(467)
impact of exchange rate differences	200	
interest unpaid at the end of the period	-	1 618
other non-cash changes	6 075	13 195
sum of non-cash changes	(160 981)	14 346
carrying amount of loans	35 693	133 534



27.3. Liabilities arising from issued bonds

	As at 31.12.2020	As at 31.12.2019
Liabilities to related entities arising from issued bonds	64 000	142 388
Liabilities to other entities due to bonds issued	-	-
Total bonds, including:	64 000	142 388
Bonds - long-term	-	12 000
Bank bonds - short-term	64 000	130 388

	01.01.2020 - 31.12.2020	As at 31.12.2019
Change in bonds		
the nominal value of bonds at the beginning of the year	142 388	167 407
redemption of bonds	(109 828)	(25 000)
total cash change	(109 828)	(25 000)
non-cash changes		
assumption of debt from another entity	31 000	-
impact of exchange rate differences	440	(19)
sum of non-cash changes	31 440	(19)
carrying amount of bonds	64 000	142 388

Statement of changes in bonds issued between 1 January and 31 December 2020

No new bonds were issued in 2020.

Conditions of credit agreements

Agreements signed with banks impose on the Company legal and financial liabilities (covenants), used for such transactions as a standard, including, inter alia:

- maintaining financial ratios at a specified level (calculated at the individual or consolidated level), the most frequent of which is the net debt to EBITDA ratio,
- performing cash-flows by specified bank accounts,
- limitations related to granting loans and sureties, as well as incurring investment expenditures,
- equal treatment of credit obligations.

28. LEASE LIABILITIES

	As at 31.12.2020	As at 31.12.2019
Lease liabilities		
Liabilities under lease of fixed assets	36 600	45 428
Liability to SMA	16 441	16 582
Liabilities under lease agreements recognised as PdUW	34 659	41 805
Liabilities to SMA - investment property	1 941	1 951
	89 641	105 766



28.1. Liabilities under lease of fixed assets

	As at 31.12.2020	As at 31.12.2019
Leasing liabilities		
Long-term lease	20 868	23 516
Short-term lease	15 732	21 912
Total lease liabilities	36 600	45 428

Lease interest costs recognised in profit or loss of current period	833	1 043
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Change in the balance of lease liabilities	As at 31.12.2020	As at 31.12.2019
Balance brought forward of lease liabilities	45 428	38 099
new discounted lease liabilities	6 878	21 092
repayment of capital lease instalments	(16 627)	(13 196)
Revaluation of lease liabilities (such as due to changes in interest rates, changes in lease term)	(63)	-
impact of exchange rate differences	984	(567)
Carrying amount of lease liabilities	36 600	45 428

Undiscounted finance lease liabilities	As at 31.12.2020	As at 31.12.2019
non-discounted payment for 1 month under contract	1 004	981
from 2 to 3 months	5 996	1 883
payable 4 to 6 months	4 576	3 061
from 7 months to 12 months	5 040	8 109
between 1 year and 3 years	14 823	16 823
from 3 years to 5 years	7 050	17 572
over 5 years	-	-
Total undiscounted amount of lease payments remaining until the end of the lease	38 489	48 429
future interest payments	(1 889)	(3 001)
Carrying amount of lease liabilities	36 600	45 428

28.2. Liability on perpetual usufruct of land for own use

	As at 31.12.2020	As at 31.12.2019
Leasing liabilities		
Long-term lease	16 346	16 476
Short-term lease	95	106
Total liabilities to SMA	16 441	16 582

Lease interest costs recognised in profit or loss of current period	477	477
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	As at 31.12.2020	As at 31.12.2019
Change in the balance of lease liabilities		
Balance brought forward of lease liabilities	16 852	-
recognition in the balance sheet under IFRS 16	-	17 011
repayment of capital lease instalments	(411)	(73)
Derecognition due to sale	-	(356)
Carrying amount of lease liabilities	16 441	16 582

	As at 31.12.2020	As at 31.12.2019
Non-discounted liabilities due to SMA		
annual fee	426	517
Instalments 1 year to 3 years	852	1 034
Instalments 3 years to 5 years	852	1 034
Instalments over 5 years - up to 10 years	2 130	2 585
Instalments over 10 years - to 20 years	4 260	5 170
Instalments over 20 years	15 104	16 448
Total undiscounted amount of lease payments remaining until the end of the lease	23 624	26 788
future interest payments	(7 183)	(10 206)
Carrying amount of lease liabilities	16 441	16 582

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

	As at 31.12.2020	As at 31.12.2019
Leasing liabilities		
Short-term liabilities	7 940	8 470
Long-term liabilities	26 719	33 335
Total lease liabilities	34 659	41 805
Lease interest costs recognised in profit or loss of current period	1 215	1 267

	As at 31.12.2020	As at 31.12.2019
Change in the balance of lease liabilities		
Balance brought forward of lease liabilities	41 805	-
Recognition in the balance sheet as at 01.01.2019 (IFRS 16)	-	47 156
new discounted lease liabilities	-	2 824
repayment of capital lease instalments	(8 471)	(7 972)
impact of exchange rate differences	1 325	(203)
Carrying amount of lease liabilities	34 659	41 805



	As at 31.12.2020	As at 31.12.2019
Undiscounted finance lease liabilities		
monthly undiscounted rent under the agreement	802	802
rent payable within 2 to 6 months	4 009	4 008
above 7 month and up to 12 months	4 811	4 810
between 1 year and 3 years	19 931	19 238
from 3 years to 5 years	6 248	11 509
over 5 years	1 683	4 727
Total undiscounted payments remaining until the end of the lease term	37 484	44 292
future interest payments	(2 825)	(2 487)
Carrying amount of lease liabilities	34 659	41 805

28.4. Liability to SMA - investment property

	As at 31.12.2020	As at 31.12.2019
long-term liabilities	1 941	1 942
short-term liabilities	-	9
Total liabilities	1 941	1 951
Lease interest costs recognised in profit or loss of current period	57	58

	As at 31.12.2020	As at 31.12.2019
Change in liabilities		
Liabilities - beginning of the year	1 951	1 960
repayment of capital instalments	(10)	(9)
Carrying amount of lease liabilities	1 941	1 951

	As at 31.12.2020	As at 31.12.2019
Undiscounted finance lease liabilities		
annual SMA fee	67	67
between 1 year and 3 years	133	134
from 3 years to 5 years	133	134
over 5 years - up to 10 years	335	335
over 10 years - up to 20 years	670	670
over 20 years	3 335	3 326
Total undiscounted lease payments until the end of the lease term	4 673	4 666
future interest payments	(2 732)	(2 715)
Carrying amount of lease liabilities	1 941	1 951



29. 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	205 559	268 833
Budgetary commitments	19 685	12 541
Other Liabilities	2 203	1 007
Payroll liabilities	11 892	11 425
In total, including:	239 339	293 806
<i>long-term liabilities</i>	-	-
<i>short-term liabilities</i>	239 339	293 806
<i>Liabilities towards related parties</i>	35 993	20 833
<i>Liabilities towards non-affiliated entities</i>	203 346	272 973

Trade payables before maturity with maturity date:

Liabilities prior to the payment due date of maturity date:	144 098	219 106
up to 3 months	140 918	216 775
up to 6 months	3 180	2 265
up to 1 year	-	66
above 1 year	-	-
Overdue trade liabilities:	61 461	49 727
up to 3 months	37 464	36 158
up to 6 months	7 702	2 796
up to 1 year	9 614	2 141
above 1 year	6 681	8 632
Total trade liabilities:	205 559	268 833

30. PENSION AND SIMILAR EMPLOYEE BENEFITS LIABILITIES

Provision for employee benefits

	Retirement severance pay	Disability severance pay	Death benefits	Provision for payments in lieu of leaves not taken	Bonuses and other benefits	Total
As at 01.01.2020	2 520	400	371	3 548	355	7 194
Movement:	(111)	59	53	945	1 137	2 083
<i>Interest expense</i>	40	6	6	-	-	52
<i>Current employment costs</i>	261	93	32	950	1 184	2 520
<i>Past employment costs</i>	5	-	-	-	-	5
<i>Benefits paid</i>	(87)	(67)	(30)	(5)	(107)	(296)
<i>Actuarial gains and losses - demographic changes</i>	(38)	(17)	(25)	-	-	(80)
<i>Actuarial gains and losses - financial changes</i>	(174)	(39)	2	-	-	(211)
<i>Other</i>	(118)	83	68	-	60	93
As at 31.12.2020	2 409	459	424	4 493	1 492	9 277



<i>long-term provisions</i>	2 812
<i>short-term provisions</i>	6 465

	Retirement severance pay	Disability severance pay	Death benefits	Provision for payments in lieu of leaves not taken	Bonuses and other benefits	Total
As at 01.01.2019	1 941	367	1 647	4 393	306	8 654
Movement:	579	33	(1 276)	(845)	49	(1 460)
<i>Interest expense</i>	40	7	46			93
<i>Current employment costs</i>	236	96	156	(845)	131	(226)
<i>Past employment costs</i>	-	-	(1 637)	-	-	(1 637)
<i>Benefits paid</i>	(112)	(72)	(12)	-	(82)	(278)
<i>Actuarial gains and losses - demographic changes</i>	(93)	(28)	(22)	-	-	(143)
<i>Actuarial gains and losses - financial changes</i>	508	30	193	-	-	731
As at 31.12.2019	2 520	400	371	3 548	355	7 194

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%.

31. OTHER PROVISIONS

Change in provisions

	As at 01.01.2020	creation of provision	provisions used during the year	reversal of unnecessary provisions	As at 31.12.2020
Provisions for liquidation of fixed assets	5 121	-	(465)	-	4 656
Provisions for warranty repairs, complaints	3 132	2 685	-	-	5 817
Provision for customers' claims, risk for guarantees and sureties granted	1 219	2 990	-	(227)	3 982
Provisions for court proceedings	-	227	-	-	227
Total	9 472	5 902	(465)	(227)	14 682
<i>Short-term provisions</i>	3 359				6 044
<i>Long-term provisions</i>	6 113				8 638

	As at 01.01.2019	creation of provision	provisions used during the year	reversal of unnecessary provisions	As at 31.12.2019
Provisions for liquidation of fixed assets	5 136	-	(15)	-	5 121
Provisions for warranty repairs,	2 389	743	-	-	3 132
Provision for customer claims and sureties	409	810	-	-	1 219
Total	7 934	1 553	(15)	-	9 472



Short-term provisions

3 359

Long-term provisions

6 113

32. DEFERRED INCOME

	As at 31.12.2020	As at 31.12.2019
State subsidies	22 802	19 007
Other (deferred revenues)	25	1
	22 827	19 008
<i>long-term</i>	19 352	14 528
<i>short-term</i>	3 475	4 480

33. FINANCIAL INSTRUMENTS

Financial instruments list by balance sheet item and instrument category

Financial assets 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	Carrying value
Bonds	17 709	-	-	17 709
Trade receivables	187 086	36 925	-	224 011
Derivative financial instruments	-	-	482	482
Loans granted	462 037	-	-	462 037
Other debtors	-	127 201	-	127 201
Cash and cash equivalents	32 894	-	-	32 894
Total	699 726	164 126	482	864 334

Financial liabilities as at 31.12.2020

	Financial liabilities measured at amortised cost	Derivatives used for hedges	Carrying value
Bank loans, factoring, borrowings	452 354	-	452 354
Liabilities on bonds	64 000	-	64 000
Derivative financial instruments	-	922	922
Lease liabilities	36 600	-	36 600
Liabilities to SMA and PdUA	53 041	-	53 041
Trade and other liabilities	205 559	-	205 559
Total	811 554	922	812 476



34. 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.

Cumulative revaluation write-downs on receivables

	As at 31.12.2020	As at 31.12.2019
Impairment write-off for receivables		
impairment write-offs on trade receivables	58 520	133 043
doubtful debt allowance on loans	207 430	247 207
expected credit loss on loans granted	-	-
doubtful debt allowance on other receivables	25 544	20 785
Total	291 494	401 035

Write-offs on trade receivables are mostly recognised for receivables from subsidiaries (Maflow China and Brazil) For other items - these are write-offs on receivables from related companies (Maflow Group companies and BAP Group companies).

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

- External customers for the automotive segment



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

The calculations are based on historical data starting from 2010. 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

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

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.

Sensitivity analysis

	As at 31.12.2020	Interest rate increase by 0.5 p.p.	Interest rate decrease by 0.5 p.p.
Interest-bearing (variable %) financial assets	479 746	2 399	(2 399)
Loans granted	462 037	2 310	(2 310)
Debt instruments other	17 709	89	(89)
		-	-
Interest-bearing (variable %) financial liabilities	552 954	(2 764)	2 764
Loans	383 007	(1 915)	1 915
Factoring	33 654	(168)	168
Borrowings	35 693	(178)	178
Debt instruments	64 000	(320)	320
Financial leasing of fixed assets	36 600	(183)	183
Other		-	-
Impact on future profit/loss before tax		(365)	365
Impact on future net profit/loss		(296)	296



	As at 31.12.2019	Interest rate increase by 0.5 p.p.	Interest rate decrease by 0.5 p.p.
Interest-bearing (variable %) financial assets	296 671	1 483	(1 483)
Loans granted	277 405	1 387	(1 387)
Debt instruments other	19 266	96	(96)
		-	-
Interest-bearing (variable %) financial liabilities	816 338	(4 082)	4 082
Loans	463 449	(2 317)	2 317
Factoring	31 539	(158)	158
Borrowings	133 534	(668)	668
Debt instruments	142 388	(712)	712
Leasing of fixed assets	45 428	(227)	227
Other	-	-	-
Impact on future profit/loss before tax		(2 599)	2 599
Impact on future net profit/loss		(2 105)	2 105

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

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

Foreign exchange rate risk

Foreign exchange rate risk arises primarily from the fact that approximately 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.

Analysis of sensitivity to risk of foreign exchange rates changes 2020

Currency	Exchange rate as at 31.12.2020 (PLN)	5% exrate change (PLN)
EUR	4.6148	0,2307
USD	3.7584	0,1879



	Value in currency	effect of increase in exchange rate 5%	effect of decrease in exchange rate 5%
Receivables and payables in EUR			
trade and other receivables	37 383	8 624	(8 624)
borrowings	117 145	27 025	(27 025)
bonds	3 917	904	(904)
other liabilities	19 905	(4 592)	4 592
borrowings and loans	37 359	(8 619)	8 619
bonds	-	-	-
leasing	7 479	(1 725)	1 725
Result		21 617	(21 617)
Receivables and payables in USD			
trade receivables	5 758	1 082	(1 082)
other liabilities	2 156	(405)	405
loans, borrowings, leasing	-	-	-
Result		677	(677)

Analysis of sensitivity to risk of foreign exchange rates changes 2019

Currency	Exchange rate as at 31.12.2019 (PLN)	5% exrate change (PLN)
EUR	4.2585	0,2129
USD	3.7977	0,1899

	Value in currency	effect of increase in exchange rate 5%	effect of decrease in exchange rate 5%
Receivables and payables in EUR			
trade and other receivables	34 645	7 376	(7 376)
borrowings	58 724	12 502	(12 502)
bonds	-	-	-
other liabilities	21 527	(4 583)	4 583
borrowings and loans	51 047	(10 868)	10 868
bonds	1 500	(319)	319
leasing	11 259	(2 397)	2 397
Result		1 711	(1 711)
Receivables and payables in USD			
trade receivables	22 661	4 303	(4 303)
other liabilities	10 203	(1 938)	1 938
loans, borrowings, leasing	-	-	-
Result		2 365	(2 365)



Capital management

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

Net debt to equity ratio	As at 31.12.2020	As at 31.12.2019
Loan, lease, borrowings debt	605 995	876 676
Cash and cash equivalents	(32 894)	(35 788)
Net debt	573 101	840 888
Equity	1 597 792	429 330
Net debt to equity	35.9%	195.9%

Debt ratio	As at 31.12.2020	As at 31.12.2019
Liabilities	947 257	1 207 007
Assets	2 545 049	1 636 337
Debt rate	37.2%	73.8%

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.

Liquidity ratios	As at 31.12.2020	As at 31.12.2019
current ratio	1.57	0,80
quick ratio	1.25	0,60
current ratio III	0,05	0,04

Plans for financing Boryszew S.A.

As of 31.12.2020, the net working capital shows a positive value of PLN 191 729 thousand.

In order to improve the Company's liquidity in 2020, actions were undertaken which will be continued in the next period and which include:

- obtaining new financing based on BGK's liquidity guarantees of PLN 50 million,
- repayment of part of the loan facility and borrowings from the proceeds of the sale of Impexmetal shares.

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



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

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

	1-3 months	4-6 months	7-12 months	1-3 years	3-5 lat	>5 years	Total	Carrying value
Bank loans maturities	115 245	87 084	105 023	109 309			416 661	416 661
Maturities of borrowings	1 282	1 192	22 215	11 004	-		35 693	35 693
Maturity of liabilities on issued bonds	12 000	49 000	3 000	-			64 000	64 000
Maturities of leasing liabilities	7 000	4 576	5 040	14 823	7 050		38 489	36 600
Maturities of liabilities of leased rental services	802	4 009	4 811	19 931	6 248	1 683	37 484	34 659
Maturity of PMA fees	426			852	852	21 494	23 624	16 441
Maturity of SMA fees - investment properties	67			133	133	4 340	4 673	1 941
payment of trade liabilities and other items	202 379	3 180	-	-			205 559	205 559
Total	339 201	149 041	140 089	156 052	14 283	27 517	826 183	811 554

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

	1-3 months	4-6 months	7-12 months	1-3 years	3-5 lat	>5 years	Total	Carrying value
Bank loans maturities	143 093	91 742	105 942	164 070			504 847	494 988
Maturities of borrowings	2 802	18 186	101 342	10 012	1 692		134 034	133 534
Maturity of liabilities on issued bonds	0	46 000	84 407	12 000			142 407	142 388
Maturities of leasing liabilities	2 864	3 061	8 109	16 823	17 572		48 429	45 428
Maturities of liabilities of leased rental services	802	4 008	4 810	19 238	11 509	4 727	45 094	41 805
Maturity of PMA fees	517			1 034	1 034	24 203	26 788	16 582
Maturity of SMA fees - investment properties	67			134	134	4 331	4 666	1 951
payment of trade liabilities and other items	270 650	2 265	1 046	35			273 996	268 833
Total	420 795	165 262	305 656	223 346	31 941	33 261	1 180 261	1 145 509



Fair value

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

Level 1	Listed shares	Shares listed on the Stock Exchange were valued based on the closing price on the date ending the reporting period.
Level 2	Derivative commodity financial instruments - commodity swaps	The fair value 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 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	
Financial assets			
Listed shares (*)	152 882		Level 1
Derivative financial instruments	482	8	Level 2
Financial obligations			
Derivative financial instruments	922	851	Level 2

*) Granges shares listed on the Stockholm Stock Exchange.

The shares of Granges AB, listed on Nasdaq Stockholm, are presented as a short-term financial investment as of 31.12.2020 and recognised at cost through comprehensive income.

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

	Fair value as at		Fair value hierarchy
	As at 31.12.2020	As at 31.12.2019	
Financial assets			
Shares held for trading	-	-	Level 3
Bonds	17 709	19 266	Level 3
Borrowings	462 037	277 405	Level 3
Trade and other receivables	343 793	274 336	Level 3
Investment property	17 243	16 525	Level 3
Cash and cash equivalents	32 894	35 788	Level 1



Financial obligations			
Borrowings and loans	452 354	628 522	Level 2
Liabilities on bonds	64 000	142 388	Level 2
Trade and other liabilities	205 559	268 833	Level 3
Lease liabilities	36 600	45 428	Level 2
Liabilities to SMA and PdUA	51 100	58 387	Level 2
Liabilities to SMA - investment property	1 941	1 951	Level 2

Insurance of the Company's property and 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 scope of these agreements covers the insurance of:

- 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.

35. SIGNIFICANT EVENTS IN ISSUER'S ACTIVITY

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
<i>including: Boryszew S.A.</i>	<i>12 620</i>
<i>Shares of Impexmetal S.A.</i>	<i>16 581</i>
<i>Shares of Hutmen</i>	<i>30 518</i>
Cash and cash equivalents	46
Accounts receivable	37

Liabilities of SPV BRS 3	38 674
<i>including: Bonds subscribed</i>	<i>31 000</i>

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 30 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 125 000 000 own shares accounting for approximately 34.43 % of the share capital and total number of votes at the General Meeting of Hutmen S.A.



Dividend from Impexmetal SA

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; is was considered as partial settlement of the price.

The final settlement of the price for which Impexmetal S.A. shares were sold will be made by the end of Q1 '2021 and the relevant effect will be disclosed in the annual report for 2020.

Transaction under common control, acquisition of shares and stocks in subsidiaries from Impexmetal S.A.

On 5 November 2020 Boryszew S.A. concluded agreements with Impexmetal S.A., a subsidiary of the Issuer, under which financial claims of the Issuer, due to the dividend adopted based on the resolution No. 12 of the Ordinary General Meeting of Impexmetal of 29 October 2020 in the amount of PLN 913 million were partially satisfied by transferring to the Issuer the ownership rights to:

- 8 600 shares in Zakład Utylizacji Odpadów Sp. z o.o. based in Konin, which account for 59.97% of the company's share capital,
- 695 159 shares of Hutmen S.A. based in Wrocław, which account for 2.72% of the company's share capital,
- 3 196 931 shares in Walcownia Metali Dziedzice S.A. based in Czechowice-Dziedzice, which accounts for 26.78% of the company's share capital,
- 5 600 000 shares of ZM SILESIA S.A. based in Katowice, which accounts for 100.00% of the company's share capital,
- 1 030 shares in FŁT Polska Sp. z o.o. based in Warsaw, which accounts for 100.00% of the company's share capital,
- 98 725 000 shares of Alchemia S.A. based in Warsaw, which accounts for 56.92% of the company's share capital,
- 200 000 shares in Metalix Ltd based in London (Brentford), which accounts for 100.00% of the company's share capital,
- 1 127 478 shares in Polski Cynk Sp. z o.o. based in Oława, which accounts for 100.00% of the company's share capital,
- 81 687 shares in Eastside Capital Investments Sp. z o.o. based in Warsaw, which account for 100.00% of the company's share capital,
- 46 946 shares in Impex - Invest Sp. z o.o. based in Warsaw, which accounts for 100.00% of the company's share capital,
- 41 727 shares in SPV Impexmetal Sp. z o.o. based in Warsaw, which accounts for 100.00% of the company's share capital,
- 1 200 shares in Symonvit Ltd. in liquidation based in Limassol, Cyprus, which accounts for 100% of shares

The market value of the shares sold was recognised at a total of PLN 695.8 million.

Disposal of shares of Impexmetal SA

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; is 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:



Result on sale of Impexmetal SA shares

Revenue/ Share sale price	566 455
Cost/ Value of shares sold	(310 850)
Costs of the sale of shares	(4 405)
Profit on sale of shares	251 200

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

Share sale price	566 455
Settlement of the sale price in 2020	560 400
<i>Including:</i>	
<i>Proceeds from the sale - cash settlement</i>	470 400
<i>Proceeds from the sale - settlement of Granges shares</i>	90 000
Price adjustment, cash settlement occurred in 1Q2021	6 055

REDEMPTION OF BONDS ISSUED BY BORYSZEW S.A.

In 2020 Boryszew S.A. bought back:

- 1) 8 registered bonds, A26 series, with a nominal value of PLN 1 000 000.00 each bond and total nominal value of PLN 8 000 000.00, subscribed for by Polski Cynk Spółka z o.o. on 18 October 2018,
 - 2) 3 registered bonds, C1 series, with a nominal value of EUR 500 000.00 each and a total nominal value of EUR 1 500 000.00, subscribed for by Polski Cynk Spółka z o.o. on 1 October 2018.
 - 3) 2 registered bonds, A25 series, with a nominal value of PLN 1 000 000.00 each bond and total nominal value of PLN 2 000 000.00 issued on 16 October 2018,
 - 4) 4 registered bonds, A31 series, with a nominal value of PLN 1 000 000.00 each bond and total nominal value of PLN 4 000 000.00, issued on 5 December 2018,
 - 5) 8 registered bonds, A19 series, with a nominal value of PLN 1 000 000.00 each bond and total nominal value of PLN 8 000 000.00, issued on 18 June 2018
 - 6) 8 registered bonds, A33 series, with a nominal value of PLN 1 000 000.00 each bond and total nominal value of PLN 8 000 000.00, issued on 31 December 2018
 - 7) 12 registered bonds, A16 series, with a nominal value of PLN 1 000 000.00 each bond and total nominal value of PLN 12 000 000.00, issued on 11 January 2018,
 - 8) 16 registered bonds, A17 series, with a nominal value of PLN 1 000 000.00 each bond and total nominal value of PLN 16 000 000.00, issued on 14 February 2018,
 - 9) 2 registered bonds, A29 series, with nominal value of PLN 1 000 000.00 each bond and total nominal value of PLN 2 000 000.00 issued on 31 June 2018, maturity date 30 June 2021,
 - 10) 6 registered bonds, N Series, with a nominal value of PLN 1 000 000.00 each and a total nominal value of PLN 6 000 000.00, issued on 2 July 2018, maturity date 30 June 2021,
 - 11) 7 registered bonds, A23 Series, with a nominal value of PLN 1 000 000.00 each and a total nominal value of PLN 7 000 000.00, issued on 1 October 2018, maturity date 30 June 2021,
 - 12) 5 registered bonds, R Series, with a nominal value of PLN 1 000 000.00 each and a total nominal value of PLN 5 000 000.00 issued on 31 December 2018, maturing on maturity date 30 June 2021,
- for the total amount of PLN 70 000 000.00 and EUR 1 500 000 including interest.

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' 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.
-

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.

Impact of the Covid-19 pandemic on the Company

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.

Until the date of drafting this report Boryszew S.A. recorded some negative impact of the epidemic on the results. In the reporting period temporary suspension of production took place in Boryszew S.A. Maflow Branch. At the end of the reporting period and as at the report date, the Company 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 company used some of the elements of the anti-crisis shield (such as co-financing of salaries or liquidity guarantee by Bank Gospodarstwa Krajowego and deferral of tax liabilities payment). Boryszew S.A. experienced 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 Company 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 S.A. did not breach the covenants in the agreements with the financing institutions. The Company meets its reporting deadlines; finance and accounting departments meet all their reporting obligations within the required deadlines.

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 the 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 S.A. and different level of risk, the impact of COVID-19 is presented by segments.

AUTOMOTIVE SEGMENT Unfavourable business conditions caused by the pandemic and the resulting restrictions had a significant impact on the business of Boryszew S.A. Maflow Branch. The 12 months of 2020 saw a reduction in sales of almost 10% year-on-year. The drop in sales was mainly due to the situation in Q2 '2020, while sales in Q3 and Q4 were higher than in the corresponding period of 2019. Along with the change of trends, demand and geography of car sales, Maflow branch will carry out an organised monitoring of business activities of its customers and competitors, a review of the global automotive market and local markets, and will also assess its own potential, supporting business decisions in the changing market environment.

METAL SEGMENT Boryszew S.A. 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.

CHEMICAL SEGMENT In 2020 the Segment recorded decrease in sales volumes and revenues. 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 ALLOCATED 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.

36. 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.

37. CONTINGENT LIABILITIES

	As at 31.12.2020	As at 31.12.2019
Sureties for the repayment of loans and other liabilities by associated companies	285 887	925 532
Total	285 887	925 532



Status of current 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	
Boryszew HR Service Sp. z o.o.	Endorsement of a loan agreement for mBank	700	2021-01-15
Boryszew Kunststofftechnik Deutschland GmbH	Guarantee granted to Commerzbank	23 074	indefinite validity
	Guarantee granted to ALD AutoLeasing D GmbH	771	30.06.2022
	Guarantee granted to Deutsche Leasing International GmbH	2 857	indefinite validity
	Guarantee granted to Deutsche Leasing International GmbH	1 504	08.06.2023
	Endorsement of lease agreement for PKO Leasing Sp. z o.o.	16 272	2022-03-31
	Guarantee granted to Deutsche Leasing International GmbH	8 260	2024-08-31
Boryszew Kunststofftechnik Deutschland GmbH Oddział BRS YMOS	Guarantee granted to Wurth Leasing GmbH	372	15.03.2022
Boryszew Oberflächentechnik Deutschland GmbH	Guarantee granted to Bank Gospodarstwa Krajowego	44 980	2028-12-31
Boryszew Plastic RUS	Guarantee granted to Volvo Group Trucks Operations	23 074	indefinite validity
	Guarantee granted to Alfa Bank	1 246	2024-12-31
	Payment guarantee granted to Engel Austria	12 303	2023-08-25
Boryszew Tensho Poland Sp. z o.o.	Guarantee granted to HSBC Bank Polska S.A.	8 125	2021-09-11
	Aval of lease agreement for mLeasing	271	15.04.2021
	Aval of lease agreement for mLeasing	2 929	15.04.2021
	Bill of exchange guarantee for SGB Leasing Sp. z o.o.	357	2025-09-30
	Aval of lease agreements for mLeasing	7 753	2024-04-15
	Guarantee granted to PKO Leasing Sp. z o.o.	11 196	2022-10-10
	Guarantee granted to ENEA Obrót S.A.	165	2021-01-31
Theysohn Formenbau GmbH	Guarantee granted to akf Leasing GmbH	4 947	2023-08-31
Theysohn Kunststoff GmbH	Guarantee granted to PKO Leasing Sp. z o.o.	5 044	2021-12-31
1) Boryszew Tensho Poland Sp. z o.o. , 2) Boryszew Kunststofftechnik Deutschland GmbH , 3) Theysohn Kunststoff GmbH	Guarantee granted to Borealis AG for commercial liabilities	4 615	2021-12-31
	Guarantee granted to BSB Recycling GmbH	6 922	2023-07-06
1) Boryszew Tensho Poland Sp. z o.o. , 2) Boryszew Kunststofftechnik Deutschland GmbH , 3) Theysohn Kunststoff GmbH , 4) Boryszew Plastic RUS LLC , 5) AKT Plastikarska Technologie Czechy Spol. S.R.O.	Guarantee granted to Basell Sales & Marketing Company B.V.	9 230	2021-12-31
Maflow BRS s.r.l.	Guarantee granted to Intesa Bank	23 074	2026-12-01



Boryszew S.A.
Notes
to 2020 financial statements

(amounts expressed in PLN '000 unless specified otherwise)

Entity for which guarantee or surety was issued	Subject of liability	Value of guarantee	Expiry date of guarantee
		PLN	
Maflow France Automotive S.A.S.	Guarantee granted to Natixis Lease	1 740	2021-12-31
MAFMEX S. de R.L. de C.V.	Guarantee granted to Volkswagen Group of America	3 608	2021-06-01
	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
Alchemia S.A.	Guarantee granted to Arcelormittal Poland S.A.	11 537	2021-12-31
WM Dzierżycie S.A.	Guarantee granted to ENEA Obrót S.A.	1 128	2021-01-31
ZM Silesia S.A.	Surety granted to PKO BP S.A.	8 000	2024-02-28
	Bill of exchange surety for Coface Poland Factoring Sp. z o.o.	5 000	indefinite validity
Total guarantees and sureties granted by Boryszew SA		285 887	

Status of current 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	
Impexmetal S.A.	Guarantee for HSBC France Branch in Poland	270 000 000	16.09.2021
Boryszew Kunststofftechnik Deutschland GmbH	Guarantee granted to Commerzbank	21 292 500	indefinite validity
	Guarantee granted to GE Capital Bank AG	4 226 020	30.08.2021
	Guarantee granted to ALD AutoLeasing D GmbH	851 700	30.06.2022
	Guarantee granted to Deutsche Leasing International GmbH	5 961 900	indefinite validity
	Guarantee granted to Deutsche Leasing International GmbH	2 555 100	08.06.2023
	Guarantee granted to DNB Bank Polska SA	66 432 600	01.03.2021
	Endorsement of lease agreement for PKO Leasing Sp. z o.o.	24 571 049	31.03.2022
	Guarantee granted to Deutsche Leasing International GmbH	12 630 099	31.08.2024
Boryszew Kunststofftechnik Deutschland GmbH Oddział BRS YMOS	Guarantee granted to Würth Leasing GmbH & Co. KG	1 319 334	30.11.2020
	Guarantee granted to Würth Leasing GmbH	1 511 350	15.03.2022
Theysohn Formenbau GmbH	Guarantee granted to akf Leasing GmbH	9 962 586	31.08.2023
Theysohn Kunststoff GmbH	Guarantee granted to PKO Leasing Sp. z o.o.	14 592 887	31.12.2021
	Guarantee granted to HSBC Trinkhaus & Burkhardt AG	25 551 000	10.05.2022
Boryszew Oberflächentechnik Deutschland GmbH	Guarantee granted to Bank Gospodarstwa Krajowego	54 146 828	31.12.2026
Boryszew Plastic RUS	Guarantee granted to ZAO Hewlett-Packard AO	759 540	indefinite validity
	Guarantee granted to ZAO Hewlett-Packard AO	379 770	indefinite validity
	Guarantee granted to Volvo Group Trucks Operations	21 292 500	indefinite validity
	Guarantee granted to Alfa Bank	11 456 250	31.12.2024



Entity for which guarantee or surety was issued	Subject of liability	Value of guarantee	Expiry date of guarantee
		PLN	
	Payment guarantee granted to Engel Austria	12 975 207	25.08.2023
Boryszew Tensho Poland Sp. z o.o.	Guarantee granted to HSBC Bank Polska S.A.	10 000 000	11.09.2021
	Guarantee granted to SPV Impexmetal Sp.z o. o for payment of financial liabilities	41 000 000	indefinite validity
	Aval of lease agreement for mLeasing	764 930	15.04.2021
	Aval of lease agreement for mLeasing	6 387 407	15.11.2020
	Guarantee granted to PGE Obrót S.A.	1 800 000	indefinite validity
	Bill of exchange guarantee for SGB Leasing Sp. z o.o.	357 100	30.09.2025
	Guarantee granted to DNB Bank Polska SA	10 220 400	01.03.2021
	Aval of lease agreements for mLeasing	8 800 050	15.04.2024
	Guarantee granted to PKO Leasing Sp. z o.o.	16 973 184	10.10.2022
Maflow BRS s.r.l.	Guarantee granted to Banka IFIS	3 193 875	indefinite validity
	Guarantee granted to CORDTECH INTERNATIONAL SAS	1 290 000	31.12.2019
	Guarantee granted to Mehler Engineered Products GmbH for repayment of commercial debts	1 703 400	31.12.2019
	Guarantee granted to Cover	425 850	31.12.2019
	Guarantee granted to HSBC France, Milan Branch	19 376 175	23.05.2023
Maflow France Automotive S.A.S.	Guarantee granted to Natixs Lease	1 605 455	07.07.2021
MAFMEX S. de R.L. de C.V.	Guarantee granted to Volkswagen Group of America	5 696 550	15.01.2021
Boryszew Commodities	Guarantee granted to Borealis AG for commercial liabilities	1 064 625	31.12.2020
	Endorsement of financing agreement for mBank S.A.	70 265 250	30.04.2020
	Endorsement of guarantee line for mBank S.A.	3 193 875	10.04.2021
BAP Group companies - customers of Volkswagen AG	Guarantee granted to Volkswagen AG	85 170 000	indefinite validity
Alchemia S.A.	Guarantee granted to Arcelormittal Poland S.A.	21 292 500	31.12.2020
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
Boryszew HR Service Sp. z o.o.	Endorsement of a loan agreement for mBank	1 000 000	27.08.2020
Elana Energetyka	Guarantee granted to PGE Obrót S.A.	3 000 000	indefinite validity
ZM Silesia S.A.	Surety granted to PKO BP S.A.	10 800 000	28.02.2022
	Guarantee granted to BGŻ BNP Paribas S.A.	14 400 000	31.12.2020
	Bill of exchange surety for Coface Poland Factoring Sp. z o.o.	20 000 000	indefinite validity
Total		925 532 445	

The Company estimated its credit risk associated with the guarantees granted and recognised a provision for potential claims in the amount of PLN 2 899 thousand. The total provisions as at 31 December 2020 on this account is PLN 3 891 thousand.



38. TRANSACTIONS WITH AFFILIATED ENTITIES AND BENEFITS FOR KEY PERSONNEL

Transactions between related parties are mainly include commercial transactions concluded between companies of the Capital Group and personally related entities with regard to sale or purchase of traded goods and products of typical, conventional nature for the Company's operations. Listed below are transactions associated with securities and loans 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.

	Subsidiaries	Associates	Personally related entities
in the period 01.01.2020 - 31.12.2020			
Revenues from sales (of products, services, goods)	193 896	-	2 021
Interest income	16 031	-	159
Dividends received and due	913 032	-	-
Purchases (of materials, goods, services)	76 352	-	14 507
Interest expense	6 505	-	137
as at 31.12.2020			
Trade receivables	90 710	-	6 045
Bonds purchased	15 101	-	2 663
Loans granted	459 712	-	2 328
Other receivables (advances, deposits)	116 932	-	1 944
Lease liabilities	16 403	-	-
Trade liabilities	35 289	-	708
Loans received	17 330	-	-
Issued bonds	64 000	-	-

	Subsidiaries	Associates	Personally related entities
Transactions in the period 01.01. to 31.12.2019			
Revenues from sales (of products, services, goods)	227 713		1 762
Interest income	12 187		1 751
Dividends received and due	7 964		
Purchases (of materials, goods, services)	82 639		2 470
Interest expense	9 465		
Receivables and payables as at 31.12.2019			
Trade receivables	191 607		289
Bonds purchased	15 493		3 793
Loans granted	400 050		
Other receivables (advances, deposits)			
Lease liabilities	20 163		
Trade payables and deposits	20 532		1 963
Loans received	116 374		
Issued bonds	142 388		

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



Remuneration of Management Board and Supervisory Board	01.01.2020 - 31.12.2020	01.01.2019 - 31.12.2019
Remuneration of Management Board members	1 886	2 139
Remuneration of Supervisory Board members	402	371

Members of the Management Board and the Supervisory Board were not granted any loans or paid no advances

39. EMPLOYMENT

Employment	As at 31.12.2020	As at 31.12.2019
Employment structure (in full-time equivalents)		
Blue-collar workers	2 224	2 283
White-collar workers	584	639
Total	2 808	2 922

40. REPORT DRAFTED AS PER ART. 44 OF THE ENERGY LAW ACT

FINANCIAL STATEMENTS

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

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

The Management Board for Boryszew S.A.: Piotr Lisiecki, Andrzej Juszczyński, Mikołaj Budzanowski represent that to the best of their knowledge the financial statement and comparative data have been compiled in accordance with art. 44 of the energy law act and the binding accounting principles and that the financial statements truly, reliably and clearly reflect the actual and financial condition as well as the financial result Boryszew S.A. The Management Board confirms that the report on the activities of Boryszew Capital Group presents a true picture of the development and accomplishments of the Group as well as its situation, including a description of fundamental risks and threats.

2. ACCOUNTING PRINCIPLES APPLIED

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

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

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



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

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

In the licensed activity, the following have been specified:

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

Statement of comprehensive income

2.1. Licensed operations regulated by Energy Law

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

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

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

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

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

Total comprehensive income from other activities in 2020 amounted to PLN **1 201 095** thousand

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

Statement of financial position

2.3. Licensed operations regulated by Energy Law

Distribution and trading in electricity

Property, plant and equipment for the distribution business are the sum of the carrying value of property, plant and equipment as at 31 December 2020 allocated to electricity distribution in the financial and accounting system. This is mainly the infrastructure used for the transmission of electricity. Fixed assets are not used in the trading segment, and were not separated for this part of the statement.

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



Trade and other receivables for the distribution and trade in electricity business are actual amounts resulting from sales invoices issued and not paid as at 31 December 2020.

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

Equity for distribution and trading activities represents only the net profit for 2013 - 2020 resulting from the statement of comprehensive income for relevant segment of activities. Other equity items were shown as operations outside of the scope of energy law.

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

Distribution and trade in gaseous fuels

Property, plant and equipment for the distribution business are the sum of the carrying value of property, plant and equipment as at 31 December 2020 allocated to gaseous fuels distribution in the financial and accounting system. This is mainly the infrastructure used for gas transmission. Fixed assets are not used in the trading segment, and were not separated for this part of the statement.

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

Trade and other receivables for the distribution and trade in gas business are actual amounts resulting from sales invoices issued and not paid as at 31 December 2020. The Company does not recognise any inventories for distribution and trade in gas.

Equity capital (fund) for distribution and trading activities is only the net profit for 2013-2018 resulting from the statement of comprehensive income for the given segment of activity. Other equity items were shown as operations outside of the scope of energy law.

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

2.4. Activities other than regulated by the Energy Law

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

2.5. Total

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

Statement of comprehensive income for the period between 01.01.2020 and 31.12.2020.

	<i>Distribution of gaseous fuels</i>	<i>Trade in gaseous fuels</i>	<i>Supply of electricity</i>	<i>Electricity trading</i>	Total activity under the Energy Law	Other business	Total
Revenues from sales	18 960	82 659	2 618	35 781	140 018	1 043 282	1 183 300
Prime cost of sale	18 085	78 370	2 607	33 866	132 928	892 096	1 025 024
Profit on sale	875	4 289	11	1 915	7 090	151 186	158 276



Boryszew S.A.
Notes
to 2020 financial statements

(amounts expressed in PLN '000 unless specified otherwise)

Selling and management costs	325	1 419	256	974	2 974	100 862	103 836
Other operating profit/loss	1	4	0	1	6	931 511	931 517
Financial revenues	22	96	2	40	160	301 890	302 050
Financial expenses	3	11	0	5	19	59 973	59 992
Profit (loss) before income tax	570	2 959	(243)	977	4 263	1 223 752	1 228 015
Income tax	108	562	(46)	186	810	50 468	51 278
Net profit/loss	462	2 397	(197)	791	3 453	1 173 284	1 176 737
Net profit/loss	462	2 397	(197)	791	3 453	1 173 284	1 176 737
Other income recognised in equity					0	27 811	27 811
Total comprehensive income	462	2 397	(197)	791	3 453	1 201 095	1 204 548

Statement of comprehensive income for the period between 01.01.2019 and 31.12.2019.

	<i>Distribution of gaseous fuels</i>	<i>Trade in gaseous fuels</i>	<i>Supply of electricity</i>	<i>Electricity trading</i>	Total activity under the Energy Law	<i>Other business</i>	Total
Revenues from sales	16 807	109 467	2 511	154 208	282 993	1 099 695	1 382 688
Prime cost of sale	16 693	101 753	3 152	152 700	274 298	955 022	1 229 320
Profit on sale	114	7 714	(641)	1 508	8 695	144 673	153 368
Selling and management costs	155	2 472	342	1 821	4 790	93 597	98 387
Other operating profit/loss	-	(1 108)	-	-	(1 108)	(22 960)	(24 068)
Financial revenues	-	13	-	-	13	16 951	16 964
Financial expenses	-	5	-	-	5	222 212	222 217
Profit (loss) before income tax	(41)	4 142	(983)	(313)	2 805	(177 145)	(174 340)
Income tax	(8)	787	(187)	(59)	533	(1 084)	(551)
Net profit/loss	(33)	3 355	(796)	(254)	2 272	(176 061)	(173 789)
Net profit/loss	(33)	3 355	(796)	(254)	2 272	(176 061)	(173 789)
Other income recognised in equity					-	(88)	(88)
Total comprehensive income	(33)	3 355	(796)	(254)	2 272	(176 149)	(173 877)



Statement of financial position as at 31.12.2020

ASSETS	<i>Distribution of gaseous fuels</i>	<i>Trade in gaseous fuels</i>	<i>Supply of electricity</i>	<i>Electricity trading</i>	Total activity under the Energy Law	Other business	Total
Non-current assets							
Non-current assets	123	537	91	221	972	374 496	375 468
Intangible assets	-	-	-	-	-	32 783	32 783
Other non-current assets	57	248	6	102	413	1 102 047	1 102 460
Total fixed assets	180	785	97	323	1 385	1 509 326	1 510 711
Current assets							
Trade, financial and other receivables	2 726	13 652	200	29 895	46 473	212 716	259 189
Other assets	174	760	-	-	934	774 215	775 149
Total current assets	2 900	14 412	200	29 895	47 407	986 931	1 034 338
Assets classified as held for sale	-	-	-	-	-	-	-
Total assets	3 080	15 197	297	30 218	48 792	2 496 257	2 545 049

LIABILITIES AND EQUITY	<i>Distribution of gaseous fuels</i>	<i>Trade in gaseous fuels</i>	<i>Supply of electricity</i>	<i>Electricity trading</i>	Total activity under the Energy Law	Other business	Total
Equity							
Share capital	-	-	-	-	-	248 906	248 906
Retained earnings and other equity	(513)	22 523	(3 109)	3 278	22 179	122 159	144 338
Current year's profit	462	2 397	(196)	791	3 454	1 201 094	1 204 548
Total equity	(51)	24 920	(3 305)	4 069	25 633	1 572 159	1 597 792
Long-term liabilities							
	-	-	-	-	-	226 581	226 581
Short-term liabilities							
Trade, financial and other liabilities	11 370	10 767	122	28 082	50 341	663 870	714 211
Employee benefit provisions	20	43	7	18	88	6 377	6 465
Total short-term liabilities	11 390	10 810	129	28 100	50 429	670 247	720 676
Total liabilities	11 390	10 810	129	28 100	50 429	896 828	947 257
Total equity and liabilities	11 339	35 730	(3 176)	32 169	76 062	2 468 987	2 545 049



Statement of financial position as at 31.12.2019

ASSETS	<i>Distribution of gaseous fuels</i>	<i>Trade in gaseous fuels</i>	<i>Supply of electricity</i>	<i>Electricity trading</i>	Total activity under the Energy Law	<i>Other business</i>	Total
Non-current assets							
Non-current assets	461	8	2 261	10	2 740	369 170	371 910
Intangible assets	-	2	1	3	6	31 344	31 350
Other non-current assets	-	420	2	-	422	506 924	507 346
Total fixed assets	461	430	2 264	13	3 168	907 438	910 606
Current assets							
Trade, financial and other receivables	3 459	18 752	230	15 909	38 350	217 005	255 355
Other assets	1 196	7 971	-	10 925	20 092	450 284	470 376
Total current assets	4 655	26 723	230	26 834	58 442	667 289	725 731
Assets classified as held for sale	-	-	-	-	-	-	-
Total assets	5 116	27 153	2 494	26 847	61 610	1 574 727	1 636 337
LIABILITIES AND EQUITY							
Equity							
Share capital	-	-	-	-	-	248 906	248 906
Retained earnings and other equity	(480)	19 168	(2 313)	3 532	19 907	334 394	354 301
Current year's profit	(33)	3 355	(796)	(254)	2 272	(176 149)	(173 877)
Total equity	(513)	22 523	(3 109)	3 278	22 179	407 151	429 330
Long-term liabilities							
	-	-	1	-	1	282 229	282 230
Short-term liabilities							
Trade, financial and other liabilities	1 155	5 516	803	50 270	57 744	862 529	920 273
Employee benefit provisions	4	28	7	38	77	4 427	4 504
Total short-term liabilities	1 159	5 544	810	50 308	57 821	866 956	924 777
Total liabilities	1 159	5 544	811	50 308	57 822	1 149 185	1 207 007
Total equity and liabilities	646	28 067	(2 298)	53 586	80 001	1 556 336	1 636 337



ADDITIONAL INFORMATION

3. Basic details of the Company

BORYSZEW SPÓŁKA AKCYJNA (JOINT STOCK COMPANY)

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

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

Branches of Boryszew SA:	2020	2019
Energy Branch in Toruń	DPG,OPG, OEE	DPG,OPG, OEE
ERG Branch in Sochaczew	DEE, OEE	DEE, OEE
NPA Skawina Branch	-	DEE, OEE,DPG,OPG

This report contains cumulative data.

41. APPROVAL OF THE FINANCIAL STATEMENTS

This report was approved for publication by a resolution of the Management Board on 30 April 2021, 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 *) _____

Andrzej Juszczyński - Vice President of the Management Board _____

Mikołaj Budzanowski – Member of the Management Board _____

*) 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 _____